



Scaling Up Local & Community Driven Development (LCDD)

A Real World Guide to Its Theory and Practice

Edited by

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FOREWORD: LCDD AND THE WORLD BANK

Local and Community Driven Development (LCDD) is an approach that gives control of development decisions and resources to community groups and representative local governments. Poor communities receive funds, decide on their use, plan and execute the chosen local projects, and monitor the provision of services that result from it. It improves not just incomes but people's empowerment and governance capacity, the lack of which is a form of poverty as well.

LCDD operations have demonstrated effectiveness at delivering results and have received substantial support from the World Bank. Since the start of this decade, our lending for LCDD has averaged around US\$2 billion per year. Through its support to local and community-driven programs, the Bank has financed services such as water supply and sanitation, health services, schools that are tailored to community needs and likely to be maintained and sustainable, nutrition programs for mothers and infants, the building of rural access roads, and support for livelihoods and micro enterprise.

In addition, LCDD has proved an effective way to rebuild communities in post-conflict and post-disaster situations. By restoring trust at a local level and rebuilding social capital, it has produced valuable peace dividends in places like Rwanda, Bosnia-Herzegovina, Afghanistan, and East Timor. After the 2005 tsunami, LCDD approaches in Indonesia, India, and Sri Lanka have provided a front line of response to ensure that resources are being used effectively and transparently, and that the affected communities are involved in assessing their needs and designing recovery programs.

A major challenge in LCDD is the issue of scale: how to achieve national coverage rather than a focus on development enclaves. Going to scale, especially to national scale, requires detailed planning, the tools for which are covered in this book.

The LCDD agenda remains relevant today because it delivers on three fronts:

- The efficient use of public resources by those who need them most. The approach gives communities and local governments the authority and resources to undertake initiatives in sectors that will produce the highest impact at lower cost than centrally managed programs.
- The empowerment of communities to plan and manage their own economic and social development.
- The possibility of better local governance through transparent and accountable local decision-making.

The World Bank will continue to play an important leadership role and dedicate resources and policy dialogue to allow promising LCDD approaches to operate at a larger scale and across sectors. Today's local and community driven development requires a programmatic approach that combines multiple sectors and functions. Moreover, it involves changes in the inter-governmental fiscal system as well as in governance and accountability systems.

All of this needs to be embedded in the Poverty Reduction Strategies of countries so that scaled up LCDD programs provide an opportunity, through Poverty Reduction Support financing, to support the institutional and fiscal systems, the transfer of real power, resources, and accountability to local levels and to develop implementation capacities for such programs at all levels of society.

As Vice-President for Sustainable Development, I am particularly pleased to see this book go to publication. The sectors that make up our Vice Presidency have the largest LCDD portfolio in the World Bank; this publication will be a useful resource for all our staff working on these issues. I hope that you, too, will find it useful in your work as a development professional.

Katherine Sierra
Vice-President, Sustainable Development
The World Bank
February, 2009

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LCDD – A True Community Effort: Acknowledgements and Thanks

The authors wish to thank all who have made this eBook and the LCDD effort possible. For the many we name, there are countless more who have carried forward the LCDD reality country-by-country and community-by-community. We thank them on behalf of the millions more who we hope will benefit from their efforts.

The effort to bring this book together included the long-term commitment and support of many people: Kathy Sierra, Vice-President of the Sustainable Development, who recognized the direct relationship between LCDD and efforts to strengthen and build good local governance; one of LCDD's foremost proponents, Steen Jorgensen, Director of Social Development (until 2008); and Dan Owen, Bank-wide LCDD coordinator, who works tirelessly to disseminate LCDD lessons across the globe. The governments of the Netherlands, Norway, and Finland, through their Trust Funds –Dutch BNPP and Norway/Finland's TFESSD - provided the resources that advanced LCDD efforts around the world and provided the resources to keep this book alive and bring its many elements together.

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The reviews of the development of the policy review toolkit were led by Alan Gelb, who as chief economist in the Africa Region took a keen interest in integrating this work into the larger development vision for the continent.

A QAG panel, chaired by Mary McNeil, reviewed the research outputs and strongly recommended that all the materials would be published and made accessible to a larger public. The publication format chosen, the e-book, now makes this possible,

And we could never have managed this work over several years, were it not for Galia Schechter who held the management of this program together; Carmelina Rebano who managed to keep the different grants straight; and Haddy Sey, who often stepped in when fieldwork and/or contact with researchers in Africa was needed.

THE ELEMENTS OF THIS BOOK

This eBook brings together the thoughts and experiences of many of the leading proponents and practitioners of *Local and Community-Driven Development*, a phrase that evolved from *Community-Driven Development*, and most clearly describes the process of empowering communities and their local governments so they drive economic and social development upwards and outwards. This, to many, appears as a new paradigm, though it has actually evolved over the decades, since it emerged from India in the 1950s. While many LCDD projects have taken root, the key challenge now is how such *islands of success*, that is, the discrete LCDD projects, can be scaled up into sustainable national programs that build skills in decision-making, management, and governance.

This book includes historical background, best practices and underpinnings, analysis and lessons learned, and toolkits for developing supportive national policies and implementation programs that fit the individual contexts of countries and localities. The chapters are adapted from previous reports that covered particular aspects of LCDD and draw upon the contributions from inside and outside of the World Bank, with key sources and authors acknowledged here:

Chapter 1 – Introduction and Conclusions

[Chapter 1](#) synthesizes the book’s key LCDD elements, issues, and opportunities. It serves as an executive summary, drawing from all the chapters mentioned below.

Chapter 2 – Historical Roots of Community-Driven Development: Evolution of Development Theory and Practice at the World Bank

[Chapter 2](#) updates *Historical Roots of Community-Driven Development: Evolution of Development Theory and Practice at the World Bank, 2003, rev. 2006*, by Hans P. Binswanger and Swaminathan S. Anklesaria Aiyer, with significant contributions by Jacomina P. de Regt. The authors thank Rodrigo Serrano-Berthet, Louis Helling, and David Warren for their contributions from their 2004 report, and Julie Van Domelen for her 2008 report.

Chapter 3 – Scaling Up Community-Driven Development: Underpinnings & Program Design Implications

[Chapter 3](#) is adapted from *Scaling Up Community-Driven Development: Theoretical Underpinnings and Program Implications*, by Hans P. Binswanger and Swaminathan S. A. Aiyer, (World Bank, 2003). It then received significant contributions from Jacomina P. de Regt. It is important to note that the *Theoretical* has been removed from the title. The *Underpinnings* that make up the LCDD framework and design principles are no longer theoretical; they have been proven through direct experience over the last 15 years, and by analysis of recent program reviews and impact studies. A significant input for this chapter was the action research sponsored by the Trust Funds; we specifically want to thank Deborah Davis for her synthesis of that set of six comprehensive case studies.

Chapter 4 – Leveraging Lessons from the Africa Region

Authors adapted this chapter from chapters 3, 4, and 5 of [Social and Local Development Funds in the Africa Region: Evolution and Options](#), prepared by a team led by Rodrigo Serrano-Berthet (SDV). The team included Louis Helling (consultant), Julie Van Domelen (consultant), Warren Van Wicklin (consultant), Dan Owen (SDV), and Maria Poli (consultant). Ravindra Cherukupalli (consultant) prepared the assessment ratings for SLDFs. Valerie Kozel (HDNSP) and Bassam Ramadan (AFTH1) offered advice throughout the study. Peer reviewers, Rob Chase and Norbert Mugwagwa, offered support. Other

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Chapter 5 – Scaling Up, Step-By- Step: Analysis, Policy Reform, Pilot Program Design, and Implementation

[Chapter 5](#) is adapted from two main sources: [CDD Toolkit for National Stocktaking and Review](#), developed by a team from KIT Royal Tropical Institute - Willem Heemskerk, Wim van Campen, and Gerard Baltissen – and a team from the World Bank – Jacomina P. de Regt, Galia Schechter, Haddy Sey, and Hans P. Binswanger, (2004, updated 2006), and [Scaling Up Local and Community-Driven Development: A Step-by-Step Guide](#), by Hans P. Binswanger and Tuu-Van Nguyen, World Bank 2005.

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ABBREVIATIONS

ADP	Area Development Program
APL	Adaptable Program Loan
CAP	Community Action Plan
CAS	Country Assistance Strategy
CBO	Community-based organizations
CBRD	Community-based rural development
CDD	Community-Driven Development
DDC	District development committee
DPL	Development policy loan
DRD	Decentralized regional development project
HDNSP	Human Development Network-Social Protection, World Bank
LCDD	Local and Community-Driven Development
LCDF	Local Community Development Fund
NGO	Non-government organization
SDDC	Sub-district development committee
SDN	Sustainable Development Network, World Bank
SDV	Social Development, World Bank
SLDF	Social and Local Development Fund
SWAp	Sector-wide approach
UNCDF	United Nations Capital Development Fund



CHAPTER 1

INTRODUCTION AND CONCLUSIONS



CHAPTER 1 – INTRODUCTION AND CONCLUSIONS

By Hans P. Binswanger-Mkhize, Jacomina P. de Regt, and Stephen Spector.¹

1.0 Introduction

Services are failing poor urban and rural people in the developing world and poverty remains concentrated in rural areas and urban slums (World Development Reports of 2004 and 2008, World Bank 2004a, 2008b). This state of affairs prevails despite prolonged efforts by many governments to improve rural and urban services and development programs. This book focuses on how communities and local governments can be empowered to contribute to their own development and in the process improve infrastructures, governance, services, and economic and social development, i.e. ultimately, the broad range of activities for sustainable poverty reduction.

Countries and their development partners have been trying to involve communities and local governments in their own development since the end of World War II when the first colonies gained independence in South Asia. Pioneers in both India and Bangladesh (then a part of Pakistan) developed a clear vision of how it would be done:

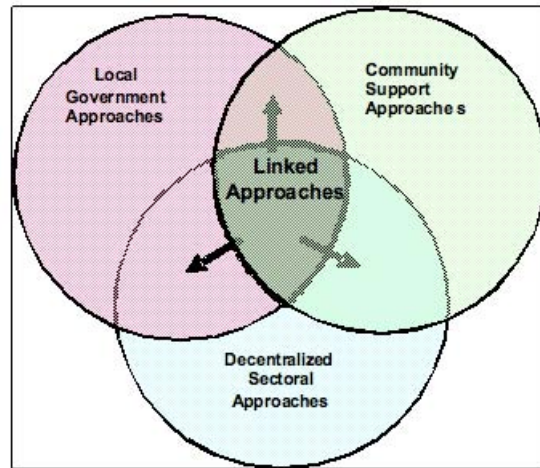
Local development should be planned and managed by local citizens, their communities, and their local governments within a clearly defined decentralized framework that devolves real power and resources to local governments and communities. Capacity support would be provided by technical institutions and sectors, and non-governmental institutions.

This vision set up a tension between central power and empowerment of communities and local governments. This has rarely been fully resolved and is still being grappled with in many countries, as well as in many externally financed development projects. While the vision was often piloted successfully in individual projects, it was again and again lost in the process of scaling up and, ironically, replaced by centralized, top-down bureaucratic approaches that failed. In these approaches local citizens were treated as passive recipients, and service delivery suffered because the service providers were not accountable to their clients. This is the history that is traced in [Chapter 2](#).

The World Bank also struggled with these issues and used a variety of development approaches, including Area Development Programs. These also failed to translate the empowerment vision into practice, and therefore failed to have a significant impact. Subsequently, different sectors and projects tried community support approaches, sectoral approaches, and local government approaches, and their practitioners often competed, sometimes within the same countries, confusing the countries and reducing impact. While each of the three approaches provided many valuable lessons that are applicable today, it was not until the Local Development Conference of 2004 that *Local and Community-Driven Development* (LCDD) emerged as a widely agreed upon synthesis. Under this synthesis, local development is a co-production of communities, local governments, and supportive sector institutions, with collaboration from the private sector and non-governmental organizations (Figure 1.1).

¹ This chapter is a synthesis of the key elements of LCDD.

Figure 1.1 Linking Community Empowerment, Decentralized Governance, and Public Service Provision Through a Local Development Framework (World Bank 2004b).



The LCDD concept begins with the observation that *community empowerment* does not take place in a vacuum, it is affected by *local government development* and *sectoral programs of national governments*. Three alternative approaches to local development that emphasize many of the same principles come together in this approach: empowerment of the poor and other marginalized groups, responsiveness to beneficiary demand, autonomy of local institutions, greater downward accountability, and enhancement of local capacities. However, in the past these approaches went about things differently:

- **Sectoral approaches** are defined through functional specialization—the services they provide. They have been able to mobilize technical capacity, but have rarely been responsive to local demand and conditions and cross-sectoral considerations.
- **Local government approaches** are organized through the institutions of territorial governance. They commonly ensure clear formal autonomy and accountability of local decision-makers but are often politicized and less effective in managing service provision.
- **Direct community support approaches** are organized around social groups that, traditionally or voluntarily, make collective decisions. Their entry point through community structure and processes sometimes complicates coordination with public sector organizations and local government institutions.

Each approach has generated a distinct body of theory and practice. Many countries simultaneously use all three approaches. This can lead to confusion, unproductive competition, and duplication. The conclusion from the Conference was that local development needed to be the outcome of co-production of all these three spheres, harnessing the synergies between them rather than emphasizing their competition. The appropriate term for such a process is *Local and Community Driven Development*. It encompasses improved coordination, synergy, efficiency, and responsiveness in local development processes. And it becomes the foundation for the next step – scaling up.

1.0.1 LCDD - a transformative process

Bringing about local and community-driven development is not a project; it entails a deep transformation of political and administrative structures that aims to empower communities and local governments with powers and with resources and the authority to use these flexibly and sustainably, thus enabling them to take control of their development.

Empowerment means the expansion of assets and capabilities of poor people to participate in, negotiate with, and hold accountable institutions that affect their lives. It means giving people access to voice and information, greater social inclusion and participation, greater accountability, and organizational strength. LCDD aims to *harness social capital through empowerment and increase social capital through scaling up.*

In practice, this vision is still only imperfectly implemented in many countries and in World Bank programs. This is not so surprising, since the fundamental tension between central power and local and community empowerment is a political issue that requires negotiation and compromise to be resolved. Nevertheless, Local and Community-Driven Development boasts many islands of success, though few of them have scaled up to cover entire countries.

Scaling Up, is taking one or several islands of success that have addressed a national development problem and multiplying them to cover as much territory and population as possible and appropriate. When we talk of scaling up LCDD, we primarily mean scaling up the entire approach to empowerment. While this approach is inherently multi-sectoral, the same approach can be used to scale up a more sector-focused LCDD program. For instance, scaling up a community water supply and sanitation program as described later for a state in India.

Box 1.1: Definitions and names for local jurisdictions

In this book we will use the following definitions to designate different **Local Level Jurisdictions**:

- **Districts** of a country are usually fairly large subdivisions of a small country or of *regions, provinces, or states* in a large country. Depending on the country, they can have populations from 50,000 to several million inhabitants
 - Districts can have a number of different names: Municipality, Canton, Province, etc.
 - Districts are usually subdivided into
- **Sub-districts**. There are many names for sub-districts: Sub-district, Block, Mandal, Taluka, Parish, Circle, Commune, Kecamatan (Indonesia), and more.

Sub-districts are further divided into

- **Villages or urban neighborhoods** that may also bear many names: Village, Rural or Urban Commune, Section, etc.
- **Communities** in multi-sector CDD programs are often villages or urban neighborhoods. In sector-specific CDD programs, on the other hand, communities are defined by a specific common interest, such as herder's associations, irrigation associations, or associations of street vendors. Both types of groups can benefit from scaling up.

Elected Councils and local governments may exist at one or several of the above Local Levels. For example, the Indian local government system there are elected *Panchayats* at all three levels: an indirectly elected *District Panchayat that oversees the district officials*, a directly elected *Block, Mandal or Taluka level Panchayat* that oversees officials at these levels, and a directly elected *Village Panchayat* that also serves as the village executive.

1.0.2 What key features of LCDD should be scaled up

Box 1.2 The Five Pillars of Success

The pillars for success in LCDD involve:

- | | |
|---|--|
| I. Empowering communities | Empowering communities and local governments involves assigning functions, duties, and the corresponding authority to them, providing an institutional framework in which they elect their officials and take decisions, and assigning revenues and other fiscal resources to them. |
| II. Empowering local governments | |
| III. Re-aligning the center | Realigning the center involves the new distribution of functions and powers from central agencies and sectors to communities and local government, a process which involves both deconcentration and devolution, and a shift in the mix of activities performed by the central institutions involving much less direct service delivery and more policy and support functions. |
| IV. Improving accountability | Accountability systems need to be aligned so that accountability is to citizens and users of services (not just upward accountability from citizens and service providers to the center), adapted to the new context, and improved all around. |
| V. Building capacity | Capacity building is needed not only for community and local development participants, but also among the other co-producers, the technical sectors, the private sector, and non-governmental organizations. |

Supported by those five pillars of LCDD are four core features that we seek to scale up, as articulated by the Africa Region of the World Bank in the *Vision for LCDD*.² These are:

1. Real participation and linkage by all stakeholders.
2. Improved accountability.
3. Technical soundness.
4. Sustainability.

[For a full discussion of these core features see [Chapter 3](#), and [Annex 4](#)]

² World Bank 2000a. [The Community Driven Development Approach in the Africa Region: A Vision of Poverty Reduction through Empowerment](#). Washington, D.C.

1.0.3 Understanding the magnitude of scaling up

What does *scaling up* mean in terms of the magnitude of communities and people? Our example begins where an LCDD approach has already been successful in a small group of communities or villages belonging to a few sub-districts of a larger district or administrative unit. Many of the tools and approaches to be used have already been developed and tested in the field, but coverage of all communities in all sub-districts has not yet been attempted, therefore, the logistics and tools for such a large scale are still not developed.

Small scale LCDD successes		Pilot Phase of Scaling Up		Scaled-Up
1 district / administrative center	➔	1-4 districts/administrative centers	➔	All districts/administrative centers
1-4 sub-districts		6-24 sub-districts		All sub-districts
5-20 community groups		100-1000 community groups		Tens of thousands to hundreds of thousand community groups
Less than 50 community projects		100 – 2000 projects		Hundreds of thousands of projects
Less than 50 thousand people		100 thousand to 1 million people		Many million people

While scaling up is the next logical step, this can rarely be done in one big bang at the national level. As Table 1.1 shows, the numbers at a national level are just too daunting. Therefore:

- At the national, donor, and partner levels, policies should be synchronized with LCDD requirements;
- At the local level, all the tools and logistics for scaling up should first be fully developed and tested in one district or province (as in the Borgou pilot in Benin), or in a few municipalities or states (as in the Mexico’s DRD program), or several sub-districts/Kacamatan (as in the Indonesia Kecamatan Development Program). Such field-testing will quickly identify critical bottlenecks that may prevent rapid disbursement of funds and may, in turn, require legal or regulatory changes.

The pilot phase for scaling up will result in a full set of logistics, operational and training manuals, materials, and tools which can then be translated into other national languages and extended to and adapted to local conditions in a rollout process that ultimately covers all districts/provinces. How is such an undertaking possible? Unfortunately, scaling up is often attempted without proper guidance, preparation, and tools, leading to a frustrating experience much like reinventing the wheel. The guidance provided in this book is intended to make it much more manageable and intuitive. The proof that it is possible is in the examples discussed in [chapters 3](#) and [4](#).

Well-designed decentralization and community programs can provide and facilitate models that are easily replicated across provinces and countries. In Indonesia, the rapid expansion of Kacamatan Development Program (KDP) has been compared with a McDonalds’ franchise: *field-testing a good institutional model and then going for mass replication*. Districts not covered by KDP have petitioned the government to get the same model. Of course, this model needs adaptation in different socio-economic conditions, just as McDonalds adapts burgers for different countries (in Japan it sells a teriyaki burger, in India a potato burger).

As in any franchise scheme, the overall design requires much testing and design effort, but ultimately the rules and procedures must be simple and straightforward so that people with limited skills can replicate the model in thousands of localities and communities. Complex models will not scale up fast.

Scaling up means more than *physical scaling up* (mass replication). It also means *social scaling up* (by increasing social inclusiveness) and *conceptual scaling up* (changing the mind-set and power relations). Social scaling up can mean constant adaptations to improve the voice of the weak, or special targeted programs to supplement multisectoral ones. Conceptual scaling up means going beyond the notion of LCDD as a project approach, or even a program approach, and embedding empowerment in all the thinking and action concerning development.

1.0.4 Steps of scaling up

Well-functioning *small-scale LCDD successes* are a prerequisite for scaling up, but they can rarely be scaled up directly. We sometimes refer to these small scale successes as *boutiques*, as they may be nice, expensive (often with specially target and unsustainable funding), and not replicable. A *Diagnostic Phase* is often necessary to establish the preconditions for a scaled up LCDD program. In this book we recommend that this should be followed by a *Pilot Phase for Scaling Up* in which the processes, logistics and tools for scaling up to national levels are first developed and fully tested. Such *scaling up pilots*

Box 1.3 Outline of the Steps to Scaling Up
• Diagnostic Phase to Ensure Minimum Conditions
• Pre-Program Development – National Level
• Pre-Program Development – Local Level
• Pilot Phase of scaling up
• Resource flows & accountability
• Scaling up
• Consolidation

should cover all communities and sub-districts in at least one district of a country. The scaling up pilot would lead to proven procedures, logistics, and tools that can be summarized in an operational manual that subsequently can be translated into local languages, rolled out for use, and further adapted in the remaining districts of a country, province or state. This book recommends that such an operational manual be prepared to facilitate a *truly scaled up LCDD program* that can cover an entire country. (These step-by-step phases are detailed in [Box 1.4](#) on page 14 and fully described in [Chapter 5](#)).

1.0.5 Objectives and Structure of the Book

The LCDD scaling up process is inherently complex– not only are there difficult political issues to be resolved, but the reform agenda and program design must involve many co-producers; significant shifts in power must also be achieved. It is therefore not surprising that, even where successful pilot projects existed, scaling up often proved difficult. In addition, the magnitude of the task of developing the capacities of hundreds or even thousands of local governments and hundreds of thousands or millions of communities presents complicated design and logistics problems that have often proved insurmountable. This book is devoted on how to help advance the political commitment to LCDD and how to proceed in a systematic and step-by-step manner to successfully manage the complex design, logistics, and implementation tasks. It is not to be used as a blueprint, per se, but as a starting point for country-specific adaptations. With this in mind, the book:

- Reviews the history of community and local development since World War II in pioneering countries as well as within the World Bank ([Chapter 2](#));
- Summarizes findings of global project experience and a research project on how to design and scale up LCDD ([Chapter 3](#));
- Focuses on the opportunities and challenges for achieving the proper fit of LCDD to country context ([Chapter 4](#)); and,
- Provides a step-by-step guide, tools, and toolkits for scaling up of LCDD, addressing the activities necessary at both the national and local levels ([Chapter 5](#)).

The book is intended for policy makers, practitioners and funders of community and local development. Its chapters were prepared over a prolonged period of time by groups of different authors. The chapters are intended to be used as self-standing pieces, although we have tried to unify the definitions and integrate the contents, so that it is indeed an integrated book. Because the chapters also have to stand independently, however, some materials and conclusions are covered more than once.

There is a growing literature that evaluates LCDD programs and projects and evaluates their impacts. The findings from these two bodies of literature are briefly summarized in [Chapter 2](#). However, this book does not itself contribute to this evaluation literature and we will refer the reader to other sources. We also note that the program and project evaluation literature is better developed than the impact evaluation literature and studies, which rigorously prove impacts are still far too scarce.

1.0.6 The LCDD Renaissance

LCDD - Resurgence of a fundamental, sustainable approach to poverty reduction

While the elements of LCDD have long been understood, again and again the vision has been abandoned in practice. The inherent complexity of scaling up, impatience with participatory processes, and lack of political will to devolve power are at the root of this repeated failure.

Over 100 colonies gained independence in the three decades after World War II. These new countries faced two major challenges: how to govern and how to build their economy. Centralization was in vogue after World War II. Developing countries felt that a strong central government was essential for economic and political independence. With populations that were overwhelmingly rural and poor, rural development was another fundamental goal, but it required an inherently decentralized process.

India epitomized this duality. Mahatma Gandhi advocated highly decentralized development through what he called *village republics*, but the Indian Constitution created a fairly centralized polity, a foretaste of what would happen throughout the developing world with a post-colonial era that begins with two opposite perspectives on managing the future development process and ends with finding a balance between them. India was not alone. Many newly independent countries viewed a strong center as essential to build national unity and overcome tribal divisions. These countries, as well as aid donors, viewed centralized government programs as the best way to introduce new technologies and modernize societies. As a consequence, developing countries became far more centralized than developed ones.

Counterbalancing centralization was another approach. Since the 1950s, dozens of nations have embarked on community development and other rural development programs, with India as the first to scale up community development over the entire country. From the late 1940s to the mid 1960s, India, Bangladesh, and other developing countries were already implementing initiatives and model programs that advanced community roles, such as the Community Development Program in India or the Comilla rural development program in Bangladesh.

As discussed in [Chapter 2](#), by 1957 the core ideas of participatory local and community development were already fully developed in India and Pakistan (now Bangladesh). Most of these programs started with similar ideals of decentralized and participatory decision making, local planning and coordination, and development of sustainable local and community institutions. Yet, for both technical and political reasons, the process in most countries stopped short of community empowerment. Most large scale programs failed to apply their ideals of empowering local governments and communities. Power and implementation shifted back to central agencies and their technical staff. Programs became highly bureaucratic. Funding, planning, and execution of community development projects and programs rested in central bureaucracies that often pursued their own interests, rather than following community priorities; rarely were they able to coordinate the executing agencies on the ground or actually deliver the projects and services they promised.

In country after country disillusionment with inadequate community-based approaches set in, and in India the entire nationwide community development program and its corresponding ministry were disbanded in the 1960s. They were first replaced by sectoral and technology based approaches in which line agencies reverted to delivering their specific services to local clients, such as the development of roads, agricultural credit, irrigation development and technologies, and technological advice (Figure 1.2). One of the main achievements of these programs was the spread of the green revolution in Asia and Latin America. It was, however, quickly realized that these programs had difficulties reaching the rural poor, and many projects and programs specifically targeted to poor areas and poor groups were added.

Figure 1.2 Timeline of Development Approaches						Progression of community involvement
1950s→	1960s→	1970s/80s→	1990s→	2000→	2005→	
Centralized De-Centralized						
	Sectoral Technology Led/ "Green Revolution" Irrigation development					Consultation ↓
		Special Area / Target Group Area Development Program & Integrated Rural Development Program NGOs and private sector	Community- Based Development Social Funds			Participation ↓
				Community- Driven Development (CDD)	Local & Community- Driven Development (LCDD)	Empowerment

In the 1970s the World Bank and other donor agencies entered poverty reduction and rural development in a major way via *Area Development Projects (ADPs)* and *Integrated Rural Development Projects (IRDPs)*. These programs focused on the same elements as the earlier community development programs: decentralization, participation, community empowerment, and the development of local institutions. In practice, however, the programs suffered the same fate as the earlier community development programs and became centralized, bureaucratic, and unable to coordinate actors on the ground. In many cases, these weaknesses were aggravated by lack of appropriate technology that could be readily disseminated. By the early 1990s, the approach was discredited and abandoned by the World Bank and most donors. This left the World Bank without an instrument to reach the rural poor at a time when it started emphasizing poverty reduction again (and in the midst of redressing the draconian effect on the poor of financial reform policies in that decade).

In the meantime different sectors had experienced improvements in their programs by introducing stronger community participation and collaborating with NGOs. Social funds were subsequently developed to transfer resources to local levels and execute projects in a participatory manner. Community-driven development programs emerged that went a step further and transferred resources

directly to community management, while at the same time introducing coordination at the local government level. These approaches came to be known as Community-Driven Development with successful programs in Mexico, Brazil, Indonesia, West Africa, and elsewhere. The methods also proved applicable in emergency settings and post conflict situations.

Via these experiences it became increasingly apparent that community development could not operate in a vacuum, but required local coordination via local government structures and technical support from the sectors. At the same time democratization in Latin America, and later in Africa, brought about many decentralization initiatives. India and other South East Asian countries also started to reemphasize decentralization as they became disillusioned with strictly sectoral approaches. It is based on these experiences that *local and community-driven development* emerged as a synthesis. It is ironic that this synthesis includes all of the elements that the earliest pioneers of community development presented so clearly in their vision and pilot projects.

Committed country leaders and donors need to be opportunists

Country leaders and donors need to be committed to LCDD and able to seize opportunities when the political dynamics of a recipient country bring to power politicians genuinely committed to shifting power to the grassroots. More research is needed on the related political economy issues.

What is different, however, is that the international experience with such programs is now much better synthesized. In particular, the preconditions for scaling up genuine local and community empowerment are now much better understood and diagnostic tools to assess whether they are in place and what needs to be done are well developed (see [Chapter 5](#)). How to design and sequence an LCDD program in a step-by-step manner is also well understood and discussed in great detail in [Chapters 4](#) and [5](#).

However, implementation progress across the world is still limited. The centralization-decentralization dilemma remains a struggle about power. Most participants in this struggle see it as a struggle about a finite amount of power and economic and social resources. This is the wrong perspective, because LCDD can actually lead to greatly enhanced power at local and community levels while at the same time providing real power to the center to guide an expanding pie of social and economic development. The gradually expanding impact literature is providing many examples of such positive processes and their impacts.

The slow evolution of participatory approaches: from consultation to empowerment

- **The first approach was the community consultation model.** In this, government agencies or NGOs consulted communities, but operated as direct service providers using their own staff. This model for the provision by sectors of frontline services to rural areas was widespread and, in many cases, remains so.
- **The second approach was the community participation model.** Government agencies or NGOs invited participation from communities in choosing development priorities and project design, co-financing the investments, with contributions in cash or in kind, and operating the investments once they were completed, including the levying and management of user fees. Frequently this approach uses participatory assessment techniques to define the needs and aspirations of communities. This approach was what the earliest pioneers of community development had in mind when they talked about community development. It was widely used again by sectors that introduced participation in the 1980s to enhance the effectiveness of their programs.
- **The third approach was the community empowerment model.** The implementation responsibility for projects was entirely devolved to communities, along with the funds for implementation. This approach was the key advance introduced by large scale community-driven development programs in the 1990s in Mexico, Brazil, and Indonesia. In these, participatory assessments and participatory

monitoring and evaluation are used to define community priorities and implementation mechanisms, as well as monitor progress.

Burkina Faso provides an example where, as part of the sharing of central revenue, the community empowerment model provided untied funds to communities under a formula. Communities augmented these resources through co-financing in cash and in kind and through collection of user fees. This empowered communities to plan and execute subprojects according to their own perceived priorities. In this approach, government agencies and NGOs operated primarily as facilitators and trainers. Communities were heavily involved in the design and choice of technology for their chosen projects; usually they managed the project funds and directly contracted for goods and services to implement them. The approach provided communities ample opportunities for increasing skills in project and financial management via learning-by-doing.

Community-driven development (CDD) was a phrase that has meant different things for different agencies, covering a host of approaches ranging from community consultation to empowerment. But as defined today by the World Bank, CDD means the community empowerment model.

Devolving resources to communities required the development of new disbursement, procurement, and accountability mechanisms.

These required radical simplification of the usual processes used in development assistance projects. Instead of focusing primarily on accountability for the use of money to the funding agency and/or the government, the new mechanisms are built on horizontal and downwards accountability of community leaders to each other and to their members. Accounts are maintained in local language that all literate community members can read; disbursement is in tranches based on statements of expenditures; checking on physical progress and random audits are the primary tool for verification; simple competitive shopping for goods and services replaces complex procurement procedures; etc. The success of these mechanisms is confirmed by the fact that World Bank-financed LCDD programs score well in terms of fiduciary compliance compared to other projects.

LCDD is preferably used as a multi-sector program, but single sector programs are sometimes appropriate.

Ideally, we need multisectoral LCDD, but political and fiscal conditions may make that difficult. Single-sector LCDD cannot drive the process, but can have a vital demonstration effect in convincing people that empowerment is the best way to go. In Kerala, India, incumbent local governments were re-elected in all five Gram Panchayats (the village level governing authority) participating in the pilot phase of the Jananidhi water supply project, whereas two-thirds of incumbents were defeated state-wide. This sectoral lesson provided strong political support to the whole empowerment process. Often local governments are thinly funded, whereas sectoral schemes are well funded and attract more public participation. So, LCDD projects and processes can evolve together through mutual strengthening.

Co-production of sectors, local governments and communities under the LCDD approach requires a common mindset and vision, detailed and clear assignment of functions and responsibilities, and training of all involved.

These assignments of responsibility have to be worked out in detail in a participatory manner that involves the actors that ultimately are supposed to implement LCDD at the district level and below. This is best done in a scaling up pilot under which all processes are first tried out in all communities in one or several districts. This piloting should result in a field tested and adaptable operational manual that spells out who has to do what, how, and with what tools and instruments. This manual then becomes the instrument through which the assignment of functions and all the other program details is clearly spelled out and can be disseminated via training.

Countries differ widely with how far they have gone in implementing the LCDD agenda.

Many successes have been achieved, as in Mexico, Brazil, Indonesia, Burkina Faso, Uganda, or selected States of India. The path to future success is quite clear, however, most countries are still struggling with the same empowerment versus centralization dilemma that has plagued this field for so long.

World Bank project and program practice is still far from ideal today.

As shown by the Quality Assurance Group, the Independent Evaluation Group, and discussed in the Africa Region in [Chapter 4](#), different Regions and team leaders, together with client countries, design programs that differ widely in how far they move the entire LCDD agenda forward. Some operations remain sector specific programs focused primarily on producing infrastructure and services with and for communities. At the other extreme there are programs, such as the Kacamatan Program in Indonesia or the CDD program in Burkina Faso, that push forward the entire decentralization and community empowerment agenda in a systematic way. While World Bank guidance clearly articulates the LCDD vision, spells out its key elements, and provides excellent toolkits for virtually all phases of an LCDD program approach, in practice the three approaches are still sometimes competing, and the World Bank is still often in a conservative rather than a leading role (see [Chapter 2](#) and, more specifically, [Chapter 4](#) for the Africa Region).

A synthesis³ of the stock taking exercises carried out in each Region of the World Bank shows that only some progress has been made in the integration of this guidance framework; that there are still very marked differences in approaches, especially between the Regions (and not only accounting for country context) and that sectoral integration is still far from the norm. Also, scaling up is seldom considered in the original design stage.

1.0.7 Adapting to national and local context

By examining a wide range of country experiences in LCDD, we find that consensus on clear objectives and sound technical designs are vital for scaling up. Once a country is ready to engage in an LCDD process, a lot of work is needed to determine the scope and approach of the program, and to establish the sequencing of actions. These preparations should involve a broad range of stakeholders, from communities and civil society to local governments, ministries of local government, ministries of finance, and donors. They should include an examination of the following questions:

- Where is the country in its processes of decentralization and of local and community empowerment?
- How can the conditions that are conducive to LCDD be established?
- How can adverse institutional barriers be overcome?
- How is LCDD sequenced?
- What is to be scaled up?
- How can total and fiscal costs be reduced?
- How can the program be financed?
- How can co-production problems be managed?
- How can LCDD be adapted to the local and national context?
- How will field-tested manuals, tool-kits, and scaling up logistics be created?

³ Van Domelen, Julie. 2008. "Global Perspectives on Community-Driven Development." Paper presented at World Bank's SDN week, February. Washington, D.C.

Toolkits have been developed to assemble and analyze existing information and to systematically analyze all these questions (they are discussed especially in [Chapter 5](#) of this book). No wheels need be reinvented, they can simply be adjusted to new circumstances. Development programs must be highly adaptable to institutional conditions in an environment of low capacity national, state, and local; unstable and unpredictable policymaking; and limited democratic culture and civic capacity. LCDD programs fulfill this requirement with their highly flexible design based on a few core principles and a handful of proven methodologies.

1.0.8 The Key Concept: Adapting to Local Context

Program designers must make strategic choices concerning:

- The balance between improving access to services and developing local institutions, and
- The allocation of responsibilities among the central program agency, local governments, communities, and the private sector.

Because the methodological options for LCDD programs are well known and rapidly disseminated, these decisions can be based on local experience and regional or international good practice. To build on existing capacities and experiences, the final configuration can be adapted based on the context and trajectory of preexisting programs.

The criticism that LCDD programs use a *cookie cutter* approach has some validity—but it is vastly exaggerated. These projects are not all designed the same. Yes, they share some basic principles, but they rely on a variety of institutional strategies and management instruments. Strategic program design today reflects a contingency approach: program elements are combined based on the country-specific policy priorities, institutional contexts, and experience. Even so, learning and adaptation are still required. This reflects the challenges of implementing complex programs in low capacity African countries—and the path dependence of each country’s reform and institutional development. Each stage of capacity-building must be grounded in prior stages.

Sometimes strategy changes reflect adjustment to changing country contexts—but sometimes leading strategies change country contexts. Less risk-averse program designers employing leading strategies in Burkina Faso, Rwanda, and Mozambique encouraged central governments to adopt policies more friendly to decentralization and community empowerment.

1.0.9 Specific lessons

The various chapters of this book lead to a reliable set of lessons and recommendations:

- **Strong political commitment to decentralization and empowerment is essential**, and national leaders and local champions often facilitate the process. They need systematic and quick support from donors. *Committed country leaders and donors need to be opportunists*, seizing occasions when the political dynamics of a recipient country bring to power politicians genuinely committed to shifting power to the grassroots. More research is needed on the related political economy issues.
- **Successful scale-ups put money in the hands of communities** to harness their latent capacity through learning-by-doing. This is supplemented by relevant capacity building.
- **Pilot projects are useful for field-testing in different conditions**. Often countries have a broad range of existing pilots involving local governments and communities that can be used to derive best practices. As discussed, they are rarely scaled up to cover all communities and local government areas even within a single district. Therefore a pilot phase for scaling up is the best approach to reveal problems and suggest adaptations and opportunities before attempting a national rollout.

- **Successful scale-ups have sound technical design.** They create context-specific procedures to be incorporated in manuals and training courses for stakeholders. These manuals/procedures are living documents that are constantly adapted and updated in the light of new experiences and contexts.
- **Good systems for sharing and spreading knowledge help inform** different stakeholders precisely what their roles are and help create common values.
- **Incentives for different stakeholders should be tailored to their new roles.** Incentives for different co-producers need to be aligned to the common objectives. Managerial incentives should reward the right processes and outcomes rather than rapid disbursement. Establishing the right processes can take time, but once they are well established, scaling up can proceed relatively quickly
- **Success depends on training** tens of thousands of communities to execute and manage projects and accounts. Good scaling-up logistics not only lower training costs but improve community ownership and sustainability; so does community co-financing.
- **Scaling up is a long-haul process** that can take as long as 15 years.
- **Operating in emergencies and in post-conflict settings⁴:**
 - **LCDD funds can provide a quick response** in post conflict areas and areas hit by natural emergencies; they help to stabilize communities and kick-start infrastructure rehabilitation. They use simple procedures; they need to have good management and operational autonomy with the ability and flexibility to take advantage of a wide range of available and innovative implementation capacity
 - **Responses have to be tailored to community needs** because conflicts and emergencies can affect communities in very different ways and may affect many services at once.
 - **LCDD funds promote transparent and accountable institutions**—critical in communities plagued by mistrust and institutional breakdown. Participatory planning and consultative outreach support the demand side of good governance and social accountability.
 - **Civil society organizations are often critical immediately after an emergency** and often the only ones still working in post-conflict settings. Working with partners outside government is important to an effective response.
 - **Conflict mediation is integral to the programs**, because a breakdown in trust and social cohesion risks inflaming tensions and provoking more violence. By engaging community members in interacting with each other and with local institutions, they begin to reestablish social and institutional relationships, networks, and interpersonal trust—that is, social capital.
- **For longer term sustainability**, an effective decentralization agenda needs to be pursued and local governments may need to be built up from zero.

1.0.10 Step-by-step approach

- Given the large number of political, design, and technical difficulties that have to be overcome in scaling up LCDD, it is not surprising that programs have often run into serious bottlenecks associated with inadequate analysis, design, logistics, or training. To reduce these difficulties in future programs we provide the tools for a systematic step-by-step approach to scaling up, starting from the diagnostic phase to the consolidation phase of the program (see [Box 1.4](#) and [Chapter 5](#)).

⁴ World Bank 2008. [Social and Local Development Funds in the Africa Region, Evolution and Options](#). Human Development Network, Africa Region

In [Annex 3](#) we assembled a large number of individual design elements that can achieve true empowerment, smooth operation of a program, and cost effectiveness. Neither the step by step approach nor the list of design elements are intended as fixed blueprints and processes, but need to be used selectively and adapted to the specific context in which scaling up takes place. Using these tools should allow for faster and less error prone scaling up of LCDD programs.

1.1 The Agenda for the Future

For the first time in the 65 year history of LCDD the following elements are fully developed:

- What the objectives are,
- What success looks like,
- A wealth of operational experience,
- An understanding of the conflicts which have to be resolved,
- A description of the roles of different actors and institutions, diagnostic and design tools, fiduciary mechanisms,
- Step-by-step guidance, and
- A review of the beginning round of impact evaluation literature, which on balance is rather positive.

1.1.1 There are still some elements which fall short, however:

Systematic and long term political commitment is still shaky, both in many countries and among development partners. There are constant risks of backsliding.

There is still too much jockeying among the three approaches, which in the World Bank, for example continues to lead to confusion within countries and have adverse impacts on them. Stronger central leadership, review, and guidance mechanisms are needed.

Some World Bank operations are not yet embedding the LCDD operations into a country-driven and fully accepted decentralization program. Existing diagnostic tools are not yet widely applied. Operations are focusing on shorter-term objectives linked to funding programs without waiting for the completion of diagnostics and policy dialogue on decentralization.

Box 1.4 Steps to Scaling Up (Expanded)
<p>Diagnostic Phase to Ensure Minimum Conditions</p> <ul style="list-style-type: none"> • Diagnostics - assessing the LCDD underpinnings in the national context • Alignment with the national government, donors, and other partners • National Commitment: Synchronizing /transforming policies/regulations/laws with LCDD • National leadership and coordination
<p>Pre-Program Development – National Level</p> <ul style="list-style-type: none"> • Defining the program • Selecting pilot districts • Appointing a scaling up team
<p>Pre-Program Development – Local Level</p> <ul style="list-style-type: none"> • • Diagnostics: Local level • Local buy-in • Communications
<p>Pilot Phase of scaling up</p> <ul style="list-style-type: none"> • Defining players & roles • Training • Facilitation • Participatory Planning • Technical Support
<p>Resource flows & accountability</p> <ul style="list-style-type: none"> • Direct financing to communities • Options for allocating funds • Options for managing and disbursing financial resources
<p>Scaling up</p> <ul style="list-style-type: none"> • Elements in place • Planning finances • Managing bureaucratic hurdles • Designing management system • Focus on costs & logistics • Communications strategy • M&E System • Special conditions • Pre-launch activities
<p>Consolidation</p> <ul style="list-style-type: none"> • Self-sustainability

How productive investments are to be handled in terms of LCDD in general (and local and community development projects in particular), is still a contentious issue in some regions where different approaches are being pursued among practitioners, sometimes in competition with each other.

1.1.2 New Opportunities

The application of LCDD around the world is being advanced in a number of ways:

- Some countries are looking at harmonizing the local development platform and transforming different programs into one nationally driven LCDD program. The countries, rather than donors, are driving this agenda.
- Some large firms, such as global mining companies, as part of their social responsibility agenda, turn to LCDD type programs for the areas where they operate.⁵ Many establish community foundations with endowments and expect the communities to use the proceeds of the endowments to manage LCDD programs. Community foundations are also a tool to be considered for the sustainability of LCDD programs, especially in urban areas: an LCDD program may provide the initial endowment, and private sector and other programs may add to such an endowment.^{6 7}
- Social entrepreneurs also bring LCDD principles in some of the enterprises promoting social and environmental goods by working directly with and through communities.

Leveraging the social capital created in LCDD programs into economic capital is well underway in South Asia and Latin America, and offers great opportunities in other regions of the world.

How to integrate social protection into the LCDD agenda is again under experimentation. This is ironic because social funds specifically started as instruments of social protection, but then veered away from these objectives. Employment generation, conditional cash transfers, and other community-driven social safety nets are being experimented with. Practitioners should get together on this.

LCDD approaches have also been used for environmental management, such as World Bank-Global Environment Facility funded projects for instance. In these projects the struggle for power among actors is also playing itself out, often in negative way. A systematic look at performance of such approaches with respect to the real degree of community empowerment may be needed. A particular opportunity for LCDD approaches to environmental management comes from carbon trading/climate change adaptation instruments that have been or are being developed and piloted.⁸ Communities would develop and manage new land use options and other carbon saving opportunities, as well as the income streams derived from them. Attitudes of major faith-based organizations are shifting towards a stronger engagement with the development agendas of local communities as part of their focus on global stewardship of the earth as well poverty reduction and in addition to their traditional focus on spiritual matters.

In the global labor market, remittances have been important sources of income for the families and communities from which the migrant labor originated. While such remittances are mostly used for consumption, education, and health expenditures of families, migrants often form community associations in the place they work and conduct fund raising activities for the community back-home for diverse activities, such as building and repair of schools, health clinics, mosques, and churches. Research shows that such remittances decline with the second generation and almost vanish with a third generation. To make the most of the remittances from the first generation migrants, governments are starting to match

⁵ <http://www.commddev.org/>

⁶ [World Bank: Community Foundations How to Series: Getting Started with a community foundation, Social Development Notes, Community Driven Development, N. 112, Feb. 2008](#)

⁷ [World Bank: Community Foundations- the Relevance for social funds in urban areas: the Tanzania Social Action Fund Experience, Social Funds Innovations Notes, Volume 5, no. 1, February, 2008](#)

⁸ [Click here](#) for more information on the community development carbon fund.

remittances for investment purposes. However, another strategy would be to create community development funds or community foundations.



CHAPTER 2

HISTORICAL ROOTS OF COMMUNITY-DRIVEN DEVELOPMENT



CHAPTER 2 – HISTORICAL ROOTS OF COMMUNITY-DRIVEN DEVELOPMENT

THE EVOLUTION OF DEVELOPMENT THEORY AND PRACTICE AT THE WORLD BANK

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This chapter traces about sixty years of thinking and experience that crystallized with *Local and Community-Driven Development*, an approach to development that started outside the World Bank but has now become an integral part of World Bank practice. One of the great ironies of the six decades of economic and social development theories and methods is that we are now embracing and applying an approach that emerged out of the post-colonial years in India as a way of helping its poor rural areas advance through decentralized governance and community empowerment. That approach, however, competed against the more expedient urge by governments to centralize power.

From the late 1940s to the mid 1960s, India, Bangladesh, and other developing countries were already implementing initiatives and model programs that advanced community roles. This was long before the broader donor community took any interest. Individuals such as Akhtar Hamid Khan in Bangladesh (the Comilla Program) and S. K. Dev in India (Indian Community Development Plan), with their deep roots in the era's independence struggles and influenced by the ideas of Gandhi, developed the concepts and practices that have evolved into LCDD.

Although their ideas and programs were compromised when the programs were scaled up (and, ironically, bureaucratized), the role of communities has evolved and broadened from the era where development practitioners *consulted with* communities, to the *participation of* communities in certain aspects of development programs, and eventually to the actual *empowerment of* communities to define and manage the programs themselves or in partnership with local government. The World Bank, although a latecomer to community empowerment, now is an active proponent of shifting power, decision-making, and development management away from central authority to local levels.

The LCDD vision has gained ground around the world. The vision focuses on community empowerment linked to effective local government with supportive central government and sector institutions. It emphasizes building institutions and capacity, and learning to directly manage the ways and means of development. The World Bank's resolve to help advance LCDD, both as policy and practice, has come at a very good time for central and local governments and communities. It can provide the extra momentum for scaling up proven programs. As we shall see, the road to a coherent vision and practice of LCDD has been long and arduous. Now, as the 21st century begins, LCDD offers a way to make progress over the next sixty years and more in a more empowering, decentralized, and equitable way.

Chapter 2 is comprised of two parts: in Part 1, we discuss the political economy of empowerment and provide some historical examples of approaches before 1990; in Part 2, we deal with the evolution of community focused approaches within the World Bank, from *community-based development* through to *local and community-driven development*.

⁹ Chapter 2 updates *Historical Roots of Community-Driven Development: Evolution of Development Theory and Practice at the World Bank*, 2003, rev. 2006.

PART 1: A SAMPLING OF HISTORICAL EXPERIENCES BEFORE 1990

2.1 Local and Community Empowerment – and Political Opposition to It

2.1.1 The Timeline of Approaches to LCDD

Over 100 colonies gained independence in the three decades after World War II. These new countries faced two major challenges: how to govern and how to build their economy.

Centralization was in vogue after World War II. The Soviet, Keynesian, and welfare state models all posited a strong central authority as the engine of progress. Developing countries believed in dependency theory or feared neo-colonialism; they felt that a strong central government was essential for economic and political independence. With populations that were overwhelmingly rural and poor, rural development was another fundamental goal, but, quite the opposite of centralizing tendencies, it required an inherently decentralized process.

India epitomized this duality. Mahatma Gandhi advocated highly decentralized development through what he called *village republics*, but the Indian Constitution created a fairly centralized polity, a foretaste of what would happen throughout the developing world as the post-colonial era begins with two opposite perspectives on managing the future development process and ends with finding a balance between them.

Figure 2.1 Timeline of Approaches to LCDD						Progression of community involvement
1950s→	1960s→	1970s/80s→	1990s→	2000→	2005→	
Centralized De- Centralized						
	Sectoral Technology Led/ "Green Revolution" Irrigation development					Consultation ↓
		Special Area / Target Group Area Development Program (ADP) & Integrated Rural Development Program (IRDP) NGOs and private sector	Community- Based Development			Participation ↓
				Community- Driven Development (CDD)	Local & Community- Driven Development (LCDD)	Empowerment

India was not alone. Many newly independent countries viewed a strong center as essential to build national unity and overcome tribal divisions. These countries, as well as aid donors, viewed centralized government programs as the best way to introduce new technologies and modernize societies. Besides, many leaders in developing countries saw centralized rule as a way to thwart political rivals and stay in power. As a consequence, developing countries became far more centralized than developed ones. Initially, centralized rule by charismatic leaders who had spearheaded independence movements had widespread acceptability. But by the 1980s, corruption, inflation, aid-weariness and high debt led to disillusionment.

Counterbalancing centralization was another approach. Since the 1950s, dozens of nations have embarked on community development and other rural development programs, with India as the first country to scale up community development over the entire country.

As shown in Box 2.1, by 1957 the core ideas of participatory local and community development were already fully developed in India. Most of these programs started with similar ideals of decentralized and participatory decision making, local planning and coordination, and development of sustainable local and community institutions. Yet, for both technical and political reasons, the process in most countries stopped short of community empowerment.

Most large scale programs failed to apply their ideals of empowering local governments and communities. Power and implementation shifted back to central agencies and their technical staff, and programs became highly bureaucratic (see examples in boxes 2-1 and 2-2).

2.1.2 The Ongoing Need to Overcome Entrenched Interests

The devolution of power to the grassroots requires legal and sometimes constitutional changes, along with substantial institutional development at the community level. Such change threatens a wide range of political, bureaucratic, and business interests that have profited from centralization. Strong political champions of community empowerment and decentralization are necessary to overcome such resistance. But, then as now, even where champions decree decentralization and community empowerment, vested interests will try to sabotage and reverse it unless the country or state shares the commitment and has the political will to share power.

In Bangladesh during the 1970s, community development found a champion in Akhtar Hamid Khan of the Bangladesh Academy for Rural Development. He devised the community-based

Box 2.1 The political contest between India's champions and saboteurs of empowerment (1948 onwards).

When India became independent, it had champions of community empowerment such as Community Development Minister S.K. Dev. He piloted community development projects in 1948, using community participation approaches within a deconcentrated service delivery model to cover all aspects of rural development – agriculture, roads, animal husbandry, health, education housing, transportation, and communications. The pilots were quickly scaled up to a nationwide community development program and a special ministry for community development was created. Community development workers were posted in villages to assist communities with their own development priorities. The community development ministry was disbanded.

Then in 1957 another champion, Balwantrai Mehta, headed a committee that found the lack of decentralization to be a root cause of the failure of community development. It recommended a three-tier system of *panchayat raj* (local governments at the district, development block and village levels). However, implementation was left to state governments, and politicians in state capitals wanted to keep rather than lose power and resources to the grassroots. They held few local government elections and took over the running of many municipalities. Contrary to announced intentions, community empowerment and democratic decentralization were minimal. By the end of the 1960s, most programs had shifted back to state governments, but this centralized service delivery yielded unimpressive results.

In 1989, Prime Minister Rajiv Gandhi became a champion of village empowerment and set in motion a Constitutional amendment to provide for regular *panchayat* elections and for State Finance Commissions to suggest the transfer of sectoral programs and funds from state governments to local governments. However, weak implementation and outright sabotage by state governments was again widespread: many did not implement State Finance Commission recommendations. Two states (West Bengal, Kerala) ruled by the Communist Party (Marxist) went about decentralization in real earnest, since they viewed this as a route to electoral success. Most other parties and states did not.

The current head of the ruling Congress Party, Sonia Gandhi, is also a champion of grassroots empowerment. She aims to bypass state government resistance by channeling funds for centrally sponsored programs (notably the National Rural Employment Guarantee Program) directly to districts, and asking village-level local governments to implement them. But the utilization of such funds has been poor in some states. The struggle between champions and saboteurs of community empowerment continues.

Comilla Model of Rural Development. This was later scaled up to cover the whole country (see Box 2-2). Local government elections were held, but central politicians refused to transfer financial and project implementation powers to the grassroots, undermining the original aim of community empowerment.

Box 2.2 The Comilla Model of Rural Development

The Comilla model of rural development was created by the Bangladesh Academy for Rural Development, led by Akhtar Hamid Khan. The model sought to approach rural development from the viewpoint of villagers, because they have the best understanding of their problems, utilizing the community participation model. Its key element was *the creation of an institutional base in rural society*, around which development programs could be integrated. The institutional base included local governments and two-tiered system of agricultural cooperatives for savings, credit, and extension services. It sought to create a cadre of institutional leaders in every village and coordinate the activities of government departments and people's organizations. A Thana Irrigation Program provided irrigation through participatory planning and implementation by communities.

After a successful pilot in Comilla district, the government in 1972 created a national Integrated Rural Development Program to extend the model nationwide. This was supervised by the Bangladesh Rural Development Board (BRDB), which eventually dominated rural development. In the process of scaling up, planning and coordination of programs shifted from communities and local bodies to bureaucrats. The program drifted back to the community consultation approach, with implementation through government agencies and later through NGOs. Although district assemblies were created and local elections took place, the government never transferred financial resources and implementation responsibility to the districts or to the communities. This amounted to sabotage of one of the key features of the Comilla model.

Source: (Banglapedia 2005)

Most similar experiments failed to provide fiscal and administrative decentralization along with political decentralization. Local bodies were often appointed by and accountable to the central government, not local people. They typically lacked finances and administrative powers. One study of four countries (Crook and Manor 1995) showed that decentralization succeeded only where the government was truly serious about devolving political, financial, and administrative powers (as in state of Karnataka, India) and failed where it was not (as in Bangladesh, Ghana, and Cote d'Ivoire). Even in Karnataka, where Chief Minister Ramakrishna¹⁰ in 1983-88 championed and implemented panchayati raj (a three-tier system of local governments), a new Chief Minister in 1990 recentralized power. This pattern of creating local governments without devolving authority and fiscal resources to them has been a common problem in many other developing countries.

Even strong international leadership is not enough. Robert McNamara, President of the World Bank (1969-81), sought to empower rural people through Integrated Rural Development or Area Development Programs. As discussed in a later section, his strong support was not enough. The best intentions and proclamations from leaders in the donor community were still far from reaching the reality at the village level. Despite good intentions, the programs generally ended up top-down and unable to embrace the priorities of communities or respond to their felt needs; they foundered amidst coordination problems faced by different participating central agencies.

2.1.3 Sectoral Approaches

Historically, government support for rural development in most countries started with sectoral approaches. Today's big irrigation canal systems in South Asia, China, Egypt, Mexico, and Brazil are the legacy of sector-specific irrigation bureaucracies, some of which were created in the 19th century or even earlier. From 1965 to 1986, irrigation accounted for a quarter of the Bank's agricultural and rural development lending (World Bank 1987). Other sectoral projects included agricultural research and extension services, rural roads, water supply, health, education, forestry, land administration, and targeted agricultural credit.

¹⁰ Hegde, 2000.

The sectoral approach had some successes, but many bureaucracies failed their citizens, especially the poor (World Development Report, World Bank 2003a). They were highly centralized and not accountable to users. Some engaged in rent seeking and corruption. They spent a disproportionate share of funds on staff and offices in the capitals, rarely meeting the needs of the rural poor. Centralized attempts to provide rural credit also had limited reach and missed the poor, although microfinance institutions are now correcting this shortcoming (see Box 2-3).

Box 2.3 From specialized agricultural credit to microfinance

Specialized agricultural credit institutions were set up all over the world to finance rural development. India, for example, created cooperative land development banks for investment credit, along with agricultural credit cooperatives for seasonal input credit. From 1965 to 1973, a quarter of World Bank agricultural lending went to agricultural credit, mainly in India, Pakistan, Brazil, Mexico, and Morocco. Unfortunately, almost no self-sufficient institutions emerged. Most systems ended up dysfunctional and bankrupt. Moreover, most credit benefits were captured by rural elites. Therefore, the World Bank stopped supporting specialized agricultural credit institutions (World Bank, 1987).

In the 1990s, the focus shifted to microfinance institutions (MFIs). MFIs typically lend to groups of poor women, reaching those disempowered in terms of income and gender prejudice. By increasing the financial power of women within the household, because they give higher priority to health and education than men, MFIs help improve social indicators. Spectacular scaling up with very low payment default was first achieved by the Grameen Bank and other MFIs in Bangladesh. MFIs have been established in dozens of developing countries, and scaled up rapidly. Today, MFIs cover 16 million poor households with almost 100 million members (Wikipedia). The UN declared 2005 to be the Year of Microfinance. The 2006 Nobel Prize for Peace was awarded to Mohammed Yunus, founder of the Grameen Bank.

In many countries, efforts are now under way to: make centralized agencies more accountable to users; de-concentrate their staff and services; and devolve some or all service delivery functions to local governments and community groups (such as irrigation associations, forest users groups, and drinking water groups (see [Box 2-7](#)).

2.1.4 Technology-led production programs (1960s onwards)

India's Community Development Program failed in the 1950s and the country became increasingly dependent on food aid. To correct this, priorities in the 1960s shifted to *technology-led change* in agriculture. Supported by the Ford Foundation, the Intensive Agricultural District Program (IADP) focused money, expert staff, and agricultural inputs in a few well-endowed agricultural districts (Staples, 1992). At first, the results were mixed and limited. Called the *green revolution*, a breakthrough came with the development of high-yielding dwarf varieties of rice and wheat in the mid-1960s. This required using the new seeds with reliable irrigation and high doses of fertilizer. The green revolution raised the income of farmers and rural laborers; it also created more jobs in transport and food processing. In time, India became self-sufficient and then produced a surplus in food for export.

The green revolution spread quickly across the world. Its success led to the creation of the Consultative Group of International Agricultural Research (CGIAR) to support research in all major tropical food crops via a string of international centers. It soon became apparent, however, that countries needed to strengthen their own research institutions to adapt internationally available varieties to local conditions. The Bank and other donors supported the green revolution, CGIAR, and other agricultural research institutions across the world.

While the green revolution fared well in irrigated areas, there was a need for varieties that would do well without water control. Farmers who relied on rain were unwilling to risk spending large sums on expensive inputs. This was especially true in Africa, where weak distribution systems led to high fertilizer prices and poor farmers had no access to credit. This exposed the limitation of technological approaches and led to experiments in programs for special areas and target groups.

2.1.5 Programs for Special Areas & Target Groups (1970s-onwards)

It was recognized that rural development programs faced the dangers of elite capture and social exclusion of minorities and the very poor. To mitigate these dangers, programs were designed to target weaker groups and poorer areas. These were typically managed by the central government or NGOs (see box 2-4). Using a mix of grants and subsidized credit to reach specific areas and target groups, rural employment programs and asset-creation programs also emerged in a big way in the 1980s. Implementation experience was mixed.

Similar programs emerged all over the world. The Bank and other donors supported a variety of programs targeting specific areas and the poor. Here again, the experience was often unsatisfactory:

- The participation of communities was limited or nonexistent.
- While targeted programs clearly had a role to play, they were managed by sectoral bureaucracies who were not accountable to the communities they were supposed to serve, nor could they be disciplined for shortcomings in service delivery.

Box 2.4 A sample of India's target group programs

In the 1970s, India's central government launched many programs aimed at target groups, such as:

- the Small Farmers' Development Agency;
- Tribal Development Agency;
- Marginal, Small Farmers, and Agricultural Laborers Development Agency;
- Command Area Development for areas falling under each irrigation scheme;
- the Drought Prone Areas program; and
- the Hill Areas Program.

(Hedge 2005).

In the 1990s, donors and governments rectified this by through the inclusion of communities and local governments in targeted programs.

2.1.6 Area Development Programs (1970s onwards)

The limitations of the green revolution inspired World Bank President Robert McNamara to promote Area Development Programs (ADPs), which were also called Integrated Rural Development Programs (IRDPs). Following his famous Nairobi speech in 1973, the World Bank sharply increased its lending for agricultural and rural development. ADPs and IRDPs aimed to integrate many strands of development, from irrigation and agricultural credit to rural infrastructure, education, health, water supply, and small-scale industry. They emphasized smallholder development and aimed to reach the poor in previously neglected and degraded areas. By 1992, the Bank had assisted nearly 300 such projects, 45 percent of which were in Africa.

The Bank's Rural Development Policy of 1975 emphasized that rural development should be *participatory, decentralized, embedded in a favorable agricultural policy regime, and based on good available technology*.

In Mexico, the three PIDER projects (Programa Integrado de Desarrollo Rural or Integrated Rural Development Program), implemented from 1975 to 1988, were considered the cutting edge of a 'social engineering' approach to participation. However, most ADPs did not follow the Bank's professed policy of decentralization and participatory planning, as such approaches would have required major, time consuming institutional change.

Many projects were prepared in a hurry by agricultural professionals with little beneficiary involvement. Implementation was entrusted to sectoral agencies which inevitably used the limited

Box 2.5 Plan Puebla, pioneer of IRDPs

In the early 1970's, the Plan Puebla was a flagship rural development project based in the valley of Puebla, Mexico, including almost 200 villages. Looking for a better way to disseminate modern agricultural techniques, the Plan built a collaborative relationship between government agricultural specialists, campesinos, credit institutions, and suppliers; it also established a rural micro-enterprise project with village women.

Plan Puebla recognized the fundamental role played by villagers and farmers and helped them establish community-led cooperatives and businesses. It also threatened the traditional channels of rural power and was subject to changes in political commitment and interference.

community consultation approach to service delivery and often had the wrong priorities. And, again, the central agencies involved often had major coordination problems.

In 1993, the Operations Evaluation Department (OED) of the Bank found that such projects had fared poorly compared to other Bank programs, especially in Africa. The failure rate was half overall, and two-thirds in Africa. Projects were more successful where government commitment was strong and the agricultural policy environment was better, but, for the most part:

- The projects did not follow the institutional development lessons of the Comilla model.
- Their benefits were rarely sustainable. Projects attained little institutional development impact, especially where project management units were used and where they were staffed by expatriate advisors.
- Central coordination of the sector agencies never worked.
- Locally proven technologies were often not available; project-specific technology components set up to remedy the situation usually failed.
- Monitoring and evaluation was often poor or non-existent.

In the early 1990s, the World Bank abandoned both the ADP approach and lending for large-scale irrigation and rural credit projects. With its agricultural and rural development portfolio diminished, the World Bank was left without a broad-based approach to assist the poor in their development, although, to be fair, the Bank moved very strongly in the human development sector in support of the poor to create human capital instead of economic capital.

2.1.7 Non-governmental Approaches (1970s onward)

During the 1970s, under pressure from the failure of many state-led efforts, governments started to recognize the role of non-government organizations (NGOs) in supplementing government efforts in development activities that included relief and rehabilitation, family planning, care of mothers and children, income and employment generation, health, and sanitation. In some countries, NGOs were viewed by donors as less corrupt and more efficient in delivery than state agencies.

In India, the Ministry of Agriculture created the *Freedom from Hunger Campaign* to support voluntary organizations involved in rural development. This eventually became the Council for Advancement of People's Action and Rural Technology (CAPART). Their success have now encouraged many state governments to launch schemes to promote people's participation. Several centrally sponsored schemes have stipulated the development of community-based organizations to plan and implement programs (Hedge 2000). NGOs often act as contractors for government financed programs. Ironically, in many countries such contracting has led to a new class – intermediary NGOs servicing pre-formulated schemes – and to an explosion of self-help groups with little connection to decentralized local or village government. The intermediary NGOs sometimes draw away valuable staff from government service and further diminish national capacity.

Most NGOs have aimed at *community-based development (CBD)* rather than *community-driven development*: that is, they have opted for the *community consultation and participation* model rather than the *full community empowerment* model. They tended to substitute their own staff for central staff and had coordination problems within their own bureaucracies. Consequently, this approach has often failed to build the management and implementation capacities of communities or reduce overhead costs. Nevertheless, by shifting from completely top-down systems to CBD, NGOs have helped promote participatory appraisal and planning.

2.1.8 Participatory appraisal and planning (late 1970s onwards)

In 1979, the Zacatecas State Development Plan in Mexico became the first part of the PIDER project to have a participatory methodology across an entire state. All communities participated in detailed surveys to discover and define their problems and priorities for projects. Direct consultations led to 4,029 investment proposals, with an additional 2,209 projects being proposed by government departments¹¹.

Rapid Rural Appraisals (RRA) were also developed in the 1970s and 1980s as a streamlined, effective method and toolset to provide a quick, high-quality understanding of community development realities without the expensive, time-consuming surveys used in Zacatecas. The RRA techniques were soon transformed into *Participatory Rural Appraisal* (PRA) and the roles of analyzing and planning shifted to the community level (see box 2-6).

Box 2.6 Participatory Rural Appraisal

Participatory Rural Appraisal is a structured process to help communities understand their constraints and opportunities, and develop their own priorities. Facilitators help communities to develop, present, and analyze information. Techniques involve (i) diagrams, maps, or quantification are created and presented physically by rural people in a manner they readily understand. (ii) walking transects across the village to gain a shared understanding of the environment, (iii) household listings and wealth ranking, (iv) reporting and analyzing the findings in different discussion groups, such as men, women and youth, (v) ranking and scoring of constraints, options, opportunities, and priorities. Visualization of the results for all to see and understand is a major element of these techniques.

Participatory appraisal and planning techniques have become essential tools all over the world. They have also been applied widely to participatory planning at the level of local governments. For example, they are widely used in the pilot local development fund programs initiated by the United Nations Capital Development Fund in over 15 developing countries.

Sources: The World Bank's Participation Sourcebook 2003b, UNCDF 2005.

2.1.9 Putting the Last First: The Case for Community Participation

Rural Development: Putting the Last First, a seminal book written by Robert Chambers in 1983, strengthened the case for community participation. He showed how billions of dollars had been wasted in rural development programs without meeting community needs or reducing poverty. The problem was not one of good project preparation but one relating to attitudes, power relations, and principal-agent issues. The top-down approach was doomed to failure because it was conceptually flawed.

Rural poverty and its roots were typically unseen or misperceived by outsiders. Researchers, scientists, administrators, and fieldworkers rarely appreciated the richness and validity of rural people's knowledge or the hidden nature of rural poverty. Despite some lip service to decentralization, most political leaders and bureaucracies resisted ceding power to the grassroots. Top-down and often patronizing approaches viewed communities as passive recipients to be led, not economic actors whose energies could be harnessed through empowerment. Such approaches viewed central experts as the most knowledgeable; in fact, only local people could know the precise nature of their key problems and possible solutions. Community participation and empowerment was essential to correct this. As Chambers wrote, "*communities should be viewed not as the last actors in the development process but the first.*"

This line of thinking was repeated in several papers and books by other development practitioners, such as Lawrence Salmen's *Listen to the People* (1987) and Michael Cernea's *Putting People First* (1985), who represent early World Bank recognition of the need to listen to beneficiaries and tailor programs to their needs. Other donors and governments also realized that a paradigm shift was in order. This set the scene for shifting past community-based development to community-driven development in the 1990s.

¹¹ Cernea, Michael. 1983. "[A Social Methodology for Community Participation in Local Investments: The Experience of Mexico's PIDER program.](#)" Working Paper No. 598, World Bank, Washington, D.C.

PART 2: LOCAL & COMMUNITY DRIVEN DEVELOPMENT & THE WORLD BANK SINCE 1990

2.2 A Shift Away from Top-down Approaches since the 1990s

By the 1990s, *public choice theory* had gained wide intellectual acceptance and showed that a strong centralized state could be predatory rather than benevolent. Economic failure and rural neglect in many countries were attributed to over-centralization and top-down approaches. The collapse of the Soviet Union strengthened the disillusionment with command systems and, in much of Latin America, military autocracies were replaced by democracies. These trends provided the political and economic impetus for decentralization that gradually became a new development fashion. Some countries saw it as a means of dismantling command economies, others as a tool for poverty reduction, still others as a path to grassroots empowerment (Aiyar 2005a,b).

After the debt crisis of 1982, the main focus of the World Bank shifted from poverty reduction to stabilization and structural adjustment programs via macroeconomic and sector policy reforms. However, by the end of the 1980s the adjustment programs were yielding many unintended consequences – the stern economic discipline had imposed significant losses and suffering on the poor.

The *World Development Report 1990* returned poverty reduction to center stage among the World Bank's priorities. The new strategy rested on a dual approach of accelerated growth complemented by targeted programs for those bypassed by growth. At about this time the area development approach to reaching the poor was abandoned because of its disappointing results (and amid pressure by certain donor countries to not *waste* their money in ineffective programs). Past experience had shown the limitations of centralized sector-specific or area development programs in reducing poverty. Consequently, at a time when the World Bank most needed an acceptable and scalable model for targeting the poor, it didn't have one.

However, also at this time:

- The insights of Robert Chambers and other practitioners had proven the need for and practicality of involving communities and other stakeholders.
- The debt crisis itself prioritized new approaches for quick disbursement of emergency Social Fund programs that were targeted at poor communities.

Thus, the global development agenda moved towards CBD with elements of community consultation and participation. Simultaneously, many countries moved towards decentralization and the creation or advancement of local governments. The World Bank progressively incorporated these approaches in its programs and two distinctly different approaches coincided: Community-Based Development (where the community is consulted and involved, in varying degrees, by program managers) and Community-Driven Development (where the community is the fully engaged and empowered program manager). Indeed, the term *Community-Driven Development* was coined by Deepa Narayan and Hans Binswanger in 1995 to denote the integration of participatory approaches with decentralization and direct community empowerment.¹²

¹² The term "Community Development" was rejected because it was too closely identified with the failed community development program in India, or the Community Development programs in the United States (which mostly use the *service delivery* or *intermediary* models for working with communities, rather than the *empowerment* model).

2.3 Stakeholder Participation and Deconcentration in Sectoral Programs

While it had already been used with some success in scattered sectoral projects from the 1970s onwards, community participation had evolved to a new level in the 1990s. A sectoral approach created opportunities to focus community participation and build capacity and also provided a way to assess the impact of participation under diverse circumstances in a tangible, outcome oriented way.

Box 2-7 Examples of Sector Programs with Community Participation

<p>Water resources sector</p> <p>By 1995, Deepa Narayan was able to analyze a sample of 121 completed water supply projects with participatory mechanisms in 49 countries. The degree of participation varied widely, from user committees to direct community construction and supervision of contractors. Of the 121 projects, only 21 percent received a high rating for participation. Multiple regression analysis showed substantial benefits for participatory projects after controlling for 18 other variables. Effective participation did not occur when sectoral agencies retained control over implementation. (Narayan, 1995, pp. 1,2).</p>
<p>Urban development sector</p> <p>The Kampung Improvement Program in Indonesia was an example of a government initiated community-based urban improvement program starting in the 1970s. Kampung are unplanned, under-serviced shanties and slums in many Indonesian cities. This program consulted beneficiary communities in the cities, who also contributed part of the improvement costs. The program upgraded some 7700 hectares of kampungs with three million people. Roads, footpaths, drainage canals, water supply, sanitation, solid waste disposal, schools, and health clinics were built. Click here for an example of the program in the city of Surabaya.</p>
<p>Natural resource management sector</p> <p>Several donors gave forestry loans to Nepal between 1971 and 1989. The World Bank supported the Second Forestry Project 1983-92 in the Terai region. The emphasis was on government plantations, which had a mortality rate of over 80 percent for trees. No control or rights were given to communities: timber in this region was so valuable that the Forest Department wished to control all resources. When the Bank supported the Hill Community Forestry Project (1989-99), in the degraded mid-hills, complete rights over forest produce went to anyone who used the forest, including local villagers and nomads. ICRs estimated the economic rate of return at 12 percent for the earlier project and 18 percent for the later one with community control and a corresponding decrease in deforestation in the mid-hills of 0.2% per year (compared with a high at 1.3% for the overall area (Aiyar 2004)).</p>
<p>Nutrition sector</p> <p>The Tamil Nadu Integrated Nutrition Program in India in 1980-90 targeted pregnant and lactating women, as well as children under three and their mothers. Those found underweight were given additional nutrition through 9,000 Community Nutrition Centers set up in the state. A little over 40 percent of project funds went to upgrading personnel at local health facilities for nutrition centers: appointees were selected in consultation with communities. They had to be local, educated residents, and preference was given to poor women with healthy children. The project reduced severe malnutrition by one-third to half in 6-24 months-old children, and by half in children ages 6-60 months. In the next phase, the program was combined with the state's Noonday Meal Program for schoolchildren, and later, with the Integrated Child Development Services program.</p>

2.4 Breaking out of the sectors: Social Funds & AGETIPs

While sectoral programs with community participation recorded some successes, this was a very slow and incomplete route to rural empowerment. Most sector bureaucracies resisted such changes. A sector-by-sector approach was also too slow to deal with the adverse employment and welfare consequences of the economic reforms and adjustment programs of the 1980's. Therefore, many World Bank staff looked for better ways to either reach communities directly with a broad menu of interventions or assist municipalities with broad programs which sector agencies were unable to deliver. The program models discussed in the rest of this chapter are directly associated with Bank initiatives, starting with social funds and AGETIPs (*Agence d'Exécution des Travaux d'Intérêt Public* or *Agency for Public Works Management and Employment*), which emerged from these efforts.

2.4.1 Social Funds

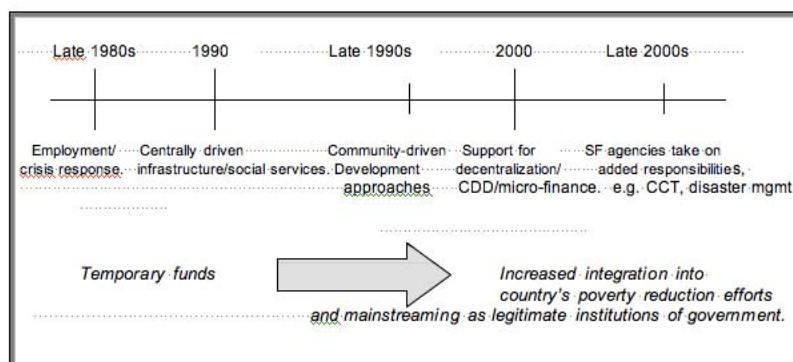
Social funds began as emergency programs aimed at getting funds quickly to communities in need, especially poor communities bypassed in earlier programs in countries where the state apparatus was weak. The funds were multi-sectoral and gave communities the opportunity to specify their subproject priorities. This was the start of several new experiments in community-based development (CBD) using the community consultation and community participation models.

The first social fund was launched for Bolivia in 1987 and succeeded well in reaching poor communities. Social funds were soon devised for countries across all continents, and, between FY87 through FY07, \$5.3b has been committed for a total of 142 operations. OED evaluation of social funds in 2005 looked at the period FY87-00, and at the results available for the 98 social funds in 58 countries with a total of \$ 3.5 billion. The evaluation found that 96 percent of closed social funds had satisfactory outcomes, against 71 percent for all Bank projects. Social funds worked especially well in post-conflict situations (such as Cambodia and Nicaragua).

OED rated institutional development as substantial in 65 percent of projects (much better than the average of 36 percent for all Bank projects). Social funds demonstrated that they could help build the capacity of local governments, communities, and NGOs. Their effectiveness was attributed, in part, to their autonomy from line Ministries. On the other hand, OED rated sustainability as *likely* for only 43 percent of projects, against 51 percent for all Bank projects. Maintenance responsibilities and obligations were often not clearly specified, nor were ownership issues after project completion. Furthermore, social funds depended on donor stamina and reliability, which can't be assumed.

Communities participated widely in discussions on subprojects, yet community priorities were not always met by social funds. The top community-defined problem was addressed for only 27 percent of respondents in surveys in Jamaica, 34 per cent in Malawi and 22 percent in Zambia. Over time social funds, such as the Malawi Social Action Fund, moved from community consultation to community participation models and, today, they often use the community empowerment model. They also discovered the value of having community projects coordinated and supervised by local development committees associated with local governments. As shown below, the evolution of Social Funds parallels the evolution of empowerment, and the funds are often good examples of the LCDD approach which will be discussed later in this chapter.

Figure 2-2: Evolution of Social Fund Objectives and Activities (1987 to present) ¹³



¹³ de Silva, Samantha and Sum, June-Wei. 2008. "[Social Funds as an Instrument of Social Protection: Analysis of Lending Trends.](#)" HNPS Paper, World Bank, Washington, D.C.

2.4.2 The AGETIP Approach

Starting with Senegal in 1990, many Francophone African countries created a multisectoral approach to urban municipal problems called AGETIP. Local governments planned public works, such as water supply and sewage systems, roads, and markets; then they delegated the implementation and project management to AGETIPs; these agencies then employed consultants and contractors for executing projects, thus creating local capacity for construction. This approach avoided cumbersome government procurement procedures and was generally efficient and timely in completing subprojects since the staff was paid market-based salaries. They were effective completing projects, but they were also dependent on donor financing and not financially sustainable; and because AGETIPs were not subject to competitive bidding, they were often accused of corruption.

Although communities had only superficial involvement, AGETIP projects helped build local government and private sector capacity. Social funds did the same, but with much more community participation. Meanwhile, decentralization became a growing institutional shift in many developing countries, and this influenced the agenda of donors. The agendas of AGETIPs, social funds, and local governments overlapped and began to converge.

2.5 Fostering Genuine Involvement: Social Development in the World Bank

2.5.1 Social Development

“PEOPLE ARE THE ENDS AND THE MEANS OF DEVELOPMENT, AND THE IMPACT OF DEVELOPMENT ON PEOPLE AND THEIR SOCIETIES IS THE MEASURE OF ITS SUCCESS.”

Task Force on Social Development (1995)

In 1991, a World Bank group led by David Beckmann and Aubrey Williams reviewed the Bank’s experiences with participatory approaches and prepared a report. Lewis T. Preston, World Bank President (1991-1995), included a note urging that “...*systematic client consultation and stakeholder involvement, particularly the poor, should become a part of the [World Bank’s] approach to developing successful policies and projects.*”

The group’s report identified several impediments to promoting participatory approaches in the Bank’s institutional make-up and practices, and suggested remedial measures. Among the institutional impediments were the Bank’s own procurement guidelines, lack of participatory approaches within the upstream work of the Bank, including economic and sector work, and a lack of borrower-government efforts to promote a more enabling environment¹⁴. This resulted in the creation of the *Social Development perspective* at the World Bank and the Social Development Network that has been responsible for advancing it.

¹⁴ World Bank. 1994. *The World Bank and Participation*, Operations Policy Department, Washington D.C.

2.5.2 The Participation Sourcebook

To help change mind-sets and practices, the network issued [*The World Bank Participation Sourcebook in 1996*](#). Intended primarily for World Bank Task Managers, the Sourcebook drew on the experience of Bank staff who had done pioneering work on adapting participatory approaches to their work, mainly but not exclusively, in development projects.

The Sourcebook covered several areas:

- Reflections on what participatory development is and what it means to use participatory processes.
- Shared experiences (examples, presented in the first person, of how Bank staff used or helped others use participatory approaches in Bank-supported operations.
- Practice pointers in participatory planning and decision-making.
- Practice pointers in enabling the poor to participate.
- Methods and tools.

The Sourcebook team established a steady continuum of progress toward greater, genuine community participation and empowerment.

2.6 Decentralization approaches to local development

In the early 1990s, the World Bank conducted a number of decentralization studies, including *Decentralization, Fiscal Systems, and Rural Development*, a global study of 14 countries and five provinces in large countries.¹⁵ It looked at several sectors and the powers of local institutions over service delivery.¹⁶

¹⁵ The study was headed by Hans Binswanger and the team at various times included Keith McLean, Graham Kerr, Andrew Parker, Suzanne Piriou-Sall, Johan van Zyl, and Melissa Williams. .

Aiyar, Swaminathan. 1995a. "How Well Has Decentralization Worked for Rural Development?" AGR Dissemination Note 2. World Bank, Agriculture and Natural Resources Department, Washington, DC.

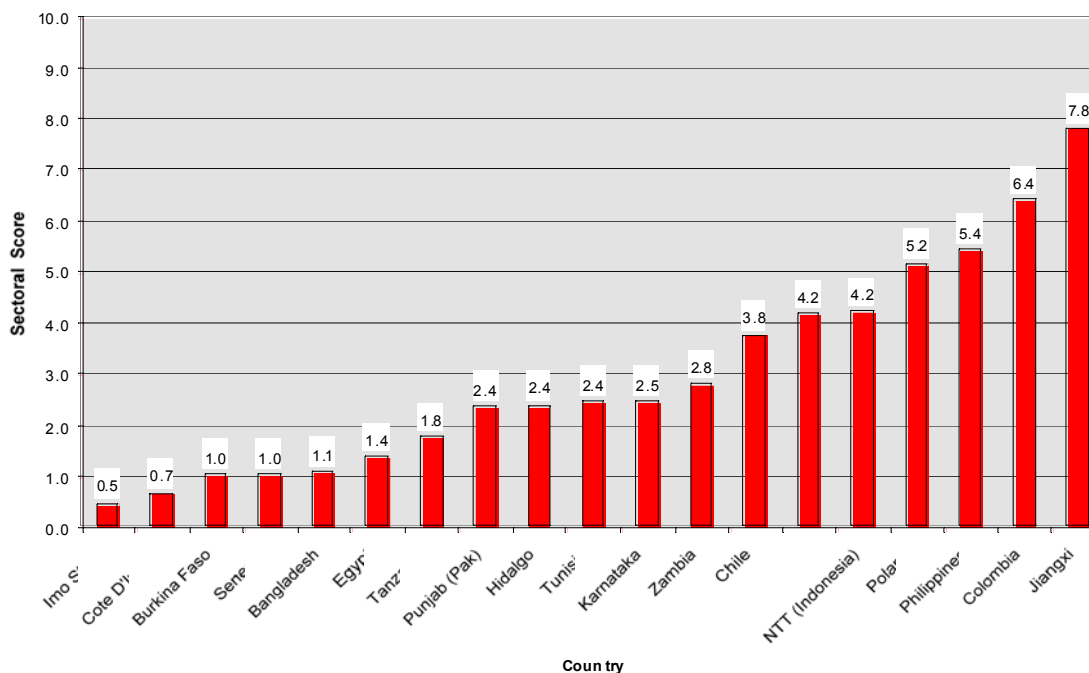
Aiyar, Swaminathan, Keith McLean, and Suzanne Piriou-Sall. 1996. "The Political Economy of Democratic Decentralization." AGR Dissemination Note 9. World Bank, Agriculture and Natural Resources Department, Washington, DC.

Aiyar, Swaminathan, and Suzanne Piriou-Sall. 1996. "How Rules and Incentives Can Improve the Working of Demand-Driven Rural Investment Funds." AGR Dissemination Note 10. World Bank, Agriculture and Natural Resources Department, Washington, DC.

¹⁶ The study constructed a decentralization index ranging from 0 to 10 based on data collected from World Bank sector specialists who had worked intensively in the respective countries/states/provinces. It was based on answers to the following questions:

- I. Where is the smallest management unit for rural sector service delivery physically located?
- II. Which level of government responsible for conditions of service of civil servants in the smallest management unit?
- III. How important are elected bodies in (a) service delivery, (b) policy formulation, and (c) funding of each sector?
- IV. Which level of government pays the salaries of staff in smallest administrative unit?
- V. What proportion of sector expenditures of smallest administrative unit is derived from the budgets of local governments?
- VI. What proportion of sector expenditures of smallest administrative unit which is derived from user charges, in-kind contributions, and other beneficiary cost-recovery schemes?
- VII. Who determines the budget of the smallest sector management unit?

Figure 2-3 Index of Sector Decentralization in 19 Countries (1990s)



The study showed that the best performers are more decentralized than the low performers. Jiangxi province, in strongly decentralized China, topped the list, followed by other decentralizers—Colombia, the Philippines, and Poland. The lowest scorers had little or no decentralization: Imo State in Nigeria, Cote D'Ivoire, Senegal, and Burkina Faso.

This and other studies encouraged the Bank in the 1990s to support decentralization projects in several countries, such as Colombia, Brazil, and Mexico. From a study of Colombia's decentralization, Fiszbein (1997) concluded that competition for political office resulted in accountable and innovative local governments that improved service delivery and reduced corruption. Faguet (1997) showed how decentralization improved accountability and reduced poverty in Bolivia. However, Tendler (1999) showed that some Latin American social funds were supply driven in fair measure and were not fully participatory. Crook and Manor (1998) showed that decentralization yielded good results only if there was:

- Strong government ownership;
- Appropriate legal, administrative, and fiscal arrangements;
- Local elections;
- Sufficient and reliable funding;
- Freedom for communities to choose projects.

The [World Development Report 2000](#) (World Bank 2000b) concluded that decentralization had great promise, but only when it was tailored to reach the poor and backed by adequate finance and autonomy.

2.7 Community-Driven Development in a Decentralization Context

Community participation and decentralization were often introduced in countries independently of one another, even though they clearly needed to be integrated in order to improve sustainability and maximize synergies. In the 1990s, major projects in Mexico, Brazil, and Indonesia adopted this approach. This integrated approach empowered both local communities *and* governments with untied funds and new powers. It also foreshadowed the addition of *local* to *community-driven development*.

Box 2-8 The Integrated Approach: Empowering Local Communities and Local Government

Mexico

Between 1990 and 2002, Mexico implemented two Decentralization and Regional Development Projects (DRD I and II) supported by the Bank.¹⁷ These provided Municipal Funds, and addressed the weaknesses of earlier integrated rural development projects through several new innovations. Rural municipalities obtained untied funds based on a formula targeting poor municipalities. These funds were only for investment projects identified and executed by communities within the municipality; they could not be utilized for recurrent municipal budgets.

Project priorities were set by communities, which contributed 20-40% of project costs. Municipal Development Councils headed by elected mayors selected the projects to be financed and supervised the execution and fund management by the communities. The program invented the simplified procurement and disbursement procedures discussed below that have allowed for the direct transfer of funds to communities and that have now been generalized in CDD projects all over the world.

Municipal Funds activities used a learning-by-doing approach across all levels of operation — federal, state, municipal, and community. As a consequence of the new approaches to procurement and disbursement, the project started with a bang, executing 17,000 community projects in the first 9 months after money was first transferred to municipalities, demonstrating massive scalability for the first time. Half a million projects were implemented between 1990 and 2002. These were in line with community priorities, generally of good quality, and at a cost 30 percent less than similar projects of state agencies. The success of the Municipal Funds is described in detail in one of the case studies in this volume.

Brazil

Before 1993, the Bank supported integrated rural development projects in the poor north-east of Brazil. They were implemented by state governments (without involving local governments) and drifted from crisis to crisis. But they contained one successful component that provided matching grants to rural communities, along the lines of the Mexican Municipal Funds. This became the basis of one of the largest and most successful CDD programs in the World Bank, disbursing \$ 1.43 billion dollars and benefiting 37,592 communities with 2,540,733 families over 12 years. A 2006 review (Barboza et al) shows that funds actually reaching the communities have risen from 45 percent to over 90 percent, while costs per subproject have fallen 30 percent. As in Mexico, the program is well targeted at poor municipalities and poor communities, although it does not generally reach the poorest of the poor.

A recent rigorous impact evaluation shows that the program has led to significant improvements in water supply and electrification in Northeast Brazil; reduced infant mortality and the incidence of several communicable diseases; and sustainably increased social capital at the community level. An increase in assets of community members was also observed, but it was not statistically significant. At this time, the Rural Poverty Alleviation Project (RPAP) Impact Evaluation: 1993-2005, (World Bank 2007) is forthcoming.

Brazil implemented CDD more cautiously and the number of projects implemented under the program was much smaller than in Mexico. It provided less fiscal resources to the municipal level and did not generalize the approach across the entire country by mainstreaming it into the intergovernmental fiscal system. The challenge for Brazil and the World Bank now is how to institutionalize the basic approach fully at all levels: community, municipality, state, and federal.

Indonesia

The Kecamatan Development Program (KDP) of Indonesia started in 1998, a time of tremendous political upheaval and financial crisis. With a focus on Indonesia's poorest rural communities, KDP aimed to improve local governance and reduce poverty and corruption by channeling funds directly to local government and community institutions. Currently, KDP is in its third phase which will end in 2009. The program provides block grants of approximately Rp. 500 million to 1.5 billion (approximately US\$50,000 to US\$150,000) to sub-districts (kecamatan) depending upon population size. Villagers engage in a participatory planning and decision-making process to allocate those resources for their self-defined development needs and priorities.

Under the program, communities get together to discuss their priorities from an open menu (meaning they created their own topics, subject to a small negative list); then they propose projects to the kecamatan level. This sparks competition between communities for the limited funds. The kecamatans then choose the best projects, ask the communities to contribute part of the funds, and provide matching grants. KDP emphasizes transparency and information-sharing throughout the project cycle. Decision-making and financial management is open and shared with the community. Decision-making and management occurs at the local level. There are no complex rules that would make communities overly dependent on NGOs or consultants.

¹⁷ The leaders of the teams which designed DRD I and II were, respectively, Abel Mateus and Andrea Silverman. The division chiefs for the two projects were, respectively, Hans Binswanger and Michael Baxter.

2.8 Towards the Synthesis

During James Wolfensohn's presidency of World Bank (1995-2005), he reaffirmed Lewis Preston's vision *that poverty reduction would be the institution's overriding policy*. This meant a new focus on rural development and on initiatives to overcome the problems that hobbled integrated rural development programs since the 1970s. A review of Bank lending experience again verified that community participation, community empowerment, and decentralization had yielded better outcomes than top-down centralized approaches. The next step was to synthesize the many strands of community empowerment and local development and create a new development paradigm (Helling 2005).

Wolfensohn, in his many country visits, had seen first hand what community participation could achieve.¹⁸ But he was also bewildered by the wide variety of community based approaches used. In 1999, a cross-sectoral Working Group on Community-Driven Development brought together all practitioners of community empowerment and decentralization approaches to jointly review the many programs and approaches applied in the World Bank. The group became the instrument for consensus building and integration of approaches.

The first full articulation of the new vision was produced by the [CDD Working Group in the Africa Region](#) (World Bank 2000a).¹⁹ The vision states "The five main dimensions of CDD are:

- Empowering communities
- Empowering local governments
- Re-aligning the center (decentralization)
- Improving accountability
- Building capacity (learning by doing).²⁰

In order to better track World Bank support, the Bank-wide CDD Working Group came up with clear definitions of different approaches to CDD and match them to Bank lending data. CBD was defined as *community consultation and participation*, whereas CDD was defined as *community empowerment*, with community control over projects and resources. Efforts to reform the institutional environment, including decentralization and capacity building, were also tracked and categorized as CDD. From FY00 through FY06, the IDA portfolio of CDD lending for activities financed totaled approximately \$9.1 billion for a total of 336 activities. This was almost three-quarters of total World Bank/IDA lending towards CDD for this period, which was approximately \$12.5 billion. Overall, between FY00 and FY07, over a period of 8 fiscal years, a total of \$14 billion (IBRD and IDA) was lent for 562 operations, or about 10 percent of total lending of the World Bank group. For IDA lending, this percentage is higher, about 16 percent. The internal quality assurance process rated 97 percent of the reviewed FY07 CDD operations as moderate to highly satisfactory through the design stage.

¹⁸ Mr. Wolfensohn's decision to call for the formation of this working group resulted from a meeting between him and the following staff from the Africa Region, Daniel Benor, Senior Advisor, Callisto Madavo, Vice President, Jean-Louis Sarbib, Vice President, and Hans Binswanger, ESSD sector director. The group presented Mr. Wolfensohn with an initial version of the Africa CDD vision discussed below and proposed that it become a major operational thrust in the Africa Region.

¹⁹ The members of this working group were Hans Binswanger, Jacomina de Regt, Jan Weetjens, Laura Frigenti, Brian Levy, Willem Zijp, Helene Grandvoinet, and Catherine D. Farvacque-Vitkovic. The statement was written by Swaminathan Aiyar. In 2001, the Africa Region followed with a *Sourcebook on Community-Driven Development for Africa* (World Bank 2001a). Shortly thereafter a similarly comprehensive vision was presented in chapter 9 on CDD on the PRSP sourcebook, (Dongier et al. 2003).

²⁰ *ibid*, p. 9.

	Total Bank (IBRD/IDA) lending	Total IDA Lending	Total Bank (IBRD/ IDA) CDD lending each FY (excluding enabling environ)	Total IDA CDD lending each FY (excluding enabling environ)	CDD as % of IDA lending
FY 2000	\$15.3	\$4.4	\$1.0	\$0.6	14%
FY 2001	\$17.3	\$6.8	\$2.0	\$1.8	27%
FY 2002	\$19.5	\$8.1	\$1.0	\$1.2	15 %
FY 2003	\$18.5	\$7.3	\$1.7	\$1.0	14%
FY 2004	\$20.1	\$9.0	\$2.1	\$2.0	22%
FY 2005	\$22.3	\$8.7	\$1.6	\$1.3	15%
FY 2006	\$23.6	\$9.5	\$1.8	\$1.2	13%
FY 2007	\$24.7	\$11.9	\$2.2	\$1.6	13%

2.8.1 Guidance and Implementation

Along with defining how the Bank had been supporting CDD, a second major task for the World Bank’s CDD group was to develop guidance on how to best implement CDD. The working group laid down key design principles, listed in Box 2-9.

<ul style="list-style-type: none"> • Establish an enabling environment through relevant institutional and policy reform. • Make investment responsive to informed demand, by providing knowledge about options and requiring community contributions to investment and recurrent costs. • Build participatory mechanisms for community control and stakeholder involvement by providing community groups with knowledge, control, and authority over decisions and resources. • Ensure social and gender inclusion. • Invest in capacity building for community-based organizations (CBOs). • Facilitate community access to information. • Develop simple rules and strong incentives, supported by monitoring and evaluation. • Maintain flexibility in design of arrangements. • Design for scaling up. • Invest in an exit strategy that establishes project sustainability, including permanent institutional and financing arrangements (that are fiscally affordable).

Members of the CDD group developed implementation tools; these are accessible from the World Bank’s Website, at:

1. Economic and Social Analysis	2. Social and Gender Inclusion
3. Information and Communications	4. Monitoring and Evaluation
5. Targeting and Selection	6. Direct Financing and Contracting
7. Institutional Options	8. Safeguards
9. Community Mobilization and Capacity Building	

The group also assembled the existing experience of CDD in post conflict settings and in urban development.²¹ CDD was also adapted and used for combating HIV/AIDS and for managing natural resources. [The World Bank Participation Sourcebook](#) (World Bank 2003b) provided a comprehensive overview of methods to enlist the participation of all stakeholders, from the community level to local/municipal and national levels. The *Online Sourcebook on Decentralization* provides a comprehensive overview and practical guidance on how to move forward in this area (instantly available from any location that has Internet access). And, the chapters of this book are a compilation of much of the group’s experience and lessons learned.

2.8.2 The development of community-based disbursement and procurement mechanisms

The progressive shift from central sectoral programs to community consultation/participation to community empowerment would not have been possible using the classical disbursement and procurement mechanisms of the World Bank and other donors. Jean-Claude Sallier, a World Bank CDD team member and engineer, together with his Mexican counterparts and specialists of the Latin America Region of the World Bank, pioneered a series of new systems that balanced disbursement efficiency and practical accountability for community programs.

<p>Box 2-10 Six Innovations on Direct Financing of Community Subprojects (de Silva, Samantha. 2002. Taking the Lead: A Handbook on Direct Financing of Community Subprojects)</p>	
1.	<p><i>Legal ownership of the funds.</i> Funds transferred to communities were considered matching grants and therefore <i>became the property of the communities</i>, rather than the executing agency of the program or the World Bank. As with credit from a bank, the spending of these funds became the privilege and responsibility of the owner of the funds—the community.</p>
2.	<p><i>Replacing detailed accounting for the funds by a contract with the community:</i> The <i>expediente técnico</i> for a small community project specifies what will be done with the money and how it will be used, as well as the technical details of the sub-project to be financed. It is a four to six page document with a cover page, which is in the form of a contract between the executing agency, the community, and sometimes a facilitator or technical agent. At the end of the implementation, the community signs a <i>certificate of completion or handover</i> of the project to the community. The latter certifies that the project has been properly executed and the funds accounted for. Rather than having to produce receipts for each individual expense, it is this completion certificate which serves as the “receipt” for accounting purposes of the executing agency and the World Bank. Verification of the proper use of the funds by the implementing agency of the program or by outside auditors then can consist of verifying that a road or a classroom has actually been constructed and is in operation.</p>
3.	<p><i>Direct transfer of the matching grants into the accounts of the community.</i> This is usually done in tranches, the first of which followed the signature of the contract, and the second or third of which depend on demonstrating certain progress benchmarks in the execution of the project.</p>
4.	<p><i>Purchase of technical support by the community.</i> The community can select any capable supplier and use a portion of the matching grant, usually of the order of 8 percent, to pay for the technical services.</p>
5.	<p><i>Local shopping for both goods and services.</i> This implies the suppression of the traditional distinction between services and goods in the community procurement rules. Local shopping is the main procurement system of communities for small contracts and quantities of supplies. Local shopping rules mean that community obtains offers from three suppliers, and that its finance or management committee chooses from these three offers. (Competitive bidding is still required if the community entered into larger contracts where this method is justified).</p>
6.	<p><i>Transparency at the community level.</i> Communities elect finance committees which are in charge of day to day spending. Checks must be signed by at least two members of the finance committee. The committee has to present all accounts to the general assembly, which often also elects an audit committee to audit accounts, purchases, stocks, and their uses.</p>

²¹ World Bank 2003c, 2004c.

Proper application of these rules implies a radical and progressive shift:

From
Upward Accountability to Program Authorities
To
Horizontal & Downwards Accountability to Community Members

Upward accountability remains, but in sharply simplified form. At first, the concept of transferring funds directly to communities met with widespread resistance from all quarters: Bank staff, governments, and NGOs. It took over ten years for the newly innovated procedures from Mexico to gain full acceptance. With increased emphasis on anti-corruption, this practice is again coming under attack and is again meeting with great resistance, even though independent studies show that the corruption levels in these community level programs are very low. The direct transfer of funds to communities is based on having trust in communities that have the social capital to check corruption at their level through already existing horizontal social accountability measures. Furthermore, many downward and horizontal accountability mechanisms can be introduced to increase such practices.²²

2.8.3 Implementing the vision and the tools of CDD

Integrating sector specific approaches, social funds, AGETIPs, and CDD programs into a coherent framework was slow and complicated:

- Widely different approaches in projects of different sectors confused country teams and borrowers.
- Other development partners also experimented with CBD and CDD, but rarely coordinated their efforts with Bank-supported projects.
- The distinction between CBD and CDD was often not clear, nor was there always progress from the former to the latter.
- Governments were often not willing to devolve resources (especially untied resources), significant powers, or responsibilities to communities or local governments.
- Many projects were driven by sector-specialists and did not tackle the underlying issues of the institutional, social, and economic policy environment.

As amply illustrated in a recent IEG review, *The Effectiveness of World Bank Support for Community-Based and -Driven Development* (World Bank 2005a), this reduced the impact and sustainability of many projects.²³ The review said that during 1989-2003, the share of Bank projects with CBD/CDD components grew from 2 percent to 25 percent, with a progressive shift from CBD to CDD. The outcome ratings of CBD/CDD projects were better, but sustainability ratings were worse than for other projects.

²² [Click here](#) for more about accountability.

²³ IEG could not apply the four way classification developed by the CDD group, because prior to 2000 the classification did not exist, and could not be applied to projects prior to then.

Sustainability ratings improved over time, possibly because of the shift from CBD to CDD. Interventions initially failed to provide either the consistent and long-term support or the institutional changes needed for sustainability. The projects fared better in meeting quantitative goals (such as construction of infrastructure) than qualitative goals (such as capacity enhancement). The best projects built on indigenously matured participatory efforts. Projects where the Bank provided long-term support to communities beyond the length of a single subproject also fared better in capacity enhancement. By design these programs were not always aimed at reaching the poorest and therefore not all members of the communities benefited.

Figure 2-4 Overview of CBD/CDD Strengths and Weaknesses

Note: While Figure 2-4 combines CBD and CDD without differentiating which approach has which weaknesses, the authors consider that the IEG conclusions bring up important issues for all proponents and practitioners of LCDD. It is a *positive criticism*, a tool to keep LCDD on the right course.

Table ES.1: Overview of CBD/CDD Strengths and Weaknesses ³	
Strengths of Bank CBD/CDD projects	Weaknesses of Bank CBD/CDD projects
Outcome ratings are generally better for CBD/CDD than for non-CBD/CDD projects. Much more success has been achieved in CBD/CDD projects on quantitative goals, such as the construction of infrastructure, than on qualitative goals, such as capacity enhancement or quality of training.	The Bank's project M&E systems do not allow systematic assessment of the capacity-enhancing impact of CBD/CDD interventions. It is often assumed that meeting the quantitative goals will automatically fulfill the qualitative goal—for example, holding a certain number of training courses is expected to enhance capacity.
Borrower officials believe that a participatory approach can contribute to poverty alleviation.	Borrower officials do not necessarily believe that community control over decisions and resources in a subproject is the best means of engaging communities.
CBD/CDD projects help lower the cost to government of delivering infrastructure.	Communities bear an increased share of the burden for service delivery infrastructure.
They have increased access of remote communities to service-delivery infrastructure such as schools, health centers, and the like.	But the poorest may not always benefit from CBD/CDD projects.
Capacity-enhancement effort in a CBD/CDD project has been more successful when a Bank project supports indigenously matured efforts or provides sustained, long-term support to communities beyond a Bank subproject cycle.	The individual subproject cycle is too short to sustainably enhance community capacity where it is weak or does not exist.
Sustainability ratings have improved over time.	Infrastructure and services have been difficult to sustain beyond the Bank presence because of a lack of resources from the government and communities to ensure their operation and maintenance.
CBD/CDD projects have enhanced government capacity to implement participatory interventions.	Few governments appear to have adopted the CBD/CDD approach more widely in their own development programs.
Adaptation of Bank policies and decentralization to field offices have enhanced Bank capacity to implement CBD/CDD projects.	More changes are needed to improve fiduciary and safeguard compliance in CBD/CDD projects.

The empirical evidence and analysis of CDD gained by the World Bank is ample, including a set of recent case studies covering programs in Africa, Asia, South Asia, and Central America. Rigorous impact evaluation studies have also been conducted, addressing the lack of *hard evidence* on the impact of projects on poverty reduction and community capacity.

Box 2-11 Some Recent Impact Studies

[Does Community Driven Development Work? Evidence from Senegal](#), by Jean-Louis Arcand and Leandre Bassole. World Bank. June 2007.

This independent impact evaluation of the CDD project in Senegal, Programme National d'Infrastructures Rurales (PNIR), studied its impact on access to basic services, household expenditures, and child anthropometrics. It used a multi-dimensional panel data set showed significant effects on access to clean water and health services and decrease in child malnutrition. The income generating agricultural infrastructure projects and enhanced primary education opportunities significantly increased household expenditures per capita, while hydraulic and health projects did not. Village chiefs and sub-regional politics were shown to play an important role in the determining which villages had access to the project.

Who is at the wheel when communities drive development? The case of KLAHI-CIDSS in the Philippines by Julien Labonne and Robert S. Chase, Social Development Paper #107, World Bank, Sept. 2007.

This study examined ex-ante preferences of elected villages leaders and community members concerning which project proposals received funding. The findings show that the degree of involvement of households in the communal activities influences the likelihood that their preferences will be represented in the village proposals and that within a municipality resources flow to the poorest and more politically active villages. Controlling for poverty, the more unequal villages are more likely to receive funding. In the more unequal villages, the elected officials are more likely to override community preferences and influence the inter-village competition such that resources flow to their villages.

[Do community driven development projects enhance social capital? Evidence from the Philippines](#) by Julien Labonne and Robert S. Chase, Social Development Department, World Bank, draft. July 2008.

The study compares communities which received grants with control communities. It finds that participation in village assemblies, the frequency with which local officials meet with residents, and trust towards strangers increased as a result of the project. However, there is a decline in group membership and participation in informal collective action activities, which may be due to time constraints or because the project improves the efficiency of formal forms of social capital and thus households need to rely less on informal forms.

Rural Poverty Reduction in Northeast Brazil Evaluation, 1993-2005. Draft research report Research team under leadership of Hans Binswanger. February 2006; forthcoming in summarized form in Chapter 4 in Rural Poverty Reduction in Northeast Brazil: Achieving Results through Community-Driven Development, Luis Coirolo and Jill Lammert, forthcoming publication, 2009.

This evaluation study uses a quasi-experimental design and also draws from earlier evaluation studies. Basically, it shows that the program has significantly increased access to water and electricity services, some 60% of new connections came through this program, on average costing 30% less than similar public programs. Households that did gain this access would not otherwise have gained access. This has had significant health effects in infant mortality and morbidity. The program is well targeted (75% under \$1 a day) and has improved targeting over time, now focusing specific attention to women, indigenous people, and *quilombola* (descendants of run-away slaves). Satisfaction with the program is high (over 90%) and infrastructure is sustainable (over 80% of projects still running after 3-5 years). However, productive projects need outside markets to become sustainable, and data on income and physical capital accumulation impact are not conclusive or statistically significant.

The program has had a positive and sustainable impact on social capital, transforming it into new social and political spheres. There are transparent mechanisms which minimized political interference and elite capture. Social capital generated in communities and municipalities continues to increase even subsequent to project implementation. The program's wide ranging and effective mechanisms to channel funds have been copied in other states and for other programs, but could be used much more widely if federal, state, and municipal budgets would also adopt the LCDD mechanisms.

Malawi: MASAF APL 1 impact evaluation by Jimat consult, with ITAD LMT, and O and M Associates. March 2008.

This study found a marked reduction in the prevalence of underweight children under five in the Masaf villages and a statistically significant difference in improved access to water sources and sanitation in the villages that had road projects, with no explanation for any causal link here.

Indonesia: Kecamatan Development Program. Qualitative Impact Evaluation, by Karrie McLaughlin, Adam Satu, Michael Hoppe. April 2007

The study sought to determine whether KDP had influence on local governance practices and community empowerment. It compared communities in KDP and controls, and it compared different development programs within the same communities. Much depended on the location and local culture as Indonesia is very large and diverse, but the role of the village head is crucial. Much more could be done to train the village head and village in more long term development planning, so the majority vote rules not against smaller and more marginal groups, but would allow such proposals to come in for later years. On the whole, KDP project compared to other development programs in the villages, are well implemented, more accountable and less corrupt, and answer the needs of the people, although women are still mostly marginalized. Projects do decrease poverty overall.

Indonesia: Other rigorous impact studies are being conducted through the Development Research Department of the World Bank, (forthcoming).

In March 2005, the Bank's Quality Assurance Group (QAG) carried out a portfolio review based on a sampling of 90 operations from Quality at Entry (QEAEA4-7) and Quality of Supervision (QSA 5-6 SF/CDD operations). The results highlighted that social fund and CDD operations are

a strong cohort (better satisfactory outcomes and quality of supervision) than Bank-wide averages, despite being designed and implemented under challenging country circumstances²⁴:

- Development effectiveness: better ratings on development effectiveness as compared with Bank-wide ratings.
- Outcomes: lower percentage of unsatisfactory outcomes compared with Bank-wide ratings.
- Sustainability: likely sustainability was higher the Bank-wide averages.
- Institutional development: substantially stronger on institutional development as compared to Bank-wide averages.
- Portfolio management: social fund/CDD operations generally do better than the Bank-wide projects in recognizing risks. This is reflected in high realism and pro-activity ratings.
- Quality at Entry: social fund/CDD projects are on par with Bank for strategic relevance and approach, technical financial and economic aspects, poverty and social aspects, fiduciary aspects, policy and institutional aspects and risk assessment.
- Quality of Supervision: overall ratings are ahead of Bank's overall performance.

This is a situation where there may be *islands of success* amid oceans of indifference or sectoral self-interest. Projects have enhanced the capacity of government institutions to implement participatory interventions, but few governments have yet adopted the approach more widely in their development program. A key recommendation of the IEG report was that CBD/CDD projects still needed to be better integrated into an overall country's assistance strategy (a policy issue which will be covered in [Chapter 5](#)). Until 2003, the project portfolio fell well short of implementing the design principles discussed in [Box 2-9](#). The Bank experience clearly demonstrates that where the design principles are fundamental to a program, it succeeds; where they are compromised, the program founders.

With the exception of a few projects and programs, the most glaring shortcomings were the areas of institutional reform, full empowerment of communities, monitoring and evaluation, failure to truly scale up, and development of exit strategies. Much has been achieved to spread participatory approaches, but the ideal design principles for CDD are still not fully implemented.

One problem identified by the IEG report is that community support programs can undercut local government development. Ironically, projects channeling funds directly to communities through parallel structures *CAN* lead to a neglect of local government capacity-building, thus jeopardizing the long-term sustainability of such projects. While Community-Driven Development may be catalyzed by external factors, it can be nourished or starved by local, sectoral, or national dynamics. The World Bank experience finally recognized the linchpin of the process - the integration of those dynamics.

2.9 The LCDD Consensus: a proactive agenda for the future

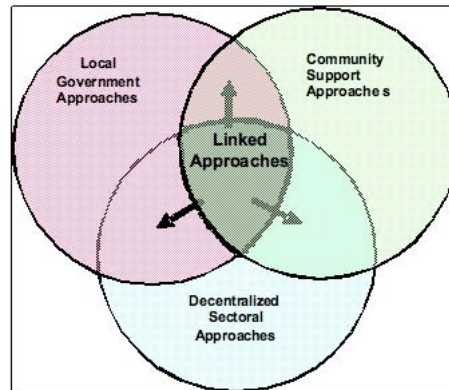
Starting around 2004, a consensus has been built through the comparison of LCDD experiences around the world. Despite the diversity of roles LCDD plays in development programs, locations, and circumstances, there is a consistency in outcomes that point to the integrity of the design principles and the role of linkage.

The linkage concept was the outcome of analysis by Louis Helling, Rodrigo Serrano, and David Warren in [Linking Community Empowerment, Decentralized Governance, and Public Service](#)

²⁴ "Operational Quality of Social Fund/CDD Operations: Some Trends and Issues," presentation by Prem Garg, Director Quality Assurance Group, March 2006.

[Provision Through a Local Development Framework](#), World Bank Social Protection Discussion Paper, 2005.²⁵

Figure 2-5 Linked Approaches (Linking Community Empowerment, Decentralized Governance, and Public Service Provision Through a Local Development Framework, Helling 2005)



The concept begins with the observation that *community empowerment* does not take place in a vacuum: it is affected by *local government development* and *sectoral programs of national governments*. The three alternative approaches to local development emphasize many of the same principles: empowerment of the poor and other marginalized groups; responsiveness to beneficiary demand; autonomy of local institutions associated with greater downward accountability (from the center to the community level); and enhancement of local capacities. However, the approaches go about things differently:

- **Sectoral approaches**, defined through functional specialization—the services they provide—tend to be better at mobilizing technical capacity but less responsive to local demand and conditions and cross-sectoral considerations.
- **Local government approaches**, organized through the institutions of territorial governance, commonly ensure clear formal autonomy and accountability of local decision-makers but are often more politicized and less effective in managing service provision.
- **Direct community support approaches** are organized around social groups that, traditionally or voluntarily, make collective decisions. Because they enhance empowerment and responsiveness to local priorities and conditions, their entry point through community structure and processes often complicates coordination with public sector organizations, on the one hand, and local government institutions, on the other.

Each approach has generated a distinct body of theory and practice. Many countries use all three approaches. This can lead to confusion, unproductive competition, and duplication. But it can also lead to synergy that builds on the strengths of each approach. Bringing these approaches together in the right way is *linkage*.

An International Conference on Local Development held in Washington in June 2004 discussed the emerging consensus on local development and found that CDD (i.e., the *community* alone) was not an adequate description. The conclusion from the Conference was the appropriate term was *Local and Community Driven Development (LCDD)*. This new framework links all three organizational structures and sees them as co-producers of local development. It promises to

²⁵ *Linking Community Empowerment, Decentralized Governance, and Public Service Provision Through a Local Development Framework* is [available for downloading](#).

improve coordination, synergy, efficiency, and responsiveness in local development processes... and it becomes the foundation for the next step – scaling up.

2.9.1 The World Bank’s LCDD Challenge: Facilitating the Framework, Continuing the Integration

Linking the approaches can capitalize on the comparative advantages of each, complementing its contributions with methods drawn from other approaches. However, significant synergies and tensions can arise when linking these approaches. The World Bank’s challenge is to facilitate a local development framework that draws on concepts underpinning the decentralized and participatory methods employed by practitioners of the three approaches while achieving the buy-in of all participants.

Buy-in must occur at two levels:

- The national government level, so that policies, regulations, and commitments (the co-productive efforts) by government and sector management are made to synchronize with LCDD efforts; and
- The local government/community level, so buy-in is explicitly developed to diagnose and move forward all LCDD approaches simultaneously to a proper co-production model.

To assist this process the World Bank sponsored a “Toolkit for National Stocktaking and Review” and “Scaling Up LCDD: A Step-by-Step Guide”, which are the focus of [Chapter 5](#).

Sectoral experience on how to effectively organize, manage, and deliver services at the local level is linked to the systems of decentralized governance associated with local governments: multisectoral planning, resource mobilization and management, and mechanisms of democratic accountability. Such public sector approaches are complemented by methods drawn from community support approaches for promoting more consequential and inclusive empowerment and strengthening grassroots participation and social capital for governance, collective action, and infrastructure and service co-production. Context-appropriate institutional arrangements and capacities that build on the contributions of each of these approaches can improve governance, public services, and the welfare of households and communities.

A local development framework does not eliminate the tensions and challenges associated with linking alternative approaches or the operational problems associated with institutional reform, capacity building, governance, and service delivery at the local level. Its promise is more modest: to provide a more coherent and consistent way to analyze and understand the challenges that confront policymakers and program managers in supporting local development and to assist in organizing knowledge to help them formulate and coordinate sectoral, local government, and community-focused initiatives to meet those challenges.

Julie Van Domelen shows in her synthesis (Feb. 2008) of the LCDD portfolio reviews carried out in each Region that within the World Bank only some progress has been made in the integration of this framework: there are still very marked differences in approaches, especially in the different regions of the world; sectoral integration is still far from the norm; and scaling up is not considered very often.²⁶

²⁶ A recent notable exception is a sectoral community level program in the sanitation sector in Ethiopia, called the 'Learning by Doing for At Scale Hygiene and Sanitation'. The initiative involves local leaders and health extension workers to catalyze collective hygiene and sanitation behavior change. These efforts are integrated into actions at multiple levels, across multiple sectors, and using multiple communication channels, such as face-to-face meetings, community events, religious institutions, school curricula, mass media, and advocacy. 10 districts have been "ignited" for total behavior change in hygiene and sanitation, with estimates of some 600,000 people having already been reached by the program. The vision is to reach the whole regional population of 20 million and achieve total behavior change on hygiene and sanitation by 2012. The At-Scale initiative is documented in a District Resource Book for

2.10 Grounding in Countries' Strategies and the Future

While it is important to move towards linking the different approaches into one LCDD approach, this cannot be done without a deep understanding of the fundamental dynamics of community, local government, and sector approaches in each country. In fact, governments themselves need to have local and community empowerment as a goal in their overarching strategic documents, such as Poverty Reduction Strategies or similar long range visionary plans for the future. For instance, Indonesia has announced that by 2009, the KDP approach will be fully scaled up to the whole country and will serve as the national poverty reduction program. As both the donor community and governments mature in their thinking towards such long range goals, this process allows for the programmatic approach towards LCDD to emerge. Documents such as the Country Assistance Strategy used in the World Bank, or joint donor/country strategies should also reflect these programmatic LCDD approaches. Nigeria's multi-donor strategy paper, of 2005 did have such an emphasis.

Box 2.12 CBD/CDD: An Important Part of the Bank Strategy

An IEG review of 62 CAS's found that CBD/CDD operations are an important part of the Bank's strategy in over 74 percent of countries. The emphasis within Bank lending on greater community participation in decision-making and resource allocation has increased over time.

In countries approaching national coverage of LCDD programs or attempting to put in place the conditions necessary to have such national programs emerge, the reflection should take place about financing such programs no longer as "projects" but as national programs being financed through the budgets. Such a programmatic approach would also allow tackling broader LCDD initiatives such as institutional reforms to improve accountability and efficiency at the local level. However, the emergence of the programmatic approach towards LCDD is one that progresses at different paces in the different countries and different country teams within the Bank. Having national programs does allow governments to move towards financing of such programs as Sector Wide Approaches (SWAs) where donor and government funds are pooled. Bank and other donor funding to such SWAs can be treated as investment funding but also as budget support funding to the country. As of 2008, the Bank had financed LCDD program through budget support (DPL as lending instrument) in only 6 countries.

The Morocco case is illuminating. In May 2005, the king announced the National Initiative for Human Development, a \$1.2billion program over 5 years (2006-2010) based on LCDD principles (a new concept in a highly centralized country accustomed to top-down and single sectoral programs). The World Bank support to this SWAp is only \$100m, while other donors and re-aligned sectoral programs in the country are supposed to contribute the bulk of the financing. The government would have preferred this to be financed by the World Bank as a DPL. Morocco is using its own procurement and financial management systems. The program has had remarkable success because of the high-level leadership: 3 million beneficiaries and 12,000 community projects financed. These projects were selected within a 6 months time period because everyone was on board!²⁷

Community-Led Total Behavior Change in Hygiene and Sanitation, and practical training manuals have been developed for use in Amhara and for adoption and replication in other regions of the country. The ARHB is supported by WSP and the USAID-funded Hygiene Improvement Project. More information at www.worldbank.org/wsp

²⁷ Source: Cecile Fruman: Feb. 2008 Presentation at SDN week on Programmatic CDD-INDH.

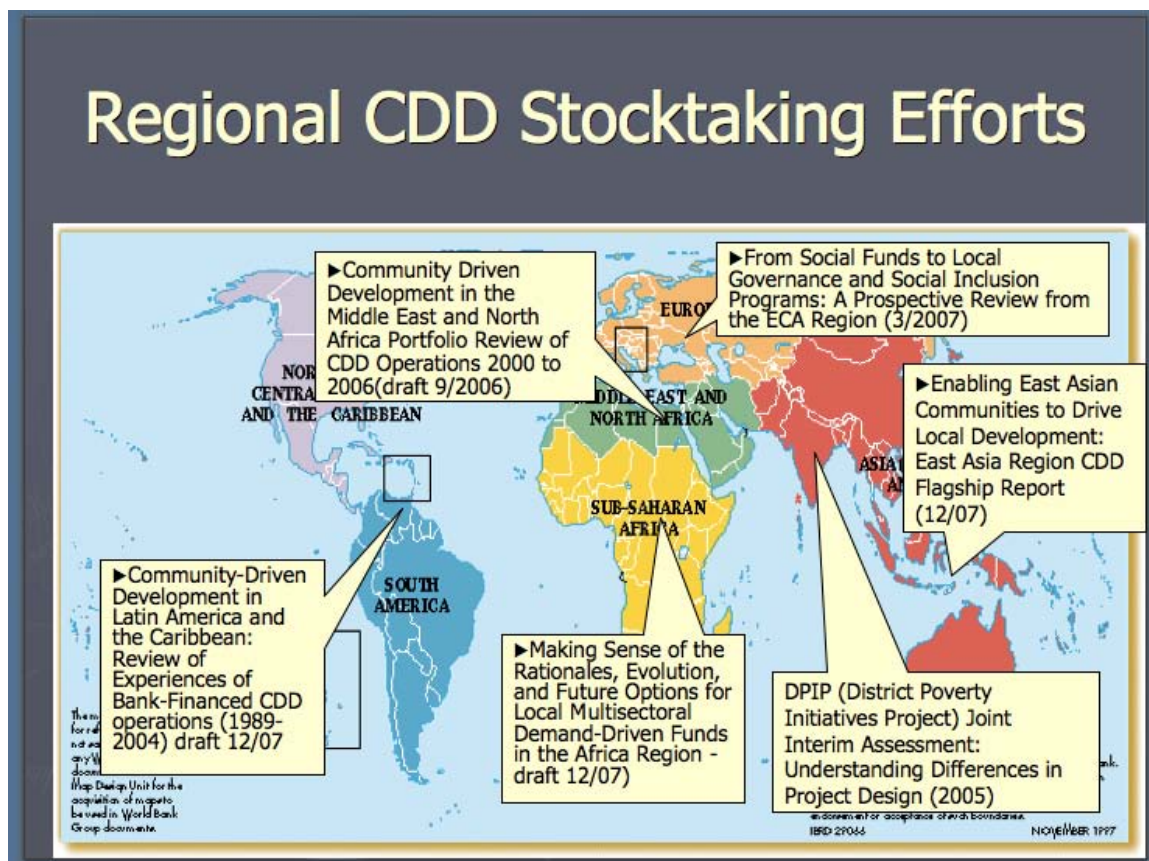
Similar SWAPs have been established in Senegal for the Participatory Local Development Program and in Vietnam for the Support to Ethnic Minority Communities in Remote and Mountainous Areas.²⁸

2.10.1 Outlook Ahead

While the last 60 years have seen remarkable progress towards more decentralized development, with local government and community actors having more say and power over resources, more can be done, both by governments at all levels and by development partners. The synthesis of the Regional Stocktaking Efforts, shown below in the world map, presented many positive results in LCDD project performance as well as areas for improvement (see box 2-13).

Figure 2-6 Regional Stocktaking Efforts

(Julie Van Domelen, Global Perspectives on Community-Driven Development, presented at SDN Week. February 2008).



²⁸ [Click here](#) for more information.

Box 2-13 Trends in Project Performance

(Julie Van Domelen, Global Perspectives on Community-Driven Development, presented at SDN Week, February 2008)

1. They reach poor communities
2. They involve communities in decision-making and implementation
3. Fair amount of evidence on participation (with exception of MENA where participation and community contracting experience very limited)
4. They deliver infrastructure in a cost-effective, quality manner
5. Mixed evidence on sustainable O &M.
6. No evidence that better links to local government (LG) results in better maintenance as O & M is routinely under funded and of little interest to LG and sector ministries. Community ownership is not enough incentive by itself to create a successful maintenance regime within communities
7. They increase incomes of participant communities (though could use better data)
8. They improve the dynamics of how communities interact with local government and create social capital

Nonetheless, the next obvious question for practitioners, development planners, and the donor community is: what next?

Over the past decade, the understanding and consensus of how to empower communities and local governments for their own development has grown enormously, the tools for analyzing country social, economic, and institutional situations are well developed, as are the guidelines and tools for designing complex LCDD programs. The volume of Bank resources for LCDD programs has increased sharply. However, generalizing LCDD into institutions and fiscal systems, transferring real power, resources, and accountability to local and community levels, and developing the implementation capacities for such programs is not well advanced in most countries. This agenda will require consistent, long-term leadership, effective policies, and analytical and financial support from the World Bank and other donors.

LCDD programs fit well with the governance agenda, because well-designed programs strengthen both transparency and accountability at the local level and in communities, and accountability of service providers to their clients. LCDD approaches have been widely used in post-conflict settings to assist with the rebuilding of community infrastructures, restoring services, and building social capital. Broadening the agenda to *local and community-driven development*, as has been done in Sierra Leone, is a natural way for strengthening weak post-conflict states from below and building a local cadre of politicians that can exercise pressure on behalf of their local constituencies, and it complements other activities to rebuild the central state. ([Chapter 4](#) presents significant examples of LCDD in Africa and how projects can be effectively adapted to complex national circumstances.)

At the same time, Bank-driven and -financed LCDD programs cannot be a panacea for poverty reduction if they remain islands of success or cannot be sustained. The devil is in the details, and only superior analytical work and high quality program design, implementation, and monitoring and evaluation can prevent a drift of such programs towards elite capture by local, rather than national elites. These are the underpinnings, at the community level, required for scaling-up. While the underpinnings are the local context, they require coordinated efforts at the national and institutional levels, too. Such quality can only be sustained if national leadership is fully behind the approach, if other donors assist from design to implementation and finance, and if governments' own fiscal resources, both national and local, become the main source of LCDD programs. The improved macro-economic management, debt reduction, and recent improvements in growth in many countries are very helpful developments in this regard.

With all these factors in place, a solid foundation can be prepared for sustainable local development frameworks that can be scaled up, achieving LCDD that multiplies community empowerment on the national and global scale.



CHAPTER 3

SCALING UP COMMUNITY-DRIVEN DEVELOPMENT: UNDERPINNINGS AND PROGRAM DESIGN IMPLICATIONS



CHAPTER 3 – SCALING UP COMMUNITY-DRIVEN DEVELOPMENT: UNDERPINNINGS AND PROGRAM DESIGN IMPLICATIONS

By Hans P. Binswanger and Swaminathan S. Aiyer with significant contributions from Jacomina P. de Regt, Deborah Davis, and Tuu-Van Nguyen.²⁹

3.0 Introduction

Local and community-driven development is not a project, it is an approach that aims to *empower* both communities and local governments with the resources and authority to use them flexibly, thus taking control of their development. *Empowerment* means the expansion of assets and capabilities of poor people to participate in, negotiate with, and hold accountable institutions that affect their lives. It means giving people access to voice and information, greater social inclusion and participation, greater accountability, and organizational strength. LCDD aims to harness social capital through empowerment and increase social capital through scaling up.

Well-functioning small-scale LCDD successes are a prerequisite for scaling up, but how scaling up proceeds from there depends on the context of the intended locations and country. While each situation is unique, the core *philosophical underpinnings* (the values, elements, overall processes, and goals) of LCDD are, essentially, universal; the details of implementing and achieving LCDD within the local context is where adapting the process without undermining the values comes in.

The complexities of scaling up, even for experienced practitioners, are multi-dimensional, daunting, challenging, and fascinating, as well. Many readers will come to this chapter with experience at an NGO, donor agency, or the public sector; some may have successfully scaled up a specific sectoral intervention. The tendency is to stick to the approach or toolkit used effectively in a previous effort, instead of exploring a fuller set of design options that may be more adaptable. This chapter is designed to provide examples and approaches that help the reader envision a much broader set of options available to any given circumstance. In [chapter 5](#), the design process is further developed in a step-by-step approach that addresses requirements for scaling up LCDD at both the national and local levels.

After reviewing the LCDD features that need to be scaled up, we first review lessons from global experience. Necessary conducive conditions of political commitment and well designed decentralization are discussed, followed by how to overcome the adverse institutional environments when the conducive conditions are lacking. We then review ways of reducing economic and fiscal costs of the program; how to overcome lack of political will; problems of working with many co-producers in a single program; unfavorable social conditions, and poorly designed decentralization. We then look at the common challenges of adapting to the local context, development and testing of manuals and toolkits, sequencing and pre-program diagnostics and design. Lessons are brought together in the conclusion section.

²⁹ This chapter is adapted from *Scaling Up Community-Driven Development: Theoretical Underpinnings and Program Implications*, by Hans P. Binswanger and Swaminathan S. Aiyer, (World Bank, 2003). It also has significant contributions from Jacomina de Regt, who helped produce both this eBook and most of the reports it is built from; Deborah Davis, who synthesized a set of comprehensive case studies used in this chapter; and Tuu-Van Nguyen, co-author of the Step-by-Step Guide. It is important to note that the *Theoretical* has been removed from the title. The Underpinnings that make up the LCDD framework and design principles are no longer theoretical; they have been proven through direct experience over the last 15 years, and by analysis of recent program reviews and impact studies.

3.1 Islands of Success Amid Oceans of Travail- *Why is scaling up LCDD so difficult?*

Box 3.1 Leveraging Success without Reinventing the Wheel

Many development organizations are addressing empowerment and scaling up as a way to leverage successful projects. The PRSP³⁰ process in many high-indebted poor countries aims to strengthen communities and reduce poverty within a framework of good macroeconomic and sectoral policies. Among the important documents advancing empowerment and scaling up are:

- [Empowerment and Poverty Reduction: a Sourcebook](#) (World Bank 2002a), which disseminates successful approaches and tools/practices that can be useful starting points for scaling up.
- [Taking the Lead: A Handbook on Direct Financing of Community Subprojects](#). de Silva, S. 2002. Washington D.C.
- **Scaling-up Issues and Options: Supporting Good Practice and Innovations**, (Hancock, 2003), is another important document from the Agriculture and Rural Development Department of the World Bank.
- **Shanghai Scaling Up Conference** publications and project summaries. (World Bank, 2004d)
- [World Bank's Community-Driven Development: From Vision to Practice](#). 2002b. A Technical Sourcebook. Washington D.C.

This chapter draws on these and other efforts.

We all are familiar with islands of success in community-driven development. These empower a few villages, urban neighborhoods, or producer organizations in a country. How wonderful if they could be scaled up to cover all communities in a province or nation! But there are precious few scaling-up successes. Five key problems explain why:

1. ***The institutional setting may be hostile to LCDD.*** The central government, or vested interests in the status quo, may fear the political consequences of empowering communities, local governments, and even NGOs. The laws and regulations of national governments and donors may not allow disbursement directly to communities. The central government may not authorize local governments or communities to provide their own services (education, primary health) or levy user fees/taxes. Locally generated revenues may be centralized, rather than left for local use. The social environment may deprive women and minorities of voice. Ethnic, religious, and class conflict may undermine real participation by all.³¹
2. ***Total and/or fiscal costs may be too high.*** Some LCDD islands of success are inherently not replicable because, like many boutiques, they are too costly for the masses. Total cost per community member may be high because the island of success relies on expensive technology, inputs, staff, and advisers. Mobilizing and training community members is less expensive: communities and local governments do not have to travel over large distances, nor charge management fees. Costly boutiques have excessive overhead costs and poor transfer efficiency: too low a proportion of program costs relate to actual work at the community level. Even if costs per unit are reasonable, national scaling up may lead to excessive fiscal cost because the approach fails to mobilize sufficient co-financing from communities and local governments. Donors that support boutiques may not be willing to support national scaling-up.
3. ***Difficulties arising from co-production may not be mastered.*** Scaling up LCDD implies the co-

³⁰ In 1999, the World Bank introduced Poverty Reduction Strategy Papers (PRSP) as the framework through which low-income countries receive concessional lending from it and the International Monetary Fund. A PRSP describes a country's "macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs." It is prepared by national governments, in consultation with civil society groups and external donors. (from millenniuminstitute.net)

³¹ World Bank. Dec. 2000a. [Community Driven Development Approach in the Africa Region: a Vision of Poverty Reduction through Empowerment](#). Washington, D.C.

production of investments, outputs and services by many different stakeholders at many different levels: community workers, local government officials, NGOs, the private sector, technical specialists at all levels, administrators, program managers and bureaucrats, politicians and aid agency personnel. Three problems afflict co-production.

- ***Incompatible incentives of co-producers.*** Co-producers lacking compatible incentives will either produce low-priority outputs that bring them rewards (such as reports or workshops) or obstruct the program. Different levels of government are co-producers, but may act as rivals rather than collaborators. Public sector workers, such as teachers or extension agents, may not gain from the program. Technical specialists may lack incentives to produce the specific inputs required. Communities may lack incentives to co-finance the program. The central politician, bureaucrat and sector manager may lose budgets and staff by devolving power. Where political resistance is strong, scaling up should not be attempted as the risks are too high. Where political conditions are conducive, a field-tested roll-out of logistics in a pilot—maybe in a single district—can reveal all the above incentive issues and help design an incentive-compatible operational manual.
- ***Differences in values and experience of co-producers.*** Community workers and local NGOs often do not understand how higher levels or sector specialists operate or can contribute. Sector specialists often underestimate latent community capacity. Higher-level administrators are used to strict controls and cannot understand how social capital can enable communities to hold their leaders accountable. Until program participants learn to adhere to a common set of values and approaches, scaling up will remain difficult.
- ***No clear assignment of functions to different co-producers.*** Scaling up requires the **precise assignment of a long list of functions to specific actors at different levels**, and clear instructions on what they should do, how to do it, and what tools to use (forms, questionnaires, technical approaches, training materials, etc.). The problem is compounded in multi-sectoral programs, where all sectors need to harmonize with common basic rules and procedures while using sectoral best practice and norms. **A field-tested operational manual is often missing or incomplete**, that is, it does not contain sub-manuals, tools, critical functions, or levels. Operational manuals are too often designed in an office, not the field (see [Chapter 5](#) and [Annex 2](#));

Box 3.2 Lessons from the teriyaki burger

Scaling up LCDD is very different from scaling up a fast food franchise. Yet fast food chains and LCDD planners have a similar goal: scaling up to cover entire countries quickly. To date, McDonald's has arguably been more successful at this than governments of developing country.

The franchise model used by fast food chains uses sophisticated research into production and organizational methods to maximize efficiency and consumer satisfaction. It carefully defines the products, assigns functions, develops the logistics, and puts these into operational and training manuals. But once the design is finalized, its execution is facilitated by simple, transparent rules that can be replicated easily by franchisees and unskilled workers. The logistics of mass replication are worked out in detail; costs are also reduced by training local employees instead of using expensive supervisors.

McDonald's is often accused of banal uniformity in its menu, but in different countries, McDonald's studies local tastes and adapts its menu accordingly. In Japan it sells a teriyaki burger. In India Hindus do not eat beef, so McDonald's first experimented with lamb burgers. Pilots showed that chicken burgers and potato burgers would attract the most clients. The menu was adapted accordingly before scaling up.

LCDD also needs thoughtful design and adaptations to different contexts (the teriyaki burger approach rather than Big Mac uniformity). It also needs simple rules and procedures to facilitate mass replication. There are huge differences between McDonald's and LCDD. Although McDonald's does not aim to empower its local branches with resources and authority to use them, LCDD can learn something from the franchise model.

4. ***Adaptation to the local context may be missing.*** What looks like best practice in some contexts may fail in others. Pilots may succeed because of special circumstances relating to geography or the socio-political context. Scaling up should be adapted to each context. Box 3.2 provides

an example of successful adaptation in an entirely different context of a fast food chain. Ideally, process monitoring should provide continuous feedback that enables the scaling-up process to constantly be improved.

5. **Lack of scaling-up logistics.** Scaling up can cover tens of thousands of widely dispersed communities, so logistics must be designed to train tens of thousands of program participants and disburse resources to tens of thousands of communities, an issue that does not arise in successful pilots. Scaling-up logistics must control costs, otherwise fleets of jeeps, enormous travel allowances, and expensive training equipment can make national scaling up fiscally impossible. Not enough scaling-up programs design and field-test logistics carefully and cost-effectively.

Box 3.2 provides an example where many of the above challenges were successfully overcome in the context of fast food. But in rural development scaling up is rarely so well designed. When programs are approved without resolving these five issues, the newly appointed program managers bear the consequences. They rarely understand fully the need for a detailed design and testing phase. Untested programs quickly run into bottlenecks. Often the bottlenecks are associated with unresolved flow of funds or procurement issues. Typically, the donor sends out a supervision mission to fix that bottleneck, rather than operate at a more strategic level. Once the problem is resolved, the program cranks up but quickly runs into more bottlenecks, more missions come to the rescue, and the vicious cycle continues. *Fatigue sets in, lack of capacity is blamed for the failure to reach cruising speed, and willingness to pay for scaling up fades away.*

This chapter and the rest of the book present practical ways to avoid the above failure syndrome and to overcome these five classes of problems. Consequently, to avoid the tendency to scale up with a limited range of design options and inadequate knowledge of the international experience in relevant areas, these pages are about embracing that complexity by offering:

- *A framework* to underpin program design for scaling up, and the steps for completing phases of the process. (As seen in Box 3-3, the steps to scaling up comprise seven categories of activities, each with various tasks, challenges, and outcomes.)
- *A systematic compilation of cases* that suggests design options in scaling up, creating a truly global knowledge base, in the Internet age, makes cross-regional and cross-network learning possible and necessary for any program to anticipate and avoid problems, and to build improvements into program design.
- *Practical ways of overcoming the five key of problems* typically encountered (defined at the beginning of 3.1, below), including:
 - A systematic approach to check program design for completeness;
 - An approach to design and field-test the logistics; and
 - A diagnostic toolkit for new or existing programs.

Box 3.3 Steps for Scaling Up: Diagnostics
Diagnostic Phase to Ensure Minimum Conditions <ul style="list-style-type: none"> • Diagnostics - assessing the LCDD underpinnings in the national context • Alignment with the national government, donors, and other partners • National Commitment: Synchronizing /transforming policies/regulations/laws with LCDD • National leadership and coordination
Pre-Program Development – National <ul style="list-style-type: none"> • Defining the program • Selecting pilot districts • Appointing scaling up team
Pre-Program Development – Local <ul style="list-style-type: none"> • District selection • Diagnostics: Local level • Local buy-in • Communications
Pilot Phase of Scaling Up
Resource flows & accountability
Scaling up
Consolidation

Having presented the difficulties to scaling up, we can now proceed to what can be achieved by scaling up.

3.2 Which Core Features of LCDD Do We Seek to Scale Up?

The pillars for success in LCDD are:

1. Empowering communities
2. Empowering local governments
3. Re-aligning the center
4. Improving accountability
5. Building capacity

Supported by those five pillars of LCDD are four core features that we seek to scale up. These are:

1. Real participation and linkage by all stakeholders.
2. Improved accountability.
3. Technical soundness.
4. Sustainability.

These five pillars and four core features were first articulated in 2000 by the Africa Region of the World Bank in the *Vision for CDD*.³² (For a full discussion of the core features see [Chapter 5](#) and [Annex 4](#); the five pillars are discussed at greater length in [Chapter 4](#) and [Annex 4](#).)

3.2.1 What conditions are necessary for real participation, and what can it achieve?

Real participation and genuine linkage concerns the collaborative decision-making process. These features have a theoretical underpinning in *bargaining models of public choice*. The models provide powerful reasons to foster real participation and empowerment in communities or governments—at local, district and national levels—where collective choices are made on development plans and expenditures. The reasons for this are well known and have been especially well developed by Gary Becker, the Nobel Laureate in Economics, who proved that bargaining can benefit all stakeholders:

- Bargaining will lead to decisions and outcomes that will benefit all stakeholders or pressure groups if the following conditions hold.³³
- All pressure groups have correct and equal information about the consequences of each option for each stakeholder group.
- All pressure groups have equal lobbying power or technology.
- All decisions and associated expenditures have to be evaluated against a single aggregate budget constraint.
- Redistribution is costly.

³² Ibid.

³³ Pareto/Welfare-improving choices

- The usual mathematical convexity properties ensure that there is a unique solution for the bargaining problem.

The logic of this is simple. If all groups are fully informed and have equal bargaining power, no group can secure unanimity on proposals that benefit it alone. So the bargaining process will drive participants towards proposals that benefit all stakeholders. The common budget constraint means that every approved proposal has to be financed from the common budget, rather than some other sources, therefore some other proposals will have to be dropped. Consequently, the common budget constraint connects the decisions to each other and ensures that decisions improve welfare for all groups.

Of course these are ideal conditions, not the reality encountered on the ground. Traditionally, dominant groups have not given equal voice to others, but good legal provisions and program design features can increase equality of voice and help bring about equal access to information and a common budget constraint. Program design features can also promote single budget constraints, such as via a program design where funds are fungible between uses. Where inequality persists, interventions targeted at disempowered groups (such as the very poor or historically oppressed groups) can be appropriate supplements.

Note: The Step-by-Step Guide in [Chapter 5](#) describes how the bargaining and decision-making process is introduced and how it actually works in practice.

The key principles that lead to welfare-enhancing social decisions also enhance sustainability. In a setting in which all stakeholders are well informed about the financial, social, and environmental consequences of the development options discussed, and make their decision against a unified budget constraint, the choices will also ensure the various forms of sustainability. Real participation enhances efficiency and sustainability. Environmental and social safeguards are needed where these ideal conditions for social choice are not met, for example when information is lacking or poorly distributed, or when key stakeholders are excluded from the decision process.

Keeping these principles in mind, we now examine global examples of successful scaling up to draw lessons from these.

3.3 Lessons From Global Experience

Figure 3.1 Map of the LCDD Global Experience



The map above and charts on next pages show the geographic and programmatic diversity of projects that make up some of the global LCDD experience from which a body of analytical and empirical work on LCDD has taken form, such as *Scaling up Issues and Options: Supporting Good Practices and Innovation* (Hancock. 2003), and *Empowerment and Poverty Reduction: a Sourcebook* (Deepa Narayan. 2002). The chart provides a quick overview of significant LCDD projects with a snapshot of their starting point and their scale-up impact.

[Note: the examples shown in the map above, or in Table 3.1 below, come partly from the literature and research project. To see where the projects are, and what they did, click on the hyperlinks.]

Table 3.1 Examples of Scaling Up Sector-Specific Programs		
Country & Program (Click on a program to link to more information about it)	Year start	Program Notes
Africa, various: Conquest of river blindness A program to eradicate disease bearing black flies in West Africa: it coordinated government efforts (spraying) with local community management of collecting, distributing, and administering medicine.	1975	11 countries, 40 million people; during 2001/07- scaled up to 19 other countries with 65 million people
Bangladesh: Association for Social Advancement (ASA) A micro-credit program and savings program for the poor. It offers an alternative financial resource that is transparent and non-exploitive.	1990s	2002: 1,121 branches w/ 4000 credit officers serving 1.68+ customers (mainly rural women. Scaling up in other countries: Yemen, Philippines, Nigeria.
Bangladesh: Grameen Village Phones A micro-credit program developing capacity among poor local entrepreneurs (usually women), setting them up to provide affordable cell phone services to rural villages.	1997	August 2008: 20 Million customers; 2006: 255,000 Village Phones in operation in 55,000 villages around Bangladesh. The program has been replicated in Uganda and Rwanda
Burkina Faso AIDS Prevention An AIDS education and prevention program developed with provincial and local government to train and empower local AIDS educators from villages and urban neighborhoods.	1999 to 2005	Pilot program in Poni Province with 500 locations and 2000 trained village specialists. 2008: scaled up nationwide
India: Gyandoot/Drishtee A project bringing Internet service kiosks to empower villagers through eGovernance, electronic access to government records and services, & ability to use web for marketing crops and products.	2000	2007: 1500 kiosks in 12 states
India: Indo-German Watershed Development Program This project used participatory process for sustainable watershed management. It started by working with <i>harmonious communities</i> to establish participatory capacity and watershed management. Scaling up Participatory Watershed Development in India: Lessons from the Indo-German Watershed Development Programme	1980s	200,000 people; 146 watersheds In 2008, the program is active in 896 villages located throughout four Indian states.
India: Self Employed Women's Association Began as an NGO quasi trade union supporting rights of self-employed women, evolved to be a significant trade organization facilitating a broad range of services for members. SEWA represents the convergence of three movements: labor, women and cooperative.	1972	2002: 212,000 members, 4,500 self-help groups, 101 cooperatives, 11 federations across India. 2007: 1.2 million members
India: Reclamation of sodic soils, Uttar Pradesh India's largest state has large tracts of poorly-drained land that have become sodic and unfit for cultivation. This community-based program focuses on training and capacity building in participatory processes and extension services aimed at restoring and managing soil quality.	1993	Currently includes 45,600 people; 974 site committees ; 69,000 hectares improved land
India: Swajal, Rural Water Supply, Uttar Pradesh A participatory approach to providing and managing rural water services based on the creation of Village Water & Sanitation Committees.	1996	Started with some 350 villages and was expanded to 3900 villages. The Swajal approach is being applied in several states, including the Kerala Water Project
Zimbabwe: The CAMPFIRE Program Communal Areas Management Program for Indigenous Resources is a model wildlife and resource conservation program that involves local communities.	1989	From two districts, in 1989, Campfire spread to 25 Rural District Councils, reuniting about two million people with traditions as well as earning them millions of dollars. The elephant population had doubled by 2006. GEF has adopted a similar approach in almost all of the programs dealing with communal management of bio-diversity resources. Five neighboring countries have also adapted the CAMPFIRE approach.

Table 3.2 Examples of Scaled-Up Multi-Sectoral Programs		
Country & Program	Year	Program Notes
Benin: The Benin CDD program was designed to support Benin's transition to economic liberalization and democratization after the fall of the authoritarian regime in 1989. Seven initiatives addressed problems of essential services, employment, and local capacity building. NGOs, in most cases, controlled project funds and acted as technical and social facilitators. Elected broad-based village committees received training in leadership, monitoring and evaluation, organizing and conducting meetings, and financial record keeping.	1998	In 2004, a National CDD program was adopted.
Brazil: Participatory budgeting and planning in Porto Alegre Empowerment of municipalities through participatory budget planning by citizens' associations across the city's regional groups.	1989	Porto Alegre covered 16 regions/districts 2000: scaled up to over 100 municipalities in five states. 2007: adopted by 140 municipalities in Brazil and to some 200 cities world wide.
Brazil: North-East Rural Development Program A program that has steadily expanded the participation of communities in project selection, funds management, and project supervision and also built local governance capacity.	1980s	As of 2007, the program works in 1500 of 1686 municipalities, reaching 11million people.
Guinea: A program to build local government and community capacity in planning, funding/procurement, implementing projects, and accountability.	1999	The Village Community Support Project was to be scaled up gradually to the whole country. A Rural infrastructure project with local governments is in place as of 2008
Indonesia: Kecamatan Development Project Considered one of the best-practices examples, this has been a 3 phase scale up of community empowerment	1998	10 million people in 20,000 villages 2008 phase: 20-30 million people.
Mexico: empowerment of municipalities and communities* A long, evolving and maturing regional development and decentralization project that emphasizes community participation, local government empowerment, and genuine community-based procurement & disbursement for needed projects and services.	1970's	Now a completely mainstreamed program.
Uganda: CAP, LGDP, NADS, & NUSAF Four projects or programs designed to strengthen social capital and support the decentralization of institutions and financial systems mandated by the Constitution and the Local Governments Act of 1997. CDD principles are part of the four projects: (i) Community Action Plan, CAP , to improve community-level infrastructure, with a focus on education, water, and health; (ii) Local Government Development Program, LGDP , (started in 1999) to develop the capacity of local governments for participatory planning, sustainable service provision, monitoring and evaluation, and documentation of lessons learned, as inputs for scaling up the program countrywide; (iii) National Agricultural Advisory Services, NAADS , to bring private sector assistance to farmers in the areas of productivity enhancement, soil conservation, entrepreneurship, financial management, marketing, and agro-processing, with local government providing oversight and quality control; and (iv) Northern Uganda Social Action Fund, NUSAF (2002) , to create an autonomous unit to respond flexibly to community demands in a variety of sectors, beyond the mandate of local governments, while aligning community needs with available support, and providing direct funding to community-level project committees in conflict-torn Northern Uganda	1990s/and 2000's	LCDDP has become the dominant, national program, operating fully through budgetary support.
Zambia: ZAMSIF (Zambia Social Investment Fund) Originally a traditional social investment fund, this project transformed itself from a parallel institution that bypassed established structures in order to channel money directly to communities, to one that seeks to integrate community development into mainstream development planning. ZAMSIF has developed two separate funding mechanisms: a Community Investment Fund (CIF) and an innovative District Investment Fund (DIF), which aims to build the capacity of local governments to support CIF activities.	1990s	This program was closed and supposedly fully integrated in a decentralization strategy.

In 2002/3, researchers from the Africa Region³⁴ conducted a global study on the scaling up of CDD projects. An early version of this chapter provided the analytical framework for the study.

³⁴ Hans P Binswanger and Jacomina de Regt with the field research conducted by Swaminathan Aiyar, Gerard Baltissen, Deborah Davis, Kwame M. Kwofie, Timothy Lubanga, Violeta Manoukian, Mwalimu Musheshe, Suleiman Namara, Martin Onyach-Olaa and Bertus Wennink. Deborah Davis summarized the key findings of these studies in a paper titled: [Scaling-up Action Research Project: Phase One: Lessons from Six Case Studies](#).

Case studies were conducted of scaled up programs in six countries—Benin, India, Indonesia, Mexico, Uganda, and Zambia representing four regions (Africa, South Asia, East Asia, and Latin America)— the first comparative survey of community-driven development projects. All field research findings were discussed at a two day international review workshop in June 2003. Combined with earlier insights of the researchers, the findings of the study led to a reliable set of lessons and recommendations:

- **Strong political commitment to decentralization and empowerment is essential**, often facilitated by local champions. They need immediate support from donors.
- **Successful scale-ups put money in the hands of communities** to harness their latent capacity through learning-by-doing. This is supplemented by relevant capacity building.
- **Pilot projects are useful for field-testing in different conditions.** They reveal problems and suggest adaptations before scaling up.
- **Successful scale-ups have sound technical design.** They create context-specific procedures, incorporated in manuals, and training courses for stakeholders. These manuals/procedures are living documents that are constantly adapted in the light of new experiences and contexts.
- **Good systems for sharing and spreading knowledge help inform different stakeholders** precisely what their roles are and help create common values.
- **Incentives for different stakeholders should be tailored to their new roles.** Managerial incentives should reward the right processes and outcomes rather than rapid disbursement. Establishing the right processes can take time, but once they are well established, scaling up can be rapid.
- **Scaling up means more than physical scaling up** (mass replication). It also means social scaling up (making the process more inclusive) and conceptual scaling up (moving beyond participation to embedding empowerment in the entire development process).
- **Success depends on training tens of thousands of communities** to execute and manage projects and accounts. Good scaling-up logistics not only lower costs but improve community ownership, and hence sustainability. So does community co-financing.
- **Scaling up is a long-haul process** that can take as long as 15 years.
- **Ease of replication is key to rapid scaling up.** Rules and procedures must be carefully designed, yet be so simple and transparent that they can be replicated easily in tens of thousands of communities.

We expand these lessons in the following sections. First, we emphasize how important an enabling climate is, and then consider the five classes of remedies for the five problems identified earlier.

3.4 Conducive Conditions

Simply put, conditions conducive for LCDD include: strong political commitment from the top and well-designed decentralization. This represents a government in active support of LCDD and the outcome of these two conditions advance the other factors that make LCDD possible.

The six cases and the individual papers as well are referenced in the text and footnotes of this chapter.

3.4.1 Political commitment

Strong political commitment alone can ensure that power actually shifts from the top to the bottom. In many countries the impetus for change has come from the very top, but in other cases it has come from state governors or chief ministers.

- In Brazil, the necessary political commitment came from state governors.
- In the province of Poni, Burkina Faso, it came from the provincial governor.
- In Mexico, it came initially from the federal government, with the success of the municipal funds program successful, it also from the state governors.

Box 3-4. Steps to Scaling Up: Diagnostics (Minimum Conditions)
Diagnostic Phase to Ensure Minimum Conditions <ul style="list-style-type: none">• Diagnostics - assessing the LCDD underpinnings in the national context• Alignment with the national government, donors, and other partners• National Commitment: Synchronizing /transforming policies/regulations/laws with LCDD• National leadership and coordination

- In Malawi, the political commitment for PROSCAP came from the Minister of Agriculture and his management team.
- In Indonesia, it came from the President.
- In India, the Constitution was amended in 1993 to make local governments mandatory. Yet in practice these were empowered only when state government were committed to the concept, as in Kerala, Madhya Pradesh, West Bengal, and Karnataka.

However, political commitment is not created in a vacuum: it needs an enabling climate. Every country needs a lively and empowered civil society, accountability to citizens through elections, free media, and strong NGOs. Major institutional change is required in some countries to create and nourish such institutions.

INDONESIA- A change in political leadership leads to a model of LCDD

The Indonesia case is a best-practice example of how the LCDD pillars can serve as a framework for rapidly channeling resources to communities while minimizing the risk that the resources will be misappropriated. What made it possible was a new political era with a commitment to reforms.

Implications for LCDD Framework

The Indonesia case illustrates the kind of progress that can occur when the LCDD framework is used as a mechanism for addressing corruption, which had been the single greatest constraint to the success of community-level development efforts until the Kecamatan Development Project (KDP). The broad scope of the *empowerment pillar*—which included not only the development of project-related skills through learning-by-doing, but also training in democratic decision-making, a public posting of project accounts, and intensive awareness building about villagers’ legal rights—resulted in a shift in power between communities and local government.

This shift was enforced by the *transparency and accountability* pillar, which enabled communities to identify and report abuses by local officials. Project staff quickly acted upon complaints, thereby reinforcing the sense of community empowerment. The success of the LCDD framework led the Government to request that it be rapidly scaled up to help prepare local governments and communities for their responsibilities under the new decentralization program.

Box 3.5 Indonesia Case Study of 2003 – Key Findings and Implications³⁵

The Indonesia case study evaluated the Kecamatan Development Project (KDP), initiated in the late 1990s, a few months before the overthrow of the authoritarian Suharto regime. KDP 1 and KDP 2 were designed to promote village empowerment and reduce official corruption as key elements in poverty reduction, by (i) making block grants directly to sub-districts instead of channeling money through line agencies; and (ii) providing intense social and technical facilitation to build village-level capacity and promote participation, transparency, and accountability in community-driven activities.

Findings

- The requirement that villagers compete for KDP resources has promoted the development of high-quality project proposals. Cultural discomfort with the idea of competition has often led those with winning proposals to fold in elements of losing proposals.
- The project's emphasis on fighting corruption as a key element of empowerment, and its established mechanism for reporting abuses, have made it possible for villagers to help minimize the leakage of project funds and assert their power vis-à-vis local officials. The rapid response by project managers and local police, often leading to arrest and prosecution, has had a dramatic effect on villagers' belief in the justice system and their own legal rights.
- The direct transfer of funds to subdistricts and villages has enabled villages to be autonomous in their development activities, but has created the risk that activities would be unsustainable because of a lack of outside support. This problem is being addressed under KDP 3.
- Marginal individuals generally have not benefited from project activities, except in a few cases where village-level financial units have hired facilitators to work intensively with the very poor and vulnerable outside of normal project channels.
- The micro-enterprise component is generally considered unsuccessful due to low rates of repayment. However, some financial units have earned enough through interest payments to independently fund activities outside of normal project channels (see preceding paragraph). Further, some units have declared themselves independent entities, with the intention of functioning as microfinance institutions after the project has ended. KDP 3 will help to link these entities units with local banks.

[Click here](#) for a short summary of KDP's current status (as of 2008).

[Click here](#) for other KDP publications.

KDP's innovative funding mechanism, based on a simple set of rules for community-level disbursement, has been successfully replicated in thousands of villages in Indonesia, and is now the model for many government programs. It has also influenced the design of poverty-alleviation and empowerment programs in a number of other countries. The third phase of the project, KDP 3, designed as the country was undergoing a deep decentralization in 2003, has shifted its focus from poverty reduction to governance, with the aims of (i) building local government capacity to support community-driven development; and (ii) supporting the development of permanent inter-village bodies to implement multi-village projects, mediate disputes, and give villages a stronger voice vis-à-vis higher levels of government.

The opportunity for LCDD in Indonesia came with the end of the Suharto era and the beginning of improved democracy and governance. Donors cannot successfully impose LCDD on any country. Politicians and officials at different levels can sabotage the best-designed schemes. *The main approach of donors must be opportunistic: to seize opportunities that arise when political changes produce leaders willing to shift power to the grassroots.* More research is required on the best strategies under different political conditions. With a focus on the African experience with LCDD, [Chapter 4](#) illustrates how program design in certain countries has changed as political situations developed; [Chapter 5](#) covers the government policy issues in terms of assessing such conditions and devising policies supportive for scaling-up LCDD programs.

³⁵ [Deborah Davis. The Second Kecamatan Development Project: Evaluation of Scaling Up Issues.](#)

3.4.2 Well-designed decentralization

The historical experience of decentralization is mixed. Sometimes rulers have aimed to empower the grassroots, while at other times they divert international attention away from their lack of democracy at the central level. Too often local governments have been created without administrative authority or fiscal resources. Decentralization has three key dimensions—political, administrative and fiscal—and all three need to be harmonized to work well. Reporting on decentralization experiments in the 1980s, Crook and Manor found that the outcomes were poor in Ghana, Cote d’Ivoire, and Bangladesh, but satisfactory in the state of Karnataka, India. In the first three cases the local councilors or local assembly presidents were not elected, were accountable to central governments rather than the people they served, and lacked enough fiscal means to make a real difference. Decentralization worked in Karnataka because the Chief Minister was serious and provided ample fiscal resources.

Key stakeholder participation and some sector programs can be scaled up without waiting for all three dimensions of decentralization, but full national coverage will, at some point, require all elements to be in place.

Mexico: Establishing a Framework for Decentralization

The Mexico case is a powerful example of how the five LCDD pillars can serve as a guiding framework for fiscal decentralization, by establishing the mechanisms, local capacities, and principles of accountability and transparency necessary for decentralization to be successful.

Implications for LCDD Framework

The intensive technical assistance provided to support the *local government capacity building and community empowerment pillars* was crucial to the success of the Government’s effort. These pillars, in turn, benefited from the *learning-by-doing pillar*, which allowed both the Government and the World Bank to become comfortable with community empowerment as a new approach to poverty reduction, and to scale up this approach to the national level

The Mexico case study focuses on the Municipal Fund components of two successive Decentralization and Regional Development projects (DRD I and DRD II) carried out in the 1990s, during the country’s transition to democracy and decentralization. Although the projects accounted for only a small percentage of the national budget for poverty reduction, the cutting-edge procedures in DRD I (1990-1994) for formula-based poverty targeting and participatory planning were adopted by the Government’s own poverty program.

Subsequently, the operations manual for DRD II (1995-2000), and many of the project’s design characteristics, became the basis for the far-reaching Fiscal Coordination Law of 1997, which devolved responsibility and resources for social and infrastructure development to the municipalities, and required them to engage with communities in participatory development. Thus, what was perceived originally as a very risky social investment experiment, carried out in the context of institutional restructuring, has become an integral part of the country’s resource transfer system. The Federal Government was the initial champion and risk-assuming entity, but as the success of the approach became more apparent, other champions emerged at state and civil society level.

Box 3.6 Mexico Case Study: Findings and Lessons in 2003³⁶

Findings

The Federal government-driven Municipal Funds helped make decentralization possible in the absence of local social capital by:

- Using funding formulas (based on observed poverty characteristics) to target investment funds toward the poorest municipalities, which helped reduce the risk of political manipulation of project funds.
- Introducing action plans for the decentralization of government services; and
- Developing participatory approaches for communities to identify their needs and implement their own projects.

Key Lessons

- As decentralization deepens, LCDD activities need to focus more intensively on local government capacity building and community empowerment. In Mexico, before the fiscal coordination law was in place, the DRD I and II projects had a broad-based approach that encompassed federal and state capacity building, environmental protection, cultural site restoration, and poverty alleviation as components of participatory development.
- As decentralization progressed, the Municipal Funds were simplified to focus only on the most basic sectors—water supply, rural roads, and income-generating activities—and on creating social capital at the lowest levels.
- The innovative nature of the Municipal Fund made learning-by-doing essential and feasible at all levels; the learning-by-doing pillar was the single most important factor in the LCDD approach being institutionalized countrywide.
- The willingness of the World Bank to adapt its procurement, disbursement, and planning procedures to the (then) radical new LCDD framework, and to respond flexibly to the changing political situation in Mexico, were crucial factors in the LCDD experiment succeeding and being scaled up not only in Mexico, and adapted to many countries around the world.

In 2004, Mexico passed a Social Development Law, codifying the experiences of poor people participating in project planning, implementation, and supervision, and allocating some responsibilities to state and municipal levels. The two projects, in part, contributed to the change in perceptions about the role poor people themselves and municipalities could play. The National Program for Indigenous Peoples (2001-1006), a \$1.7 billion program, is based on LCDD principles and the experiences of these earlier programs.

3.5 Overcoming Adverse Institutional Barriers

Even where conducive conditions exist, scaling up can be difficult because of the various problems listed earlier (3.1). So, we now consider the five classes of remedies: (a) overcoming adverse institutional barriers; (b) reducing economic/fiscal costs; (c) overcoming problems associated with co-production; (d) using pilots, feedback, and adaptation to improve technical design; and (e) designing and field-testing operational manuals, toolkits, and scaling-up logistics.

The political and social institutions in many countries are not conducive to shifting power to the grassroots. Top-down paternalism for decades has created structures that resist downward empowerment. Some regimes fear that decentralization may create political complications. Social conditions in some countries are so adverse that they have escalated into violent conflict and civil war.

³⁶ Violeta Manoukian. *From Exclusive Boutique to National Culture: Scaling Up CDD in Mexico*.

Even where decentralization has taken place, it has yielded mixed results. The results have been poor where local governments were accountable to central authorities rather than citizens; where public sector reforms did not take place to realign the functions and powers of the central bureaucracy; where local communities were not empowered to discipline local officials; and where local governments were not granted a reliable, adequate share of central revenue or the authority to levy and keep taxes.

Box 3.6 Buy-in through Head Tax

In Tanzania, local governments are supposed to collect a head tax and transfer 80 per cent of that to district headquarters, from which it rarely returns. A much happier experience comes from Guinea (see [Chapter 4](#)), where the collection of head tax has improved and become more timely because it is available for local use.

ZAMBIA – Problems encountered

The Zambia Social Investment Fund (ZAMSIF) exemplifies the problems that can occur when a LCDD project is carried out in the absence of two of the five basic conditions for LCDD— democratic decentralization and capacity building of local government. (Indeed, in Zambia, sub-district structures do not exist.)

Implications for LCDD Framework

In 2000, the Zambia Social Investment Fund transformed itself from a parallel institution that bypassed established structures in order to channel money directly to communities, to one that sought to integrate community development into mainstream development planning. To this end, ZAMSIF developed two separate funding mechanisms: a Community Investment Fund (CIF), and an innovative District Investment Fund (DIF), which aims to build the capacity of local governments to support CIF activities. The DIF fund uses the concept of a capacity-building ladder to support the progressive scaling up of local government capacity. The concept calls for more funding and responsibility to go to the districts as they:

- Gain the ability to facilitate community access to funding (Level 1);
- Achieve the capacity to facilitate participatory identification processes, monitor and evaluate community projects, implement DIF projects, and account for project funds (Level 2);
- Adopt a *District Development and Poverty Reduction Strategy* and are able to show that community-based projects reach those targeted by the strategy; and also acquire proven design and financial management skills (Level 3);
- Show continued satisfactory performance in all phases of the community project cycle, including approval of funding for community projects, but not including disbursements (Level 4);
- Show consistent good performance of District Councils for more than one year; existence of a basic poverty information system; and evidence of some sub-district planning (Level 5).

But the ideal did not match reality. The Zambia case shows that in the absence of the LCDD pillars of democratic decentralization and local government capacity building, the performance of LCDD projects is inhibited in a number of areas, including commitments, disbursements, and number of projects approved. The lack of local government capacity building, in particular, constrains the ability of local government to progress to higher levels of responsibility, which is crucial for the Social Investment Fund to be scaled up to a successful national program.

Box 3.7 Zambia: Findings and Lessons (2003) ³⁷

Findings:

Despite its innovative approach to capacity building for local governments, a number of operational barriers to ZAMSIF achieving that goal have emerged by mid-2003, including:

- Inadequate organizational structures at the district level, contributing to duplication of efforts and poor planning;
- Lack of financial autonomy of District Councils, and lack of control over locally generated tax revenues;
- Lack of accountability of district-level line departments to the local authority;
- Absence of structures at the subdistrict level that are legally recognized and embedded in the policy framework; multiple project committees at the community level, many with no clear institutional framework or mandate, contributing to lack of accountability;
- Lack of a reliable funding mechanism for the districts – neither a dedicated allocation from the national budget, nor access to local tax revenues, nor the ability to access loans for commercially viable services;
- Limited community participation, and lack of direct community access to or control of project funds;
- Inefficient use of human, material, and financial resources;
- Different approaches and funding conditions among donors and NGOs.

Key lessons

- The political framework under which ZAMSIF was carried out made it difficult for communities and local governments to adhere to LCDD principles. The fund's poor performance under these circumstances may indicate that programs unable to support the pillars of decentralization and local government empowerment will not be successful.
- The capacity building ladder for local governments is an important innovation that can be used in a variety of settings. The phased approach to capacity building helps ensure that expectations regarding local governments are realistic, from the point of view of both communities and the center; and it enables project managers to address weaknesses and gaps in knowledge as they come to light.

After 2003, the government and the Bank restructured the program, scaling down significantly the number of programs to be managed through the DIF and increasing the number of projects to be managed through the CIF. The completion report of 2006 mentions the same main constraint: the implementation of the Decentralization policy was a pre-requisite for the project activities to have its intended impact. The ZAMSIF implementation experience demonstrates that failure in public sector management can pose a serious constraint to achievement of intended project outcomes.

It is interesting to see that by 2005, 18 districts were at level 1; 26 at level 2; 21 at level 3; 3 at level 4; and 4 at level 5 – of which 2 had sustained this level for 2 years. As discussed in [Chapter 4/Section 4.3.3](#), preparation of a decentralization operation that would have incorporated the investment fund failed due to lack of political commitment. Subsequent data show that districts have a hard time maintaining their newly acquired skills, as the support unit has also been disbanded. So, while this was an ideal case of scaling up from a separate social fund at community level to a national program, including a 10 year exit strategy, cutting the program short after 5 years did not allow this fully integrated and scaled up version of LCDD to mature.

³⁷ [A Case Study of Scaling Up Community Driven Development in Social Investment Fund Programme of Zambia](#), by Kwame M.Kwofie.

BENIN- Problems overcome

The LCDD activities in Benin illustrate how scaling up can be inhibited by the lack of democratic decentralization, the failure to build the capacity of local government, and the failure to empower communities through participatory methodologies and learning by doing. It also shows how the deficits can be corrected.

Implications for LCDD Framework

The LCDD projects or programs considered in this 2003 case study were designed to support Benin's transition to economic liberalization and democratization after the fall of the authoritarian regime in 1989. All seven initiatives addressed problems of essential services, employment, and local capacity building. NGOs, in most cases, controlled project funds, acted as technical and social facilitators, and provided elected broad-based village committees with training in leadership, monitoring and evaluation, organizing and conducting meetings, and financial record keeping. None of the projects had a specific scaling-up strategy; scaling up was perceived as an increase in the number of villages benefiting from project support. Efforts to reach other villages were largely carried out through rural radio networks, which widely disseminated information about LCDD activities and encouraged communities to prepare their own proposals for funding. However, only one of the projects focused on developing the linkages between villages and local governments needed to ensure the sustainability and scaling up of LCDD activities.

The Benin case shows the linkage between the pillars of decentralization, local government capacity building, learning by doing, and community empowerment, and how the absence of one or more of these pillars can constrain LCDD projects from scaling up. In particular, the lack of decentralization in 2003 left local governments without the legal or financial means to support community-driven development projects, which, if they existed at all, were generally supported by NGOs and thus not integrated into regular government planning or sustained by regular government funding. Under such conditions, community empowerment was negatively affected by the difficulty of adapting centrally designed methodologies – even best practice participatory methodologies – to local conditions. This constrained buy-in, learning by doing, and project performance, and thus the sustainability of LCDD projects. Under such conditions, communities were unable to develop their voice or to influence local government decisions that affect them, both of which are necessary for scaling up.

Box 3.8 Benin: Findings & Lessons (2003)³⁸

In general, up to 2003, the CDD activities in Benin adhered only partly to LCDD principles:

- Community empowerment was constrained by the fact that villagers were often assigned roles based on gender, and that facilitators tended to give preference to the more dominant, better-organized village groups, while passing over the more marginalized.
- Well-organized community groups were instrumental in mobilizing co-funding, and villagers considered the quality of their local co-financing mechanisms to be directly related to rapid and transparent funding of project proposals. However, the success of local development initiatives was less dependent on accessing funds than on village organizational dynamics and the accessibility of project services and intermediation.
- NGOs laid the groundwork for scaling up by facilitating contacts among villages, and between villages and service providers. The Government supported community empowerment by harmonizing approaches to participatory appraisals, and by providing broad-based training of trainers. However, the application of participatory methodologies considered best practice was often mechanical, not adapted to local circumstances, and detached from a strategic vision and core LCDD values. The methodologies did not help to build skills, create awareness, promote ownership, or incorporate learning processes. Community learning was also negatively affected by inadequate monitoring and evaluation tools.
- There was no effort, except in one project, to establish dialogue between villages and local governments, or to build local government capacity. Horizontal scaling up (wider coverage) was achieved by creating parallel structures and procedures, which did nothing to ensure the fundamental financial and institutional sustainability of the activities, or to give communities the ability to affect the institutional and policy environment, both of which depend on vertical linkages with local government and other existing institutions.

Key lessons

- At the community level, there is tension between the need to work with better-organized groups to mobilize activities and co-financing, and the need to include the more vulnerable and marginalized.
- Best practice methodologies should not be assumed to be best practice in all circumstances; they need to be dynamically adapted to the local context.
- Creating parallel structures and working with NGOs to carry out LCDD activities, rather than integrating LCDD into existing institutions, limits the ability of communities to affect the institutional and policy environment.

Benin's 1999 decentralization law became effective with local elections in 2002, effectively creating local governments in 2003 and the Benin LCDD case improved tremendously. In 2005, the National Community Development Project was approved. By 2008, it had successfully implemented the program nation-wide. The role of the new local governments was carefully tailored and supported by a learning-by-doing program, and local governments, as in Zambia, are expected to progress on a capacity ladder of three rungs before they can be fully in charge of LCDD programs in their municipality.

A review of legislation is underway to align the sectoral services with the new decentralized local governments. There is also an alignment of the rules and regulations that govern the use of public funds, to allow both the local government and the communities to fully utilize, contract and account for public funds. This experience shows that remedies to barriers will have to be tailored to the local context in each case. We consider below some possibilities.

3.5.1 Overcoming unfavorable political conditions

Where the political conditions are unfavorable and commitment to empowerment is lacking, the following strategies can be considered:

- Establish pilot programs as special enclaves that provide examples of success. Meanwhile canvass support for LCDD as an ideal. Enter into a dialog with the government, opposition parties, think tanks and civil society.

³⁸ [Let's Ease our Pace Because We Are in a Hurry: Scaling Up Community Driven Development in Benin, by Bertus Wennink and Gerard Baltissen, Royal Tropical Institute \(KIT\).](#)

- Where central governments do not favor local governments, make a start with participatory appraisal and planning by communities, to which there is typically less resistance.
- Where there is resistance to free media, make a start with community radio in pilot projects to disseminate project information. This can be designed to be interactive, and so provide voice to local people.³⁹ Empowerment via information can also be strengthened by internet kiosks that provide market and other information, tele-advice and training, and e-governance.⁴⁰
- Help create and strengthen user groups and producer groups and, where possible, bring about coalitions of such groups.
- Liberalize economic policy and increase the space for entrepreneurs. This will help diffuse centralized power, and create more economic freedom and empowerment for buyers, sellers, and intermediaries.
- Seize opportunities for empowerment created by political changes.

3.5.2 Overcoming Unfavorable Social Conditions

Many countries have deep gender and social divisions. Empowerment requires bridging of social divides and participation by all. A thorough analysis of social/political conditions needs to guide program design. Ways of overcoming elite capture and social exclusion should be worked into the design. The participatory process itself is a means of accomplishing this.⁴¹

Remedies in every country will have to be tailored to local conditions. Some possible strategies include:

- Using the participatory approach, attempt to create sustainable partnerships between all stakeholders, including majority and minority groups, NGOs, and different levels of government.
- In the initial stage, avoid the most faction-ridden villages and focus on the relatively harmonious ones, as was done by the Indo-German Watershed Development Program.
- Where women/minorities have traditionally not been allowed to participate in village councils, institutionalize separate meetings of these groups prior to council meetings. This will help them to articulate their needs and gain organizational strength. They will then better be able to overcome traditional social inhibitions and gradually be accepted as full partners.
- Improve awareness of non-traditional roles women can perform.
- Empower producer groups of women/minorities. This typically attracts less social resistance than some other forms of empowerment. Women's micro-credit societies have gained rapid social acceptance in many male-dominated societies. SEWA, in India, is an outstanding example (see [Table 3.1](#)).
- Many different ethnic/social groups may be producers of the same commodity. Creating and empowering producer groups can create a social *glue* between different religious/ethnic/caste

³⁹ CIMA, Community Radio Working Group, "Community Radio: Its Impact and Challenges to its Development". Washington, DC, Oct. 2007

⁴⁰ Kendall, Jake and Singh, Nirvikar, "[Internet Kiosks in Rural India: What Influences Success?](#)" (September 2006). NET Institute Working Paper No. 06-05. Microsoft and Hughes India will also roll out several thousand kiosks, also in the Public Private Partnership arrangements, or in totally private franchise arrangements.

⁴¹ Details are in the World Bank's participation website at www.worldbank.org/participation.

groups.

- Where the participatory approach fails to bridge social divides, consider special programs targeted at those most excluded.

Some countries like India have reserved a certain proportion of seats in local governments for women and historically-disadvantaged minorities. This will overcome traditional taboos only if the reserved proportion is substantial, a quarter to one-third of seats. But even then social pressures may undermine these reservations.⁴²

3.5.3 Helping governments improve decentralization design

Even where political and social conditions are not favorable, poorly designed decentralization may leave major institutional barriers in place. To overcome this, LCDD proponents should:

- Provide technical assistance from an early stage on decentralization. Some central authorities are unconvinced that local governments and communities have the capacity and accountability to use untied funds well. The case studies highlighted in this chapter show otherwise.
- Emphasize that the political, administrative, and fiscal components of decentralization must move together in harmony.
- Emphasize *subsidiarity*. Functions should be devolved to the lowest level where they can be performed efficiently, and fiscal powers and administrative resources should then be realigned with the new functions. Local taxes/user charges should be used locally.
- Emphasize learning by doing by local governments and communities to acquire skills. This needs to be supported by training and capacity building.
- Advance a mandate for a fixed share of central resources to go to local governments (as in Mexico). This will ensure regular, reliable funding.

3.6 Reducing Economic and Fiscal Costs

Sometimes, successful pilots cannot be scaled up for three financial reasons: excessive economic cost, poor transfer efficiency, and excessive fiscal cost. Economic cost per beneficiary may be too high because a program depends on expensive staff (sometimes expatriates), costly transport (maybe fleets of jeeps), expensive materials (sometimes imported), and costly designs and/or technology (often created for a different context). Funds may travel through several bureaucratic levels before reaching a community, clearances for projects may be required at several levels, and excessive paperwork may constantly be required in the donor's language. High overhead costs reduce the transfer efficiency of funds: too little of the project money actually gets through to communities in the form of goods and services. In one project in Togo, overhead expenses amounted to almost 90 per cent of the budget⁴³. In Northeast Brazil, they have come down to around seven per cent, after local empowerment (the data for NE Brazil are in the research study cited in Box 3-12).

⁴² Often women will really be represented by their husbands or fathers. Powerful elites will try to ensure that minorities cannot effectively wield power. In the Indian state of Tamil Nadu, elections have not taken place for some village panchayats (councils) where top posts have been reserved for scheduled castes: no member of the scheduled castes dares file a nomination for fear of violence from upper castes. In the village of Melavalavu, the scheduled-caste panchayat president, vice-president and five others were killed for standing for and winning the local election. (The Hindu, Oct. 31st 2002). Despite such horrendous problems, reservations have improved upward social mobility.

⁴³ Personal conversation with TTL, 2002.

Ways to cut economic costs and improve transfer efficiency include the following:

- Devolve authority based on subsidiarity. Putting the appropriate level in charge will lower costs.
- Empower communities and/or local governments to choose, implement, and monitor projects induces innovations using low-cost designs appropriate for local conditions. The use of local materials and contractors cuts costs further. Oversight by communities and/or local government is less expensive than oversight by government agencies. Our case studies and many other impact studies (see [box 2-11](#)) show that LCDD can cut costs by 20-40 percent of individual sub-projects.
- Operation and Maintenance is typically cheaper, more efficient, and more sustainable if done by communities on the principle of subsidiarity.
- Training/facilitation by outsiders, especially foreigners, is expensive when tens of thousands of communities are targeted. The aim must be to develop and use training teams from the provinces and districts to train community members and other program participants. Another effective strategy is to train local community specialists, chosen by the communities themselves, to acquire required, specialized skills. In successful pilots, communities and their trained community specialists can become trainers of other communities (just as successful farmers can spread good practices through farmer-to-farmer contacts). Harnessing and developing local skills can both cut costs and accelerate scaling up.
- Good logistics design can reduce costs. Such designs can ensure that local people can reach training and supply points on foot rather than having to travel long distances in jeeps. Community meetings, training sessions and the like should be arranged at locations most convenient in terms of local transport availability. Good logistics cuts the cost of information sharing and cash management, and simultaneously improves accountability and transparency.

Even if the cost per beneficiary is reasonable, the fiscal cost may be too high for national scaling up. Central governments and donors may lack funds. LCDD can bring down fiscal costs in several ways.

- Communities can be asked to contribute 15-40 percent of subproject costs in cash or kind, depending on the nature of the project. Communities are more willing to share in costs when more power and resources are devolved to them
- Communities/local governments can be authorized to levy user charges or local taxes. This typically increases the fiscal base.
- Local empowerment improves tax compliance. Citizens are more willing to pay taxes/charges if these are used for local facilities than if they go to national/provincial capitals (see case study on Guinea).

3.7 Overcoming Problems Associated With Co-Production

Empowerment should not pit communities and local governments against central governments or line ministries. Development needs to be seen as the co-production of outputs in a joint venture of central governments, local governments, and communities, with support from the private sector and civil society. This requires major institutional reform and a new collaborative mind-set. Keeping in mind that the following topics are determined by the program leaders, overcoming co-production problems requires:

1. Fostering a common culture and vision among stakeholders.

2. Assigning and describing program functions unambiguously to different participants and providing practical handbooks and operational manuals.
3. Providing incentives compatible with program objectives.

3.7.1 Fostering a common vision and culture

By changing entrenched attitudes and mind-sets of co-producers, LCDD proponents aim to create widespread acceptance of a new vision and cultural attitude. This is always a difficult task that requires painstaking dialog, communication, negotiation, and overcoming conflicts to reach agreement and commitment by all co-producers on a new participatory approach that provides voice and space for all stakeholders, and a common appreciation of the changed roles and powers of each stakeholder group.

Based on social and institutional analysis, a common vision can be achieved by bringing stakeholders together to:

- Examine how best they can make use of the resources and authority they will get from LCDD.
- Appreciate how important social inclusion is and how traditional attitudes to women and minorities need to give way to a new approach.
- Use the entire participatory process to try and create shared values.

Well-designed LCDD will enable traditionally voiceless groups to gain voice, and assist in the emergence of a new set of shared values. Communities that function regularly in the new participative manner will find traditional discriminatory attitudes changing.

3.7.2 Making sure every stakeholder understands his/her new functions and how to do them

The major changes in institutions and mind-set required by LCDD require clear-cut agreement on what precisely each stakeholder will do. Central coordination is essential, and these commitments should be formalized in the initiative's participation action plan. The participation action plan should be reviewed and upgraded periodically by key stakeholders. It should equip them with the relevant training and tools (see [Chapter 5](#) and [Annex 3](#)).

3.7.3 Providing incentives compatible with program objectives

This is required in any program, but more so in a program that aims to change mind-sets and institutions. Field-tested roll-out logistics can help unearth incentive issues, and help design an incentive-compatible operational manual.

<p>Note: Chapter 5 presents the steps for facilitating these problem-solving activities.</p>
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3.8 Adapting to the Local Context

The very fact that successful pilots have not automatically scaled up shows that, whatever their merits, they may require adaptation to succeed in different contexts. What appears to be best practice in one setting may be poor practice in another.

The Swajal rural water supply project in Uttar Pradesh, India experienced much greater success in the Himalayan region than in the flat Bundelkhand area. Perennial streams and springs provided cheap water in the former area, whereas the latter required expensive, deep tube wells or hand pumps whose sustainability is in doubt. Also, caste divisions posed much greater social obstacles in Bundelkhand than in the Himalayan area. This illustrates how geography and social issues can yield very different results within the same state.

Swajal was not linked directly to local governments, which were weakly developed in Uttar Pradesh. But the next major Bank-supported project in this sector was launched in the state of Kerala, where the panchayat system is strong and supported by firm political commitment. Adapting to the new context, the Kerala project routed funds and technical assistance to communities through local governments.

INDIA: Building strength from the local context

The India case illustrates how the five LCDD pillars, along with strong political commitment to reform, can bring about profound and rapid change at the local and community levels.

Implications for the LCDD Framework

This 2003 case study assesses the Rural Water Supply and Sanitation Project in the state of Kerala, which transferred responsibility for rural drinking water from the public utility to the gram panchayats (lowest level of local government) in the 1990s. The project, designed as a LCDD scheme, is being carried out under very favorable conditions for LCDD—political commitment; a decentralized political, financial, and administrative framework; and the availability of high-level, low-cost technical skills.

It is structured essentially as partnership among the stakeholders: (i) the *gram panchayats*, which compete to receive project funds, are responsible for organizing beneficiary groups to upgrade and expand existing water schemes; (ii) *technical consultants*, who conduct participatory needs assessments and participatory planning with the beneficiary groups and train them to take charge of O&M, collect dues, maintain books, monitor and evaluate their water schemes, and fulfill auditing and reporting requirements; and (iii) the *water utility*, which trains the gram panchayats to oversee the water schemes, and cooperates with the technical consultants in training beneficiaries. The project excludes beneficiaries who do not pay for water, but requires the inclusion of women, the disadvantaged, and *Scheduled Castes and Tribes* in beneficiary groups. A *cascading training plan* provides for learning by doing, with the gram panchayats and beneficiaries that received earlier training serving as resources for those who come later. The project is fully integrated with the gram panchayats' overall water plans.

Box 3.9 India: Findings and Implications (2003) ⁴⁴

Findings:

- Existing social capital has made it possible for the project to have immediate social and political effects.
- Gender sensitivity was inherent in the nature of the project. Women have been a driving force behind the water schemes, which have reduced their burden of carrying water and lessened tension in the home. Many women have sold their gold to raise their share of the capital cost.
- Community empowerment was evident from the fact that communities reelected gram panchayat heads who supported the LCDD scheme, and defeated those who did not. Empowerment is also evident from the fact that beneficiary groups are diversifying into other community-based activities such as roads and street lighting. However, communities need continuous recharging to keep their sense of cohesion; the reasons for this need more study.
- Social capital and trust in local leadership seem to be as important as rules and procedures for ensuring participation and transparency.
- While corruption is common in other projects, it has not been a problem in the LCDD water scheme due to community contracting, and to beneficiaries' vigilance in protecting the water they pay for.
- The stakeholder partnership has been negatively affected by the water utility's resistance to reform. In addition, there are tensions between the gram panchayats and technical consultants over the need for and cost of technical support.
- Many communities, especially in tribal areas, are very dependent on technical consultants and their community activities seemed consultant driven. This approach does not help to develop the social capital and skills needed for the community empowerment pillar to take hold in those marginalized areas, and almost guarantees that the LCDD activities in those areas will be unsustainable and unable to scale up. More study is needed on the question of how to provide intensive technical assistance to communities that require it, but without consultants dominating the process. For example, enabling communities to purchase their own technical assistance from the co-financed project funds has been successful in Brazil.
- The project has had problems of exclusion. There are no provisions for covering poor people who cannot pay; further, people who first opted out and now want to join are not permitted to do so.
- The project's quarterly healthy home surveys, to track the health benefits of the water scheme, are an important contribution to LCDD practice and to establish impact data points.

Key lessons

- The project shows the relationship between LCDD water schemes and community empowerment. Such schemes have the potential to change the local political landscape by taking the control of drinking water out of the hands of politicians and freeing communities of the need to bribe officials for water. For the same reason, however, the schemes are vulnerable to capture by a new group of elites. Care must be taken to start small and have solid successes before scaling up, so that the LCDD approach cannot be discredited. This political risk is the single greatest risk to the project.
- The cascade approach to training helps ensure that knowledge is continually incorporated as successive batches of gram panchayats and beneficiary groups are trained. It also prevents the disbursement of large sums ahead of capacity building.
- Even normally apathetic communities will participate in projects that provide them with sufficient funds and sufficient choice to make a difference in their lives.
- Social capital can be a more than adequate substitute for conventional audits in LCDD projects, since communities are vigilant about ensuring the proper use of their resources.

By 2008, almost at the end of the project, most of the objectives have been realized. By changing the rules of the game for entrenched local players and providing the mechanisms for establishing new relationships, the India case provides strong evidence that the five LCDD pillars serve as an appropriate framework for realizing reforms mandated under decentralization. In particular:

- The local capacity building pillar enabled the transfer of responsibility for service provision from the state-owned water utility to local government; and

⁴⁴ [What Jananidhi Tells us About Community Driven Development: A Case Study of Kerala's Rural Drinking Water and Sanitation Project](#) by Swaminathan S. Aiyar.

- The community empowerment pillar, in addition to helping ensure that the water schemes would be sustainable, also helped to prevent them from being captured by the local elites.

The learning by doing and transparency and accountability pillars were crucial to the realization of the capacity building and empowerment pillars, which in turn were essential for the success of the decentralization effort.

3.9 Field Testing Manuals, Toolkits, and Scaling-Up Logistics

The examples in LCDD map and chart demonstrate that pilots should be used in a wide variety of settings to field-test what works best in what situations. Such field-testing makes it possible to develop *operational manuals and toolkits* and *instruments tailored to the local context*. These become the maps, compass, and other necessities to guide everyone participating in scaling up.

Process monitoring and *participatory monitoring and evaluation* (PME) are vital to provide feedback that enables program designed to be improved continuously. In the Kerala Rural Water Supply and Sanitation project, the overall design provides for a roll-out in different communities in overlapping phases. Lessons learned from the early phases are incorporated in subsequent ones. Evaluation is required and ongoing throughout a project, not just at its end. The manuals in Kerala are field-tested, but are also living documents that are constantly modified in the light of experience. ASA in Bangladesh has used a similar approach very successfully.

Any scaling up exercise will have to tackle the huge logistical problem of training thousands of people, and managing thousands of community and local government accounts. Consequently, every program needs a *logistics management system*. This should be summed up in a *scaling-up manual*. This is different from the technical manuals, which are the responsibility of the relevant technical Ministries or organizations. The logistics management system needs to be based on *logistics field-testing*.

As in the Poni AIDS program, a pilot program should field-test a draft scaling-up manual in an entire district or province. The many problems that arise should be sorted out at the pilot stage, their analysis used to update the draft manual, and then it can become a finished, field-tested manual.

The scaling-up manual needs to incorporate several components.

- The logistical system to train all communities, associations, and other co-producers.
- The logistical systems for disbursements, financial accountability, and random auditing system, including all the forms that are needed in these processes.
- The logistical systems for contracting, procurement, and distribution of goods and services for the program, including the forms needed.
- The training manuals, forms, and other tools required for scaling up.
- The logical framework and timetable for the scaling up effort.
- The templates for all the project preparation and monitoring documents, including those related to PME, and performance based contracts to be used in the scaling up effort.
- The processes for the recruitment and training of the training teams.

Note: [Chapter 5](#) presents the steps for facilitating these activities in [Section 5.1.1](#).

3.10 Sequencing

Ideal conditions may not exist for scaling up in all countries. Some typical problems include:

- The top leadership is sometimes not interested in decentralization, or even in enhanced participation.
- Decentralized structure should ideally be created on the principle of subsidiarity. This is often not the case.
- Local leaders who manage funds need to be accountable to their own people. This is not always the case.
- LCDD works best where the investment climate allows local entrepreneurs to take up contracts. This is often not the case.
- Technical capacity may be inadequate in many areas.
- Major public sector reforms may be needed for scaling up. In many countries this process has not begun. Where it has, it may be a long and complex process.
- Many countries suffer from deep social and gender divides, leading to elite capture and social exclusion. In some countries ethnic strife has escalated into civil war.
- Gender discrimination may be widespread and entrenched.

UGANDA- Creating a climate for sustainable development (once decentralization is in place).

The Uganda case demonstrates that, once the decentralization pillar is fully in place, the LCDD framework can create an environment for sustainable development.

Implications for the LCDD Framework

This 2003 case study—a quantitative approach to assessing CDD—considers four projects or programs designed to strengthen social capital and support the decentralization of institutions and financial systems mandated by the Constitution and the Local Governments Act of 1997. While not formulated with LCDD principles in mind, the four projects addressed key LCDD goals:

1. **Community Action Plan (CAP)** focused on improvements to community-level infrastructure, with a focus on education, water, and health;
2. **Local Government Development Programme (LGDP), now called Local Government Management & Services (LGMS)**, focused on developing the capacity of local governments for participatory planning, sustainable service provision, monitoring and evaluation, and documentation of lessons learned as inputs for scaling up the program countrywide;
3. **National Agricultural Advisory Services (NAADS)** focused on bringing private sector assistance to farmers in the areas of productivity enhancement, soil conservation, entrepreneurship, financial management, marketing, and agro-processing, with local government providing oversight and quality control; and
4. **Northern Uganda Social Action Fund (NUSAF)** focused on creating an autonomous unit to respond flexibly to community demands in a variety of sectors, beyond the mandate of local governments, while aligning community needs with available support and providing direct funding to community-level project committees in conflict-torn Northern Uganda.

Box 3.10 Uganda: Findings, Lessons, and Implications from the Four Programs (2003) ⁴⁵:

The **Community Action Plan**, the **Local Government Development Program**, and the **National Agricultural Advisory Services** all scored around 70 percent for community and local government empowerment (hypotheses 1 & 2). LGDP and NAADS scored around 70 percent for realignment of government (hypothesis 3), while CAP scored only 35 percent. Accountability and transparency (hypothesis 4), was in the 35 to 47 percent range for CAP and LGDP; it was around 70 percent for two districts covered by NAADS, but less than 25 percent in the third district. For hypothesis 5, learning by doing, CAP scored more than 90 percent, the three districts of NAADS scored an average of 70 percent, and LGDP scored only about 40 percent. Correlating these scores with project performance, several key findings stand out:

1) The Community Action Plan:

- Scored high on community empowerment due to the formation of community-level project committees, which managed community contributions and were responsible for contracting and verifying the quality of goods and services. Communities seemed not to have the expectation that they should control project funds.
- Scored high on local government empowerment because of its handover of social infrastructure microprojects to local governments, in recognition of their growing capacity, so that CAP could focus more on empowerment activities.
- Scored low on realignment of government because the project was centrally designed. This finding is misleading, however. The national-level design was due largely to the lack of a self-help tradition in the project area, and to the absence of NGOs capable of mobilizing community development.
- Scored low on accountability and transparency due to the lack of community control of project funds.
- Scored high on learning by doing, because it placed great emphasis on facilitating community-level development activities, and trained its community facilitators in participatory techniques.

2) The Local Government Development Programme:

- Scored high on community empowerment because communities received the largest share of LGDP resources, along with intensive, demand-driven technical assistance.
- Scored high on local government empowerment, due to its three-year rolling capacity building plans for district governments, including extensive, demand-driven technical assistance; and to its efforts to transform local governments into financially sustainable and “respected entities,” and “intelligent clients” of private service delivery.
- Scored high on government realignment because the project played a key role in developing the procedures and institutional arrangements governing the transfer of responsibility for services to local governments.
- Scored low on accountability and transparency, most likely because the project’s system of rewarding well-performing local governments (with an increase in their discretionary development budget), and sanctioning poor performers (with a decrease in their budget), was perceived as unfair by poor performers. There was also dissatisfaction with the transfer of taxes levied by subdistricts upward to the districts.
- Scored low on learning by doing, due to the limited consultation with community project committees during project design, the lack of consultation with beneficiaries during project identification and implementation, and the lack of involvement of communities in selecting service delivery agents or disseminating information on resource allocation. This contradicts the high score on community empowerment, but is probably a truer picture of the situation than represented by the mere transfer of funds to the communities.

3) The National Agricultural Advisory Services:

- Scored high on community empowerment, except for marginalized groups. Although there was no community consultation during the design phase, there was an unconditional flow of resources from the center. NGOs assisted with the formation of farmers’ groups, which carried out participatory appraisals and planning, and were the focal point for efforts to modernize and commercialize agriculture.
- Scored high on local government empowerment, due to the unconditional flow of resources from the center, and to the creation of farmers’ forums at the subdistrict level, which hired and supervised private service providers, including farm advisors, on behalf of the farmers’ groups. There was no consultation with local government during the design phase. The reviewer noted that strong civil society lobby groups, in existence before the project, played a part in empowering local government by demanding resources and support from the center.
- Scored high on government realignment, due to the unconditional flow of resources within a well-functioning decentralized structure that supported the autonomy of local governments and created an enabling environment for cooperating private sector actors and donors.
- Scored high for accountability and transparency in two districts, for reasons not apparent from the report; and low in one district, due to poor information flow to communities from the NAADS secretariat and the farmers’ forums.
- Scored high on learning by doing, due to extensive training and facilitation in modern farming methods, and the development of market linkages. Farmers groups were given access to a broad range of technical and managerial tools and techniques, and technical and advisory services. They were also given training in group dynamics.

⁴⁵ [Scaling Up Community Driven Development: Case Study from Uganda](#), Martin Onyach-Olaa, Suleiman Namara, Timothy Lubanga, and Mwalimu Musheshe.

Box 3.10, continued.

4) The Northern Uganda Social Action Fund was designed to operate in conflict-ridden northern Uganda according to LCDD principles. In particular:

- Communities receive unrestricted funds, participate in all phases of the project cycle, manage resources and procurement, and monitor progress at each stage. Facilitation focuses on strengthening community participation, leadership, and resource mobilization. This project would score high for community empowerment.
- Local governments are strengthened in the areas of technical design, procurement, financial management, participatory processes, monitoring, and evaluation, and communications, all of which have increased popular participation in local governments. Districts are rewarded for good performance with increased allocations, which must be sent downward to communities. The project would have scored high for local government empowerment in 2003 .
- Government realignment was not addressed in this case study, but since it was district rather than Government officials who resisted transferring money and authority to the communities, it was apparent that the system is already decentralized to a large degree.
- Accountability and transparency are apparent in the flow of information downward to the community level, and in the fact that communities are accountable for project performance. The project would score high for this indicator. In 2003
- Learning by doing is an important part of the project design. Communities and local governments participate with facilitators in pre-testing the construction of community-based infrastructure, with special attention given to vulnerable groups, to enable them to learn along with the rest of the community. In conflict areas, the project uses traditional and cultural leaders to facilitate participatory conflict resolution processes. The project would score high for this indicator in 2003.

Key Lessons

- The use of quantitative methods to test a project's adherence to the LCDD process (implementation of the five principles), rather than testing its outcomes, is an important contribution to the LCDD toolkit, and is useful in a variety of settings – with the caveat that the scores reflect not an objective assessment, but the communities' perceptions of their own successes and failures. This particular toolkit could easily be integrated in the stock taking toolkit presented in [Chapter 5](#).
- This approach revealed a positive correlation between adherence to the LCDD process and the satisfaction of beneficiaries; however, it did not establish a correlation between beneficiaries' perception of their own empowerment and the level or quality of scaling up. A methodology for researching that question needs to be developed.
- Empowerment may create new tensions between communities and local government with regard to control of resources. A productive relationship between the two entities may need to be facilitated.
- The emphasis in some projects on empowerment through community groups often excludes marginal individuals who are unable to participate in community life. Special efforts must be made to include them.

NUSAF, in 2008, its last year of implementation, has been marred by the discoveries of large number of corruption/embezzlement incidents which are being investigated publicly. In its earlier years the project could at times not operate in the Northern Region due to the continuing or resurging conflict.

[Click here](#) for more information.

[NUSAF scandal](#)

The Uganda case shows that a decentralized system that channels the largest portion of uncommitted resources downward, combined with the provision of intensive technical assistance, creates a strong environment for the development of the pillars of local capacity building and community empowerment. It also shows that those two pillars are, in turn, crucially dependent on the pillars of transparency and accountability and learning by doing to function sustainably. Further, the Uganda case explicitly shows how the capacity building and empowerment pillars help to stimulate local economic activity by enabling the development of farmers' groups, market linkages, relationships with private suppliers, and so on—all of which are important for the LCDD framework to be scaled up and made a part of longer-term development planning.

Since 2003, Uganda has further deepened its decentralization. Under the National Local Government Development Program (a SWAp with APL funding from the WB) local governments have created community development funds. National rules for communities to participate in the local government participatory planning process have also been adopted.

3.10.1 Three stages of LCDD

Every country needs to consider its specific historical, social and economic circumstances and tailor LCDD accordingly. In doing so, countries may find it useful to consider three stages of CDD: *initiation, scaling up, and consolidation*.⁴⁶ Conditions vary vastly across countries. Where conditions are ripe for scaling up, we can proceed quickly. In other cases, it may be necessary first to create the necessary pre-conditions.

1. Initiation stage.

Countries with successful LCDD programs have already achieved their *initiation stage*. Other countries have little or no participation or decentralization experience. Their empowerment process can be initiated on three fronts: (a) enhancing real participation; (b) targeting specific groups (such as people affected by HIV/AIDS, women, ethnic minorities); and (c) starting a dialog with stakeholders on decentralization.

Where no decentralization or local funds exist, pilot projects can be initiated. Small learning-by-doing grants to communities or the lowest level of local government (as small as \$ 5,000 to \$10,000 per community) can kick-start the process. *Participatory appraisal and planning* can begin using existing resources. In the Borgou region of Benin, half the 500 villages were covered with participatory appraisal within six months using only existing resources and facilitators. A similar approach gave good results in Malawi. This implies that entire countries can be covered fairly rapidly using modest external resources.

Pilots should be tailored to climatic, ecological, and social contexts. If pilots have been conducted only in a small part of a country, further pilots are required to establish what works in what conditions.

Many countries are not keen on decentralization. In such cases reformers need to start a dialog with the government, and mobilize public opinion in the process. While that dialog proceeds, a start can be made with participation. Enhanced participation is the first building block of CDD, whose foundation must be laid quickly even if decentralization seems some way off.

2. Scaling up stage

Where pilots have already succeeded, scaling up is the next logical step. This rarely can be done in one big bang at the national level. All the tools and logistics for scaling up should first be refined and tested in one district of province, as in the Borgou pilot. Such field-testing will quickly identify critical bottlenecks that may, for example, prevent rapid disbursement, and may require legal or regulatory changes. The field-tested operational manuals, tools, training manuals, and scaling-up logistics can then be extended to and adapted to local conditions in a rollout process that ultimately covers all districts/provinces.

Sectoral successes can be scaled up without waiting for the creation of local governments. Swajal in India, the river-blindness eradication program in West Africa, and SEWA (Table 3.1) have scaled up with little or no help from local governments.

3. Consolidation stage

When countries have scaled up in some sectors and/or regions, they can move towards consolidation, as Uganda is doing. This can include: (a) integrating participation and decentralization; (b) scaling up provincial programs to full national coverage; (c) improving

⁴⁶ Ibid.

LCDD design in the light of experience; (d) improving technical and organizational capability; and (e) expanding targeted programs to tackle issues that communities may have neglected. For instance, communities may give excessive priority to curative health and not enough to disease prevention measures like improved stoves, hygiene education, and malaria control awareness. Gaps left by community action can be filled in the consolidation phase. The focus of LCDD is typically on rural areas in early stages, but urban areas should be covered in the consolidation stage if not earlier. Much more can be learned and documented about urban LCDD experiences.

When strong communities and local governments have emerged, official support needs to assist the formation of networks and federations of stakeholders. Brazil provides a good example of communities federating to link up with export markets. Mexico, Turkey, and India have created successful water users' associations. The emergence of federations of communities can be regarded as the climax of the consolidation stage.

3.10.2 Sequencing LCDD

Each country needs to take stock of its current institutions and stage of development to view its current position through this three-stage framework, and decide how best to proceed. There can be no single blueprint: every country will need a separate action plan tailored to its circumstances.

Many different sorts of partnerships between stakeholders are possible. Annex 4 gives a list of diverse partnerships in the Integrated Development Plan of Mangaung, South Africa. Countries need to consider which sorts of partnerships are best for their circumstances.

Allowing lots of time upfront for careful preparation is a good practice; pressure for rapid disbursement is not. Sequencing should allow for participatory processes to be established and running before scaling up. Once the processes are in position, conditions will have been created for more rapid disbursement. Process monitoring is all-important. Feedback is required from the field to know what is working and what is not, and improve program design accordingly.

A sufficient time horizon is essential for programs to be scaled up successfully. Many important processes will take time, including the initial social and stakeholder analysis, getting the participatory process right, strengthening the framework for decentralization, fostering political commitment, implementing and evaluating pilots in different social and geographical conditions, etc.

In countries where there is little experience with decentralization and community development the best course may be a *phased program, spread over perhaps 10-15 years*. This can be financed by an Adaptable Program Loan (APL). In Niger, for example, the World Bank has embarked on an APL spread over 15 years in four phases. Triggers have been devised for moving from one phase to the next. If trigger conditions are not fulfilled, the program will not be able to move to the next stage. The key feature of this model is that phasing over a long period gives time to develop the preconditions for full national scaling up.⁴⁷

⁴⁷ The World Bank. 2003d. Project Appraisal Document on a Proposed Grant to the Republic of Niger for the Community Action Program. Washington, D.C.

3.11 Program Design, Pre-Program Diagnostics, and Maintenance Diagnostics

The *Scaling Up Framework* goes from concept to reality based on the integrity of an *LCDD Program Design*, which in turn, is defined by a set of *Pre-Program Diagnostics* and maintained by *Program Maintenance Diagnostics*. While [Chapter 4](#) presents the African experience in LCDD and the adjustment of LCDD technique based on the country context, [Chapter 5](#) – Part 1 covers how to synchronize government and donor/partner support with scaling up LCDD. Pre-program diagnostics are inherent to understanding the condition in a country of LCDD’s pillars, values, and elements prior to scaling up. The pre-program diagnostic review shows what is strong and what needs help.

It is like a report from an environmental or geologic engineer prior to designing a structure – the diagnostics guide the program design, pointing to where efforts need to be focused, where extra investments or policies are required, and what sequencing may be necessary. The *program maintenance diagnostics* measure key aspects of the LCDD initiative to determine if the program design and implementation plan are operating as intended or if adjustments are required.

The data for these diagnostics come from three main sources – the program’s monitoring and evaluation component, independent evaluations, and special purpose studies. These are often reviewed as part of the annual program review process. A clear diagnosis of what needs to be further improved comes out of these evaluations. When a program has good supervision, the diagnosis leads to an action plan and pro-active improvements to operations, so that problems are fixed before they compromise the program.

Box 3.11 KDP’s Research Program

KDP is a prime example of a very active research program as part of its maintenance diagnostics. In Indonesia, KDP has a very active research program. At its [web site](#), you will see the different studies done under the last KDP program which help in the design of the next phase.

What often happens in the context of large and long-term programs is that evaluations are done in order to move from one stage to another. These evaluations, by independent outsiders, include:

- Beneficiary satisfaction
- Process and management audits, and
- Evaluation studies.

For instance, in Malawi, before moving to MASAF APL phase 2, there were an independent impact evaluation, beneficiary assessments, and a review of the organizational structure. As a result, and with the objective of gradually moving away from an independent agency into regular government structures, the MASAF unit was disbanded and the staff moved to Ministry of Finance where it will advise on the parts of the program which are their expertise: community engagement, planning, and implementation, as well as linkages with sectors, local governments, and social protection programs. Other government agencies will deal with the strengthening of local governments, fiscal decentralization etc.

Note: Annexes 3 and 4 provide a variety of program design and diagnostics tools. These can be used at program preparation, but useful throughout program implementation, implementation support, and the restructuring of poorly performing programs.

3.12 Conclusions

The underpinnings for scaling up LCDD, based on economic theory and actual global experience, help guide planners and proponents in determining:

- What is to be scaled up;
- The conditions that are conducive to LCDD;
- How to overcome adverse institutional barriers;
- How to reduce total and fiscal costs;
- How to overcome co-production problems;
- How to adapt to the local context;
- How to create field-tested manuals, tool-kits, and scaling up logistics; and,
- How to sequence LCDD

The underpinnings have also established a set of practical tools to check the soundness of program design and diagnostics help planners and proponents adjust and maintain the LCDD scaling up process.

By examining a wide range of country experiences in LCDD, we find that political commitment and sound technical design are vital for scaling up. Without political commitment, LCDD is easily sabotaged by vested interests, so donor conditionalities are no guarantee of real empowerment. We talk in this paper of co-production difficulties, which can sometimes be a euphemism for political sabotage. *Governments and donors need to be opportunists*, seizing occasions when the political dynamics of a country bring to power politicians genuinely committed to shifting power to the grassroots. More research is needed on the related political economy issues.

Well-designed decentralization and programs can facilitate models that are easily replicated across provinces and countries. In Indonesia, the rapid expansion of KDP has been compared with a McDonald's franchise—field-testing a good institutional model and then going for mass replication. Districts not covered by KDP have petitioned the government to get the same model. This model needs adaptation in different socio-economic conditions, just as McDonald's adapts burgers for different countries (in Japan, it sells a teriyaki burger; in India, a potato burger). *As in any franchise scheme, the overall design requires much testing and design effort, but ultimately the rules and procedures must be so simple that people with limited skills can replicate the model in thousands of communities. Complex models will not scale up fast.*

Scaling up means more than *physical scaling up* (mass replication). It also means *social scaling up* (by increasing social inclusiveness) and *conceptual scaling up* (changing the mind-set and power relations). Social scaling up can mean constant adaptations to improve the voice of the weak, or special targeted programs to supplement multisectoral ones. Conceptual scaling up means going beyond the notion of LCDD as a project approach, or even a program approach, and embedding empowerment in the all thinking and action concerning development.

What are the pros and cons of LCDD projects versus processes? Both approaches can be appropriate. Ideally, we need multisectoral CDD, but the political and fiscal conditions may make that difficult. Single-sector LCDD cannot drive the process, but can have a vital demonstration effect in convincing people that empowerment is the best way to go. In Kerala, incumbent local governments were re-elected in all five Gram Panchayats participating in the pilot phase of Janidhi, whereas two-thirds of incumbents were defeated state-wide, and this sectoral lesson

provided strong political support to the whole empowerment process. Often local governments are thinly funded, whereas sectoral schemes are well funded and attract more public participation. So, LCDD *projects and processes can evolve together through mutual strengthening*.

The underpinnings of LCDD go from **concept** to:

- **Reality** in [Chapter 4](#), which offers recommendations based on direct review and analysis of the African context for improved public services through LCDD; and to
- **Practice** in [Chapter 5](#), which provides a ToolKit/Guide for synchronizing government and donor/partner policy with LCDD as a prerequisite for scaling up, and a Step-by-Step Guide for getting the operational details and logistics organized for scaling up.

These chapters bring a sense of the complexity and inherent practicality of LCDD, as well as support this book's adaptive guidelines and observations.



CHAPTER 4

LEVERAGING LESSONS FROM AFRICA



CHAPTER 4 – LEVERAGING LESSONS FROM AFRICA

*This chapter is adapted from a report by Rodrigo Serrano-Berthet (SDV, TTL), Louis Helling (consultant), Julie Van Domelen (consultant), Warren Van Wicklin (consultant); with support from Dan Owen (SDV), Maria Poli (consultant), Ravindra Cherukupalli (consultant), Valerie Kozel (HDNSP), Bassam Ramadan (AFTHI).*⁴⁸

Chapter 3 presented the key elements and phases of LCDD program design and introduced the fundamentals of country diagnostics and the need to assure that LCDD is customized to its *country context*, (the national political and governance situation). Chapter 4 focuses on the experience of the World Bank in the Africa region at assessing *country context* and adjusting program design and funding mechanisms, so LCDD can fit safely in a variety of complex political and national scenarios.

4.1 A Contingency Approach to Assessing Fit between Empowerment Strategies and Country Context

The evolution of the World Bank’s project portfolio towards participatory local government raises new strategic and operational challenges for LCDD program designers. The variety of program objectives, strategies, and field approaches employed across the continent reflect the diversity of the contexts in which LCDD programs are designed and implemented, both in terms of the problems they are meant to address and the opportunities and constraints that characterize the policy and institutional environments within which they are set.

The African Portfolio shows that appropriate LCDD roles can be effectively defined if the country context is understood and accommodated for. The key is using a contingency approach based upon the fit between key features of the country context and various LCDD/LCDF options for planning, resource management, subproject implementation, and service delivery improvement.

4.1.1 Characterizing Country Contexts for LCDDs

Assessing the strategic fit between LCDD design and country context requires a concise, consistent characterization of country context. For local and community development programs variables related to decentralization and governance are the most relevant. Country context can be characterized by two main variables: the quality of national governance and the status of national decentralization. Where the public sector is insufficiently responsive to community needs and priorities, the problem lies in two structural factors:

⁴⁸ This chapter was excerpted from chapters 3, 4, & 5 of *Social and Local Development Funds in the Africa Region, Evolution and Options*, prepared for Africa Human Development Department, World Bank, August, 2008, prepared for Africa Human Development Department, World Bank, where the authors - Rodrigo Serano-Berthet, Louis Helling, and their team- provide a rich and broad perspective that looks across Africa to assess country context to create the appropriate fit for local development project design and funding, enhance the effectiveness of local/community governance and capacity in spite of complex and difficult political scenarios, or steward the process at a safe speed with the full support of government.

The authors specific focus was on the Local Community Development Funds (LCDF) that supported various LCDD programs in Africa from the 1990s to the present. The World Bank has supported local and community driven development and poverty reduction in Africa through more than 100 operations employing similar program instruments. Our focus is on the LCDD programs. LCDD and LCDF, in these cases, can be considered kindred facets of the community development process, with LCDF focused on guiding the funding for projects and programs that are determined and executed by the CDD/LCDD participants– the community-based efforts at governance, decision-making, and managing resources and projects. As shown in Chapter 2, the Africa CDD/LCDD Vision has been a vital springboard in the evolution of this approach.

- Deficits in the quality of governance, and
- High centralization of planning, resource allocation, service delivery management, and accountability.


This report uses the World Bank’s Country Policy and Institutional Assessment (CPIA) cluster of governance variables (Cluster D) as a proxy measure of the quality of national governance. This index averages variables characterizing property rights and rule-based governance; quality of budgetary and financial management; efficiency of revenue mobilization; quality of public administration; and transparency, accountability⁴⁹, and corruption in the public sector. Low CPIA Cluster D values (less than 2.5) appear to correspond to countries widely perceived as deficient in national governance.

No widely employed and tested proxy for the degree of decentralization is available, so this review uses a cluster of three variables:

- The legal and political autonomy of local governments (whether there are statutory, elected local governments),
- The fiscal basis of local government autonomy (whether there is an on-budget, intergovernmental capital transfer), and
- The administrative significance of local government autonomy (whether there has been devolution for basic transport services and for such basic social services as primary health, primary education, and potable water supply).

While focusing on only two independent variables results in a highly stylized and reductionist characterization, this approach is simple and economical. Below (Table 4.1), four idealized types of country context are described which will provide the basis for subsequent discussions of fit.

Table 4.1: Classification of Country Context

I	II	III	IV
Dysfunctional government	Deconcentrated system	Incipient decentralization	Consolidating decentralization
CPIA Cluster D is less than 2.5	Local state bodies upwardly accountable but not elected	Decentralization law creates local governments with some autonomy in resource management and local elections are held	Conditions for incipient decentralization met, combined with fiscal decentralization and devolution of service delivery
Angola Chad Congo, Dem Rep. of Congo Republic of Liberia Sudan	Mauritania Mozambique Niger Sao Tome & Principe	Benin Burkina Faso Cameroon Gambia Guinea Kenya Madagascar	Malawi Mali Nigeria Rwanda Senegal Sierra Leone Zambia
			
Low-functioning intergovernmental system		High-functioning intergovernmental system	

Note: Categories are based on 2006 data and include only countries with a relevant World Bank project.

⁴⁹ These “structural factors” reflect relatively static national regime characteristics and policies; factors that do not vary significantly in the short term or depending upon local conditions. Other characteristics that are related to the specific capacities and behaviors of local level actors are discussed in relation to the dynamic analysis of the risks associated with fund reliance on local governments as decision-makers and resource managers.

4.1.2 A Panorama of Country Contexts from Dysfunctional to Functional

DYSFUNCTIONAL GOVERNMENT characterizes countries that are rated low or very low for the quality of national governance—they do not provide legitimate and credible public decision-making and resource management. In general, national decentralization policies are not relevant given such widespread and systemic institutional failure. Most of these countries have suffered from internal conflict in the past decade and are transitioning to stable, post-conflict governments. Dysfunction may result, in governments without conflict, from the nontransparent, weakly accountable, and frequently opportunistic behavior of public bodies and officials. Chad, contemporary Zimbabwe, the Central African Republic, and the non-conflict regions of northern Sudan are such endogenous dysfunctional regimes. In other cases, as in Angola, the end of conflict does not always bring significant short-term improvements in national governance.

DECONCENTRATION characterizes centralized states. These have moderate or even good national governance, but decision-making and accountability remain dominated by national government bodies or their regionally delegated authorities. There are no statutory, elected local governments.⁵⁰ Several countries facing emergency, post-conflict, and poor governance contexts also lack significant decentralization. They are expected to advance into the group of deconcentrated states as they move toward stability and good governance.

INCIPIENT DECENTRALIZATION characterizes moderately or well-governed countries where the government has adopted national decentralization policies and basic laws but where the basic elements of political, fiscal, and administrative decentralization are not fully implemented. After the passage of enabling legislation, local elections are held and local government councils and executives constituted in at least some part of many countries, often beginning in cities and towns. But decentralization often remains only incipient: territorially limited, fiscally constrained by insufficient transfers from the central government, and lacking own-source revenues. It also remains functionally constrained because important public service delivery responsibilities—especially for basic health, education, water provision, and road maintenance—are retained by the central government and its deconcentrated structures.

CONSOLIDATING DECENTRALIZATION refers to moderately well governed (or better) countries where three pillars of local governance are being implemented, even if incompletely or ambivalently. They have achieved:

- The legal and political empowerment of local governments;
- Access for local governments to significant fiscal resources through intergovernmental transfers and own-source revenues; and
- Administrative responsibility for local governments to deliver the basic services contributing to local social and economic development.

Few countries in Africa have reached this phase in their decentralization processes. Some of the countries included in this category have more consolidated systems (South Africa, Botswana), and others are less consolidated (Tanzania, Uganda, Ethiopia, Ghana).

⁵⁰ In some countries, such as Mozambique, statutory local governments exist in urban areas but are by statute or even by constitutional provision not authorized in rural districts, where a majority of the African population resides.

4.1.3 The *Fit* Between Country Context and LCDD Strategy

The Toolkit discussed in [Chapter 5](#) is designed to fit LCDD design strategies to country context. Such a design strategy involves two steps:

- The first is to conduct a static institutional analysis of how a strategy takes advantage of the opportunities or constraints presented by country context for strengthening local governance.
- The second is to conduct a dynamic risk analysis that looks at how much confidence task team leaders can have in future reforms of the policy environment (*policy risk*) and in local governments' performance in executing their responsibilities (*performance risk*).

Static institutional analysis of strategic fit based on country context

Based on the assessment of a given country at a particular time, CDD/LCDD program designers can choose institutional strategies that match, are more conservative than, or lead the country context when determining the role of local government:

- **MATCHING STRATEGIES** adjust program design to take advantage of opportunities in a country's policy and institutional environment to advance the dual goals of service delivery and local governance—without assuming extraordinary risks. If a deconcentrated context is suited to increasing local responsiveness by introducing local planning, a strategy with local government planning and community-based subproject management (a B2 strategy) would be a matching strategy—neither too cautious nor too ambitious compared with the situation.
- **CONSERVATIVE OR LAGGING STRATEGIES** deliberately adopt more conservative postures compared with country context, not taking full advantage of the opportunities to promote local government roles in program implementation, either through local capacity-building or policy reform. This caution expresses a reluctance to fully entrust local governments with priority setting, resource management, and subproject implementation. In certain (often controversial) contexts programs adopting conservative strategies may even hinder or conflict with the roles and powers ascribed to local governments under national policy, due to an assessment that local governments are likely to perform poorly.
- **LEADING STRATEGIES** use LCDD programs' institutional designs to push the boundaries of the institutional environment and accelerate change in the political, fiscal, administrative, or social aspects of local governance. The additional risk may be justified by confidence in ongoing changes led by policy champions in government or by dynamic civil society leaders linking local development to broader national reforms.

Table 4.2 identifies, in an abstract case, when institutional strategies lead, match, or are conservative with respect to country context.

Table 4.2: Assessing Strategic Fit between Country Context and Fund Institutional Strategies

	A1 Agency Managed	A2 NGO Managed	B1 Community Managed	B2 LG Planned & Community Managed	C1 LG & Community co- Managed	C2 LG Managed	D Inter-Govtl Fiscal Managem ent
Dysfunctional Government							
Deconcentrated State							
Incipient Decentralization							
Consolidating Decentralization							
Color codes:							
		Conservative Strategy		Matching Strategy		Leading Strategy	

As the governance and decentralization contexts improve, greater responsibility can be entrusted to local governments for fund implementation in collaboration with community programs. As country contexts improve, the zone where strategies match context shifts from pure community management (table 4.3, column B1), through community management with local government planning and oversight (column B2), and toward either hybrid or predominantly local government management (columns C1 and C2).

This approach allows program designers to enhance the sustainability of improvements in governance and service delivery by shifting pure community-based programs toward stronger links to and partnership with local governments. The implicit bias toward a bigger role for local governments does not mean marginalizing communities⁵¹: hybrid community–local government strategies *are* the goal.

Adopting matching, conservative, or leading strategies reflects a calculation of the expected costs and benefits of taking risks. These categories should be seen less as a prescriptive argument about what is right and wrong with a country and more as a measure of risk aversion. Leading and conservative strategies do not mean that development programs or funding mechanisms have been poorly designed, rather, they represent a decision that other factors beyond national governance and decentralization need to be taken into account. What might these factors be?

Dynamic risk analysis & strategic fit

ASSESSING RISK is essential to avoid applying context-strategy matching too mechanically. **DEFINING CONTEXT**, though useful as a starting point, is structural and static, so it must be complemented by a more nuanced and dynamic assessment of risks. By assessing policy risk and performance risk in the local government system, program designers can make better decisions

⁵¹ While the primary bias is toward local governments, a secondary bias is toward local public-sector institutions, even if they are not statutory local authorities but rather delegated or deconcentrated state bodies responsible for local governance and service delivery. In other words, private (for example, NGO managed) or parallel direct-to-community fund modalities are assumed to be the least desirable options, except in circumstances where poor national or local governance justify bypassing the local public sector.

about whether to **LEAD** (a bias toward local government) or adopt a **CONSERVATIVE POSTURE** (a bias toward community) compared with country context.

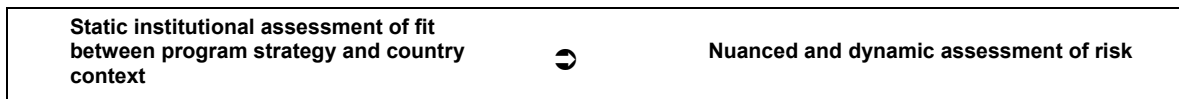
POLICY RISK measures uncertainty about whether government policies and institutions—as approved and as implemented—will be conducive to decentralized, downwardly accountable, and beneficiary-responsive local governance and public management. Are policies that favor centralization or less accountability likely to be adopted? Might influential central government officials or bodies impede pro-decentralization and pro-local governance policies? Greater policy risk implies a higher probability of centrally defined rules and procedures that make LCDD program reliance on local governments less likely to produce the desired results.⁵²

PERFORMANCE RISK measures uncertainty about whether local public officials and organizations will not make decisions, manage resources, and provide services in the interests of the intended beneficiaries and make them, instead, in their own interest or that of their families, friends, or associates. Greater performance risk implies a higher probability of local officials adopting decisions and behavior that make program reliance on local governments less likely to produce the desired results.

These risk assessments will shape decisions on institutional strategies. Significant policy risk may make program designers reluctant to adopt leading strategies, while low policy risk may spur designers to enhance the role of local governments in planning, resource management, and subproject implementation because the future prospects for decentralized governance are good. Similar considerations would apply to performance risk (for risk assessment tools see [Chapter 5](#)).

Risk assessments and the four stylized country types

Box. 4.1 The Sequential Logic



The sequential logic can be applied to typical situations associated within each of the four country contexts.

⁵² For instance, some cases of incipient decentralization are dynamic and forward-moving, even though they are at early stages of installing a local government framework (low policy risk). In other cases political and institutional support for ongoing change processes are weak, and thus decentralization and local government development stagnate (high policy risk).

Table 4.3: Alternative Responses to Risks Associated with LCDD Implementation via Local Government

	Country Context			
	Dysfunctional (central government cannot reliably, fairly, and transparently channel resources to local levels)	Deconcentrated (low responsiveness and downward accountability of deconcentrated bodies)	Incipient (disempowered or weak elected local governments, with few resources and capacities to deliver)	Consolidating (underperforming intergovernmental system, with inadequate central government support to local governments weak accountability for local governments)
Matching strategy (acceptable assessed risks)	Employ parallel mechanisms to channel resources with community participation (B1)	Introduce local participatory planning and oversight mechanisms of deconcentrated bodies (B2)	Use project-funded block grant to local governments to demonstrate viability of intergovernmental transfers and increased local governments' service delivery mandate	Promote greater roles for local government in intergovernmental system, Institutionalize community-driven development and participatory practices in local government systems
Leading strategy (low assessed risks)	Demonstrate engagement of local governments in LCDD program planning and oversight via pilots (B2 or C)	Promote and provide resources to participatory councils to demonstrate advantages of accountable local governments	Support reform of intergovernmental system and more local government capacity/accountability to increase functions and resources devolved to local governments, pass community resource flows through local governments (hybrid strategy)	Enhance civic engagement, local government transparency, and community coproduction to increase local government accountability
Conservative strategy (high assessed risks)	Strengthen central agency control and external oversight of local resource use	Maintain resource flows directly to communities with local government roles limited to coordination and consultation	Limit resources allocated to local governments, maintain some direct resource flow to communities (mixed strategy, C1), and ensure strong oversight of local governments	Limit local government discretion in resource allocation, enhance community roles in subproject co-management, and ensure strong oversight of local governments

IN DYSFUNCTIONAL COUNTRIES the structural constraint is government incapacity to manage public resources and increase access to local public services. In this situation national decentralization policy is a minor factor. The predominant concern is the need for alternative management arrangements to support local service delivery—bypassing governmental planning, finance, and management systems that do not meet minimum fiduciary and governance standards.

Classic methods of community-driven development—including community-level subproject planning and co-implementation, financial flows outside public budgets and governmental disbursement channels, and fund agency-administered procurement and fiduciary arrangements—have proven effective for community investment and capacity-building. Even in difficult contexts, good practice for local and community development programs includes significant roles for beneficiary communities in project identification, infrastructure coproduction, implementation oversight, and operations and maintenance.

Community management (strategy B1) is thus the strategic option that matches dysfunctional country contexts. If performance risk is low, LCDD programs may begin to create a modest role for local governments to build local capacities and demonstrate the potential of accountable, decentralized governance even where national institutions are troubled. If performance risk is high, LCDD programs will likely rely on agency or NGO resource management and direct-to-community implementation arrangements to mitigate fiduciary risk.

IN DECONCENTRATED COUNTRIES planning, resource allocation, and management systems remain centralized and the lines of accountability flow upward to the capital. Local authorities thus tend toward limited responsiveness to community priorities. A matching strategy for local

and community development programs would rely on community institutions for subproject implementation. But it would also introduce local government–led participatory planning to integrate the LCDD program's investments in local investment plans and recurrent cost budgets and increase their responsiveness (strategy B2).

If policy risk is low, LCDD programs may gradually enhance the role of deconcentrated institutions of governance, even though they have no statutory autonomy and are formally accountable only to the central government (a leading strategy). If policy or performance risk is high, designers may limit deconcentrated local administrators to only coordinating and consultative roles, continuing to channel resources directly to communities until capacity and accountability among local public managers satisfy minimum standards.

IN COUNTRIES WITH INCIPIENT DECENTRALIZATION the powers, resources, and capacities of local governments are modest compared with those retained by national officials and bodies. A matching strategy for LCDD programs would allocate at least some resources for planning and management under the local government, often also maintaining resource flows to beneficiary communities. Where the performance risk remains high, conservative strategies may continue to disburse grants directly to communities to mitigate the fiduciary risks. Where there is a strong and clear central government commitment to decentralization and good local governance (low policy risk), a leading strategy may enhance the role and resource base of local authorities before the intergovernmental fiscal transfer system is consolidated and before sectoral service responsibilities are devolved.

IN COUNTRIES WITH CONSOLIDATING DECENTRALIZATION, LCDD program strategies usually support local government management while retaining significant community participation in planning, oversight, and in some cases co-production. Where policy or performance risk is high, conservative or mixed strategies may maintain a dedicated flow of grants to communities while making investments to enhance local government accountability and capacity.

4.2 Fitting to Context: Opportunities to Improve Local Governance & Leverage Community Capacity

THE CHALLENGE FOR LCDD programs is to deliver benefits in the short term and strengthen the state capacities for promoting and sustaining local development benefits in the long term. Based on the framework introduced in [Chapter 3](#), this section assesses how African local and community development programs supported by the World Bank have fared. It focuses on two questions:

- How well do the institutional strategies selected by African local and community and development programs fit with their country contexts—do they match, lead, or adopt a conservative posture?
- How effectively have local and community development programs promoted local governance institutions?

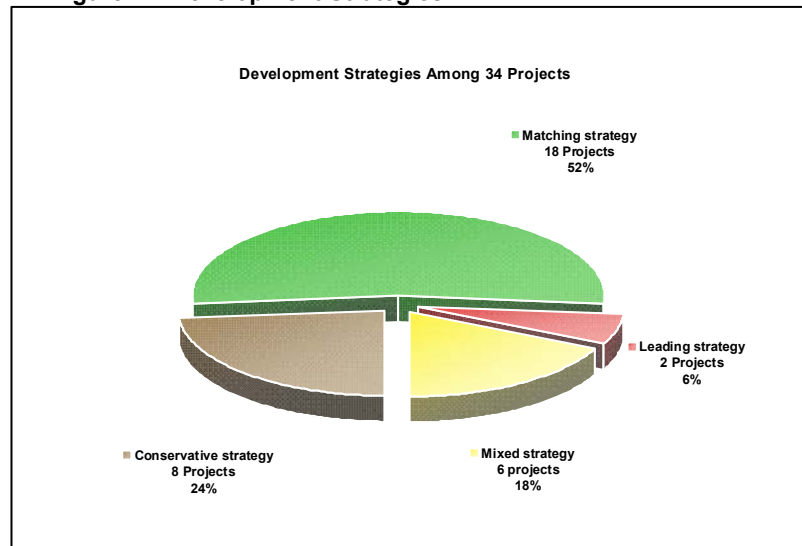
The contingent approach to program design fits Africa’s continuing local and community development challenges—low state capacity (national and local), unstable and unpredictable policymaking, and scarce democratic and civic political culture.

4.2.1 Taking Advantage of Opportunities: Design Strategies and Country Fit

In recent years many LCDD programs in Africa have moved toward strategies that strengthen the role of local governments in community-driven local development. A review of the diversity of program designs in the Africa region shows the extent to which these strategies can be understood as *contingent responses* to the challenges of *fit* between program design and country context .

Table 4.4 (on the next page) applies the *Contingent Program Design Framework* to the portfolio of active LCDD programs, and shows the distribution of programs by country context (on the vertical dimension) and by institutional strategy (on the horizontal dimension). The dark grey blocks indicate the zone of “matching” strategies for each country context, while the black shaded blocks indicate the zone of “lagging” strategies and the light shaded blocks indicate the zone of “leading” strategies.

Figure 4.1 Development Strategies



Most active local development projects have strategies that take advantage of the opportunities for institutional development (Figure 4.1). Of 34 projects, only eight (24 percent) have followed conservative strategies. The other 26 (76 percent) have followed a matching strategy (18, or 52 percent), a leading strategy (2, or 6 percent), or a mixed approach that combines two strategies, at least one matching or leading (5, or 18 percent).

Table 4.4 Strategies of Active Africa Region Operations in Relation to Current Country Context⁵³

Strategy MORE CONSERVATIVE than context	Strategy MATCHES Context	Strategy LEADS Context

X = entire operation, P and S indicate Primary and Secondary components of the same operation

Context	Country	B1	B2	C1	C2	D
		Community management	Local government planning and community management	Local government and community co-management	Local government management	Inter-governmental fiscal management
Dysfunctional government	Angola	FAS (P)		FAS (S)		
	Chad		LDSP			
	Congo, Dem. Rep.	SF				
	Congo, Republic of					
	Liberia	CEP				
	Sudan	CDF(P)	CDF (S)			
Deconcentrated system	Mauritania	CBRD				
	Mozambique				DPFP	
	Niger		CAP			
	Sao Tome and Pr.	SF				
Incipient decentralization	Benin			NCDD		
	Burkina Faso			CBRD		
	Burundi			CSDP		
	Cameroon		CDPS			
	Gambia, The			CDDP		
	Guinea			VCSP		
	Kenya	WKCCD		ALRM		
	Madagascar	CDP (P)			CDP (S)	
	Malawi	MASAF (P)		MASAF (S)		
	Mali			RCDP		
	Nigeria	CPRP	LEEMP			
	Rwanda			DCDP		
	Senegal			PLDP	LADP	
	Sierra Leone	NACSA			IRCBP	
	Zambia		ZAMSIF (P)		ZAMSIF (S)	
Consolidating decentralization	Ethiopia			PCDP		
	Ghana				CBRDP	
	Tanzania		TASAF (S)	TASAF (P)		LGRP
	Uganda		NUSAF	LGMSDP		LGMSDP

⁵³ In this table, countries characterized by two “X’s” have two separate LCDD operations (“projects”) each characterized by its own institutional strategy, while those characterized by a “P” and an “S” have one operation with two components (a Primary and a Secondary) resulting in a “mixed strategy” where each component employs a distinct strategy. These mixed strategy operations are often said to employ two financing “windows,” each with its own eligibility criteria and disbursement/management procedures.

Dysfunctional countries—matching strategies dominate

Most local and community development projects in dysfunctional countries followed a matching strategy that relied almost exclusively on communities, minimizing the role of local governments and other public bodies in implementation. In the Central African Republic, Democratic Republic of the Congo, Liberia, and Sudan operations predominantly followed the classic community management model of the community-driven development approach. In Liberia and Sudan preliminary steps have been made to increase consultative links to local administrative bodies, including introducing district planning to promote integrating fund-supported community investments in broader public investment plans.

Projects in Angola and Chad employed leading strategies, with program designers judging local performance risks to be acceptably low despite dysfunctional national governance:

- Angola's Social Action Fund (FAS III, under implementation since 2003) employs a multi-component strategy that combines a large conventional community-driven component with a smaller pilot that links the fund agency directly with deconcentrated district authorities (in Angola known as *municipios*). The pilot introduces district-level investment planning to complement community priority-setting. After minimum conditions are satisfied, subproject funds are disbursed as grants to district administration (a C1 strategy).
- Chad's Local Development Support Program, approved in 2004, uses an adaptable program loan to define the criteria for a national transition from classical community development (B1) in Phase I, to mixed community–local government co-management (C1) in Phase II, and ultimately to a community-driven, local government–managed approach (C2 or D) in Phase III.

A variety of strategies for deconcentrated countries

In national contexts that lack statutory local governments, or in those where local governments only exist in urban centers, a variety of LCDD strategies have been employed. In these countries the minimum goal is to improve deconcentrated administrative bodies' responsiveness and accountability to local people (B2). Niger's project followed a matching strategy, but others have tried to do more or do less in institutional development—reflecting contrasting assessments of in-country performance and policy risk.

- ***A conservative strategy in Mauritania's Community-Based Rural Development program (CBRD).*** In Mauritania's high-risk environment, national decentralization policy is not unambiguously advancing and communes remained weak as decision-makers and resource managers. Its funding mechanism, approved in 2004, employs classic community-driven methods for its field investment operations, while in parallel supporting the central government in decentralization and local capacity-building. Expectations for the government's political and administrative empowerment of communes are modest, so the project focuses on empowering community-based institutions in the subproject cycle and gradually introducing strategic area-based development planning at the commune level. The CBRD thus adopts relatively static community management (strategy B1).
- ***A matching strategy in Niger's Community Action Program (CAP).*** In Niger communes' (the local governance entities) legal, political, and institutional bases for developmental responsibility are substantially stronger than in Mauritania. So, the CAP, approved in 2003, employs a sequential strategy formalized through an adjustable project loan. During the first phase, the CAP provides field support for classic community-driven development—an empowerment and small investment program in several communes. Meanwhile, capacity-building investments prepare local officials to lead in participatory community development, in area-based planning, and in managing local investment resources.

The CAP also helps the central government with decentralization. Subsequent phases anticipate expanding community-driven development, strengthening commune capacity, and gradually empowering more committed and capable commune authorities to lead community-driven local development. The adjustable project loan defines triggers for both local performance and national policy, including commune elections, as a precondition for continued funding. The CAP's leading strategy aims to move the country from stagnant deconcentration to incipient decentralization. After local elections took place in 2004, the CAP strongly supported capacity building of the local governments.

- ***A leading strategy in Mozambique's District Planning and Finance Program (DPFP).*** Because local government is constitutionally limited to urban areas, the rural-focused DPFP aims to promote participatory and accountable local governance and more community-responsive development (strategy C2)—in the context of institutionalized deconcentration. Even without local elections and statutory autonomy for districts, the project introduces elements typically characteristic of devolved local government such as: representative councils; participatory area development planning linked to local investment budgeting; and accountable financial management linked to subproject implementation. True, the limited mandate of district administration and budgets for education, health, and water have limited local plans. But the gradual institutionalization of consultative community councils to the management of program discretionary funds has boosted responsiveness and accountability. Even so, no opportunities are apparent for policy change that favors establishing statutory local governments outside rural towns.

Incipient Decentralization—hybrid matches are the most common strategy

INCIPIENT DECENTRALIZATION IS THE MOST COMMON COUNTRY CONTEXT FOR LOCAL AND COMMUNITY DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA. Since 1990, many countries have established local government systems and created at least some local governments. In most, however, territorial coverage is incomplete, functional mandates are limited, access to discretionary resources is constrained, and capacities are low. Where decentralization is incipient, the minimum ambition for institutional development is to empower weak local governments by transferring resources through them and building their capacities for responsive, responsible, and accountable behavior (C1 or C2 strategies).

The 15 incipient decentralization countries with active local and community development projects follow a variety of strategies:

- **HYBRID MATCHING STRATEGY.** Benin, Burkina Faso, Burundi, Gambia, Guinea, Mali, Rwanda, and Senegal follow a hybrid matching strategy, allocating funding and management responsibilities in part or in full to local governments (C1 strategies) .
- **MIXED APPROACH.** Madagascar, Malawi, and Zambia follow a mixed approach that includes conservative and matching strategies combining direct financing to communities (either B1 or B2 type) and financing to local governments (C1 or C2 type) through parallel financing windows.
- **CONCURRENT OPERATIONS.** Kenya and Sierra Leone have two concurrent operations, one with a conservative and the other a matching strategy.
- **CONSERVATIVE STRATEGIES.** Nigeria follows a conservative strategy.

Funding stream as a key indicator of strategy type.

All funding in **HYBRID STRATEGIES** flows through local governments, with some or all of the funds assigned by the local governments to lower councils or community organizations for implementation. In **MIXED STRATEGIES**, by contrast, projects allocate only part of the funding to local governments (to those that qualify as capable of managing funds), with a significant portion still going directly to community organizations. These strategies also differ in their engagement with decentralization policy reform, their scaling up approach, and the organizational structure under the central government.

Some key features of hybrid strategies:

- **IMPORTANCE OF DECENTRALIZATION POLICY REFORM.** Projects with a hybrid strategy have tried to support community-driven decentralization. Guided by the Africa Community-driven Development Strategy, their aim is to build local governments from the ground up and to support decentralization reform. These operations tend to include reforming or implementing the legal and policy framework for fiscal, administrative, and political decentralization.
- **SEQUENTIAL SCALING UP.** The typical approach is to test and initiate community-driven development in many rural local governments — a minimum of a third of local governments in the country — and then expand it to the whole country.
- **ORGANIZATIONAL STRUCTURE.** At the central government level these programs create project implementation units in the Ministry responsible for decentralization. If a social fund agency already exists, it is closed and mainstreamed into the Ministry's unit. This has happened in Benin and Burundi.

Projects pursuing a mixed strategy are more cautious in their alignment with decentralization policy. They try to manage the risks of decentralization by keeping two financing windows (one for financing local government and another one for community funding, corresponding to C2 and B2 strategies respectively). Shifting resources from the community window to the local government window is often contingent on local government performance. Allocating responsibilities to both communities and local governments allows program designers to hedge performance risk while ensuring a reliable flow of targeted benefits through community-based institutions. Doing so combines conservative with matched or leading strategies. Some key features of mixed strategies:

- **DECENTRALIZATION POLICY.** While these funds aim to demonstrate more participatory tools for local government planning and management, they do not engage directly with reforming the framework for legal and administrative decentralization.
- **GRADUAL TERRITORIAL SCALING UP.** The programs scale up gradually, either within territories of the state or expanding from for instance one province or region to more provinces or regions.
- **ORGANIZATIONAL STRUCTURE.** Programs following a mixed strategy are usually implemented through semi-autonomous agencies. One risk is that the agency might reduce the incentives to transfer responsibilities to local governments. The upside is that this structure preserves institutional capacity. In unstable institutional environments, that might be an asset.

Concurrent strategies – Sierra Leone

In Sierra Leone two local and community development programs coexist, pursuing two different strategies.:

- ***The National Commission For Social Action (NACSA)*** relies on community based strategies and was designed as a post conflict response, before the government initiated a process of devolution through the Local Government Act and local elections of 2004.
- ***The Institutional Reform and Capacity Building Project (IRCBP)*** relies on local government strategies and was designed to support the implementation of the new decentralization policy. Unlike traditional local government reform programs, the IRCBP takes a strong developmental, results-oriented approach to capacity-building, emphasizing structures and mechanisms to promote downward accountability through participatory local planning, transparency, and access to information about local government performance.

NACSA began a process of adjustment that included adjusting the feeder road component to provide direct financing to local governments and strengthen local governments' capacity to manage public works projects. While the future role of the agency is still being discussed, the social fund is deepening its engagement along the lines of a Social Assistance to Vulnerable Groups Fund (e.g., piloting a CCT for vulnerable groups).

The Bank has also supported the LCDD pilot program called ***GoBifo*** (which means Go Forward). This program has been experimenting with village-level participatory decision-making, civic engagement in local governance, and LG block grants to villages. Those experiments that prove to have value added (through rigorous evaluations) will be mainstreamed through the IRCBP.

Conservative Strategies – Nigeria

Despite the elected local governments in Nigeria, local and community development programs still transfer all their resources through the community management approach—a conservative strategy (B1 or B2). The strategic decision to *under-design* reflects a more cautious approach to supporting decentralization.

In Nigeria, the overall governance environment and the decentralization framework were so problematic—that is, policy and performance risks were high—that the project teams decided that a local government management strategy was too risky.⁵⁴ Even with election of local governments and some fiscal transfers, corruption in government was high and the decentralization framework deficient. Both the Community Poverty Reduction Project (CPRP) and the Local Empowerment and Environmental Management Project (LEEMP) opted for community management, but their strategies differed. CPRP completely bypassed local governments (B1), while LEEMP created a local council with participants from the local government, community-based organizations, and deconcentrated sectors. That council had authority for approving projects and for local planning (B2). The programs avoided overlapping on the ground by operating in different areas.

But the two approaches to community-driven development proved confusing and inefficient for the government and for Bank management. In response, the Bank is gradually merging the approaches. The first step was to harmonize the operations manuals as much as possible (making co-financing percentages the same across the projects, for example). The next step is to design the follow-up projects in an integrated manner, building on the lessons from the first set of projects. LEEMP is proposing making access to its funds conditional on local governments' adopting a participatory and transparent planning mechanism. This would indirectly move toward a co-

⁵⁴ Nigeria had two active community-driven operations that financed local infrastructure: the Community Poverty Reduction Project (CPRP) and Local Empowerment and Environmental Management Program (LEEMP). A third operation, FADAMA, focused on productive projects supporting small farmers organizations. By 2009, there are only two LCDD operations: Community Social Development Program and FADAMA III. Efforts are being made at the Local Government level to harmonize the two teams.

management strategy (C1), even if the follow-up project continues to use community management.

4.2.2 Consolidating decentralization — varied strategies

WHERE DECENTRALIZATION is CONSOLIDATING, the key potential contribution of an LCDD program is to promote improvements and innovations on the demand side of local governance. Public-sector reform programs usually focus on strengthening local governments' functional mandate and resource base. The emphasis is on systems for planning, budgeting, financial management, and accounting—the supply-side. Two other capacities are needed for accountable local development:

- Local government's capacity to engage with local civil society.
- Local civil society's capacity to co-produce services and to hold the local government to account.

These demand-side innovations need to be introduced carefully to avoid coordination problems or conflicts with supply-side reform and capacity-building. Because demand-side efforts require engaging beneficiaries, community organizations, and other civil society actors, they require a different approach. South Africa has undertaken several programs that have employed grants to build demand and promote accountability grants (not financed by the Bank).⁵⁵

Out of the four countries with active LCDD:

- Ghana and Ethiopia have followed matching strategies.
- Uganda has followed a concurrent approach.
- Tanzania has combined a concurrent and mixed strategy.

Matching strategy – Uganda

In Uganda a matching strategy institutionalizes a community-managed grant within the intergovernmental transfer system. In more mature systems the intergovernmental transfer and capacity building system might be adapted to absorb community-driven development at the lowest level of local government—without the need to create a separate fund. Uganda's Local Government Management and Service Delivery Program takes this approach with its recently approved operation, earmarking a percentage of transfers to local governments for financing community-managed projects.

Concurrent Approach - Uganda

Projects in northern Uganda follow a conservative strategy in view of high performance risks. Even where decentralization is consolidating, a fund-based strategy might be warranted to deal with exceptional circumstances, such as regional conflict or a geographically or ethnically defined target group marginalized socially or economically. This is the case for the conflict-motivated social fund in northern Uganda (NUSAF) and for Ethiopia's Pastoral Community Development Program.

⁵⁵ The experience of the U.S. Community Partnerships Grants, which spread to South Africa and other countries, is relevant. These programs provide small grants to citizens to help cover the costs of citizen-initiated neighborhood projects. The central element is that small groups of citizens are the prime movers in initiating proposals, organizing work plans, competing for grants, and carrying out projects that improve daily life in their communities (Adams, Bell, and Brown, 2002, 2003)

Combined strategy - Tanzania

In Tanzania, a local and community development fund complements an operation strengthening decentralization and local government. While the first phase of Tanzania Social Fund (TASAF, 1999–2004) adopted a conservative strategy, its second phase (starting in 2004) shifted to deepen and complement consolidating decentralization. There is a clear division of labor between TASAF and the Local Government Support Project (LGSP). TASAF supports interactions at the sub-district level (villages) and bottom up relations with the district. Meanwhile, the Local Government Reform Program (LGRP) supports the central government's relations with districts. In countries with multiple-level local governments and many village-level governments, local and community development funds can strengthen capacities at that lowest level while public sector reforms focus on higher levels.

4.2.3 Implementation strategies and local governance outcomes

The previous section showed that most active LCDD projects are designed to strengthen the institutional basis for good local governance. This section looks at implementation—the institutional outcomes. A comprehensive and systematic assessment, however, is outside the scope of this review. The idea is to provide illustrative evidence, to highlight challenges facing the projects, and to examine possible solutions.

Field experience indicates that good local governance requires empowered local governments—and empowered citizens and communities.⁵⁶ This requires interventions in three areas:

- A legal and policy framework that defines the responsibilities and resources of local governments, along with the mechanisms for accountability.
- Systems and capacities for responsive, transparent, and accountable local public expenditure management—including public-sector systems for planning, budgeting, financial management, accounting, and monitoring and evaluation—and for citizen and community empowerment to influence decision making.⁵⁷
- A strong but lean central government unit that monitors the quality of local governance and supports proactive, adaptive local institutional reform and capacity-building.

How LCDD projects influence the national policy and legal framework

The legal and policy framework for decentralization influences whether local governments and communities will be able to harvest the promised service delivery and governance benefits of decentralized development. Whether and how much LCDD projects can and should engage in decentralization policy reforms is debated. Some believe that these should be left to pure public-sector reform or local government strengthening. Experience shows various LCDD projects have supported decentralization reforms under a variety of country contexts.

The experience of various LCDD projects shows that some operations can be structured to be effective in support of various aspects of decentralization policy under different types of country contexts (see examples below from Guinea, Burkina, and Ghana). The case of Zambia illustrates both the risk of neglecting policy reform (Zambia 2000-2005) *as well as* the risk of trying to address policy reform (2006-2007).

⁵⁶ For a framework that identifies the supply and demand side elements required to empower local governments and communities as part of a devolutionary policy, see World Bank 2007a. *Local Government Discretion and Accountability: A Local Governance Framework*. Washington, D.C.

⁵⁷ See World Bank 2004a.

A deconcentrated context – Burkina Faso

In a deconcentrated context, Burkina Faso's Community Based Rural Development Project (CBRDP) was instrumental in the emergence of elected local governments. When the CBRDP began in 2000, Burkina Faso had a deconcentrated state in rural areas and devolution in urban areas. This adjustable project loan supports the government's National Program for Decentralized Rural Development (2001–15), which aimed to start devolution for rural areas. The first phase (2001–07) supported the formulation and implementation of the country's decentralization policy. The result was a revised Local Government Code, the establishment of 302 new rural municipalities, and the holding of the first rural municipal elections in April 2006. Political decentralization was one trigger for phase II.

The CBRDP spurred political decentralization from below, showing the capacity of village committees (commissions villageoises de gestion des terroirs, CVGT) to act as village governments by planning and managing public funds through participatory local governance. The Local Government Code, acknowledging the importance of village government, replaced CVGTs with elected village councils for development (conseil villageois de developpement, CVD) and mandated that they contribute to municipal development plans, promote local development in the village, develop annual investment programs, and receive transfers from the commune councils.

An incipient decentralization context – Guinea

In an incipient decentralization context, Guinea's Village Communities Support Program (VCSP) supported fiscal decentralization, legal reform, and capacity-building. When the program started in 1999, Guinea was in incipient decentralization—but stagnant.⁵⁸ The first phase (1999–2007) initiated a learning process for implementing decentralized rural development by demonstrating that committees for rural development could plan and manage local investments in close collaboration with communities (strategy C1) and by supporting institutional reforms. A recent study on decentralization in Guinea showcased VCSP as moving the country's decentralization forward.⁵⁹ On fiscal decentralization, the study recommends scaling up the local investment fund piloted by VCSP,⁶⁰ which had been designed to evolve into the government's main instrument for fiscal transfers to committees for rural development. On institutional reforms and capacity development, the VCSP was critical on four dimensions:

- Streamlining the legal and regulatory framework for decentralization, resulting in a substantially better decentralization framework being approved in 2006.⁶¹
- Reforming the finance law regulating local development tax, bringing dramatic improvements in tax collection—in some case as much as 50 percent—partly in response to communities' close involvement in decision-making.
- Building rural development committees' capacity to develop and manage participatory local development plans.
- Strengthening the capacity of the Ministry of Territorial Administration and Decentralization.

⁵⁸ The decentralization law, passed in the mid-1980s, was incomplete and inadequate to guide policy implementation, leaving the elected local governments (Communautes Rurales de Developpement, CRDs) without resources or technical skills to promote local development and assert themselves vis-à-vis central government.

⁵⁹ World Bank 2007b.

⁶⁰ The Local Investment Fund (\$20 million) allocated matching grants to 70 of the 303 CRDs based on a formula drawing on population and poverty data, and requiring a 20 percent contribution from CRDs and communities.

⁶¹ The Local Government Code harmonizes, for the first time, all previous texts regulating the functioning of local governments and spells out decentralization arrangements in a single, comprehensive text.

All triggers for going from Phase I to Phase II were achieved.⁶²

Consolidating Decentralization – Ghana

In a consolidating decentralization context, Ghana's Community-Based Rural Development Program (CBRDP) introduced a new fiscal transfer mechanism. It became a transitional system, moving to performance-based block grants under the emerging District Development Fund (DDF) and Functional and Organizational Assessment Tool (FOAT) arrangements. The block transfer system applies a formula similar to that of the District Assemblies' Common Fund (DACF), though modified to emphasize rural districts. It relies on government-mandated planning and procurement systems but requires project-specific reporting and auditing procedures.

The Risk of NOT Addressing Policy Reform: Zambia I.

After almost 10 years of classic community-based development, in 2000 Zambia's third social fund (ZAMSIF) introduced a strategy to move gradually toward the intergovernmental model (strategy D). While Zambia had elected local governments and a sound decentralization law, the erratic and limited transfers were absorbed by weak and debt-ridden local administrations. ZAMSIF proposed a three-phase, 10-year adjustable project loan aimed at building local government capacities for participatory local development while shifting control of the investment funds from communities to local governments. The first phase had two financing windows, a Community Investment Fund (CIF) that transferred funds to community managed investments identified through a local investment plan (strategy B2) and a District Investment Fund (DIF) that transferred funds to district governments to manage investments (strategy C2). It devolved greater management responsibilities as districts met performance milestones in a capacity ladder.

ZAMSIF's decision to rely on separate public-sector reform to address the other bottlenecks in the intergovernmental administrative framework backfired. Those operations never materialized. Bloated local governments saddled with debts fostered high turnover among local officials, rendering ZAMSIF's training and capacity-building ineffective. They also limited efforts to strengthen absorptive capacity among district governments. The DIF component did not move forward, and the overall graduation strategy was stuck. ZAMSIF's community window allowed quick restructuring, scaling down the DIF window and scaling up the community window.

...and, the Risk of TRYING TO address policy reform—Zambia II.

As the restructured ZAMSIF III came to a close, Zambia's decentralization gathered new momentum with the approval of the Decentralization Implementation Plan. Learning from past experience, the Bank decided that rather than design a fourth ZAMSIF phase with a greater focus on engaging local government, it would support a new decentralization operation linked to the ministries of local government and finance. This new operation—driven by the National Decentralization Policy and focusing principally on intergovernmental fiscal systems and local authority development planning, personnel management, and service delivery—would preserve and incorporate the best community-driven elements introduced into the new local government framework by the social fund.

⁶² The second phase, approved in 2007, aims to expand the coverage of the program to all 303 CRDs and puts greater emphasis on initiating and leading a harmonization effort, expecting that by the end of this phase all financing for local development planning and implementation will be channeled through a single mechanism, following procedures outlined in the new framework.

But the people defending decentralization in the Cabinet came under political pressure from those concerned about the distribution of resources among localities with varying political affiliations. The resulting tensions paralyzed the reform. That precluded reaching consensus on the terms of a new support program among the government and its development partners, including the Bank. As a result, Zambia lost the continuing benefits of a highly productive social fund *and* the prospective benefits of a support operation for community-driven, local development-oriented decentralization.

4.2.4 How LCDD programs build capacities to implement national policies for local governance

Local and community development programs' comparative advantage has been on the demand-side of local governance. The programs have been particularly effective in demonstrating the viability of more participatory and accountable local planning systems; transparent practices in procurement, financial management, and accounting; and greater citizen oversight and feedback loops for service providers.

The trend away from community management toward local government management has expanded the investment allocated through participatory local development plans led by local governments. In the best cases, these plans both allocate program resources and leveraged local governments' own resources and those of other government programs to meet community demand for services. A few examples:

- In Zambia the Ministry of Finance integrated ZAMSIF's participatory district planning methodology into guidelines for district planning and budgeting.
- In Guinea's *Programme d'appui aux Collectivites Villageoises I* (PACV), the Guinea Education for All Project recently agreed to build more than 100 elementary schools through fund-supported local plans. In addition, all development projects in rural Guinea agreed to use the local development planning process pioneered by the PACV as the sole vehicle for implementing local development.⁶³
- The Burkina Faso *Community Based Rural Development I* (CBRD) is ending with 100 percent of villages having completed their local development plans, and 88 percent having developed an annual investment plan between 2002 and 2006. Some villages have been able to obtain funding for their subprojects from donors other than the World Bank.⁶⁴

Despite the almost universal introduction of participatory local planning, learning and cross-fertilization about methods, good practices and common challenges remain limited. And local and community development programs should tap into the obvious overlaps between their participatory planning and the vast experience with participatory budgeting in Latin America.

4.2.5 Accountability & performance-based approaches to building local capacity

Local and community development projects have experimented with a variety of social accountability tools⁶⁵ to mitigate the risks of corruption and misuse of resources and to build citizens' capacities to oversee service providers:

⁶³ PACV, Phase II PAD, p. 7

⁶⁴ Burkina Faso, op. cit., p. 23

⁶⁵ For a review of mechanisms to build social accountability around local government performance, see Serrano 2006.

- In Malawi, MASAF III expanded and deepened the accountability regime by introducing a social accountability framework. One mechanism, the comprehensive community scorecard, was piloted in more than 500 communities between October 2005 and March 2006.
- In Ghana CBRD's integrated citizen report cards and community scorecards were part of its beneficiary assessment—and piloted a diagnostic tool for measuring empowerment during decentralization.⁶⁶
- In Gambia the CDD Project created a Good Governance Facility, financed with about 5 percent of the Community Development Facility (about half a million dollars). It will finance community-service organizations' proposals to strengthen accountability and transparency related to the project, with an annual call for proposals.

A role for performance incentives - Uganda, Tanzania, Sierra Leone, Zambia

Piloting performance-based grants tied to improvements in local government capacity is an opportunity that most African local and community development programs have yet to tap. The LCDD programs in Uganda, Tanzania, and Sierra Leone are leading this process. They are on the *Local Government Reform* trajectory, which introduces *a system of performance incentives* for accessing grants that is contingent on demonstrating good practices in local public expenditure management and includes transparent procurement and financial management procedures.

Zambia's ZAMSIF was one of the few LCDD programs on the *Community Based* trajectory. It developed a District Performance Assessment Tool that gauged the capacity development of rural district governments; and it achieved the incentives of greater access to funds and responsibilities. The follow-on to ZAMSIF tried institutionalizing it, but, as mentioned, the project stalled during preparation. One of the key challenges is embedding demand-based indicators in the performance incentive system, as the Ghana CBRDP empowerment pilot is trying to do (Yaron 2008).

4.3 Conclusions/Lessons – The importance of LCDD Fit to County Context

LESSON 1 — ADJUSTING TO COUNTRY CONTEXT VS. LEADING COUNTRY CONTEXT CHANGE.

In an environment of low governing capacity (national, state, and local), unstable and unpredictable policymaking, and limited democratic culture and civic capacity, development programs must be highly adaptable to institutional conditions. LCDD programs, with their highly flexible design based on a few core principles and a handful of proven methodologies, fulfill this requirement.

Program designers must make strategic choices—the balance between improving access to services and developing local institutions, and the allocation of responsibilities among the central program agency, local governments, communities, and the private sector. Because the methodological options for LCDD programs are well known and rapidly disseminated, these decisions can be based on local experience and regional or international good practice. To build on existing capacities and experiences, the final configuration can be adapted based on the context and trajectory of preexisting programs.

The criticism that LCDD programs use a *cookie cutter* approach has some validity—but it is exaggerated. These projects are not designed the same. Yes, they share some basic principles, however, they rely on a variety of institutional strategies and management instruments. Program

⁶⁶ See Yaron 2008.

strategic design today reflects a contingency approach, with program elements combined based on the country-specific policy priorities, institutional contexts, and experience. Even so, learning and adaptation are still required. This reflects the challenges of implementing complex programs in low capacity African countries—and the path dependence of each country’s reform and institutional development. Each stage of capacity-building must be grounded in prior stages.

Sometimes changes in strategy reflect adjustment to changing country contexts—but sometimes leading strategies change country contexts. Less risk-averse program designers employing leading strategies in Burkina Faso, Rwanda, and Mozambique encouraged central governments to adopt policies more friendly to decentralization and community empowerment.

LESSON 2 — MANAGING TRANSITIONS FROM COMMUNITY MANAGEMENT TO LOCAL GOVERNMENT MANAGEMENT STRATEGIES REMAINS A CHALLENGE.

Successful LCDD programs that rely on community management face significant challenges when they increase the roles and responsibilities of local authorities. As local governments gradually assume greater roles, risks must be carefully managed—both fiduciary risks and those associated with empowering public intermediaries and not only direct beneficiary representatives. Accommodating the shift requires strengthening local officials’ accountability to community members—a significant new challenge for most programs, which are more accustomed to working directly with community institutions. As decentralization advances, the adoption and sequencing of mixed or hybrid approaches depends both on the country’s readiness to vest authority in local governments and on the prudence of maintaining an institutional safeguard given the nature of community–local government relations.

LESSON 3 — A CAUTIONARY NOTE: CENTRAL GOVERNMENT INSTITUTIONS CAN UNDERMINE LOCAL ACCOUNTABILITY.

While Bank staff have often divided between pro-local government and pro-community factions, some African governments have started to promote a different approach to local development—pork-barreling through constituency development funds. In essence, the governments allocate discretionary resources to members of parliament as the preferred approach to decentralized financing. This trend puts the common enemy in perspective—opaque, discretionary, centrally driven, personalistic local spending.



CHAPTER 5

SCALING UP, STEP-BY-STEP: ANALYSIS, POLICY REFORM, PILOT PHASE, AND IMPLEMENTATION



CHAPTER 5: SCALING UP, STEP-BY-STEP: ANALYSIS, POLICY REFORM, PILOT PHASE, AND IMPLEMENTATION

By Hans P. Binswanger-Mkhize, Tuu-Van Nguyen, Jacomina P. de Regt, Willem Heemskerk and Gerard Baltissen.⁶⁷

5.0 Introduction

Well-functioning small-scale LCDD successes are a prerequisite for scaling up, but they can rarely be scaled up directly. We sometimes refer to these small-scale successes as “boutiques”, as they may be nice, expensive, and not replicable. Consequently, a Diagnostic Phase is often necessary to establish the preconditions for a scaled up LCDD program. This should be followed by a Pilot Phase for scaling up in which the processes, logistics, and tools for scaling up to national levels are first developed and fully tested. Such scaling up pilots should cover all communities and sub-districts in at least one district of a country. The scaling up pilot leads to proven procedures, logistics and tools that can be summarized in an operational manual that subsequently can be translated into local languages and rolled out and further adapted in the remaining districts of a country, province or state. Only then can a truly scaled up LCDD program be put in place that can cover an entire country.

There are two distinct prerequisites to scaling up:

Lining up national policy and institution support. Unlike a discrete LCDD project, which can succeed independently of national interest or benign neglect, scaling up is a national initiative that requires national policy and institutional support. The diagnostic phase

Box 5.1 Steps to Scaling Up
Diagnostic Phase to Ensure Minimum Conditions <ul style="list-style-type: none"> • Diagnostics - assessing the LCDD underpinnings in the national context • Alignment with the national government, donors, and other partners • National Commitment: Synchronizing /transforming policies/regulations/laws with LCDD • National leadership and coordination
Pre-Program Development – National Level <ul style="list-style-type: none"> • Defining the program • Selecting pilot districts • Appointing scaling up team
Pre-Program Development – Local Level <ul style="list-style-type: none"> • District selection • Diagnostics: Local level • Local buy-in • Communications
Pilot Phase of Scaling Up <ul style="list-style-type: none"> • Defining players & roles • Training • Facilitation • Participatory Planning • Technical Support
Resource Flows & Accountability <ul style="list-style-type: none"> • Direct financing to communities • Options for allocating funds • Options for managing and disbursing financial resources
Scaling Up <ul style="list-style-type: none"> • Elements in place • Planning finances • Managing bureaucratic hurdles • Designing management system • Focus on costs & logistics • Communications strategy • M&E System • Special conditions • Pre-launch activities
Consolidation <ul style="list-style-type: none"> • Self-sustainability

⁶⁷ This chapter is a revised version of *Step by Step: Scaling up of Community Driven Development*. It also incorporates the toolkit for the diagnostic phase of LCDD from *Community Driven Development: Toolkit for National Stocktaking and Review* by the KIT toolkit team, Willem Heemskerk and Gerard Baltissen, under the leadership of Jacomina P. de Regt.

will determine and ensure:

- **The minimum conditions.** This comprises laying the *national* groundwork: assessing country context for scaling up LCDD, achieving *buy-in* among government and sector leadership, reviewing the policy environment and synchronizing policy and partnerships among the national government and development institution and donors, and defining exactly the components of a national LCDD program. This consensus building is necessary so that the scaling up program is clearly defined and effectively supported, financed, and advanced. *The LCDD toolkit has been developed to facilitate the diagnosis and consensus building at this stage.*
- **Effective local-level preparation.** This begins with the selection of one or several pilot districts or small provinces within which the LCDD program can be scaled up to all local government areas and communities. These pilots are critical to develop the mechanisms, logistics, manuals and tools that can then be applied in subsequent scaling up to regional or national levels. It includes defining the actors, functions and responsibilities; training, facilitation and participatory planning; and clarifying resource flows, resource allocation, and accountability mechanisms, following through with the diverse elements of LCDD at the scale of an entire local government area – and then, when the pilot design is proven to work, following through again on a vast scale. The final two sections explore the scaling up and consolidation phases.

The guide presents a step-by-step approach to ensure a comprehensive analysis leading to at least the minimum conditions of government support, followed by designing and planning the scale-up of multi-sectoral LCDD initiatives⁶⁸. The guide is not a straightjacket approach. Given the varying governance structures, capacities, and social, economic, political, and historical specifics of each country, scaling up and program design must be tailor-made. Therefore, the guide usually presents several options from which to select or adapt those most appropriate for the specific country context. Each section of the guide presents key guidelines and/or a menu of options, tools and design elements to address a specific goal.

Later, during the Pilot Phase, all the tools and logistics for scaling up should first be developed and tested in one district, or small province, as in the Borgou pilot in Benin, or in a few districts or provinces, as in the Mexico's DRD or Indonesia Kecamatan Development Program. Such field-testing will quickly identify bottlenecks, which may, for example, prevent rapid disbursement, and may require legal or regulatory changes. It will result in a full set of logistics, operational and training manuals, materials, and tools that can then be translated into other national languages and extended to and adapted to local conditions in a rollout process that ultimately covers all districts/provinces. Furthermore, the program development phase can provide additional cues as to how the national policy or institutional environment should be reformed to support the process.

For LCDD to be scaled up from a boutique project to a national program, it is necessary that national leadership is fully behind the approach, that central institutions and sectors are aligned, that administrative and fiscal decentralization are making progress, and that governments' own fiscal resources, both national and local, can eventually become the main source of LCDD programs. Ensuring these conditions starts with a diagnostic phase.

⁶⁸ These are multi-sectoral LCDD programs for the production of public or semi-public infrastructure services, which are produced by communities with the help of local governments, NGOs, and private sector actors.

5.1 Diagnostics and Alignment

Ideally, as part of the preparation of a Poverty Reduction Strategy or some similar long range strategic planning vision, inter-disciplinary teams would carry out a diagnostic of the current situation and the current policies, and formulate a national strategy on LCDD before any such national or scaled up program is designed. This can be an indirect way of finding or nurturing interest at key levels of government.

The discussion of scaling up LCDD can take form with such actors at the national level who, together, decide on the pace and scope of such a scaled up effort. Often, key actors (such as officials at ministries of finance and planning, or from key sectoral ministries and donor agencies) do not have the full picture of what is already going on in the country nor of the role that national policies play to foster or hinder the scaling up of project level experiences to a desired scaled up/national program. For instance, many national procurement laws do not cover procurement by local governments, communities, or informal associations in communities. While such national laws may be overruled or ignored in the spirit of a pilot program, there needs to be alignment of policies and regulations if a national, scaled up program is to be successful.

Such a review was carried out in both Benin and Burkina Faso, bringing together all the actors. In Benin, the government issued a letter of *Community-Driven Development Policy* that guides the LCDD program, which is now at national scale. Although this program is not funded as a SWAp, all actors do now regularly come together to discuss further harmonization.

The [*LCDD National Stocktaking and Review Toolkit*](#), developed by KIT on behalf of the World Bank, is designed to enable inter-disciplinary teams⁶⁹ working to advance LCDD analyze a country's readiness to scale up LCDD and identify what is required to create the political, economic, and legal foundation for scaling up to succeed. It is not a toolkit for precise quantitative analysis; it is a toolkit to facilitate a process that, in the course of inventory and analysis of national progress, helps:

- Stimulate exchange and learning between actors;
- Contribute to consensus building about LCDD;
- Contribute to national ownership of LCDD implementation.

The Toolkit will help an LCDD strategy team:

- Provide, to national government and donor actors, a description and analysis of the 'state of affairs' with respect to LCDD-implementation;
- Contribute to strategic planning for further implementation;
- Identify issues for further study and more detailed analysis.

The expected results include:

- A useful description of the state of affairs with respect to LCDD;
- Analysis of the state of affairs;
- Elements identified for strategic planning and future LCDD implementation;
- Elements identified for further study and analysis;

⁶⁹ The teams can be collectively defined as LCDD Strategy Teams.

- A visual presentation (coloured matrix) of a shared appreciation and understanding of the LCDD state of affairs.

5.1.1 Examples of Questions to be Pursued in the Diagnostic Phase

The *diagnostic toolkit* is designed to systematically answer a large number of questions. For answers to many of these questions previous studies can be used, such as poverty assessments, social and gender assessments, public sector capacity assessments, and financial systems and procurement assessments. Table 5.1 provides examples of the questions to be answered, but it is not meant to be an exhaustive list (for instance, box 3.9 refers to scoring a program according to how well it aligns with the five pillars of LCDD). More detail can be found in the [CDD Toolkit for National Stocktaking and Review](#).

Table 5.1 Example of key questions to be pursued during the diagnostics phase

Topic	Questions	Key analytical tools and reports
<i>The role of the center</i>	Is central government already playing coordination, rather than implementing, role?	INSTITUTIONAL ANALYSIS REPORTS examine the capacity and deficiencies of the various groups that will be involved in the co-production of the program (communities, local governments, sectoral agencies, NGOs, etc.); identifies the institutions (formal and social) on which to build on at the community and local levels; and finally maps out the relationships between these institutions.
<i>The capacity of local governments</i>	To which extent are elected local governments accountable to the public and to CBOs? How credible are local governments on service delivery? Is central government transferring an adequate share of financial resources to local governments? Is central government transferring sectoral staff to local governments? Assuming that local governments have the power to levy taxes, how willing are they to tax their constituencies?	
<i>The capacity of communities and civil society</i>	Do the communities already have a culture of self-mobilization and self-help? If yes, in what form? How strong is civil society?	PARTICIPATORY SOCIAL ASSESSMENT REPORTS examine village needs and priorities, as well as the socio-cultural, historical and political context of the program. It includes such tools as the stakeholder analysis and Strengths, Weaknesses, Opportunities and Challenges (SWOC) analysis.
<i>The structure of the sectors</i>	Are sector policies delegating service delivery to local governments?	ANALYSIS OF EXISTING PLANNING AND BUDGETING SYSTEMS examines the planning and budgeting systems within and between governmental structures and agencies. It also provides information on organizational and decision-making dynamics within government.
<i>Other or past programs,</i>	Have past programs tried similar approaches? If yes, what can be learned from them? Are there currently any other CDD-type programs operating in the country to which the program could be grafted or with which it could collaborate?	AN INVENTORY OF PAST OR ONGOING CDD-RELATED PROGRAMS indicates where capitalization on, or harmonization with, other programs may be possible, desirable and/or required. Relevant programs may include single-sector CDD programs, Social Funds, local government development programs or funds, or broader decentralization or poverty reduction efforts. The research tool developed in Uganda and described in box 3.9 could be used to assess perceptions of stakeholders regarding different LCDD programs
<i>Poverty levels</i>	Where are the major pockets of poverty where the program should initially targeted or devote more resources?	POVERTY ASSESSMENT REPORTS identify the major pockets of poverty, and analyze its major causes at both the national and local levels. This information can provide guidance on areas which the program should initially target.
<i>Accountability systems</i>	How is the accountability structure set up?	FIDUCIARY SYSTEMS ASSESSMENT REPORTS map out the intergovernmental financial allocation and transfer systems. It also examines the procurement systems and accountability

Topic	Questions	Key analytical tools and reports
		measures of the various governmental agencies.

A key task, therefore, is to bring together the documents that contain these analyses, and to complement them with more information, as necessary.

The Toolkit and further guidance:

The CDD Toolkit includes a wide variety of diagnostic exercises. It can be downloaded [here](#).

[Click here](#) to learn more about KIT.

Further guidance on how to structure the diagnostic work can be found in the following publications:

UNCDF. Policy & Institutional Analysis & Programming Strategies: Assessing the Context. New York, 2002.

The World Bank. Poverty Reduction Strategy Paper Diagnostic Toolkit. Washington D.C., 2004.

5.1.2 Visual Representation of an LCDD Readiness Matrix

An example of such a shared appreciation of the state of affairs in a country regarding decentralization and community development is shown in table 5.2. This is the *agreed on state of affairs at that point in time by those actors who participated*. The toolkit should not be used to compare countries, as each country is unique. It might be used in one country to compare the state of affairs over time (if the actors in the multi-disciplinary teams are similar). It was also interesting to see how similar groups of actors in different states in Nigeria assessed the situation in their state prior to the 2006 elections. Even with the same national/federal policy towards decentralization and local governments, and the lack of a federal community development policy, states differed in their approaches and it showed in the collective perceptions of the assessors.

Table 5.2 Example of a shared appreciation/readiness matrix (color-coded)

	Community strengthening	Local government strengthening	Realigning the centre	Accountability	Capacity development
Vision	5	4	3	2	3
Enabling environment	3	3	1	2	2
Tangible results	2	2	1	1	2
Source: assessments made by multi-disciplinary team in country X.					
Legend/Color Code: Level of Progress	1 (very weak)	2 (weak)	3 (average)	4 (strong)	5 (very strong)

5.2 National Commitment & Pre-Conditions

While a sector-specific LCDD program can succeed in a country that doesn't meet minimum conditions, a multi-sectoral LCDD program must have a national commitment to successfully scale up. A country must meet certain pre-conditions, including:

- Strong political commitment to local empowerment and decentralization.
- A well-designed decentralization program geared towards local empowerment.
- Building on existing efforts, such as one or several successful and cost-effective community and local government projects.
- Government and donor willingness to work towards unified disbursement mechanisms.

The extent to which these minimum conditions are met varies enormously among countries, and where they are not met there are no simple cookie cutter approaches to achieving them. It is extremely important to have a clear diagnosis on where each country is at the start of the process. Given that donors increasingly provide budget support for reforms such as decentralization and local empowerment, they are also piloting the development of tools to assess the political economy of such reforms⁷⁰ in order to assess the likelihood of such reforms succeeding.

Where the preconditions are not met, the diagnostic toolkit is an aid to initiate a process that ensures that the minimum conditions are put in place as part of, or in parallel to, the scaling up of LCDD. This process facilitates intensive discussions among stakeholders and puts them in the position of problem solvers. If stakeholders are strategically chosen, this helps move the political process to transform and align national policies and strategies with the programs being scaled up.

Box 5.2 Steps to Scaling Up-National Level
Diagnostic Phase to Ensure Minimum Conditions <ul style="list-style-type: none"> • Diagnostics - assessing the LCDD underpinnings in the national context • Alignment with the national government, donors, and other partners • National Commitment: Synchronizing /transforming policies/regulations/laws with LCDD • National leadership and coordination
Pre-Program Development – National Level <ul style="list-style-type: none"> • Defining the program • Selecting pilot districts • Appointing scaling up team
Pre-Program Development – Local Level
Pilot Phase of Scaling Up
Resource Flows & Accountability
Scaling up
Consolidation

5.2.1 Strong Political Commitment

Strong political commitment to local empowerment and to decentralization is vital to scaling up. In many countries, however, the political and social institutions are not conducive to shifting power to the grassroots, and are often directly opposed to it. Central governments are often reluctant to let go of their traditional roles on the basis that they have a comparative advantage in the supply of public works and services, that local empowerment may threaten the current political balance, and that communities or even local governments will never be able to learn to manage their own projects and resources.

Where the political commitment is still missing, there are a number of ways in which the LCDD team can start shifting political opinion in favor of local empowerment. It can:

- **Showcase the successes of local and community development.** In most countries, there are already well-documented successful LCDD approaches, which can convince even tough skeptics that empowered communities and local governments can effectively plan, contract, construct, operate, and maintain their own projects and services, and manage their own budgets. Where they do not exist, tours by key decision-makers to successful programs outside the country, and additional pilots in the country, can fill the gap. Indeed, a major indicator of success in Brazil’s North East Rural Development Program and India’s Kerala Water Supply Program was the political success of local and regional leaders who had endorsed the approach. Showcases therefore also give rise to local and regional LCDD champions who can become instrumental in shifting the political tide.

⁷⁰ [World Bank Search Engine Results for “Political Economy”](#)

[Tools for Institutional, Political and Social Analysis of Policy Reform: A Sourcebook for Development Practitioners or TIPS](#)

Rurdra, Nita and Sardesai, Shonali. 2009. Political Economy of Decentralization in Bangladesh: Capturing the stakeholder perspective. Lunch presentation April 23, World Bank, Washington, D.C.

- **Conduct information campaigns** to raise consciousness of both the general public and government. Disseminating the successes of various local empowerment programs through free broadcast media (i.e. television and radio) or community radio can generate public demand and pressure, while holding stakeholder fora can confront authorities with the demands and concerns of their beneficiaries. Open communication and regular dialogue can help build confidence, trust, and a common vision between a government and its public.

5.2.2 Decentralization of Financial & Governing Structures

A central premise of LCDD is that decentralization is the key to both scaling up and the sustainable fostering of participation and resource transfers to communities. While scaling up can begin without waiting for a fully decentralized structure, it is preferable for political, fiscal, and administrative decentralization⁷¹ to be underway at program launch, and, if possible, supported by a capacity development program that features:

- **Willingness to reform the intergovernmental fiscal system**, including transfers and local revenue generation, can ensure that local governments in time receive resources commensurate with their increased responsibilities. In Indonesia, for instance, in light of the tremendous progress of the first two phases of KDP and the growing management needs of their districts, the government decided to issue forth new decentralization laws that gave the districts control over 40 percent of public spending and require them to regulate village government to promote village autonomy and empowerment.
- **An existing local government structure, or fairly well defined plans for future local government structure** can provide the basis for local governance planning. In the LCDD programs in Mali, Burkina Faso, Madagascar, and in South Africa’s new municipalities, the local government structures allow funds and technical assistance to be routed to communities directly through local governments.
- **Sectors that are working on their decentralization visions and plans.** A multi-sector LCDD program involves many, if not most sectors of government and the economy. To ensure technical excellence in each of the sectors, while at the same time responding to the needs of the local levels, will require a coordinated effort between local governments and the many sector-specific management and supervision processes. This can only be achieved if sectoral staff, resources, and responsibilities are assigned directly to local government offices. In the meantime, deconcentration can be a useful first step to provide some administrative resources to the grassroots level. However, individual deconcentrated

Box 5.3 Mexico DRD I: Building on Lessons Learned

In Mexico, the success of the first Decentralization and Regional Development (DRD I) Program was in large part due to the fact that:

- Its design was based on the lessons learned from the previous Integrated Rural Development Programs (PIDER I, II and III),
- It then grafted itself onto SOLIDARIDAD, a large, ongoing national poverty reduction initiative; and
- It had taken full advantage of the ongoing decentralization process.

⁷¹ *Political decentralization:* Local governments are characterized by (i) democratic political representation of local constituencies and (ii) a mandate to respond to local needs within devolved or assigned powers.

Fiscal decentralization: Local governments are (i) being granted a reliable, adequate share of central revenue and (ii) given the authority to levy, keep and manage taxes.

Administrative decentralization: (i) Administrative responsibilities are being delegated to local governments and (ii) central government sectoral functionaries are being transferred to local governments.

sectoral offices will, in the long run, pose a burden on coordination and management processes, and thus should only be seen as a temporary expedient. In many countries the deconcentrated sectors become one of the main obstacles to full decentralization as deconcentrated staff, for career reasons, resist being switched from being employed by the parent ministry to being employed by a local government.

5.2.3 Building on Earlier Community and/or Local Government Empowerment Efforts

Earlier successful and cost-effective community and local government programs or pilots aimed at local development or decentralization, such as a social fund or local development funds of the United Nations Capital Development Fund (UNCDF). These can act as a springboard for the emerging program. Such programs provide readily made structures and processes and a wealth of experience, which can be built upon or coordinated with and can be used as demonstration programs.

Box 5.4 Niger & UNCDF: Anticipating and enhancing emerging institutions

In Niger, for instance, UNCDF set up local development committees at the likely location of future local governments, with the vision that the local development committees could then be merged into the future local government structures.

5.2.4 Government and donor willingness to use unified disbursement mechanisms

Unified disbursement mechanisms, in which communities and local government face the same requirements and procedures no matter who ultimately finances their expenditures, would significantly simplify resource flows and dramatically reduce learning and transactions costs and co-production difficulties. Unified disbursement mechanisms should become a single national system to transfer resources to communities and local government, and ideally include all own government and donor funds. They should allow for coexistence of fungible development funds at local government and community levels for the bulk of resource transfers, with small earmarked windows for exceptional needs and circumstances. Building these unified disbursement and accountability mechanisms should be viewed as a component of the reform of government's own disbursement and accountability systems and embedded in the intergovernmental fiscal transfer system. Disbursement mechanisms (SWAps) are explored in detail in section 5.3. Once donor funding is pooled and disbursed through government's own intergovernmental fiscal transfer system, a major hurdle in developing SWAps has been met.

5.2.5 When decentralization systems are still poorly developed

The level of decentralization varies from country to country. Given different initial conditions, LCDD programs can build incrementally from the specific starting point of their individual countries. At this point, however, a design team is likely to encounter difficulties when faced with the uncertain direction of the decentralization process. The best option is to work with stakeholders in the decentralization process to clarify the likely future institutional setup, as was done both in Burkina Faso and Mexico in the preparation of large programs. Based on findings, the design team can then design program mechanisms so that they fit into the emerging institutional structure, and can later be transferred to them.

The fact that a country is considering scaling up an LCDD program is a significant beginning and implies the willingness to create the national pre-conditions needed. Once that process is underway the *local* program development phase can also begin.

5.2.6 Following Through on Reforms

It is imperative that the reform effort and other commitments by government and sector players are genuine. It is precisely because national policy reforms were not carried out that Local and Community Development Programs all over the world have failed for the last 60 years.

Ideally, the *buy-in* process will bind government leaders, country moral leaders, and international donor institutions into the kind of partnership that allows the Scaling Up implementation team to keep the momentum going for decentralization, policy reforms, and supportive regulations. And, as a backup, an agreed to mechanism to *enforce* cooperation will be in place, as well.

5.3 Local Pre-program Development: Defining a Common Vision, Objectives, and Design Features

Following the diagnostic phase, an LCDD design team should be appointed that will carry forward the process. It should start by hosting a national stakeholder workshop to get government and other stakeholders (including other external partners) to agree on what is to be scaled up and how it should proceed. Issues to be discussed include:

- Major findings from the diagnostic phase;
- The vision of the proposed program;
- Objectives to be achieved, key components and key design elements of program;
- Broad roles of different actors and levels (the details will be developed as part of the development phase itself);
- Institutional homes and lead agencies, at central and local levels;
- Expected outputs of the development phase such as detailed institutional arrangements, operational and training manuals, scaling up logistics, monitoring and evaluation reports;
- Principles and major mechanisms of transparency and accountability system;
- Objectives and accountability system of monitoring and evaluation;
- Agreement on a detailed development phase;
- Key questions to be answered in the development phase;
- Expected outputs;
- Expected cost, financing sources, and financing arrangements for the development phase;
- Structure and composition of the development team from the lead agency/agencies and required specialists; and
- Record the outline of the program and agreements reached.

Box 5.5 Steps to Scaling Up
Diagnostic Phase to Ensure Minimum Conditions
•
Pre-Program Development – National Level
• Defining the program
• Selecting pilot districts
• Appointing scaling up team
Pre-Program Development – Local Level
• District selection
• Diagnostics: Local level
• Local buy-in
• Communications
Pilot Phase of Scaling Up
Resource Flows & Accountability
Scaling up
Consolidation

5.4 Initiating the Pilot Phase for Scaling up

Starting from small-scale LCDD or CDD successes that have covered selected communities or sub-districts, the task now is to develop the systems, logistics, and tools that can cover all communities and all sub-districts within at least one district. The experience will be recorded in an operational manual that can subsequently be used for a national scaling up. This is the *Pilot Phase for Scaling Up*. Table 5.3 below reprises Table 3.1 on the magnitude of scaling up.

5.4.1 Selecting one or several Pilot Districts

There is always pressure to cover more than one district, but the capacity to follow closely what is going on in more than one district is often lacking at the central level. Developing the program simultaneously in more than one district is therefore dependent on adequate capacity, and could be done, for example, in a Federation where separate development teams for one district each can be fielded in each state.

Boutiques/Small Scale LCDD Successes		Pilot Phase of Scaling Up		Scaled-Up Program
1 district / administrative center	©	1-4 districts/administrative centers	©	All districts/administrative centers
1-4 sub-districts		6-24 sub-districts		All sub-districts
5-20 community groups		100-1000 community groups		Tens of thousands to hundreds of thousand community groups
Less than 50 community projects		100 – 2000 projects		Hundreds of thousands of projects
Less than 50 thousand people		100 thousand to 1 million people		Many million people

Selection Criteria: matching program complexity with local capacity.

A district can be selected based on its capacity depending on the complexity of the program to be designed. In Burkina Faso, for instance, the low-capacity Poni province was selected to pilot a relatively simple HIV/AIDS prevention program. The program successfully disbursed small matching grants to newly formed HIV/AIDS committees in 500 villages and urban neighborhoods. Within the span of several months, the program had trained over 2000 program participants and trainers on how to prepare simple village projects, monitor their outputs, manage financial resources, and on the basics of HIV/AIDS and its prevention. However, this was only possible because of the relative straightforwardness of the project. The approach relied entirely on existing or latent administrative and training capacities, and on the existing infrastructure within the province.

If one or more components of a program are particularly complex, the better match is a district where local participants (i.e., communities, NGOs, and local governments) already have substantial experience with individual components or tasks that are to be scaled up. In contrast to Poni, the Sanmatenga province in Burkina Faso was recently selected as the pilot district for scaling up a multi-sectoral CDD approach to HIV/AIDS care and support:

The district has relatively high capacity and would be able to master the complex design issues involved in the program. In urban areas, service delivery by NGOs and specialized community-based organizations (CBOs) was already partially developed.

In rural areas, ample capacity already existed in the present structure of HIV/AIDS committees at the provincial, departmental, and community level, and among the provincial and departmental training teams. Other community-driven projects provided skilled participatory diagnosis and planning at community level provided, and their was strong political leadership.

Finally, when selecting several districts, it is always best to select districts that have different capacities and characteristics. Lessons learned from each district may be useful when the time comes to scale up nationally.

Once one or several districts for the pilot phase of scaling up has been done, the focus of the LCDD design team moves from the national to the local level.

5.4.2 Local buy-in for the development phase

Crucial to the success of the development phase is local buy-in. At the onset of the process, together with the lead agency and development team members, it is necessary to hold a participatory stakeholder workshop in the local area to expose all participating actors to the proposed program and the development phase. The workshop is attended by the program management committee, community leaders, the greater community, and, in particular, the top leader(s) of local government and local representatives of central government who will have to drive the process.

The workshop is a chance to discuss possible local implementation arrangements and mechanisms, as well as the initial list of possible local co-producers. Local stakeholders and the development team will conduct field visits to sub-districts and communities familiarize all stakeholders with the local institutional setup, capacities, and already existing local experience and programs on which to build. The program outline is then revised, refined, recorded and distributed back to central stakeholders.

5.4.3 Local-level Diagnostics

The stakeholder workshop will already have reviewed the results from the national review process: the summaries of existing studies and analyses that have analyzed local conditions and how they vary across the country. The *local diagnostics* should not redo the national review but instead build on it with complementary local fact-finding. The local stakeholder workshop should identify the specific local knowledge gaps that will have to be filled.

Simple fact finding visits, rather than complicated additional analysis, should be used at this stage to fill the knowledge gaps, looking at capacity in the community and local government, existing financial structures and relationships with the center or donor institutions, and other topics linked to the LCDD plan. That knowledge will help guide program designers in the next phase.

5.4.4 Information, Education and Communication

A good communications program is central to promoting transparency and accountability. Information, education, and communication (IEC) activities have to fulfill awareness, learning and process monitoring requirements. Among other things, the IEC program should aim to empower communities with the ability to self-reflect, identify their own needs, challenges and resources; extend the voices of the poor for participation in public dialogue; facilitate education and learning about sectoral and multi-sectoral topics for behavior change toward sustainable development, empowerment, and other LCDD values; and facilitate community access to market information.

Any mode of national media can be used for this purpose. The Malawi Social Action Fund, for instance, has designed a strategy that communicates messages to all stakeholders throughout the community-project cycle by using radio plays and television dramas. Messages are also broadcast explaining the importance of principles such as accountability and transparency, and offering instruction on specific technical issues such as procurement and contracting. Where media is restricted, a highly effective alternative way of disseminating information is local radio, which gives daily information on the ongoing program and does not pose the literacy-related problems of newsletters.

To meet process monitoring needs, an effective communication plan will also have to focus on the institution of multi-way communication, monitoring, evaluation, and feedback channels between co-producing agencies. Bottom-up and inter-agency linkages can be created to channel to all the stakeholders any relevant information on program processes, inputs, outputs and outcomes. Only then can deficiencies be corrected, designs adapted, and efficiency and equity be enhanced. Moreover, the information generated and disseminated by these systems is central to enhancing all forms of accountability.

Useful Tool

For a detailed guide on how to design an IEC campaign, see:

Mozammel, M and Schechter, G.; [Strategic Communication for Community Driven Development: A Practical Guide for Project Managers and Communication Practitioners](#); The World Bank. Feb. 2004.

5.5 Pilot Phase: Defining the Actors, Functions, and Responsibilities

LCDD is the co-production of outputs by a joint venture of communities, local governments and the central government, with support from the private sector and civil society. The previous section explained how to foster a common vision among stakeholders. This section explores the important tasks of consolidating program content, designing the local implementation arrangements, and assigning program functions unambiguously to different participants at each level, and fully describing them (also see [Annex 3](#)).

Box 5.6 Steps to Scaling Up: Pilot Phase
Diagnostic Phase to Ensure Minimum Conditions
Pre-Program Development – National Level
Pre-Program Development – Local Level
Pilot Phase of Scaling Up
<ul style="list-style-type: none"> • Defining players & roles • Training • Facilitation • Participatory Planning • Technical Support
Resource flows & accountability
Scaling up
Consolidation

In order to ensure that a program can actually be scaled up by local actors, *it should ideally be the local actors (discussed in more detail below) who should design the implementation arrangements.* They cannot usually do this by themselves, but require *the guidance and facilitation of the LCDD program design team.*

Defining the local actors, functions and responsibilities is therefore best done *in a highly participatory manner at the local level.* It should preferably involve all the stakeholders, since only they have the detailed knowledge of the present actors, systems, processes and relationships on which the program will need to build. Such a participatory approach *will uncover many latent capacities that already exist in a district, or even in many or all districts.* These latent capacities come in the form of institutions, such as the development committees discussed below, and in the form of already existing administrative or coordination capacities, local public, private or civil society organizations, and individuals that either already perform certain functions, or could be mobilized to do so. *Building on these latent capacities, and assigning formal roles and functions to them in the program, is the most promising approach to ensure program sustainability and economy. It also avoids reinvention of the wheel, or duplication of effort through parallel structures and processes.*

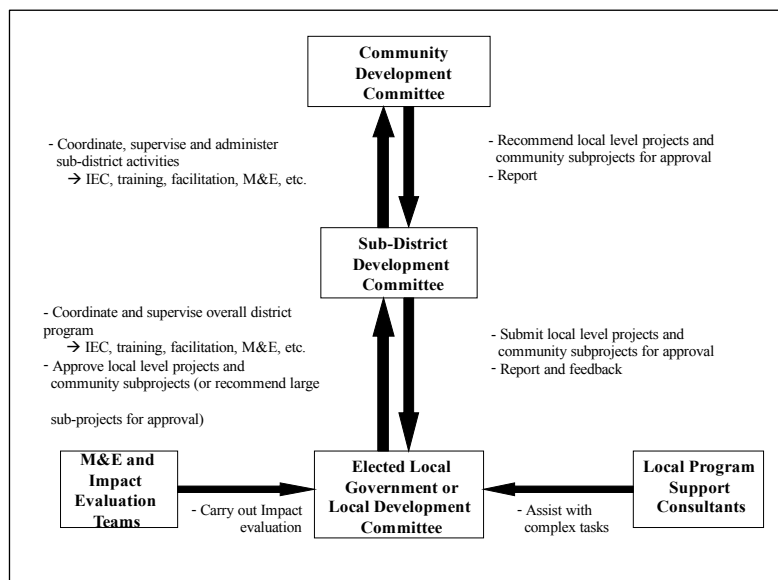
The discovery of all the latent capacities and the assignment of responsibilities and functions process will usually involve:

- One or several broad stakeholder workshops;
- The appointment of subcommittees to conduct subcommittee sessions;
- Reporting back the results to the workshop plenaries;
- Recording them so that they can be integrated into the operational manual.

Such a process need not take more than a week except when specific social or institutional analyses are needed to clarify who can, and should, do what, where and how. It is critical that the design team focus on communicating the objectives for the LCDD program that have been nationally defined, explaining options to be considered, and on facilitating the work of the local stakeholders, rather than imposing its own ideas.

In any LCDD program, coordination, approval, and communication functions are assigned to the formal institutions of local government. Depending on context, an LCDD design team may encounter a range of institutional options depending on existing governance systems. Despite variations, however, certain basic structures, as shown in Figure 5.1, will be needed to meet the management and coordination needs of the emerging program.

Figure 5.1: Basic Institutional Requirements for an LCDD program.



5.5.1 The Community Development Committee

The community development committee (CDC) provides the core of community representation in LCDD. Although it is similar in structure, manner, and functions to the district development committee, the CDC maintains the implementation functions for the community development program and community projects. Among its ideal qualities, the committee is:

- Usually a legal entity.
- Preferably elected by the community and its composition should include, but not be limited to, a chairperson, vice chairperson, treasurer, financial manager, and secretary.
- Able to ensure accountability by reporting on physical and financial progress to the community in a regular and public manner.
- Set up, moreover, with specific mechanisms necessary to ensure that membership in the PMC is representative of all groups, including women and other marginalized groups. Such social safeguards are important for guarding against elite capture and social exclusion.

The role of the community development committee is to manage all processes at the community level from participatory appraisal to program implementation, including managing the money, resource mobilization, contracting, financial control, monitoring and evaluation, auditing and reporting, upward and downward accountability, and delegating execution responsibility for specific community projects to sub-committees.

5.5.2 The District Development Committee

In most countries, District governments already have *district development committees* (DDC). The DDC should have broad representation among all the stakeholder groups, including local politicians, sub-districts, communities, NGOs, relevant private sector actors, local managers, and technicians of de-concentrated sector agencies. These committees usually have sub-committees, such as for planning, project approval, monitoring and evaluation, financial control, education, health, water, agriculture, HIV/AIDS etc, which are constituted in a similar manner than the main committees.

Box 5.7 What to do where local governments are nonexistent or nonfunctional

Countries can start by setting up local development committees at the district level under the leadership of the local representative of the central government, as Cote d'Ivoire has done. These should mimic what would eventually emerge when local governments are formally constituted. Once a local government is elected and in place, the development committee would be assimilated into the new local government structure and would include elected councilors.

Therefore, options for the local development committee include:

- A subcommittee of the local elected council within local government with added members from civil society, the communities, sub-districts, and technical agencies.
- Where there is not yet a local elected council, it could be a committee created by a central government agent such as the prefect or high commissioner, or by a law or decree of the ministry of local government.

The role of the district development committee is to coordinate the LCDD program, including:

- The initial and subsequent information campaign and **INFORMATION-EDUCATION-COMMUNICATIONS** component of the scaled up LCDD program;
- Coordination and supervision of the training, facilitation, and community and local planning process;

- Coordination and integration of development plans of sub-districts;
- Approval of sub-district and district level projects *and* recommendation for approval at a higher level of large district projects;
- Final no-objection or approval of community projects and projects of NGOs or local sector offices;
- Recommending measures for local resource mobilization (from local revenues, cost recoveries, and other sources), including commitments for O and M if such funds normally come from the sector ministry budgets;
- Monitoring and evaluation of the local development program and the performance of the different implementers; and
- Reporting to the local and central authorities and the population at large.

5.5.3 Delegation of Specific Functions by the DDC

Different activities and initiatives may need to be delegated by the DDC to different subcommittees or other actors. Examples include the following:

THE FINAL APPROVAL OF PLANS: Final approval of plans at local and community levels, and of projects or sets of projects can be a function of one of several entities, including: the development committee itself, an elected council — or for large local projects — a higher level authority such as the ministry of local development, a social fund, or other program or project unit. Disbursement orders are then given by the respective chief financial officer or treasurer, with checks signed by the person or persons designated in the operational manual or financial regulations.

Given the large number of communities in a district, the DDC should delegate evaluation and approval of the community annual programs or community projects to the sub-district development committee. Another option is for the sub-district committee to vet and improve the proposals and submit them as a package for final approval or non-objection to an approval committee of the district development committee. Still another option is for small projects to be approved at the sub-district level while larger ones are approved at the district level.

MONITORING AND EVALUATION: The DDC is responsible for monitoring and evaluation at the district level, and for reporting upwards to central government, downwards to communities/local governments, and horizontally to other districts. To fulfill these functions the DDC may need to create a monitoring and evaluation sub-committee that takes charge of these activities. In addition, monitoring and evaluation should also be made the responsibilities of the communities and the sub-district committees, preferably via participatory monitoring and evaluation. These delegations of responsibilities can significantly reduce the load of progress monitoring tasks of the district development committee and should therefore be made an integral part of the district M&E system. Regular reports in easily understandable form and expressed in local languages are needed to disseminate information on program progress and financial information. The district can integrate these in its IEC strategy.

TECHNICAL SUBCOMMITTEES FOR THE DIFFERENT SECTORS: Such subcommittees would deal with the technical design and supervision of sector-specific sub-projects financed under an LCDD program. Many existing DDCs already will have such subcommittees when the design team arrives.

IEC PLAN & ACTIVITIES: The DDC is also responsible for designing and carrying out the district level IEC plan. Community radio can be used to communicate key messages to all

stakeholders, convene meetings in an area where mail and telephones are weak, and serve as a two-way information device. For instance, Sri Lanka's community radio has a panel of resource-persons whom listeners can phone in for a wide range of information and answers to problems. Where they do not exist, community radio systems can be set up at low cost with community contributions and district sponsorship. Other IEC options include community theater groups, or information dissemination during customary community gatherings.

Stakeholders and communities can stay informed and connected through emerging Internet technologies. There is an array of cost-effective Web-based conferencing tools, such as Skype or *Video over IP*, which could be supported by donors in the technology sector.

5.5.3 The Sub-District Development Committee

A local district development committee cannot be expected to coordinate and supervise the local and community-driven development programs in districts, which may have 300 to 500 communities, or more, and in some case a corresponding number of local governments. Further decentralization to a Sub-District Development Committee (SDDC) is almost always needed to help manage those initiatives, and often such committees already exist. They have similar functions and compositions to the district development committee, but the precise division of responsibility between the two levels should be part of the detailed definition of roles and functions.

5.5.4 Local Program Development Support Team

As discussed before, the detailed design of the LCDD program and its scaling up should be done by the local stakeholders who have to implement it in the future, and most importantly by the programs DDC, SDDCs, and CDDs, as well as participating public servants and co-producers from the private sector and civil society. Proper facilitation by the National LCDD design team is essential.

The national team members will include high-level civil servants and consultants who are unlikely to be able to move to the pilot district(s). In addition, they will not have the time or capacity to fully document all the steps, processes, tools, logistics, and training materials that will be developed and should be summarized in a comprehensive operational manual and training manual. Nor can councilors and other local stakeholders be expected to fulfill these tasks. It will usually be necessary to hire a team of consultants for local-program development support to accompany and document the pilot phase of scaling up and produce all of the outputs that are expected from it.

Such a team (or teams if several districts are involved) can help solve problems at the level of the district, the sub-districts and the communities, and assist the stakeholders in taking the many decisions that have to be taken during the pilot phase of scaling up. The local team reports progress and decisions to the national LCDD team and also escalate issues to the national level for resolution. A major responsibility of the team is the documentation of all decisions and preparation of the outputs, reports, tools and operational manuals. These include the following:

- Monitoring and documenting the progress of the pilot phase and lessons learned;
- Assisting the local stakeholders with working out the logistics of the program training and implementation processes in a cost-effective manner;
- Assemble all the decisions, tools, and logistics into an operational manual and revising the operational manuals and tools continuously so that they remain up to date;
- Develop the corresponding training manuals and tools and keeping them up to date; and

- Translate operational and training manuals into local languages and producing them in sufficient quantities.

The local program development support team will usually consist of consultants with the required facilitation, program design, training, documentation, and writing skills. They need to:

- Support the local stakeholders' leadership role in program design, and
- Translate what is going on in the field and in the councils into tools, operational manuals, and training manuals, translate, produce and distribute them.

They will also need to be residents of the district for the duration of the pilot phase.

Clear terms of reference (TOR) for such a team can define their role and limits. The TOR should be approved by the DDC. Particularly important functions to be included are:

- Assembling operational procedures, manuals, and tools from existing programs and approaches and integrate them into a single set of operational and training manuals and tools, and developing those components which do not already exist;
- Continuously revising these materials in light of experience;
- Assist the district in the development of its IEC strategy and tools;
- Assisting the secretary and/or staff of the development committee(s) prepare the sessions and reports of the development committee(s);
- Reporting on the progress of the development program at regular intervals;
- Assisting in the design and implementation of the monitoring and evaluation program, processes, tools and reports.

5.5.5 Specialists for Monitoring & Evaluation *and* Impact Evaluation

A sound Monitoring and Evaluation (M&E) system has four broad components:

- Participatory M and E by communities/local governments and users for implementation monitoring;
- Financial and accounting systems for financial monitoring;
- Management Information System (MIS) for progress monitoring;
- Independent monitoring.

The M&E system should be simple and capitalize on existing systems. Pushing for standardization can also contribute to the consolidation of information at the local, national, and donor levels. Implementing these improvements in M&E would require a small task force that would provide support to ministries and agencies and help to strengthen national capacity. In order to be close to operations, this task force should consist of a network of monitoring and evaluation specialists spread out horizontally in the various sectors and vertically across the administrative levels and out to the communities.

Box 5.8 Metrics

The question of what is monitored and evaluated involves metrics – the term for benchmarks of performance that help measure whether goals are being achieved. How those metrics are chosen and defined is an important and delicate task, probably coming through a facilitated process including stakeholders and participants (see [section 5.6](#)).

At the local level, M&E is the responsibility of the District Local Development Committee, the Sub-District Development Committee and the Community Development Committee. Programs

frequently assign a special subcommittee for M&E. During the pilot phase, these committees are supported by an M&E specialists whose role is to ensure that the system is properly designed, functions from the beginning, and is capable of producing regular outputs for consideration by the DDC, the Local Development Support Team, and the Central Design Team.

Box 5.9 Making provisions for fully independent monitoring

In the Kecamatan development program the program hired independent NGOs in each province to independently monitor the program (for TOR see the tool in the next box). It also provided an association of journalists with travel costs and per diems to periodically visit the program areas and communities and report on what they found in the press.

Useful Tool

For complete and thorough guidance on how to design a national level monitoring and evaluation system, see:

Wong, S. May, 2003. [Indonesia Kecamatan Development Program: Building a Monitoring and Evaluation System For a Large-Scale Community-Driven Development Program](#). Washington D.C.

Adams, Sarah. October 2006. [Evaluating Social Fund Impact: a Toolkit for Task Teams and Social Fund Managers](#). Washington D.C. Social Protection Discussion Paper no. 0611

Van Domelen, Julie. May 2007. [Reaching the Poor and Vulnerable: Targeting Strategies for Social Funds and other Community-Driven Programs](#). Washington D.C. Social Protection Discussion Paper no. 0711

Impact evaluation of the pilot phase is highly desirable in order to justify its subsequent expansion to national levels. It is quite a separate task from the regular M&E process, and does not become an integral part of the program implementation. It requires a good baseline of communities and households as well as subsequent surveys. The impact of the program is evaluated by comparing the changes that occurred with the communities and households which participate in the program and a set of comparator communities and individuals which do not. The evaluation is best done on a sub-sample of communities and/or sub-districts, which need to be randomly chosen. Control groups with no program interventions (*without treatment communities*) are ideally located within the same district, but this is often politically difficult, because the communities/sub-districts that are left out will protest. In such cases the *without treatment communities* need to be located in neighboring districts, with some matching of the selected villages to observed characteristics *with treatment villages*.

Conducting impact evaluation is a research task. The impact evaluation should cover the impact of the LCDD program as a whole on the welfare of the communities in the district. It may also evaluate the impact of particular ways of implementing the LCDD program, such as performance based allocation of resources, or the relative impact of training and facilitation versus the additional financial resources. To ensure objectivity, a separate group of *impact evaluation specialists* should be hired to conduct the impact evaluation. The researchers need to be coordinated closely with the design of the pilot, and with its monitoring and evaluation system. Coordination responsibility rests with the district development committee assisted by the program development consultants.

5.6 Training, Facilitation, Participatory Planning, and Technical Support

Developing communities' ability to plan and map out their own development is the heart of an LCDD program and requires that adequate training and intensive facilitation are provided throughout the planning process. This component sets the tone, the shared values, and introduces the key skills that will make scaling up possible. The magnitude of this undertaking is significant. In a district-level program seeking to reach 300 to 500 communities and their local governments these activities are likely to be very costly. The following sub-sections provide ways to minimize the costs of the large training and facilitation component that is necessary, and then explore the main issues involved in participatory planning at the community, sub-district, and district levels. Cost-effectiveness is not just a question of low budgets and low bids, more importantly, it is about careful planning, contracting, and logistics.

5.6.1 Training and Facilitation Requirements at the Community Level

LCDD requires training in a number of skills, including:

- Participatory assessment and planning,
- Setting up or strengthening the community development committee and its sub-committees, (as well local government committees where relevant)
- Procurement and financial management,
- Planning and community project preparation,
- Auditing,
- Participatory monitoring and evaluation.
- Additional technical skills for all but the simplest infrastructure community projects.

Training Communities and all Program Entities

Within each community, training will have to include between four to eight people to ensure that members of different gender and age groups, minority groups, and as community technical specialists receive training. If four members are to be trained in each community, and the district, for example, covers 400 communities in 10 sub-districts, the total mandatory training effort will exceed 2000 people (4000 people if eight are trained per community).

Training also has to be provided to all other program participants who are engaged in any of the co-production tasks of the program, including development committee members and administrators at the local government, sub-district and district levels, staff and volunteers from participating NGOs and sector agencies, and facilitators and service providers from the private sector. And it should be noted that training such large numbers separately within each community, and hiring professional trainers and facilitators for these activities is likely to be prohibitively expensive, irrespective of whether the trainers and facilitators come from the private sector, NGOs, or government agencies.

Box 5.10 Train the Facilitators First

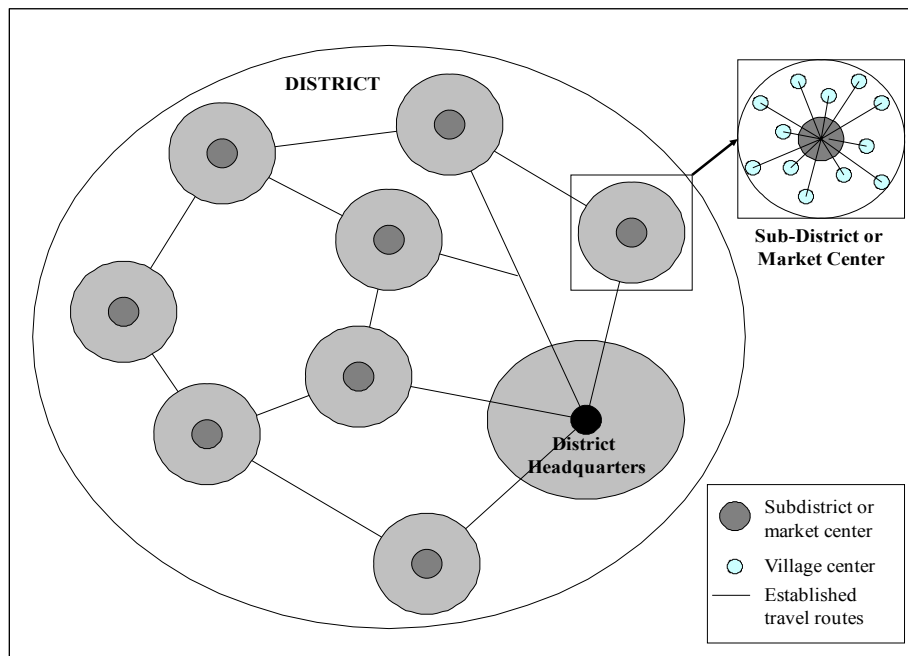
Facilitation plays a critical role in the early stages of scaling up because it is the process for building agreement of terms, goals, and methods, as well as establishing teamwork and familiarity among the actors.

Because participatory planning (and monitoring) processes at all levels must be properly facilitated by outside trainers and facilitators. Facilitation will typically also be needed during the formation or election of village committees, community project preparation, and initial participatory evaluation to ensure social inclusion and adequate participation. Unlike training, the facilitation has to be done separately in each community or sub-district and district development committee.

Cost-Minimizing Logistics for Training and Facilitation

The HIV/AIDS Prevention Program in Burkina Faso shows how cost-effective training can be organized in training camps at the district and sub-district levels. The villagers (one woman, one man, one male and one female youth) are assembled at the sub-district level for two week-long training workshops in which the elements of the project cycle and financial management are covered, as well as basic knowledge of HIV/AIDS and its prevention.

Figure 5.2: Visualizing Training Logistics Between Sub-district Center & Villages



A district team of trainers was formed from residents of the district headquarters and operated from there. The district training team selected the sub-district training teams. These are ideally recruited from among the sub-district residents, among whom the capacities to train can often be found (former teachers, extension agents, or motivated educated adults or youth). They then traveled along established routes to the district headquarters for a training camp, thereby minimizing transport costs. Upon return, they provide training to surrounding communities from the sub-district or local market town. The Burkina Faso HIV/AIDS program also adopted the principle that no program participant should travel on a route other than the usual one to the market or local sub-district center, which sharply reduces the transport logistics and costs.

The Sub-District Training Teams

Once established and trained, they can also mobilize local specialists for specialized training (nurses, doctors, agricultural extension agents, etc.). During the pilot phase, they use their training experience to revise and improve the training curriculum, sessions, materials, and the training manuals they started out with. Suggestions are integrated, by the local design support team, into the next versions of the training manual. They are paid only for the days they work or receive training. Subsequent to the training, they can also be sent to villagers to facilitate program and community project development, either on a supply-driven basis, or at the request of communities for help. They can be reactivated whenever a new training or facilitation needs arise.

Cost effectiveness is enhanced if sub-district training teams are formed by mobilizing latent local capacities, i.e., by recruiting qualified local volunteers, such as retired people, educated spouses, educated youth, and village elders, who may previously have been teachers, health practitioners, agricultural extension workers, etc. Thus composed, four to six trainers can manage a sub-district training program of workshops, to be attended by four or six people per village. It is useful to integrate the search for community based people to be trained with the view of searching for community based workers.⁷²

The Community-to-Community Extension Approach

An alternative or complementary approach is to organize specialized training and facilitation via a community-to-community extension approach, which relies and strengthens latent community capacities and therefore produces additional cost savings. The process begins with a training program or a participatory planning exercise facilitated by professional facilitators (hired from NGOs, government, or the private sector) in a pre-selected *lead community*. Three to five representatives from neighboring communities are invited to participate, with a view to build a corps of locally-based trainer/facilitators. In addition to their participation in the exercise, extra formal training in specialized subject matters or facilitation can further build the skills of these representatives. The newly trained trainers/facilitators then return to their villages, occasionally accompanied by members of the lead community, to facilitate the participatory planning process and training of the population there.

Capacities to facilitate community processes can be significantly expanded at a very low cost by training some of the sub-district training committee members to become community facilitators. The training can be incorporated into the district *Training of Trainers* modules described above. These locally resident community facilitators can then be used to provide mandatory facilitation, or facilitation on demand by the communities, and be paid per diems for the days worked.

⁷² [Community Based Worker Systems, Guidelines for Practitioners, Khanya, South Africa, September, 2007](#)

Box. 5.11 Standard Per Diem for Volunteers

To avoid protracted negotiations about per diems with volunteer trainers and facilitators, per diems should be uniform, irrespective of the qualifications of the trainer or facilitator. They should be covering the costs of the facilitators and a bit of pocket money, rather than being important sources of income for the volunteers. Typically per diems allow trainers to feed themselves in little eateries, or to buy groceries for cooking.

5.6.2 Facilitating the Participatory Approach to Planning and Budgets

The core outcome of the community planning process has to be the *annual plan and budget*, which is part of an outline of a longer-term *three to five year development program for the community*. As with the simplified financial reports covered in [Chapter 2](#), guidelines for simplified annual plans and budgets should be part of the preparation of scaling up.

Intensive facilitation will be needed throughout the participatory planning process, in particular to ensure that all community members, including women and minorities, are given a fair chance to participate, thereby avoiding elite capture. A facilitator should spend at least half of that time in the village, either continuously or in repeated visits. More on the specifics of the plan process is in [section 5.5.5](#).

Box 5.12 An Irony of Elaborate Plans & Reports

Requiring carefully written development plans at the community level in English or French leads to the domination of the planning process by the external consultants, who will inevitably be hired to produce the reports. In the Burkina Faso CDD program it led to a consultant industry consuming over two million dollars of the funds of the PNGT-Second Phase program. Yet, these documents were rarely used at the community level and generated few added investments beyond the program.

5.6.3 Technical Training and Support

In addition to broad-based mandatory training and facilitation, communities that undertake projects in specific sectors will need specialized training and facilitation for specific sub-sector community projects and other technical support. Such training and support should primarily be demand-driven, based on the development plans of the communities. *It should be recognized as a legitimate cost of LCDD, and communities should be able to spend part of the money they receive to finance or co-finance these services.* The precise source and logistics of providing these services needs to be worked out locally by the respective sectors, in coordination with the district development council. Some district-level projects can be used to finance some of the basic training costs for NGOs, private firms, or local sector offices of the government.

Technical support should also include access to standard designs and more intensive technical support specific to each project. Technical designs for typical projects need to be vetted and approved to reduce a common tendency for over-design of projects. The approved designs can then be assembled into a sourcebook or catalogue. Technical support can be provided in a number of ways:

- The most important is to allow communities to use part of the project resources to purchase technical support services from any provider they can identify. These would include the private sector (individual engineers, consultants, and firms), specialized NGOs, producer organizations, and local offices of the public sector (in the latter two cases, probably on a partial cost recovery basis or by paying for transport and other costs of providing the service). Competition among these service providers helps improve the quality of their support.

- In addition, within a LCDD program, private firms, NGOs, and local branches of sector agencies can also be invited to submit proposals to the district development committee to provide technical support services to communities. In order to submit such providers to a market test, it would be best to provide only partial funding for their services directly from the district development committee, with the balance coming from the communities who demand the services.

Box 5.13 Finding Locally Available Specialists

Some programs, such as the Kacamatan Development Program in Indonesia (KDP), have hired engineers as consultants and posted them at the Kacamatan level to provide technical support to communities.

An alternative approach and part of the local focus, the LCDD program could compile a list of local, pre-qualified vendors and specialists for listing in a resource guide.

Useful Community Tools

Communities will have to become familiar with the community project cycle. For a complete discussion of the community project cycle, see the following highly recommended publication:

de Silva, Samantha 2002. [Taking the Lead: A Handbook on Direct Financing of Community Subprojects.](#)

Also available in [Español](#) and [Français](#).

A village participation manual exists which has been designed to compress the whole process into one or two weeks:

The World Bank 2002b. Village Level Participatory Approaches: A Manual and Tools (VLPA). Washington, D.C.

The manual and the tools can be downloaded from the [Royal Tropical Institute website](#) by looking for [Village Participation in Rural Development](#).

5.6.4 Participatory Planning at the Community, Sub-district and District Levels

Development plans should be prepared in a participatory way, starting from the community plans. These are then coordinated across communities at the sub-district and district levels to ensure that larger investments, such as roads and schools, can serve several communities.

USER-FRIENDLY ANNUAL PLAN TEMPLATES: Template for an annual plan should be provided to the community, sub-districts, and districts as one of the scaling up tools. For communities the templates should be set up so the plans can be filled in, mainly via lists and tables, and without having to write extensively. Like all tools, these templates need to be developed and tested in the field. Several copies will be needed, as the plan will have to be submitted to the local government, sub-district, or district, and copies will also remain in the village/community.

The resulting three to five year plan for the community should describe the findings of the community about its strengths and key resources, its links to and from the outside world, the support structures that are available to it, its weaknesses and challenges, and a vision of what it wants to achieve over the period. All, of course, should be in the local language, in a document form that is accessible to all, and likely to survive in the harsh conditions of the community. It should discuss the governance structure that the community has set up or amended to pursue

these objectives. It should then include a list of priority projects, along with who will be responsible for pursuing them, as well as key partners who will be approached.

The nature of the annual plan then depends on the structure of the LCDD program. It will include the projects and services that the community can provide for itself out of its own labor and cash resources, with time tables and allocation of resources in cash and in kind. If the community is given a budget envelope to allocate to its particular project(s), the annual plan will include the allocation of the annual budget to the top priorities, along with own co-financing in cash or in kind. This is complemented with timetables, advisory or facilitation inputs, and precise allocation of responsibilities. If the community has to submit projects for funding to the local government, sub-district, district, or other funders, the annual plan will be based on the expected or approved resources that are made available, and then contain the same management elements for each project.

The annual plan should also include:

- How the plan will be monitored
- How progress is reported back to the community
- How funds are accounted for

The annual district development budget

The most important output of planning at the district level is the annual district development budget -- and sub-district budgets, if sub-districts have their own budget (rather than execute projects under the supervision and financial control of the district). The annual budget needs to be embedded in a clear understanding of the district priorities or plan (and sub-district priorities) for the next three to five years. International experience on planning at the district level is also clear. In the Mozambique Decentralized Finance and Planning Program, which builds on a pilot program of UNCDF in Mampula Province, the District Development Plans required the active participation of sub district administrative staff and communities. In fact, the government developed a set of guidelines on participation in district planning which promote the establishment of *local consultative council* where community representatives and local administrations debate and approve priorities for the DDP and its consequent annual investment plans (districts in Mozambique are equivalent to local governments in other countries).

In many instances, however, too much effort and cost is required to prepare a three to five year plan for each of the sub-districts, which are often based on similar community plans, and then integrate them into a district plan. Attempts are also often made to integrate the multi-year district plans into regional, provincial, or national three to five year plans. Such attempts for bottom up, medium-term regional or national planning processes have systematically failed all over the world. Requiring carefully documented and well written three to five year plans mainly produces documents that will rarely be used for future decision-making, because they don't synchronize with the annual budget cycle; it also leads to planning processes dominated by consultants, who inevitably influence the annual budget decisions.

Moreover, such attempts tend to delay or block the final approval of the plans, and they also delay the preparation and approval of the much needed and far simpler annual budgets for the district and all the lower levels. Yet, a vision of what should be done over the next three to five years is important to anchor the annual budgets and reduce conflict over priorities. This can often be done in simple terms as agreed upon lists of priority projects.

The key lesson is simplicity. Report writing should focus primarily on core outputs, both in the form of simple documents in local language, and wall charts which can easily be understood and made widely available to the district and sub-district stakeholders.

Useful Tools:

[Local governance and poverty: the UNCDF approach](#). Edited by Angelo Bonfiglioli. New York. UNCDF, 2002.

5.7 Resource Flows, Resource Allocation, & Accountability Mechanisms

5.7.1 Direct financing to communities

Central to the success of the program is that the fiduciary arrangements channel funds directly into the hands of communities. (A local development program should also include funding at the local government level for projects going beyond the community level, and the corresponding options are discussed below). The funds should preferably be untied and provide an open menu of options, except for a negative list of what the money may not be used for. Earmarking should only be used in exceptional circumstances, where gaps in knowledge or stigma prevent allocation of resources to important national priorities, such as HIV/AIDS. The menu and negative list should have been designed in close consultation with stakeholders and experts.

Box 5.14 Steps to Scaling Up: Resource Flows
Diagnostic Phase to Ensure Minimum Conditions
Pre-Program Development – National Level
Pre-Program Development – Local Level
Pilot Phase of Scaling Up
Resource flows & accountability
<ul style="list-style-type: none"> • Direct financing to communities • Options for allocating funds • Options for managing and disbursing financial resources
Scaling up
Consolidation

Funding is typically accompanied by a set of rules and corresponding training that:

1. Ensure wide local participation;
2. Promote transparency and accountability;
3. Prevent fraud and misuse;
4. Avoid elite capture and social exclusion; and
5. Ensure that, through local resource generation mechanisms, the community can manage and maintain the asset after community-project completion.

Box 5.15 Priority List Menus

Open Menu – In an open menu, the community representatives can suggest or approach any item or service (except those on a negative list)

Negative List – a negative list includes items that LCDD program funds cannot be used for, such as weapons, religious items, or entertainment services.

Disbursements can be in tranches based on statements of expenditures. The community finance committee and the treasurer are responsible for preparing and submitting these documents to the local government, sub-district, or district. The sub-district or district will rarely be able to directly verify the accuracy of the statements of expenditures in the community. Therefore, verification of the proper use of the money is the primary responsibility of a community's own finance and audit committees and of the general assembly of community members that has to meet periodically. In addition, community accounts should be subject to the threat of audit by the sub-district or district level. Auditing hundreds or thousands of small community accounts is not cost-effective; it should be part of the monitoring and evaluation plan, and carried out on a random sample basis. Audits should include the financial records, the decision-making processes, and the quality of the output produced.

Essential Tool:

de Silva, S. 2002. [Taking the Lead: A Handbook on Direct Financing of Community Subprojects](#). Washington D.C.

For fiduciary and disbursement purposes, a *community project* can either be part of an annual community budget comprising *several community sub-projects* or *individual community-sub-projects*:

- **Community project consisting of several community sub-projects.** This first option, combined with disbursement against the budget in two, or, maximum, three tranches, is the most empowering since it allows the community full freedom to allocate moneys across sub-projects.
- **Individual community sub-projects.** Individual sub-project finance from earmarked resources means that much more power rests with the funder, and that savings from one project cannot be allocated to another project.

Box 5.16 Finding a Co-Financing Balance

In Mexico, for example, many municipalities started to build basketball courts, an eligible expense, but not high on the national set of priorities. The co-financing requirement for these community-projects was increased significantly and most municipalities shifted resources to other projects. Eventually, a co-financing matrix set different co-financing requirements for different project types and adjusted them to the marginality of the municipality. These are ways to reflect national priorities without prohibition of certain projects or earmarking of funds, leaving greater autonomy and empowerment to the local decision making processes.

National law & direct disbursements to communities

In certain cases, the laws or regulations of national governments may not allow direct disbursement to communities. Often, these laws state that money can only be transferred to legalized entities. This is a case where national policy may need to recognize LCDD disbursement issues. Generally, however, many kinds of *work arounds* are available. For instance, legalization of the community group can be a simple procedure which only involves registering the committee with the relevant government authority.

Box 5.17 Ethiopian Method for Gaining Legal Status

In Ethiopia, for instance, a law was passed so that the minutes of the meeting reporting the formation of a community development committee are sufficient for gaining legal status and becoming eligible to receive public funds.

Simple mechanisms can be found to assist this process. If procedures are more complex, a short to medium term solution is to state in the Development Credit Agreement (DCA) that any community organization created for the purpose of the project is considered legal if it meets certain simple requirements. In the long term, governments' legal barriers to direct funding will need to be removed, so that the LCDD structure and approach can be sustained beyond the life of a specific donor-funded program.

5.7.2 Community Co-Financing

Most LCDD programs require community co-financing. This reduces the fiscal costs of the program and improves ownership and accountability at the community level. Communities should be asked to contribute a predetermined minimum share of the cost of each of their projects. Whether in cash, labor (including management time), or materials, such community contributions may constitute between 10 percent and 40 percent of total community-project cost. In very poor areas, the contribution may be entirely in labor and materials. In relatively more affluent areas, communities may prefer the cash option. Flexibility in this mix should be built into

each matching grant. The *minimum co-financing* requirement can also be used to incorporate national priorities into the program, although these may conflict with local priorities (or even global priorities such as climate change and environmental protection, which is why there is a community fund for climate change).

5.7.3 Options for the Allocation of Funds Across the Program

The basic two options for allocating resources to communities, local governments, sub-districts, and districts are the following:

- Allocations could be based on proposals submitted from each of these levels to higher levels, as it is in the KDP in Indonesia.
- Or they could be based on norms, i.e., be an entitlement of each level, as in the Burkina Faso LCDD program, where a community's allocation is set at three dollars per capita.

In a large-scale program where there will eventually be thousands of community projects, there are several disadvantages to proposal-driven allocations. Communities and sub-districts will be tempted to submit proposals, the aggregate of which vastly exceeds available resources. The proposals then have to be sent back for cutting them down, inevitably leading to disappointment and disillusionment. Moreover, without a clear initial envelope, planning at each of these levels is much more complicated and may take on the characteristics of producing wish lists.

The clear allocation of a norm forces choices to be made quickly at each of the levels. Norms can be based simply on the number of people, as in the case of Burkina Faso, or they can be based on more complex formulas, taking into account the degree of marginality of the community or district, and other factors. For instance, Bolivia's Rural Communities Development program allocated funding to 100 municipalities selected on the basis of poverty, development potential, and institutional capacity. On the other hand resources for productive investments were made available nationwide and allocated on the basis of proposals received.

Norms can also be used to allocate the small management budgets for sub-district development committees and training committees. These committees need small amounts of money to function, and if funds are not provided, the program quickly slows down, and key people who were initially mobilized then turn away.

Increases in annual budgets or norms of communities, sub-districts, and districts can be based on performance of each of these units, and compared to agreed upon performance benchmarks. Lack of performance should lead to a constant or declining budget, and fraud should lead to exclusion of the community from the program for one or several years. Uganda's performance based grant system for local governments is a standard for this kind of system.

Box 5.18 Zambia: Linking Performance, Accountability, & Incentives

Zambia's Social Fund created a graduation scheme setting positive and negative incentives in line with a set of pre-determined performance benchmarks. Under the scheme, to encourage learning-by-doing, no District Council is penalized for a wrong choice of projects.

Of course, there are projects at the sub-district or district level, such as service provision by specialized entities, facilitation, etc., which cannot be based on simple population or membership norms, and in which a proposal-driven allocation process is inevitable.

5.7.4 Options For Managing And Disbursing the Financial Resources at All Local Levels

As discussed in [Chapter 4](#) (see [Tables 4.2](#) and [4.3](#)), widely used options include:

- **A SINGLE DISTRICT BUDGET AND DEVELOPMENT FUND.** This model has been widely developed by UNCDF pilot projects in many countries. In the Mozambique Decentralized Finance and Planning Program, based on a pilot financed by UNCDF, the Government is establishing institutions and mechanisms to support districts in developing plans that are multi-sectoral and require alignment with the various sector directorates at sub-national levels. This ensures that recurrent costs and sector standards are accommodated. The plans are the basis for allocating money to the district development fund and for mobilizing additional funds through the government's budgeting process as well as from other possible partners, including donors, NGOs and communities themselves.⁷³

Projects in the district development plan are executed by the district administration itself, and/or delegated to sub-districts, NGOs, the private sector, and communities. The district budget then determines how much each community or sub-district benefits from the fund.

- **A DISTRICT DEVELOPMENT FUND WITH A SPECIAL WINDOW FOR COMMUNITIES, OR SEPARATE DISTRICT AND COMMUNITY DEVELOPMENT FUNDS.** The advantage of having separate community or sub-district funds or windows is that it better advances empowerment and learning-by-doing at these lower levels than a process that maintains all the allocation power at the district level. The disadvantage is that sequencing and economy of scale considerations are more difficult to accommodate than in a single, fully fungible budget at the district levels.

In Rwanda, for instance, the government adopted an anti-poverty strategy to empower local government to provide economic and social services to local communities, while at the same time empowering communities to demand such services from their local governments. Thus, its Decentralization and Community Development Program supports direct funding of community projects following a bottom-up planning process that involves communities throughout the project cycle. However, financial management and funding for larger district-level projects will be done separately by the district administrations, with considerable institutional and capacity building at local levels.⁷⁴

As discussed above, allocation to the communities from the community window or fund could be based on proposals from these levels, or they could be based on ex ante allocation to each community and/or sub-district based on a formula. Other rules can also be devised to ensure an equitable allocation of resources—Mexico's DRD adopted the principle that at least half of the resources had to be used for rural communities within a municipality, rather than the central municipal town, and that it should preferably target the poorest communities.

Local governments can be encouraged to contribute to the community window or the separate community fund, and thereby help co-finance community projects. As a result, funding for community projects would comprise of the joint contributions of central government, local government, the community, and donors, with a progressively decreasing reliance on donor funding to achieve long run fiscal sustainability of the program. There can also be separate

⁷³ The World Bank July 2004. "[Community-Driven Development in Local Government Capacity Building Projects: Emerging Approaches in Africa](#)". Social Development Notes No. 86.

⁷⁴ *ibid.*

local government windows, which would allow local governments to finance infrastructures that benefit more than one community, as in Madagascar and Zambia.

- **CHANNELING FINANCIAL RESOURCES FOR COMMUNITIES THROUGH A SPECIAL FIDUCIARY AGENCY, SUCH AS A SOCIAL FUND.** The Social Funds of the early 1990s widely used these options; at the same time they maintained the functions of identification of beneficiary communities, facilitation and technical support, project approval, disbursement, supervision, and monitoring and evaluation. Increasingly the Social Funds have transferred the coordination, identification, approval, supervision and some of the monitoring and evaluation functions to district development councils, as in the case of the Zambia and Malawi Social Funds.

More and more, as shown in [chapter 4](#), these Social Funds concentrate on program development and supervision. They assure the financial flows and ensure other the fiduciary functions such as monitoring, evaluating, and reporting to government, donors, and other stakeholders. In many cases, however, they still write the checks to the communities, after being given disbursement orders from the district development committees. So the power of approval and initiating disbursements is entirely transferred to the local level, while the actual check writing and reporting functions are centralized, *thus separating decision making about the resources from the actual resource flows*. This is an appropriate division of labor in environments where financial management capacities at the local government are limited and corruption at that level is rampant. Given economies of scale in these financial transfer and other fiduciary functions, this may also be an appropriate long term division of labor; *Social Funds*, or similar specialized fiduciary agents, could become permanent features of the intergovernmental fiscal system.

- **CHANNELING MONEY THROUGH NGOS.** This approach was popular in the early 1990s, when it was an alternative to large donor or government bureaucracies, but has shown to have severe limitations:
 - a. First of all, the approach has tended to be very costly, increasing transaction costs (such as *management fees* or other charges), and therefore the pass-through rate of financial resources allocated to the program with significant reductions to funds that actually reach communities.
 - b. Second, it tended to dis-empower communities. Usually the NGOs exercised too tight control over the resources.
 - c. Third, NGOs rarely had the capacity to scale programs up to district or national coverage.
 - d. Finally it eliminated the coordination functions of local government.

5.8 From Development Phase to National Scaling Up

This can be considered the countdown with each number a step toward fully scaling-up:

1. THE ELEMENTS THAT ARE IN PLACE ARE REVIEWED

With the elements to scaling up in place and the pilot phase of the LCDD program running properly in one or a few districts, the various documents and tools used by the program need to be properly reviewed, updated, integrated, and presented. These include the operational manual, training materials, costs elements, monitoring and evaluation reports, initial impact evaluation results, and other relevant instruments.

The materials are an essential input into the planning of the national scale up. They can all be reviewed, improved, and presented for final revisions at a *national stakeholder workshop*. The materials can then be aggregated into a *comprehensive operational manual* and translated into the major national languages.

2. PLANNING THE BUDGETS AND FINANCING

The planning process involves the preparation of detailed budgets and a financing plan involving all possible sources of funds: national government, local government, communities, and external donors. Financing norms and the pace of scaling up may have to be adjusted to fit the available financing to which the different partners are willing to commit. Budgeting and financing options include:

- Folding in similar ongoing programs into the new program. Similar programs may be financed nationally or by donors. Candidate programs should already have included in the participatory reviews that were part of the Program Development Phase.
- Allocating additional tax bases to local governments and communities which can be used for co-financing of the program.
- Allocating existing national revenues and donor funds to the program via the intergovernmental fiscal system.
- Raising additional taxes or donor resources for funding any likely shortfalls.

6. IDENTIFYING & OVERCOMING REMAINING BUREAUCRATIC HURDLES

It will also be important for all participating stakeholders to identify gaps in the national and local institutional framework and remaining bureaucratic hurdles, and to define time-bound plans to overcome them. Issues to be discussed may include the development of functioning local and sub-district governments, further alignment of sectors with the national decentralization framework and community empowerment, strengthening of the central institutions in charge of decentralization and local governments, further simplifying procedures seen as causing delays or bottlenecks, and addressing weaknesses in national statistical systems and PRSP monitoring.

Box 5.19 Steps to Scaling Up: <i>Scaling Up</i>
Diagnostic Phase to Ensure Minimum Conditions
Pre-Program Development – National
Pre-Program Development – Local
Pilot Phase of Scaling Up
Resource flows & accountability
Scaling up
<ul style="list-style-type: none"> • Elements in place • Planning finances • Managing bureaucratic hurdles • Designing management system • Focus on costs & logistics • Communications strategy • M&E System • Special conditions • Pre-launch activities
Consolidation

7. DESIGNING THE PROGRAM MANAGEMENT SYSTEM

Based on the experience in the planning phase, the national system for managing the program also has to be designed in detail with a focus on the central program office and its subsidiary branches, their capacities, terms of reference, and staffing. Planners will also need to consider phasing. There may have to be two or three phases to reach national coverage, depending on the number of districts in the country, and the number of districts covered in each phase.

Phasing options include:

- Beginning with the larger districts that have better capacity, allowing a program to quickly increase the population reached. For instance, in Burkina Faso, the HIV/AIDS program's 13 lead provinces (out of a total of 45 provinces) covered more than half of the population.
- Selecting a range of districts with different sizes and capacity levels, allowing fine tuning of operational approaches and manuals to different situations

8. FOCUS ON PROGRAM MANAGEMENT COSTS AND EFFICIENT LOGISTICS

As in the case of individual districts, scaling up across districts, states, or provinces will also require detailed planning that pays attention to the costs of managing the program. Cost elements during the planning phase need to be carefully reviewed, as well as further opportunities to reduce them. Cost-minimizing approaches involve the same principles of minimizing travel costs; mobilizing existing structures to manage the program is better than developing new ones or hiring special staff and consultants to do the job.

Options for managing the large scale training needs of district program managers include workshops at the national level; setting up lead districts with whom the neighboring districts can participate in the program roll-out in a learning-by-doing mode; the using the district-to-district extension approach; or a combination of these approaches.

9. IMPLEMENTING THE COMMUNICATIONS STRATEGY

At this time the implementation of the national communication strategy becomes critical. The participants and communities that were part of the Program Development Phase should be used intensively in the communication effort, because they will be most knowledgeable, skilled, and committed to it.

10. THE NATIONAL M&E SYSTEM

The national monitoring and evaluation system and the impact evaluation program need to be put in place to ensure regular and speedy feedback during the scaling up phase. Similarly, a national IEC strategy will be needed to ensure national access to program information.

Learning by doing never stops, therefore operational manuals and training materials should not be regarded as static for all time to come, but subject to at least annual revisions to build in the lessons from the scaling up phase.

11. ASSESSING SPECIAL CONDITIONS OR CIRCUMSTANCES

Depending on the results of further social analyses, it may also be necessary to adapt program design to special district conditions. Considerations that may arise: the inclusion of marginalized or stigmatized communities such as tribal groups that may require special facilitation; or sub-districts or communities with particularly pronounced social stratification or even conflict that may require special assistance from the central design team.

12. PRE-LAUNCH WORKSHOP

The final step is a program launch workshop with representatives from all the key co-producers and from the next batch of lead districts.

5.9 Consolidation (Post-scale up)

Consolidation is not as hard as getting a program started and scaled up, but requires careful attention. The systems in place may require minor or major adjustments to manage the enormous complexity of scaled up LCDD. The consolidation process includes:

- Pulling together M&E data and evaluation reports to improve program design, management systems, and operating procedures.
- Reviewing and adjusting cost sharing rules, training, facilitation, and technical support systems.
- Gradually shifting the program from basic infrastructure and services to economic development and social protection, depending on context and community demand.
- Making the program fiscally sustainable by developing the fiscal base of local governments and communities, and negotiating with higher level governments on cost sharing.

Box 5.20 Steps to Scaling Up: Consolidation
Diagnostic Phase to Ensure Minimum Conditions
Pre-Program Development – National
Pre-Program Development – Local
Pilot Phase of Scaling Up
Resource flows & accountability
Scaling up
Consolidation <ul style="list-style-type: none"> • Self-sustainability

With the basic structure in place, emphasis and resources can also move towards deepening accountability mechanisms, improving technical and organizational capability, and expanding targeted programs to tackle issues that communities may have neglected. Furthermore, while the initial focus of LCDD may typically have been on rural areas, now urban areas may be added in the consolidation stage, if not earlier.

5.9.1 Self-Sustainability

Finally, as these elements are progressively being put in place, the program should work towards reducing donor dependence of the program and the ultimate exit of foreign donors. This can be achieved by increasing reliance at local and community levels on locally raised resources, while remembering the limitations of the poorest and most needy areas; by developing or strengthening the use of poverty formulas in the allocation of central government and donor funds; by developing the borrowing capacities of larger local governments; by fully integrating the non-local funding into the intergovernmental system; and by refocusing donor finance on other programs, or phasing it out altogether.

The ultimate success of LCDD is when a scaled up program is, essentially, self-sustaining; each participating community, district, and state has established its capacity to manage and execute its projects, improve its governance, and expand its economic options.

Useful Tool:

[Annex 4](#) provides a matrix of Scaling Up Design Elements and Tools.

These charts present aspects of every design element, why it is used, and what its impact is for the LCDD program.

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ANNEX 2 - OPERATIONAL FUNCTIONS AND MANUALS BY LEVEL

Level	Community	Local	District	National
EXCLUSIVE NATIONAL FUNCTIONS				
Aid Mobilization/Coordination				X
Decentralization policy/management				X
Intergovernmental Fiscal System				X
Sector Program design/Managmt.				X
MANAGEMENT AND COORDINATION	Management and Coordination Manuals or chapters			
Governance And Decision Making	x	x	x	X
Diagnostics, Priority Setting	x	x	x	X
Management Training	x	x	x	X
Monitoring And Evaluation				
RESOURCE MOBIL. AND MANAGEMENT	RMM manuals or chapters			
Resource Mobilization	x	x	x	x
Beneficiary Selection and Targeting	x	x	x	x
Financial Management and Accountability	x	x	x	x
Procurement, Contract, Materials Management	x	x	x	x
TECHNICAL ISSUES	Technical Manuals			
Technical Design And Management	x	x	x	x
Specialist Training/ Retraining	x	x	x	x
LOGISTICS	Logistics Manuals or chapters			
Rollout Logistics	Not needed	x	x	x
Logistics Training	Not needed	x	x	x

ANNEX 3 - DESIGN ELEMENTS AND TOOLS FOR LARGE SCALE LCSD PROGRAMS

Annex 3.1 National Policy Toolkit

The National Policy Toolkit contains diverse tables to use to help guide the diagnostic process.

Annex 3.2 Design Elements and Tools from the Step-by-Step Guide

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
PHASING AND SEQUENCING		
Proper study of earlier experience	Inform overall design and planning	Multiple gains in every area
Diagnostics of issues and capacities	For details see "Participation and social inclusion" below	Multiple gains in every area
Field test the scaling up in one or several districts	Test the logistics and design of the proposed program, and improve overall design by giving room for troubleshooting at an early stage	Improves x-efficiency. Reduces transactions costs. Avoids costly delays in scaling up phase. Improved x-efficiency
Grafting to a larger program or development process	Ensure political commitment, capitalize on existing macro-governance and management systems. Develop common information base, values and approaches. Improved information, and decision-making. Incentive compatibility.	Reduced management costs, Multiple gains in transactions and management costs; reduced losses from moral hazard, opportunity cost of program delays, and failures; greater x-efficiency and allocative efficiency; lower central fiscal cost
Explosion	Immediately achieve scale, but leaves little room in the short-run for correcting faulty design	Rapid economic gains. Risk of costs of failure and delays
Field-tested operational manuals for all primary functions at all levels	Basis for program performance and timely implementation	Reduced management costs, opportunity cost of delays, inadequate coverage, mistakes in decisions, mismatch of resources, etc
Regular revision of operational manuals	Provides room for troubleshooting or fine-tuning	Multiple gains on all levels
Replication after adjustments from feedback	Improve design and planning	Multiple gains in every area

DECENTRALIZATION AND LOCAL GOVERNMENT EMPOWERMENT		
Gradual handover of responsibilities to local government	Build ownership and common values and vision. Improved information, and decision making. Incentive compatibility. Greater accountability, mobilization of latent capacities, greater local resource mobilization	Reduced transactions, communication, travel costs, greater x-efficiency, allocative efficiency
Assured flow of funds to local governments, mostly fungible and some earmarked for specific programs	Allow local governments to allocate resources and effectively carry out its functions. Provides incentives for resource mobilization, cost savings, accountability to constituencies	Long term fiscal sustainability, greater allocative efficiency and x efficiency
Local government power to levy taxes and some user fees	Same as above	Same as above
Formula-driven allocation of funds to local governments	Fiscal equity; Allows for poverty targeting	Improves transparency and reduces transaction costs
Capacity development for local governments (e.g. participatory planning, financial management, accountability, M&E)	Mobilize latent capacities Reduced logistics problems, helps build common values.	Lower transport, communications, transactions costs.

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
PARTICIPATION AND SOCIAL INCLUSION		
Review of poverty assessments and use of poverty maps	Identifies key pockets of poverty both geographic and by social groups	Lower targeting costs; lower losses from mis-targeting
Social analysis (e.g., stakeholder analysis, social stratification, civil society organizations and capacities, etc.)	Determine the operations' primary stakeholders; identify their interests in and influence over the program; identify/assess institutions at local, regional, and national levels and processes upon which to build; provide a foundation and strategy for participation	Avoid faulty design and inefficient implementation
Participation of women in all aspects of the program, and special attention in skills development	Develop a culture of social inclusion. Mobilize latent capacities. Build ownership.	Greater x-efficiency. Program benefits more widely spread within communities
Participation of marginalized groups, and special attention in skills development	Reduce risk of elite capture. Develop a culture of social inclusion and. Mobilize latent capacities. Build ownership.	Greater x-efficiency. Program benefits more widely spread within communities
Clear social inclusion rules for village development committee formation	Develop a culture of social inclusion. Mobilize latent capacities. Build ownership.	Greater x-efficiency. Program benefits more widely spread within communities

COMMUNITY SETUP		
Improvement or creation of community development committees and sub-committees to manage community program and projects	Makes program into a legitimate village activity, builds ownership and common values. Provides the basis for inclusion of all local stakeholders. Puts in place the basic management and accountability structure. Mobilizes latent capacities.	Reduces transaction costs, increases allocative and x- efficiency.
Village elections for development committee positions – held periodically	Builds beneficiary ownership, enhances downward accountability, mobilizes latent capacities, reduces risk of elite capture and corruption.	Increases allocative and x-efficiency.
Giving legal status to village development committees	May be required by national legal and procedural systems	Reduced transaction costs, logistical problems, and opportunity costs of delays
Participatory appraisal and planning approaches resulting in a community development plan and list of immediate priorities	Develop common information base, values and approaches of community and local stakeholders; improve community development institutions. Put in place committees to manage community-projects and audit and control committees.	Makes community choice more welfare enhancing for all. Yields short and long-term gains via use of local knowledge, skills and commitment for planning, implementing, monitoring/ maintaining, and evaluation.
Community contracting of technical services	Empowerment, accountability, quality, timeliness and reductions in logistics problem of advisory services.	Reduced technical assistance costs, quality losses, and opportunity cost of delays; expands the local market for provision of good and services
Channel for complaints and dispute resolution	Enhances downward accountability. Provides information feedback to other co-producers	Reduced cost and delays associated with unresolved disputes
Promoting inter-village cooperation	To undertake projects which transcend village boundaries and deal with spillover effects. To share knowledge and advice among communities.	Fewer extension workers needed in Private, Public, or NGO sectors

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
FUNDING ARRANGEMENTS FOR THE COMMUNITY		
Fungible funds: unconditional grants for an open menu of projects, accompanied by a negative list (Earmarked grants in exception circumstances)	Empowerment, ability to allocate money to priority projects, enhanced transparency and accountability	Allocative efficiency: economic gains from better alignment of choices with community preferences. Greater mobilization of community co-financing, latent capacities, volunteer efforts and labor.
Assured flow of funds to communities (i.e., Money in the hands of the community)	Empowerment, provide incentives for resource mobilization, for cost savings, accountability to members	Average 40 percent reduction in project costs.
Matching grants/community co-financing (in cash and/or in kind)	Ownership and accountability, builds common values.	Improved x-efficiency. Significant reduction in fiscal costs.
Simple, rapid and transparent funding procedures/ elimination of financial intermediaries	Empowerment, accountability to primary stakeholders; simplifies logistics.	Saves on transactions costs and program overhead.
Progressively integrating direct disbursement procedures into standard government disbursement processes	Build ownership and capacity; simplify logistics; Improve accountability	Saves on transactions costs and program overhead. Increases allocative efficiency
Formula-driven fund allocation within local areas	Improved equity, transparency, and accountability. Because everybody knows their budget envelopes, it simplifies community-project preparation, and approval processes	Reduced transactions costs for all, reduced management costs

INSTITUTIONAL SETUP AND PROGRAM MANAGEMENT		
Mainstream LCCD into existing local governance systems	Transparency and accountability at the local level is easier to achieve than at higher levels. Mobilizes latent capacities for management. Reduces coordination and logistics problems	Reduced management and transaction costs. Increased allocative efficiency and x-efficiency.
Principle of subsidiarity to allocate functions to communities, local and central levels.	Improved information, and decision making. Incentive compatibility; Reduce moral hazard. Greater empowerment and accountability. Mobilization of latent capacities. Greater local resource mobilization. Helps build common vision	Same as above
Clear definition of roles for all primary functions at all levels	Reduce co-producer and logistics problems, and minimize coordination costs. Helps build common vision.	Same as above
Learning by doing by all participants	Develop already present latent capacities, puts any formal training to immediate use, build common values.	Increased x-efficiency, reduced training costs
Simplify bureaucratic processes	Self-explanatory	Reduce transactions and management costs, reduce losses from moral hazard, and opportunity cost of program delays; greater x-efficiency and allocative efficiency, lower central fiscal cost
Transferring community project identification, appraisal, approval, supervision and PME activities to local development committees	Use of latent local capacities, and local knowledge Only way to manage tens of thousands of community projects	Reduced transactions, communication, travel costs, greater x-efficiency, allocative efficiency

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
TRAINING		
Local recruitment of trainers and “trainers of trainers” at district and sub-district levels	Mobilize latent capacities, they know their area, language, culture, can adapt, translate training materials. Creates a resident cadre of trainers: can be mobilized for later program phases Reduced logistics problems, helps build common values.	Lower per diems, transport, communications, transaction costs. No need for permanent employees
Careful logistics design of cascade training	Minimize transaction costs and delays	Reduces training costs and costs of delays.
Systematic use of training manuals	Reduced program delays, frustrations, slippage in coverage	Saved opportunity cost of program delays, slippages.
Training of local facilitators in facilitation and participatory planning	Mobilize latent capacities, they know their area, language, culture, can adapt, translate training materials. Creates a resident cadre of facilitators: can be mobilized for later program phases Reduced logistics problems, helps build common values.	Same as above
Using national and local NGOs, universities and/or private sector actors to support training program, rather than implement it	Mobilize latent capacities, utilize on-the-ground infrastructure and expertise; builds local capacity; help build common vision and values	Improves training quality, and therefore x-efficiency.
Training for village development committees in necessary skills (e.g., participatory planning, financial management, procurement, and accountability, PM&E, and specific program content, etc.)	Mobilize latent management and technical capacities, builds ownership and common values, approaches, in community, promotes empowerment of previously excluded groups	Reduces costs and improves effectiveness and efficiency of the operation by narrowing the gap between delivery of goods/services and decision-making / corrective action; maximizes volunteer labor and skills.

FACILITATION		
Make facilitation available during all phases of the program	Assist communities in managing their participatory planning and programming, M&E, and accountability processes., and with technical design and execution.	Greater allocative and x-efficiency. Reduced cost of failure. Reduced risk of elite capture.
Carefully designed, mandatory facilitation program on core capacities and program components	To bring communities to the minimum level of capacity	Same as above
Make facilitation and technical assistance available on demand at local level and provide resources to communities to pay for them or contribute to their costs	To allow communities to deepen and broaden their capacities as prioritized by them.	Greater allocative and x-efficiency. Reduced cost of failure
Using trained village members as facilitators	Expand capacity to facilitate the program to all villages. Allow communities to recruit their own part-time local facilitators and technicians	Reduces facilitation and technical support costs and opportunity cost of delays. Improves quality.
Using local government and sector staffs as facilitators and technical advisors	Mobilizes latent capacities for management, reduces logistics problems; helps build common values	Reduces management and coordination costs.
Use specialized actors (NGOs, private sector, universities) to support facilitators, and/or technical specialists	Mobilize latent capacities, utilize on-the-ground infrastructure and expertise; builds local capacity; help build common vision and values	Improved program quality

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
INFORMATION, EDUCATION, AND COMMUNICATION		
Develop a comprehensive communication strategy	Enhanced empowerment; rapid access to information and knowledge about the program and its progress, achievements and problems	Enhanced x-efficiency, reduces opportunity cost of misunderstandings, delays, and political interference.
Sensitization campaigns in each community and via the radio and the press	Spreads knowledge about the program. Pre-condition for starting the program.	Kicks off process of preparation in the villages.
Regular and systematic public information to all communities and co-producers using radio, the press, the facilitators and direct channels to communities	Necessary for the smooth functioning of the program. Enhance transparency and accountability. Reduce crises and political problems	Improves x-efficiency and reduces delays.
Ensure information flow within communities via regular meetings and postings of critical information such as funds received and spend	Same as above	Same as above
Flyers and newsletters for informing all co-producers	Same as above	Same as above

MONITORING AND EVALUATION		
Monitoring and evaluation plan	Basic program management tool	Central to cost control. Improves all component of efficiency
Participatory Monitoring and Evaluation (PM&E) carried out at different levels	Immediate feedback, quality enhancement, strengthen common values. Empowerment, cost control.	Reduced risk of mismanagement, lowers economic and fiscal costs due to errors / omissions in design or implementation by providing immediate feedback; maximizes synergies among various operational components
Process, implementation and sustainability monitoring at all levels	Feedback to technical agencies, and technical program improvements	X-efficiency gains from Quality improvements
Impact evaluation, starting with a baseline study (usually done by universities or specialized consulting firms with research capacities)	Essential for improving impact of program and justifying its continued funding.	Application of lessons improves allocative, targeting, and x-efficiency
Communities monitor their own projects, including via their finance and audit committees	Enhance empowerment, downward accountability, and ownership. Helps build sustainable partnerships among communities, service providers, and public and civil society stakeholder groups	Reduced fiscal costs
Using NGOs, civil society, and journalists as monitoring agents	Where local governments are not up to the task	Reduced elite capture and corruption. Increase legitimacy of the program.

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
COMMUNITY AND LOCAL GOVERNMENT PROJECTS		
Community and local government project funds paid in tranches based on statement of expenditures	Enhances accountability, facilitates auditing.	Reduced quality losses, and risk of misuse of funds
Annual budget allocations for communities and local governments based on performance benchmarks	Provide incentives for performance.	Same as above
Contracting by communities and local governments of private sector goods and services	Empowerment. Mobilizes latent capacities. Willingness to co-finance.	Increased x-efficiency and reduced fiscal costs.
Operations and maintenance of community-projects are the responsibility of the community	Builds ownership. Essential for any scaling up strategy	Reduces fiscal costs
Contract between local government and village development committees on their development plan and or projects.	Transparency and accountability mechanism. Improved information between levels of decision-making. Encourages ownership and co-financing by local government.	Greater x-efficiency.

GOVERNMENT/NGO/DONOR HARMONIZATION		
Involving interested donors and civil society partners in initial consultations, program design, and supervision.	Promote exchange of innovations/good practices; builds a network amongst stakeholders. Encourages harmonization of approaches and co-financing. Develops the basic trust and understanding for development of unified fiduciary and accountability system	Improved allocative and x-efficiency; reduced fiscal cost; reduced transaction costs.
Dissemination and exchange of newsletters between donors and high-level civil society partners	Same as above	Same as above
Build a common fiduciary and accountability system for all government and donor funds.	Radically reduces transaction costs of all co-producers.	Improved allocative and x-efficiency; reduced fiscal cost; reduced transaction costs.

ANNEX 4 - THE FOUR CORE FEATURES OF LCDD

In this annex we discuss the four core features of LCDD which form part of the *Vision for CDD* articulated by the Africa Region of the World Bank. These are real participation (which takes up the bulk of this section) improving accountability, technical soundness and sustainability.

Annex 4.1 Real Participation

The importance of this has been demonstrated in theory and practice. The theory has already been discussed in the text of the paper.

Real participation aims to reach all key stakeholders at the very outset by conducting a stakeholder analysis, using institutional diagnostics and toolkits. This concept framework adopts the World Bank operational definition of stakeholder as: ‘those affected by the outcome—negatively or positively—or those who can affect the outcome of a proposed intervention’. Key stakeholders are those whose real participation is essential for the initiative’s success.

Real participation means involving citizens at every stage and level. This includes the micro or community level, the meso or intermediate level (local governments, NGOs) and the macro or national/policy level (central government, World Bank staff). Real participation implies that development choices are taken under conditions of full information, full representation of all interests, and a hard budget constraint. These conditions can be met in substantial measure, if not fully, by good program design. Under these conditions, elites will be driven towards proposals that benefit all stakeholders, including poor and marginalized groups. Some caveats are in order. If poor and marginalized groups are prevented from participating effectively, elite capture will follow. Similarly, if community members dependent on natural resources and other environmental interest groups are inadequately represented, environmental degradation may result.

Empowerment means real control by communities over resources, project/program design and selection, implementation, and M and E. A good test of whether a pilot program will foster empowerment is whether the community/local government have full control over the financial resources to be used in the program, i.e whether ***the money is in the hands of the community***, and whether these resources are part of a ***single untied development budget***, rather than earmarked for specific purposes.

Shifting power from the top to the bottom requires strong political commitment. Good design is all-important: without it, power may simply move from ineffective central governments to ineffective local ones. So, empowerment requires both political commitment and good design. These in turn should be used to ensure six critical factors.

1. Devolution of authority and resources.
2. Real participation of primary stakeholders.⁷⁵
3. A communication program that provides a two-way flow of information.
4. Co-financing by communities to promote local ownership.
5. Availability of technical assistance and facilitation from the private sector and/or higher administrative levels.

⁷⁵ See [Annex 3](#) for details.

6. Pro-poor market development, including facilitation of producer/user groups that can federate upward to tap national and global markets.⁷⁶

4.1.1 Devolution of authority and resources.

Shifts in power relations are fundamental in LCCD.⁷⁷ Communities and local governments can be truly empowered only by giving them an *assured flow of funds from the central government*, as well as the *authority to levy local taxes and user charges*. Only then can they participate fully in development bargaining. Untied funds are crucial to enable communities /local governments to choose their own priorities, and create skills through learning by doing. It allows them to evaluate propositions against a single budget constraint, one of the preconditions of welfare improving social choice.⁷⁸ *Earmarking* of resources is justified only where community decision-making cannot take place under our proposed bargaining conditions. For example, resources for HIV/AIDS may have to be earmarked as long as the disease leads to stigma and cannot even be talked about. Earmarking may also be needed for measures such as bio-diversity and soil conservation, since communities may ignore benefits to outsiders.⁷⁹ Working towards a unified budget constraint implies that decentralization should give local governments a *predictable, transparent share of revenue* (including foreign aid), preferably by a legally-mandated formula. This will empower them with financial viability. Short-lived donor programs and ad hoc central grants cannot lead to empowerment.⁸⁰

Decentralization should be based on the *principle of subsidiarity*.⁸¹ Responsibility for all tasks should be devolved to the lowest level that can effectively manage them. The *subsidiarity principle improves efficiency and reduces fiscal costs* by assigning tasks on the basis of comparative advantage. It is also a powerful design element to *harness latent capacities*, thus reducing program costs. *Fiscal rewards and penalties* can spur competition between local governments and between communities. They can induce accelerated skill development by providing incentives for improved performance. This *reduces fiscal costs*. In Africa, Zambia has pioneered the grant of additional authority and funds to local governments that meet specified benchmarks (see section 5). Other countries in the region are considering similar incentive schemes.

Even after decentralization and participation are in place, central programs will be needed for issues/sectors that local governments may neglect or be unsuitable to handle. . This includes trunk roads and canals cutting through several jurisdictions, and projects with environmental or social externalities. .

4.1.2 Real stakeholder participation.

Real stakeholder participation is required in appraisal and planning, implementation and M and E. *Participatory appraisal and planning* (PA&P) by all stakeholders help strengthen decision making at the community level. PA&P requires skilled external facilitators and has been successfully used in urban and rural programs. It is the starting point for acquisition of citizen

⁷⁶ Narayan, Deepa (Ed.). [Empowerment and Poverty Reduction: A Sourcebook](#), The World Bank, Washington D.C., Dec. 2002.

⁷⁷ Ibid.

⁷⁸ World Bank. [Community Driven Development: a Vision of Poverty Reduction through Empowerment](#). Washington, D.C., Dec. 2000.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

information about options, resources, constraints, latent capabilities, and the likely consequences of each subproject for each stakeholder⁸². It helps bring about the conditions for optimal social choice discussed above.

Based on an initial stakeholder analysis, ideally complemented by social and institutional analysis, key stakeholders are divided into relevant groups to analyze their constraints, aspirations, and options. Participatory workshops may then bring together all levels of stakeholder groups into a single event, or may be sequentially phased. These processes also strengthen or create a **community development committee and relevant subcommittees, and identify group leaders and appropriate institutional arrangements**. Through bargaining, key stakeholders approve a list of agreed projects. The respective sub-committees are then empowered to pursue these approved projects. Elite capture and social exclusion are ever-present dangers, and careful design of the participatory process are needed to check them.

The next step is participatory implementation, operation and maintenance. Communities and local governments need to be involved in the design, execution, maintenance and operation of projects. This improves ownership, and in many instances (see sections 4 and 5) has reduced the costs of small infrastructure by 20-40 %. In the past, infrastructure has suffered from poor O and M, for want of sufficient funding and motivation from central agencies. Local governments and communities have historically not been empowered to operate systems, levy user charges or undertake maintenance. Recent experience shows that communities are willing to bear the entire O and M expenses for rural water supply plus part of the capital cost (see Section 4).

Process monitoring (PM) and Participatory M and E (PME). Process monitoring provides feedback to project authorities while implementation is in progress. This is accomplished through continuous observation, interpretation and institutional learning, involving participant observation and I assessment. All stakeholder groups in a project see and judge it. Dynamics within and between stakeholders are usually not ‘visible’, so PM helps reveal these. It looks at both internal and external processes, and helps analyze the interaction within and across groups and levels.

Communities may be well placed to identify the most relevant and easily trackable indicators, and may be better motivated than government surveyors. In Guinea, for example, the Village Communities Support Program has established an M and E unit that coordinates PM and helps communities establish their own monitoring. Evaluation is carried out mostly by independent organizations such as universities and NGOs.

Keep it simple. To enable village communities to participate fully, we need simple, transparent rules and procedures that can be easily replicated across large areas. Creating simple but appropriate rules/procedures is not simple at all: it needs much brainpower. But it is essential to ensure real participation.

4.1.3 Communications

Scaling up requires a well-designed communications program. Information, education, and communication (IEC) activities have to meet awareness and learning needs, as also process monitoring needs. Equal access to information by all participants is critical for welfare-enhancing social choice. Decentralization, community empowerment and capacity building can be aided by a multi-dimensional communication program which will also contribute independently to information, voice and organizational capacity.

In Poni province, Burkina Faso, a local radio station (Radio Gaoua) gives information daily on an ongoing AIDS program, and has greatly improved awareness. It is also used to convene meetings

⁸² World Bank. [Village Level Participatory Approaches \(VLPA\)](#). Washington, D.C., 2002

in an area where mail and telephones are weak. Community radio can be a two-way information device. Sri Lanka's community radio has a panel of resource-persons whom listeners can phone in for a wide range of information and answers to problems. To take off, it requires a favorable regulatory environment, and possibly the promotional financing of community-owned radios.

The success of Grameen Telephones in Bangladesh (see section 5) proves the value of telecom even in poor, remote areas. Here again, regulations need to facilitate rural mobile telecom, and initial promotional spending may be necessary. The Gyandoot project in Madhya Pradesh, India, shows that rural internet kiosks can greatly facilitate e-governance and e-commerce, improving the voice and incomes of poor villagers (see Section 5). The internet can also be used for training and capacity building. It is used in Andhra Pradesh, India to train rural midwives, thus reducing maternal mortality.

A communication strategy should include the following elements.

1. Communication rationale - Empowerment and voice for the poor, capacity building, community mobilization and education, cross-stakeholder partnerships, accountability and transparency, political incentives.
2. Target audience – sub-segments within major stakeholder groups: central, state, and municipal governments, community organizations and groups, private sector institutions, and other geographic, gender, economic, social and political divisions.
3. Types of message – benefits and tradeoffs, incentives, awareness needs, actions required, education and learning needs, avenues for complaints and suggestions.
4. Strategic scope and delivery style – national or regional, mass communication or specialized targeted means, interpersonal or popular, i.e. radio, internet, grassroots media, computerized management information systems.
5. Creators of communication capacity—NGOs, PR firms, consultants, radio-internet operators.

4.1.4 Co-financing by communities

To inculcate a sense of local ownership, communities should contribute to both capital costs and maintenance costs of projects meant for their benefit. Contributions can be in cash or kind (labor, materials). Where communities have no sense of ownership, assets may atrophy for want of motivation in O and M. In many countries, new rules/laws are required to devolve authority to levy local taxes and user charges.

Local contributions mobilize additional resources, *reduce the fiscal costs per community member, and ease the fiscal strain on central governments*. Global experience warns us that devolving excessive funds to municipalities may induce the latter to reduce local taxes. So scaling up should be based at least partly on *matching grants, rewarding those municipalities/communities that make the most effort to raise own-resources*.

4.1.5 Technical assistance and facilitation from local and higher levels

To assist with participatory appraisal, planning and implementation, communities need *external facilitators and technical specialists*. The facilitators need to guide information gathering and processing, and provide fuller knowledge about the benefits and costs of various development projects, their technological options, and the consequences for the various stakeholders. They need to ensure real participation and empowerment.

Communities and local governments already have latent capabilities, and empowerment will harness these skills and enhance them through learning by doing. This should be supplemented by relevant capacity building. Technical designs and assistance should be available on demand from formally trained specialists at local and higher levels. As communities take on increased responsibilities, the complexity of their technical needs will increase. So they need resources to upgrade the skills of community specialists, such as community health workers, and to ***purchase facilitation and technical inputs from different sources***. In Northeast Brazil, communities proved they could cut costs greatly through innovative ways of procuring technical services. Sectors, in collaboration with the private sector and NGOs, need to strengthen or develop a ***continuous system of training and retraining of their sector specialists***, and acquire the ability to respond to requests from communities. The T&V approach to agricultural extension has many elements of such a system.

4.1.6 Pro-poor market development

Higher income is an essential form of empowerment, and requires pro-market policies that enhance the capacity of poor people to benefit from participation in provincial, national and global markets. Preconditions for these are good macroeconomic and sectoral policies and good governance and enforcement of property rights which encourage entrepreneurship. The [Sourcebook on Empowerment and Poverty Reduction](#) classifies pro-poor market development into three categories: access to information, inclusion/participation, and local organizational capacity.

Examples of pro-poor market development through better access to information include: (a) global connectivity for villagers through Grameen Phones, Bangladesh (Section 5); (b) e-commerce vehicles like Drishtee.com (section 5), Novica.com, and PeopLink.org ; (c) credit ratings for self-help groups (Andhra Pradesh, India), that facilitate credit with minimal transactions costs; (d) smart cards, used to cut delays and transactions costs by microfinance groups in India and Swaziland.

Examples of market development through inclusion/participation are: (a) one-stop shops in Bali, Indonesia, for facilitating government clearances for hawkers and other low-income entrepreneurs; (b) Urban Property Rights Project, Peru, that confers formal title on previously unregistered dwellings, increasing property values dramatically and enabling property-owners to raise credit against their newly registered property; (c) microfinance institutions catering those outside the formal credit system (section 5).

Examples of market development through improved organizational capacity: (a) Self Employed Women's Association, India (section 5); (b) Rice millers' association, Cambodia (c) Metalworkers' and hammock makers' networks, Honduras and Nicaragua respectively.

Annex 4.2 Improving Accountability

Almost all traditional accountability has been upwards, to central governments and donors. This violates the first condition for optimal public choice, namely full and equal information to all stakeholders, including reports and data that establish accountability. LCCD aims to correct this fatal flaw by shifting the emphasis to horizontal and downward accountability to community members, users, and local peers, and by empowering them to take corrective actions against errant co-producers. This means, for example, that communities should be able to ***hire, pay and discipline staff delivering frontline services such as primary education and health***. This approach can be initiated in pilots and ultimately scaled up nationally.

Formal reporting and audit mechanisms have failed to achieve high standards of accountability in poor countries. Yet successful social funds show that accountability can be harnessed through social capital in communities. Scaling up community empowerment can therefore scale up accountability. Greater participation in projects, transparency in local decision-making, and a strong communication strategy can all help improve accountability. Greater **political accountability via local government elections** can be even more important.

Fiscal rewards and penalties for good or unacceptable performance can induce greater accountability from local governments/communities. Zambia is a good example of this (Chapter 4). Community leaders in high-performance communities will not only get bigger budgets but also build reputations and advance their political careers.

In Bangalore, India, an NGO asks people to rate the local services they receive, and presents the findings as a **Report Card** on public services. Similar report cards on five other Indian cities have since been published, and this approach has been tried as well in the Ukraine, the Philippines, and Washington D.C. This helps improve accountability.

Upward accountability also needs to be overhauled. Traditional disbursement and audit mechanisms are unsuitable for disbursement to and oversight of tens of thousands of small community accounts. For this reason, the World Bank has gradually developed and now summarized **community-based disbursement and procurement methods and guidelines**. These give communities simple methods to account for funds to their members and to higher authorities, and to procure goods and services for their projects. Greater reliance can be placed on peer pressure within communities, fiscal rewards/penalties, and random audits.

PME mechanisms integrating micro/meso/macro levels of an initiative can improve not only downward but upward accountability too, through timely tracking that quickly reveals technical or financial flaws.

Accountability to donors is often balkanized into different channels for each donor, even within the same sector and district. Often accounts and reports have to be prepared in the language of the donor, and this facilitates capture by elites, who alone know non-local languages. It also makes a joke of alphabetization programs, which are usually in the local language and often financed by the same donor. A woman who has acquired reading and writing skills will still not be able to check the community accounts! While scaling up, donors need to harmonize assistance and procedures to produce a single line of accountability, with **all local-level documents in the local language**. Translation from the local language to that of donors can be done by locally recruited staff.

Annex 4.3 Technical soundness

Technical soundness implies using economically viable and **locally tested technologies**. Islands of success have produced a wide choice of simple technical solutions. To ensure wide replicability, these solutions should be field-tested in several environmental and social regions. Technical soundness is more about program design than technology. Some key elements are:

1. Designing LCCD in phases taking into account the special history and characteristics of each country.
2. Ensuring real participation and guarding against elite capture/social exclusion.
3. Making sure that political decentralization is accompanied by administrative and fiscal decentralization.
4. Adapting country decentralization plans to make use of local level institutions and all latent skills and capacities.

5. Preparing field-tested manuals and tools for every actor, sector, and level of government, so that all know precisely what they should do in LCCD, and how.
6. Ensuring the availability of replicable, adaptable technical designs.
7. Ensuring the availability of technical advisory services that communities, local service providers, facilitators, and local governments can draw on.

Annex 4.4 Sustainability

Sustainability has many different elements.

1. Institutional sustainability. Social funds financed by donors have initiated CDD in some countries, but the process cannot rely forever on donor programs. It must be embedded in a permanent institutional framework. This can take the form of local governments, or federations of producer groups/ user groups/self-help groups. CDD is driven not by community members but by community institutions, which need to be created and empowered with authority and rights (eg. Parent-teacher associations should be able to influence schools). Groups without rights or resources are unlikely to function sustainably.
2. Fiscal sustainability. **Matching grants** for communities from donor can kick-start CDD, but thereafter LCCD should be financed by inter-governmental transfers mandated by a revenue-sharing formula, thus giving communities and local governments an assured share of central revenue. In addition, powers to levy taxes and user charges need to be devolved to local governments and communities. Fiscal sustainability can be improved by harnessing the own resources of communities, local governments and other co-producers. The revenue-sharing formula can help equalize fiscal capacities across advanced and backward regions. Funding for communities should become a fiscal right, not largesse from donors or the central government.
3. Asset sustainability. Experience shows that assets like roads and canals can erode or collapse for want of maintenance. Communities and local stakeholders should be given the responsibility for maintenance of most assets, and the authority to levy user fees and local taxes to finance maintenance. (Section 4, Swajal).
4. Environmental sustainability. The management of land, water, forests, pastures, groundwater of other environmental resources must aim at sustainable practices. **Giving ownership or permanent usufruct rights and management responsibility to communities** helps solve open access problems and provides powerful incentives for sustainable management. (Deweese et al. on Tanzania Forests, other sources).
5. Social sustainability. LCCD must be socially inclusive, build on existing local-level institutions, and include conflict resolution mechanisms. Participation and real empowerment are the bedrock on which all forms of sustainability must rest. Only through these processes can real fiscal, asset, environmental and social sustainability be ensured. Seldom do participatory processes achieve perfection, and even less so at the outset. The constant improvement of participation and stakeholder empowerment is therefore a major objective of scaling up.

The key principles which lead to welfare-enhancing social decision, also enhance sustainability. In a setting in which all stakeholders are well informed about the financial, social, and environmental consequences of the development options discussed, and make their decision against a unified budget constraint, the choices will also ensure the various forms of sustainability. Real participation thus not only enhances efficiency but also sustainability.

Environmental and social safeguards are needed where these ideal conditions for social choice are not met, for example when information is lacking or poorly distributed, or when key stakeholders are excluded from the decision process.