

Growing State Presence: Immediate Steps for Rural Enterprise Interventions in Conflict Affected Areas

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After extended conflict, states must move quickly to re-establish government presence and credibility, particularly in areas that have traditionally lacked access to state services. As a case study, we examine Colombia's 2007–2010 pilot program, the *Plan de Consolidación Integral de la Macarena* (PCIM), in particular its component project *Progreso*, a program for immediate rural enterprise intervention. *Progreso*'s relative success stemmed from its commitment to facilitating both demand and supply for public services: demand by supporting the growth of producer organizations that need state services, and supply by building capacity among local actors with whom state services can interact.

Key Messages

- Governments must arrive and provide services as soon as possible after a traumatic event, and especially post-conflict, as part of a long-term sustained plan.
- Immediate intervention with a market focus appears to be both an effective and sustainable strategy to facilitate the crowding-in of public and private services, and may help increase security by consolidating government presence.
- *Progreso* may be a helpful model, as the program successfully strengthened the linkages both along supply chains, and with and between the government institutions serving them.

Strategic context

Colombia has experienced many years of continuous armed conflict, and has traditionally struggled to maintain state control over its entire territory. One such battleground area was Macarena, a traditional stronghold of illegal armed groups and a center of illicit production. The region is isolated from transport, markets, national government presence, and other services.

In 2007, the Colombian government piloted an approach in the Macarena that combined military, police, and civilian components to consolidate state presence. This approach, the "*Plan de Consolidación Integral de la Macarena*" (PCIM), promoted military and social recovery of the territory, while bringing national state services and institutions to local municipalities.

Nearly immediately after combat operations had ended, the PCIM used a quick-impact civil response to fill the governance gap between the *de facto* insurgent rule of law that had predominated before military operations, and the arrival of permanent state institutions. Towards this end, the PCIM focused on increasing the population's perception of the legitimacy of the state.

The *Progreso* program for agroenterprise development followed the same civil response model for early results. Though the focus was on the rapid deployment of resources to win the "hearts and minds" of the population, the

programming was strong and sustainable, producing many profitable initiatives and beginning to strengthen local institutions.

"We are acting in the short term, with a vision for the long term."

Miguel Reabold,
Director of (ISAID-OTI, Bogotá)

The Rural Enterprise Intervention Model

The *Progreso* model for immediate rural enterprise intervention aimed to address the needs of both small rural enterprises and the state institutions that support them. The program was divided into four phases: pre-implementation, implementation, strengthening, and institutionalization.

Pre-implementation

- **Territorial characterization:** Complete a rapid site survey to better tailor response to local conditions.
- **Defining the focus of work:** Clearly communicate to all stakeholders the purpose of the intervention, having taken into account the economic, social, and governmental factors that might impact its successfulness.
- **Team formation:** Plan on 3-4 support staff per municipality. The typical *Progreso* team is composed of an agricultural extensionist,

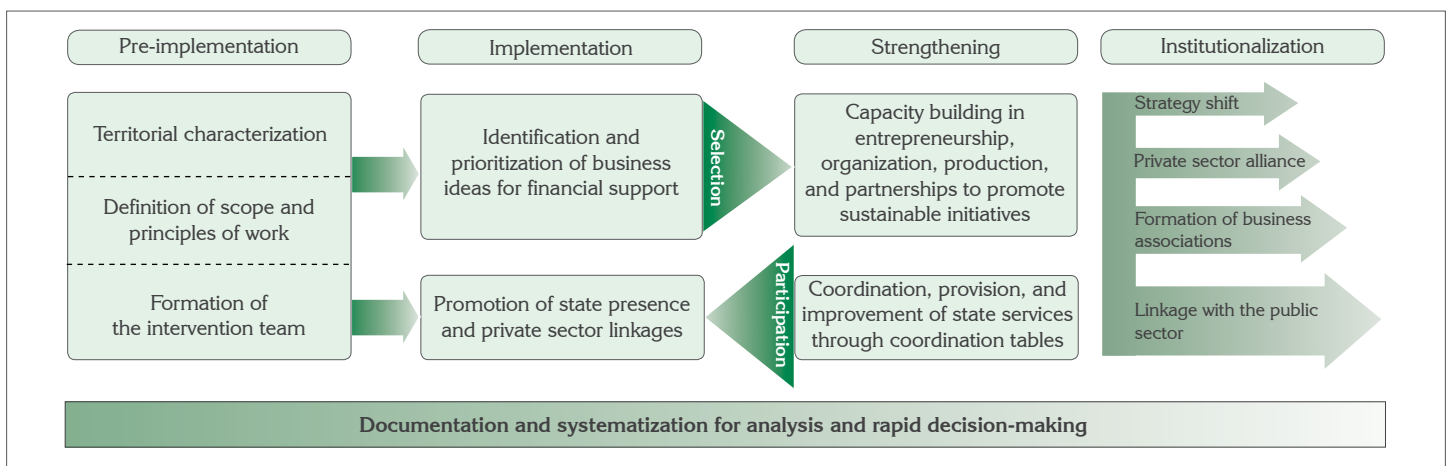


Figure 1. Agroenterprise Intervention Model. Developed by the author.

Rapid Intervention Goals

1. Promote confidence in and legitimacy of the national government.
2. Generate income and stimulate the local licit economy.
3. Strengthen organizations and entrepreneurial skills.
4. Grow social capital.
5. Connect legal economy to local and regional markets.

an agroenterprise promoter, a technical assistant (for advice on processing and value addition) and sometimes partnership promoters linked to other government institutions.

Implementation

- **Prioritization and financing:** The extensionists, who manage this phase, search for existing organizations and, with local residents, develop business proposals that can then be presented to a program funding committee. The committee authorizes one round of in-kind (not in cash) capitalization funding. In-kind grants require increased private sector engagement: the businesses funded by the committee are expected to invest their own resources into the project, and to seek out other local funding.
- **Promoting state presence:** Local program actors reach out to existing government institutions to bring them into the process as early as possible. Creating a space for communication early on permits the generation of collective knowledge and improves local service provision. The producer organizations also connect with

local services to gain funding or support for their projects. Later, formal multi-agency “coordination roundtables” facilitate connections between agricultural development stakeholders.¹

Strengthening

- **Strengthening business initiatives:** The agroenterprise promoters provide business and organizational strengthening services to the chosen organizations, and help them increase sustainability by creating capitalization funds. Concurrently, the technical assistants offer specialized advice to producer groups.²
- **State institutions:** Regular meetings of “coordination roundtables” facilitate communication between local development actors, program coordinators, local government, and producer organizations. These roundtables facilitate the rapid intervention program in training local institutions on market-based techniques.

Institutionalization

As organizations stabilize, or when the program concludes, *Progreso* service provision ends. As program support winds down, some organizations will fail, some will be self-sustaining because of their strong market linkages, many will begin to form second-order organizations or

1. A coordination roundtable’s purpose is to define local demands for agricultural services and rural development, and to promote their resolution by the responsible entities.
2. The capitalization funds, recommended to producers by the agroenterprise promoters, are formal agreements that improve business sustainability by requiring organizations to reinvest a certain percentage of their gross revenue back into their businesses.

business associations, and many will remain linked to the public sector for continued support. Because of the groundwork laid by program officials in earlier stages, the hope is to see the gradual institutionalization of businesses and organizational strengthening, long-term state presence and strong linkages between the public and private sector.

Application and results

USAID’s Office of Transition Initiatives (OTI), through the US government contractor CREA/ Colombia, and with technical support from the International Center for Tropical Agriculture (CIAT), implemented *Progreso*, an immediate response program for rural enterprise development in the Macarena region of Meta. It began in late 2007, running concurrently with the PCIM initiative headed by the Colombian military and comprising part of the early civilian effort.

Rapid response

The program took about 3 months from arrival in the area and identification of projects to grant materials delivery, an extremely short timeline for these types of projects. As the program continued, extensionists selected new projects for funding and support. Though the program had explicitly short-term goals, its view towards creating sustainable businesses was designed to have longer term impacts.

In situations requiring emergency intervention, state institutions in the area will likely be weak or nonexistent. *Progreso* builds stronger producer organizations, giving service providers a more visible population with whom to work. In this way, the program can facilitate the state’s arrival by reducing the transaction costs of entering the area.

Case Study: A Beekeeper Association

In 2008, *Agroapícola del Ariari*, then an 8-year-old association of beekeepers, became the first project approved by *Progreso* in the municipality of Puerto Rico. At the time, *Agroapícola* was a group of 22 families, but its composition changed over time, as some families were more committed than others. Today, 13 of the founders remain with the association, and 12 new families have joined. The group took advantage of a \$24,800 grant from *Progreso*, and its members invested about \$1,400 of their own money. After financial support from and business consultations with the CPGA, *Acción Social*, and *Progreso*, the business members learned how to create a capitalization fund, worked on institutional strengthening, and focused on better participation in local supply chains. Moreover, the business now grows its own fruits to pack with its original honey product, creating added value. Today, *Agroapícola* reports an excellent level of production and sells its products under the name *Ricura Natural* in Puerto Rico municipality itself, as well as in Granada, Villavicencio, and Bogotá.

Staff

Program leadership came from within the contractor's staff, often without the significant day-to-day involvement of local Colombian authorities. The financing committee was composed of the head of each body supporting the project: USAID-OTI, USAID-Alternative Development, PCIM, and CREA. The contractor chose the program agents, who were hired primarily from the department in which the program was implemented. These agents lived and worked full-time in the municipalities, and were provided with training to complement their existing knowledge and skills. However, to the probable detriment of the program, the turnover rate among the local program agents was fairly high; their average time on the job was approximately a year.

Intervention

- **Funding projects:** The average value of a *Progreso* grant, given as an in-kind donation, was \$26,575. These *relatively high-value grants provided adequate capital equipment and resources to stakeholders*. Moreover, by providing only in-kind contributions, *Progreso* was able to control what was purchased with program funds, and required a high level of engagement from private sector partners. Significantly, the average total grant value per producer organization was \$46,212, meaning that local governments and communities contributed nearly half of the grant monies. For an average-sized business with 42 families, this amounts to \$1,100 per family.
- **Extensionists:** After project approval, the extensionists ensured the delivery of goods, measured program impact, and recruited

new projects. Extensionists focused on supporting projects located in *secure zones*, presented by *already-existing groups*, with a *single product* that the members already *knew how to produce*, to ensure a rapid program pace.

- **Supporting businesses:** The agroenterprise promoters were primarily responsible for the continuing support of businesses enrolled in the *Progreso* program. The agroenterprise promoters' full-time job was to travel in their assigned areas, working with companies and promoting the importance of business development skills and services. Early in the program, they emphasized *understanding of supply chains and markets, commercialization of products, and creation of capitalization funds*. Later, they helped with *troubleshooting*, brought producers on *market tours*, and helped them *link to state institutions*.

Challenges

- **Intervention timing:** The intervention began after a large-scale eradication of illicit crops and a military campaign. Other rapid-response programs had to ensure food security and safety before *Progreso* could begin.
- **Insecurity:** Initial intervention efforts were restricted to urban zones because of poor rural security conditions.
- **Distance from markets:** The Macarena region is isolated from the national markets; road security is poor, and much of the access is via air or water, presenting problems for transport of goods and supply chain linkages.
- **Social capital:** PCIM worked concurrently on building social capital in a region that had a strong culture of illegality and distrust.

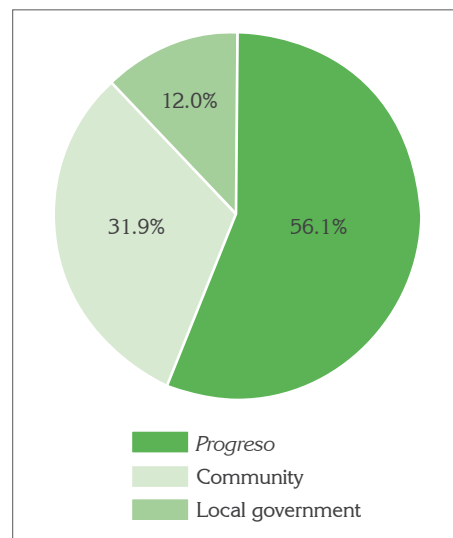


Figure 2. Sources of Program Support. September Co-Financing Report, CREA/Colombia, 2010.

This aspect made organizational strengthening a key component of the intervention.

- **Awareness of available state services:** Though many programs exist at the national level to support rural producers, knowledge of these programs and how to access them was limited. Future interventions should incorporate a capacity-building section that addresses this problem.
- **Local program actor turnover:** The brevity of the average time in job (one year) hurt the continuity of service provision. This could be an indicator of a number of more serious problems, either in terms of individual capacity, the local environment, or the program itself and should be more carefully documented.
- **Sustainability of businesses:** The first round of the intervention did not include capitalization funds for re-investment into the businesses. These funds should be incorporated from the outset.
- **Sustainability of state services:** Outside agencies funded and led the *Progreso* program. Minimal involvement by the Colombian government forebodes problems after program closure for the Colombian agencies working independently to provide the same level of services. With increased security, producer groups will continue to demand more and deeper services from the government, which must continue to seek sustainable solutions.

Business results

As of October 2010, *Progreso* had funded 166 projects and directly helped almost

7,000 families. Almost 50% of these projects had organized themselves into local trade associations, though not all of the projects involved have stopped receiving support in entrepreneurial capacity building. Less than 5% of the projects had failed, and 30% of the funded projects were operating without assistance from *Progreso*. About 23% of the projects had, in addition to *Progreso*'s support, accessed funding or help from other government programs, such as rural development bank funding, or courses from the *Centros Provinciales de Gestión Agroempresarial* (CPGA), the Colombian Agriculture and Livestock Institute (ICA), or the National Learning Service (SENA).

Government legitimacy

Many companies that participated in *Progreso* are now accessing other government programs and even successfully competing for funding at the national level. In April 2009, a USAID survey of the area showed over 60% citizen confidence, a fairly high number that may be correlated with the success of *Progreso*, though additional assessments would be necessary to confirm causality. Coordination roundtables at the local and departmental levels also appear to have been successful in the preliminary stages, and they warrant further research into whether they would remain effective when scaled up.

While the government provided business services in the case of *Progreso*, in future programs, the most capable actor in the area, whether public or private sector, should provide them. Even *Progreso* used a contractor to administer services. Another example is the Afghani Small and Medium Enterprise Development Program (SMEDP), which worked to develop a private business development services sector to partner with the government, as private sector actors were deemed to be more efficient than their public-sector counterparts. *Progreso* or its successor may therefore wish to explore the potential for government-sponsored service vouchers to move towards a model of public-private partnership for service provision.

Project results, March-May 2010. CREA/Colombia.

Result	Number of businesses	Percent of total
Failed or disbanded projects	6	4%
Self-sufficient, with strong links to value chains	50	30%
Formation of business associations	81	49%
Linked to other public sector programs	38	23%

Policy recommendations

For the PCIM

- Continue to promote interinstitutional exchange and cooperation, ensuring a local lead for coordination efforts.
- Add formal capacity building services to the agroenterprise promoters' responsibilities, to help organizations learn how to access state services and apply for grant funding.
- Explore ways of making the basic model become more self-sufficient and sustainable.

For future immediate agroenterprise intervention programs

- Ensure security and host government buy-in before implementation.
- Focus the program on specific value chains. This links farmers to chains and facilitates associations among farmer groups, making service provision simpler.
- Provide grants in-kind, and at appropriate levels of funding, to allow producers to achieve economies of scale.
- Speed is key to success—work with existing groups and with products they already know how to produce.
- Promote linkages between state institutions and program-supported producer groups for sustainability after program conclusion.
- Be flexible.

Sustainability

The *Progreso* program was never designed to be a long-term provider of government services, and without follow-up programming and financing, the gains that it has made in strengthening the local economy will not continue. However, USAID and other international donors have designated follow-on support through similar Colombian government-sponsored programs, like *Planes de Transición* and *Oportunidades Rurales*. Some of the projects supported by *Progreso* have won subsequent funding through nationally competitive bids to entities like the Ministry of Agriculture.

Future plans

The PCIM pilot program is being expanded across five broad security corridors in 2011 through Colombia's *Plan Nacional de Consolidación* (National Consolidation Plan).

Further reading

Ferris, S.; Best, R.; Lundy, M.; Ostertag, C.; Gottret, M.V.; Wandschneider, T. 2006. Strategic paper: A participatory and area-based approach to rural agroenterprise development. Centro Internacional de Agricultura Tropical (CIAT), Cali, Colombia. CIAT Rural Agroenterprise Development. Good practice guide no. 1. 44 p. [Also available at http://webapp.ciat.cgiar.org/agroempresas/pdf/strategy_paper/complete_paper.pdf]

For more information

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