

**SCALING-UP ACTION RESEARCH PROJECT  
PHASE ONE: LESSONS FROM SIX CASE STUDIES**

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The first phase of the Scaling-up Action Research Project was undertaken to determine whether the current framework for community-driven development (CDD) projects can create the right conditions for such projects to evolve into *programs* that are *sustained through normal resource transfer systems*, so that poverty reduction activities are not forever dependent on government borrowing and NGOs. The concern with the donor/NGO approach is that it *does not lead to sustainable change in how national poverty programs are implemented*, and *does nothing to promote the efficient use of public resources*. CDD, by contrast, has been shown to be up to \_\_\_?\_ percent more efficient in the use of public resources, while at the same time fostering community empowerment and building the social capital necessary for poor communities to take an active part in their own development. In this context, scaling up refers to the incorporation of CDD principles into national poverty programs, and to CDD activities being sustained through permanent resource transfer mechanisms.

This synthesis paper compares the scaling up experiences of a total of 15 community-driven development projects in six countries in four regions—Benin, Uganda, and Zambia in the Africa Region; India in South Asia; Indonesia in East Asia and the Pacific; and Mexico in Latin America and the Caribbean. Weighing the strengths, weaknesses, and findings of each case was an inherently imperfect exercise, given the vastly different institutional, social, and political environment in which each CDD project was designed and carried out; and considering, as well, the newness of the analytical framework and assessment tools. One purpose of the research was, in fact, to test the usefulness of this framework and these tools for evaluating CDD – to determine whether the concepts, questions, and hypotheses that guided the reviewers’ work were both precise enough and flexible enough to capture the complexities of scaling up in different cultural and institutional contexts, while providing a basis for comparability across all the studies.

The questions at the heart of this exercise were whether:

- the five basic principles that make up the CDD framework—*community empowerment, local government empowerment, decentralization, accountability and transparency, and learning by doing*—adequately define the necessary conditions for scaling up;
- projects designed according to these principles can be effective in scaling up the mechanisms to support community-driven development in different political and institutional contexts;

- projects that adhere to these principles will be successful in scaling up; and
- projects that do not adhere to some or all of these principles will inevitably be failures.

For each case study, a different reviewer carried out one or more field visits to determine how well the selected activities were performing in terms of these questions, which functioned as working hypotheses for the research. The evaluations included budget reviews to determine the level of resources controlled by the community, the level of community autonomy in planning, the degree of convergence on basic CDD principles among major stakeholders, the geographic coverage of the activity, and the quality of the monitoring and evaluation system. The wide variation in results among the studies reflects differences not only in scaling-up experiences across countries and cultures, but also in the ways the tools were understood and used by each of the five reviewers. This way of testing the analytical framework gave rise to important insights about how the five dimensions of CDD can be operationalized, and about what else needs to happen on the ground for development to be truly community driven. The studies also highlighted the fact that these elements need to be balanced and linked as CDD is brought to scale.

Due to space limitations, this paper gives only the briefest description of each project, followed by the most significant findings and lessons learned. The final section illuminates cross-cutting themes and issues, and areas for future research.

## **ZAMBIA**

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

The Zambia Social Investment Fund has recently transformed itself from a parallel institution that bypasses established structures in order to channel money directly to communities, to one that seeks to integrate community development into mainstream development planning. To this end, 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. The DIF fund uses the new 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; are able to show that community-based projects reach those targeted by the strategy; and 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 subdistrict planning (level 5).

### ***Findings***

Despite its innovative approach to capacity building for local governments, the researcher found a number of operational barriers to ZAMSIF achieving that goal, 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 CDD principles. The fund's poor performance under these circumstances may indicate that *programs unable to 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.

### ***Implications for the CDD framework***

*The Zambia case shows that in the absence of the CDD pillars of democratic decentralization and local government capacity building, the performance of CDD 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.*

### **BENIN**

*The CDD 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.*

The CDD projects or programs considered in this 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, with NGOs, in most cases, controlling project funds and acting as technical and social facilitators; and elected broad-based village committees receiving 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 CDD 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 CDD activities.*

### ***Findings***

In general, the CDD activities in Benin adhered only partly to CDD 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 CDD 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 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***

- There is tension, at the community level, 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 CDD activities, rather than integrating CDD into existing institutions, limits the ability of communities to affect the institutional and policy environment.

#### ***Implications for the CDD Framework***

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

## UGANDA

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

This case study—the first 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 CDD principles in mind, the four projects aimed to: (i) improve community-level infrastructure, with a focus on education, water, and health (Community Action Plan, CAP); (ii) 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 (Local Government Development Program, LGDP); (iii) 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 (National Agricultural Advisory Services, NAADS); and (iv) 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 (Northern Uganda Social Action Fund, NUSAF).

Comment [DD1]:



The case study treats the five core CDD principles as hypotheses to be tested by asking communities, local government officials, and other stakeholders a series of detailed questions on whether their projects furthered community empowerment, local government empowerment, realignment of the Government, accountability and transparency, and learning by doing. The percentage of positive responses became the project's rating for that CDD element; e.g., the Community Action Plan scored 72 for hypothesis one (72 of respondents perceived that the project had furthered community empowerment), 73 for hypothesis two (73 percent perceived an increase in local government empowerment), and so on. The same approach was used in evaluating LGDP and NAADS; NUSAF was too new for data to be collected.

### ***Findings***

The Community Action Plan, the Local Government Development Programme, and the National Agricultural Advisory Services all scored around 70 percent for community and local government empowerment. 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:

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 high on learning by doing, because it placed great emphasis on facilitating community-level development activities, and trained its community facilitators in participatory techniques.
- scored low on accountability and transparency due to the lack of community control of project funds.

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.

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.

The Northern Uganda Social Action Fund was designed to operate in conflict-ridden northern Uganda according to CDD 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 score high for local government empowerment.
- Government realignment was not addressed by the reviewer, 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.
- 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.

### ***Key Lessons***

- The use of quantitative methods to test a project's adherence to the CDD *process* (implementation of the five principles), rather than testing its outcomes, is an important contribution to the CDD 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 approach revealed a positive correlation between adherence to the CDD 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.

### ***Implications for CDD Framework***

*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 CDD framework to be scaled up and made a part of longer-term development planning.*

### **INDIA**

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

This 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 CDD scheme, is being carried out under very favorable conditions for CDD—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.

### ***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 CDD 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 CDD 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 so dependent on technical consultants that the reviewer thought the 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 in fact almost guarantees that the CDD 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.

- 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 CDD practice.

### ***Key Lessons***

- The project shows the relationship between CDD 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 CDD approach cannot be discredited. The reviewer finds that 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 CDD projects, since communities are vigilant about ensuring the proper use of their resources.

### ***Implications for the CDD Framework***

*The India case provides strong evidence that the five CDD pillars serve as an appropriate framework for realizing reforms mandated under decentralization, by changing the rules of the game for entrenched local players and providing the mechanisms for new relationships to be established. 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 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. As in the other case studies, 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.*

## MEXICO

*The Mexico case illustrates how the CDD framework can provide a vehicle for continuation and expansion of the Government's decentralization strategy.*

This 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 originally perceived 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. Moreover, the community procurement and disbursement procedures developed under the projects have become the standard for CDD operations in Mexico and the World Bank as a whole.

### *Findings*

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

- targeting investments toward the poorest municipalities, to help avoid the risk of political manipulation of project funds.
- financing only incremental costs, to help prevent unnecessary expenditures and enhance the resource mobilization of key stakeholders.
- providing for municipalities to purchase goods and services on behalf of communities when the communities lacked capacity—although the municipalities sometimes used this as a justification for not empowering communities, and in some cases for using project funds for infrastructure rather than institutional development.
- standardizing the design and technical documents for thousands of very small projects, which was considered a necessary trade-off to facilitate the rapid scale-up of the municipal funds. However, the creation of so many small projects by a demand-driven process has made it difficult to determine the number of beneficiaries or evaluate their technical soundness.
- providing intensive technical assistance to the large number of stakeholders (more than 40) involved in DRD I; however, this made the technical assistance appear more supply driven than demand driven. This problem was addressed under DRD II by allowing communities to contract for technical assistance directly.
- providing a mechanism for channeling resources directly to communities, which then became the mechanism for fiscal decentralization.

- introducing action plans for the decentralization of government services, and developing participatory approaches for communities to identify their needs and implement their own projects.
- institutionalizing the use of formulas to target investment resources to the poorest and most vulnerable populations, who were unable to represent their own interests.

### ***Key Lessons***

- As decentralization deepens, CDD activities need to focus more intensively on local government capacity building and community empowerment. In Mexico, before the decentralization was in place, the Municipal Fund had a broad-based approach that encompassed federal and state capacity building, environmental protection, and cultural site restoration, as well as poverty alleviation, as components of participatory development. As the decentralization progressed, the Municipal Fund was 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 at all levels; the learning-by-doing pillar was the single most important factor in the CDD approach being institutionalized countrywide.
- The willingness of the World Bank to adapt its procurement, disbursement, and planning procedures to the (then) radical new CDD framework, and to respond flexibly to the changing political situation in Mexico, were crucial factors in the CDD experiment succeeding and being scaled up not only in Mexico, but to many countries around the world.

### ***Implications for CDD Framework***

*The Mexico case is a powerful example of how the five CDD 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. 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; and 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.*

## **INDONESIA**

*The Indonesia case is a best-practice example of how the CDD pillars can serve as a framework for rapidly channeling resources to communities, while minimizing the risk that the resources will be misappropriated.*

This case study evaluates 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 subdistricts 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. 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.

### ***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 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 microenterprise 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.

*The Indonesia case illustrates the kind of progress that can occur when the CDD framework is used as a mechanism for addressing corruption, which, until KDP, had been the single greatest constraint to the success of community-level development efforts. 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 decisionmaking, 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. The complaints were then acted upon quickly by project staff, thereby reinforcing the sense of community empowerment. The success of the CDD 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.*

### **CROSS-CUTTING THEMES AND ISSUES**

This small sample of case studies has shown that community-driven development is a complex process that can take many forms and be affected by a variety of factors. In terms of the questions we set out to answer—about the usefulness of the five CDD pillars for promoting community empowerment in different contexts, their relevance for scaling up, and whether projects that do not adhere to those principles will be a failure—several cross-cutting themes stand out.

*On a macro level:*

The case studies confirm, first and foremost, that *it matters where a project is located within the timeframe of decentralization*. When the project is consistent with a broader policy of decentralization—as were all the projects discussed in this paper—it is likely that the Government has already identified the need to empower and provide untied resources to communities and local governments, so the task is simply (or not so simply) to make the new arrangements work. The projects described in this paper have faced a variety of difficulties relating to methodologies, mobilization and transfer of resources, turf battles among stakeholders, and so forth, but the basic premise of the enterprise was not in question. By contrast, in regions such as the Middle East and North Africa, which was not covered by the case studies and where decentralization is not part of the political agenda, CDD projects are generally small, stand-alone activities that depend for their survival on not attracting attention or challenging the status quo. In such regions, therefore, scaling up, even to nearby villages, is unlikely to take place anytime soon.

Second, even in a favorable environment, the central issue in all six cases has been *sustainability rather than scaling up per se*. For empowerment to be sustainable, there needs to be an appropriate institutional framework; for the institutional framework to be sustainable, local government capacity needs to be sufficiently developed. Under these conditions, and if the project’s CDD mechanisms—participation, transparency, accountability, community control of resources, social and technical facilitation, linkages between communities and local governments, and between local governments and line agencies—are functioning well; and if beneficiaries, donors, and government are all in agreement about the value of the activity, then scaling up will likely be the result. (None of the projects, except in Indonesia, had a specific scaling-up strategy.)

If scaling up itself is the goal, however, then some of the elements necessary for success may be overlooked. In Benin, for example, some of the projects scaled up physically (to increasing numbers of villages), but were unable to scale up to higher levels of government because of the lack of attention to the community empowerment and local capacity-building pillars. The other cases demonstrated the importance of these pillars for supporting decentralization and scaling up the CDD framework.

Third, *scaling up has several distinct aspects*. The term has generally been used to mean that the project and its community-driven approach are implemented in an increasing number of villages, with an established framework and simple rules adapted to local circumstances (*physical scaling up*). However, on the ground, project managers live in a multi-dimensional world in which they must also, simultaneously, (i) develop people's skills and their ability to work together (*social scaling up*); and (ii) promote an understanding of and long-term commitment to CDD among all levels of government, and among relevant private sector actors and civil society organizations with influence at the national level (*conceptual scaling up*).

*On the community and local government levels:*

First, all six cases made it clear that *local governments need to be sustainable before CDD can be sustainable*; and that local government issues are often more difficult to manage than community-level issues, which are, by contrast, fairly straightforward.

- At the village level, CDD requires that beneficiaries: (i) participate in all phases of the project cycle—identification, design, implementation, monitoring and evaluation, maintenance; (ii) have direct control over project funds and the right to determine their own priorities through some kind of representative process; and (iii) receive high-quality technical and social facilitation in the early stages, as well as ongoing technical, financial, and political support from local government.
- By contrast, local governments must simultaneously (i) help support CDD activities out of their own resources, which are often uncertain in the early stages of decentralization; (ii) respond to new kinds of demands from communities that have suddenly found their voice; and (iii) attend to problems of their own empowerment, including (a) renegotiating their relationship with the line agencies, on which they depend for many kinds of support; (b) developing autonomous and representative governance institutions; (c) drafting legislation; (d) developing independent revenue sources; and (e) routing out corruption, among many other issues. The case studies have shown that phased capacity building, as in Zambia and Uganda, is the best way to prepare local governments for their new responsibilities—although the phased approach was not successful in Zambia because of the lack of decentralization.

Second, *empowerment of communities and of local governments does not necessarily imply strong linkages between them*, often because of the parallel structures created by the project (Benin, Zambia, Indonesia) to ensure the direct flow of funds to communities. Such structures—though they may be valuable as a first step—tend to make CDD activities less sustainable in the long run, by undermining established institutions that could be sources of support, and by depriving communities of the opportunity

to affect the institutional and policy environment. For these reasons, the *parallel structures often developed to promote community empowerment need to be mainstreamed as soon as practicable.*

Third, *best practice methodologies are not enough to develop the social capital necessary for community empowerment.* CDD best practice mandates participation in all phases of the project cycle, based on the core assumption that participation promotes empowerment. However, the case studies showed that the *quality* of participatory methodologies is a major factor in whether CDD projects actually help to empower villagers. If the methodologies are applied mechanically and not adapted to local circumstances (Benin); if they do not include village-specific technical training; and if they are not embedded in a strategic vision that includes educating villagers about their legal rights and responsibilities, then the community will not be empowered regardless of how much effort or money is spent.

Fourth, although organized community groups can be instrumental in mobilizing cooperation and co-financing, *the reliance on organized community groups can exclude the vulnerable and marginalized,* who are unable to interact with other community members on an equal basis. A core assumption of CDD is that empowerment will reduce poverty; but for groups that are not capable of taking the first step to help themselves, CDD is not the best approach. These groups need more targeted and directed interventions.

*Other general findings and recommendations:*

- Community control of procurement and disbursement is a powerful incentive for communities to develop capacity and be vigilant about corruption (Mexico, Indonesia).
- The CDD framework needs to put more emphasis on the importance of linkages with: (i) private sector actors, which can help develop local markets, etc.; (ii) civil society groups, which can act as national-level advocates for community empowerment; and (iii) traditional leadership, which can mobilize the community and provide stability during transitional periods. The CDD framework should also provide guidelines for an explicit communication strategy.
- The success of CDD initiatives can be quantitatively measured through periodic surveys, to determine: (i) comparative rates of development in CDD and non-CDD communities; (ii) comparative improvements in household health; and (iii) beneficiaries' views on whether the projects have furthered empowerment.

The six case studies have shown that projects based on the five CDD pillars are capable of promoting community empowerment in a variety of contexts; however, the sustainability of these efforts is critically dependent on the development of social capital and the quality of community-local government linkages. Moreover, the ability of CDD activities to reduce poverty, particularly severe poverty, is still in question. In terms of whether non-CDD projects can be successful, the reviews found that sometimes they are needed to bring beneficiaries to the point where they are able to help themselves. However, if villagers capable of community-driven activities are deprived of the opportunity to be involved in CDD projects, then any development activity in that village will have less interest, less commitment, and less long-term maintenance on the part of villagers that if it had been a CDD project.