



**INTEGRATING NON-GOVERNMENTAL SELF-FINANCED  
RESIDENTIAL SOCIAL CARE SERVICES INTO THE CONTEXT  
OF LOCAL RURAL DEVELOPMENT –**

**The case of an orphanage with a dairy farm in Los Chacos Department of  
Santa Cruz/Bolivia**

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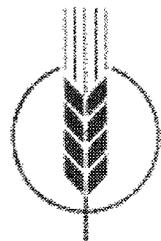
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## **6. SUMMARY AND CONCLUSIONS**

Econometric methods were applied within the Farming System Approach to analyse income earning strategies of local farming-systems in the village of Los Chacos in Bolivia and to analyse their socio-economic integration with a residential orphanage and an affiliated dairy farm. Socio-economic integration consists of three main dimensions which are (1) direct economic integration, (2) direct social integration and (3) indirect socio-economic integration.

It was shown that resource endowment of local farming-system determine their portfolios of income earning strategies. Three farming-systems-classes were distinguished: farmer-farming-systems with comparatively high land resource endowment rely mainly on agricultural production to generate family income. Peasant-farming-systems have low amounts of land available and rely mainly on off-farm income (though agriculture has some importance). Orphanage-employed-farming-systems also have low land resource endowment and do also mainly rely on off-farm income (agriculture has a subordinate role). Employment in the orphanage makes a substantial contribution to the family income of orphanage-employed-farming-systems and contributes to the economic integration. For the larger share of local farming-systems orphanage activities regarding employment are however irrelevant. A general low level of direct economic integration of local farming-systems with the orphanage is indicated.

Due to higher land-use efficiencies in local farming-systems than in the dairy farm of the orphanage they compete with the orphanage for land resources. Only market imperfections hinder this competition to be effective. Agricultural development potentials of local farming-systems are hampered. Direct

economic integration of local farming-systems with the orphanage is low therefore. Also indirect socio-economic integration is reduced by these mechanisms.

Direct social integration of local farming-systems with the orphanage is lower than direct social integration of local farming-systems with local groups. This mainly stems from structural characteristics of the orphanage in the area of low participation of local farming-systems in the orphanage and local farming-systems' low responsibility towards the orphanage regarding contributions. Positive contributions to the level of direct social integration mainly stem from issues that are not conceptualised in the orphanage structures (e.g. benefits to local farming-systems through personal relationships with the orphanage managers or the potential accommodation of orphaned children from the community). In this respect the orphanage is part of local farming-system's uncertainty coping strategy makes however no contribution to the reduction of uncertainty in local farming-systems.

Strategies have been identified that can increase the orphanage's socio-economic integration with local farming-systems. They are namely (1) renting-out of land resources of the orphanage to increase direct economic integration, (2) starting of community projects to increase direct social integration and (3) networking with and within local institutions to increase indirect socio-economic integration. The strategies were tested with a linear mathematical program model and it was shown that total village income increases by starting community projects and renting-out of land resources to local farming-systems. As the mean income of farming-systems in the village increase their uncertainty reduction strategies are increased. Thus on the local level the need for uncertainty coping strategies decreases. Renting-out of land resources of the orphanage does not lead to a self-financing residential social care institution but to an increased level of self-financing. At the same time socio-economic integration of local farming-systems with the orphanage is increased.