

# **SCALING UP COMMUNITY-DRIVEN DEVELOPMENT FOR DUMMIES**

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## List of Acronyms

CDD	Community Driven Development
DRD	The Decentralization and Regional Development Program Mexico
IEC	Information, Education and Communication
MASAF	Malawi Social Action Fund
M&E	Monitoring and Evaluation
PRSP	Poverty Reduction Strategy Paper
TASAF	Tanzania Social Action Fund
UNCDF	United Nations Capital Development Fund
ZAMSIF	Zambia Social Investment Fund

## Key Web Resources

Guides, toolkits, manuals and discussion papers can be found on the following websites for details on any specific design, planning or implementation issue:

- The World Bank Community Driven Development website:  
<http://Inweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/CommunityDrivenDevelopment>.
- The World Bank Group Social Protection Social Advisory Board website:  
[www.worldbank.org/sp](http://www.worldbank.org/sp) ; click on “Social Funds”.
- The United Nations Capital Development Fund (UNCDF) Local Development website:  
[http://www.uncdf.org/english/local\\_development/index.php](http://www.uncdf.org/english/local_development/index.php)

# 1. Introduction

This paper synthesizes the experiences of the authors and other practitioners on how to scale up Community Driven Development (CDD) programs into national CDD programs. It incorporates the lessons from two global research programs led by the principal author and over a decade and a half of program design and implementation experience. The first research program entitled “Decentralization, Fiscal systems and Rural Development” was carried out between 1993 and 1997 and covered 20 countries. The second research program entitled “Scaling Up of Community Driven Development” was carried out from 2001 to 2004 and covered CDD up scaling experiences in 7 countries. In line with the Africa Region CDD Vision of the World Bank, CDD programs are seen as local development programs consisting of the five following pillars: (i) empowering communities; (ii) empowering local governments; (iii) realigning the center; (iv) improving accountability; and (v) building capacity.

The paper is specifically addressed to program designers and implementers who are looking for practical ways to scale up. It assumes that the reader is well-versed with the principles and application of CDD and already has some experience with CDD programs. It therefore does not question the usefulness of CDD itself, question or evaluate its possible impacts, or present evidence on the usefulness of specific recommended approaches or design tools.

For those not convinced about the merits of CDD, please refer to the following readings:

- The World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000. Available at: <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/RegionsAfrica>
- The World Bank. “Local Development Discussion Paper”. Washington D.C., June 2004. Available at: <http://www1.worldbank.org/sp/ldconference/Materials/LDDPFinal.pdf>
- Wassenich, P. and Whiteside, K. “CDD Evaluations Study”. December 19, 2003. Available at: <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/Publications>
- Ghazala, M. and Rao, V., “Community-Based and Driven Development: A Critical Review”. World Bank Working Paper 3209. Washington D.C. February 2003 (Publication forthcoming)

The paper looks only at multisectoral CDD 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. It does not look at single-sector CDD programs or programs directed solely at empowerment of individual groups through private sector initiatives such as private entrepreneurship programs.

The objective of the paper is to assist the reader by providing a step-by-step approach to designing and planning the scale-up of multi-sectoral CDD initiatives. It focuses in particular on the program development phase, in which a program is scaled up to first cover one (or a few) district in its entirety, so that all villages and urban neighborhoods (i.e., all “communities”) have access to the program. In the context of multisectoral programs, communities are usually defined as groups of people with a common residence.<sup>2</sup>

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<sup>2</sup> In single sector programs and in specific projects within villages and urban areas, communities are often defined as a group of people with a common interest, such as a parents’ association or a water user association.

The paper does not present a straightjacket approach. Given the varying governance structures, capacities, and social, economic, political and historical specificities of each country, scaling up and program design must be tailor-made. Therefore, the paper usually presents several options from which to select those most appropriate for the specific country context. Each section of the paper presents key guidelines and/or a menu of options, tools and design elements to address a specific goal.

Moreover, the paper provides in the Annex a comprehensive menu of 68 tools and design elements, which have been found essential or helpful to scaling up by the research teams involved in the Scaling Up CDD Action Research Program. Program design teams can use these lists to enrich the set of options they build into their program design or to diagnose problems encountered during implementation. The tools and design elements are classified in twelve broad categories: phasing and sequencing; decentralization and local government empowerment; participation and social inclusion; community setup; funding arrangements for the community; institutional setup and program management; training; facilitation; information, education and communication; monitoring and evaluation; community and local government projects; and NGO/Donor harmonization.

The paper begins with a recapitulation of the vision and principles of CDD and its various elements. It then explores the minimum pre-conditions for scaling up, and explains how to kick start the program development phase. The following three sections provide detailed guidance on key considerations to take into account when implementing the program development phase. These include: actors, functions and responsibilities; training, facilitation and participatory planning; and resource flows, resource allocation, and accountability mechanisms. The final two sections explore the scaling up and consolidation phases.

#### **Complementary readings**

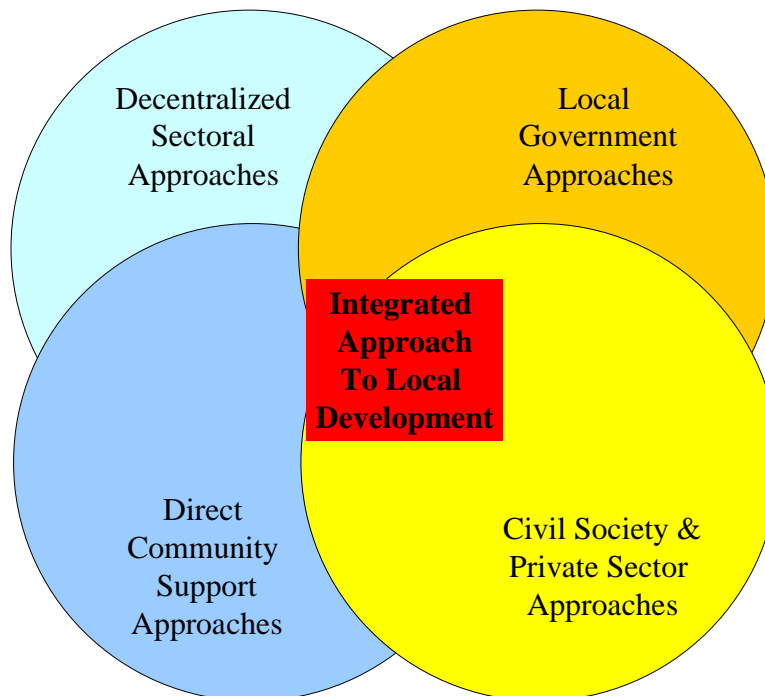
- De Silva, S. Taking the Lead: A Handbook on Direct Financing of Community Subprojects. Washington D.C., 2002. Available at: <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/Publications>)
- Aiyar, S. and Binswanger H. Scaling Up CDD: Theoretical Underpinnings and Program Design Implications, Washington D.C. 2003 (Publication forthcoming)
- And the World Bank's Community-Driven Development: From Vision to Practice. A Technical Sourcebook. Washington D.C., 2002. Available at: <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/Publications>

## 2. The Vision

### 2.1 Prosperity Through Local Empowerment

CDD is a major component of the broad empowerment agenda pursued by the World Bank and other development partners.<sup>3</sup> Specifically, CDD seeks to put local governments and rural and urban communities in the driver's seat, and give them a new set of powers, rights and obligations. These include:

- (i) the right to be treated as people with capabilities, not objects of pity;
- (ii) the power to plan, implement and maintain projects to serve their felt-needs;
- (iii) the right to hold politicians and officials accountable;
- (iv) the power to command local bureaucrats instead of being supplicants;
- (v) the power to hire, pay and discipline those who provide frontline services;
- (vi) the right to a share of central government revenue;
- (vii) the power to levy user charges and local taxes;
- (viii) the obligation to enable women, ethnic minorities, the poorest and other excluded groups to participate in economic development;
- (ix) the obligation to be accountable to local people, not just central governments or donors.



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<sup>3</sup> For more information, see: The World Bank. Empowerment and Poverty Reduction: A Sourcebook. Washington, D.C., June 2002

**Figure 1. An Integrated Approach to Local Development**



Four alternative approaches to local development—decentralized sectoral, local government, civil society/private sector development, and direct community support approaches— that have emerged over the years have come to share the same principles and objectives of local empowerment, beneficiary demand, administrative autonomy, greater downward accountability, and enhanced local capacity.<sup>4</sup> Despite their similarities, these approaches have not always ensured adequate coordination and integration of their efforts with broader public sector governance and service provision. This has been in great part due to the lack of a unifying conceptual framework, institutional rigidity, and inadequate coordination among line agencies and program implementers.<sup>5</sup>

To overcome these difficulties, close coordination and mutual support is needed on the one hand between communities, civil society and local governments to achieve synergies at the local level, and, on the other, between these three and the policies and structures of the sectors and central Ministries that serve to support (rather than manage) local development efforts. Preferably, initiatives should function within a common budget framework and a simple and flexible Local Development Plan.

## 2.2 Five Components

CDD contains five main components: (i) Empowering communities, (ii) Empowering local governments, (iii) Re-aligning the center, (iv) Improving accountability and (v) Building capacity:

### *i. Empowering Communities*

Communities can be organized quickly and productively to diagnose local problems, come up with solutions, lay down priorities, elaborate action plans, and strengthen community organizations and accountability. However, participatory processes will be discredited and atrophy unless communities are empowered with resources and authority. Communities will be truly empowered only if they get untied grants, which enable them to decide their own priorities and hone their decision-making skills.

### *ii. Empowering Local Governments*

Community empowerment is unsustainable if based on donor-driven program funds. It needs to be embedded in a new or revitalized institutional framework of local government. Administrative and fiscal decentralization must keep pace with political decentralization. Central government staff for frontline services may need to be transferred to lower levels of government. Ultimately, each level of government should also have the administrative machinery to collect local taxes and user charges. The greater the share of local revenue, the more productive local spending is likely to be. Local governments must be assured a constant share of central revenue. In addition, the central government may give earmarked grants for areas which may be neglected by local governments such as combating HIV/AIDS, environmental damage and social exclusion.

### *iii. Reforming the Center*

Responding to the needs of the local levels will mean that management and control processes are refashioned to support arms-length relationships between multiple centers of power.

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<sup>4</sup> The World Bank, Local Development Discussion Paper, June 2004, Washington D.C.

<sup>5</sup> The World Bank, Local Development Discussion Paper, June 2004, Washington D.C.

Reformers will come up against fears and resistance from civil servants and other powerful groups who believe they will lose from the change. The reform program needs to send the message that decentralization does not mean the withering away of the Center but instead implies a joint venture between different levels of government, each contributing on the basis of its comparative advantage based on the principle of subsidiarity, under which functions are performed at the lowest level effectively carry them out.

#### *iv. Improving Accountability*

Accountability has traditionally been upwards towards governments and donors. However, the success of a community driven program also depends in large part on downward accountability to users of frontline services and horizontal accountability within communities. Improving accountability therefore involves giving voice to beneficiaries so that service providers, local governments, and central governments may respond to the needs of the local level. Moreover, as giving voice to local people will enhance participation, greater participation in all projects and programs will improve the voice of local people. Decentralization must hence go all the way to the grassroots. In order to achieve this transparency and responsiveness, CDD should be coordinated by the lowest level of local governments which usually covers no more than a few tens of thousands of people, and where the development actors know both the problems of the local government area as well as each others. Monitoring and evaluation must be a highly participatory process both at the community and local government level.

#### *v. Developing Capacity*

Capacity development involves mobilization of latent capacities, facilitation, learning by doing, demand and supply driven training, and technical support. Untied matching grants to communities will help develop their latent capacity for problem solving through learning by doing. Local governments will also develop skills initially through learning by doing, and later through technical assistance. To support this structure, the central government would consequently upgrade its skills for designing, facilitating and supervising large programs, for training local governments and communities, and more broadly for taking on its “white collar” planning, facilitation and regulatory roles.

### 2.3 Principles of Scaling Up CDD

Three principles of scaling up CDD are:

#### *i. Cost effectiveness and fiscal sustainability*

Research shows that this is best achieved by using and further developing existing local institutions, capacities, and people for program management and training; avoiding intermediaries; transferring resources directly to each of the implementing agents and levels; and relying and/or developing community-level technical assistants, such as community health, veterinary or agricultural workers.

#### *ii. Co-production of services and infrastructure by different actors and levels*

Scaling up CDD implies the co-production of investments, outputs and services by many different stakeholders at many different levels. Incompatible incentives, differences in values and experience, and the unclear assignment of functions to different co-producers often pose difficulties and impede the development process. Overcoming co-production problems requires (a) fostering a common culture and vision among stakeholders; (b) assigning and describing all program functions unambiguously to different participants based on the principle of subsidiarity; and (c) providing incentives compatible with program objectives.

*iii. Equal access to information, participation, and democratic decision-making*

Public choice will lead to welfare-enhancing outcomes if all stakeholders have equal access to information and to the decision making process.<sup>6</sup> While this ideal is rarely fulfilled and always under threat, program design and implementation must constantly strive to achieve it. Scaling up therefore requires careful attention to the information gathering and decision making processes at the community and local level, and beyond, as well as a well-designed communications program which can constantly keep all these levels and stakeholders informed. Information, education, and communication (IEC) activities have to meet awareness and learning needs, as also process monitoring needs.

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<sup>6</sup> Aiyar S. and Binswanger H., Scaling Up CDD: Theoretical Underpinnings and -Program Design Implications, 2003

### 3. Ensuring Minimum Conditions

A multisectoral CDD program cannot successfully scale up unless the country meets a certain number of pre-conditions. These include: strong political commitment to local empowerment and decentralization; a well-designed decentralization program geared towards local empowerment; one or several successful and cost-effective community and local government projects; and government and donor willingness to work towards unified disbursement mechanisms. It is therefore important that these elements are already in place or are being put in place at the start of the program.

#### 3.1 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, if not directly opposed, to shifting power to the grassroots. 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 will never be able to learn to manage their own projects and resources.

Ways in which the design team can address these issues and start shifting political opinion in favor of local empowerment include:

- *Showcase the successes of CDD and local development.* In most countries, there are already well-documented successful CDD or Local Development 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 CDD champions who can become instrumental in shifting the political tide.
- *Information campaigns* can sensitize both the general public and government alike. Disseminating the successes of various local empowerment programs through free 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.

#### 3.2 Decentralized Structures

A central premise of CDD is that decentralization is the key to scaling up and sustainably fostering participation and resource transfers to communities. While scaling up can begin without waiting for a fully decentralized structure, political, fiscal and administrative

decentralization<sup>7</sup> should preferably have begun at program launch, and, if possible, supported by a capacity development program:

*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 recently decided to issue forth new decentralization laws that give 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 CDD programs in Mali, Burkina Faso, and 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.

*The sectors are working on their decentralization visions and plans.* A multi-sector CDD 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 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.

### 3.3 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), 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. Such programs can furthermore be used as demonstration programs. In Mexico, for example, the success of the first Decentralization and Regional Development (DRD I) Program was in large part due to the facts that (i) its design was based on the lessons learned from the previous Integrated Rural Development Programs (PIDER I, II and III), (ii) it then grafted itself onto SOLIDARIDAD, a large, ongoing national poverty reduction initiative; and (iii) it had taken full advantage of the ongoing decentralization process.

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<sup>7</sup> *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.

### 3.4 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 are explored in detail in section 7.2.

### 3.5 What to do when decentralization systems are still poorly developed

The level of decentralization varies from country to country. Given different initial conditions, CDD 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. 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.

## 4. Getting Ready For The Program Development Phase

Where pilots have already succeeded, scaling up is the next logical step. However, this can rarely be done in one big bang at the national level. All the tools and logistics for scaling up should first be developed and tested in one district or 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 critical 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 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. Furthermore, the program development phase can provide useful cues as to how the national policy environment should be reformed to support the process. This section describes some of the preparatory steps at the national level to get ready for the program development phase.

### 4.1 The Diagnostic Phase

The purpose of the diagnostic phase is to answer key questions, which will be confronted by the program designers. The design team will have to develop these lists of key questions. An example of those questions is the following table:

**Table 1. Example of key questions to be pursued during the diagnostics phase**

<i>The role of the center</i>	- Is central government already playing a coordination, rather than implementing role?
<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?
<i>The structure of the sectors</i>	- Are sector policies delegating service delivery to local governments?
<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?
<i>Poverty levels</i>	- Where are the major pockets of poverty where the program should initially targeted or devote more resources?
<i>Accountability systems</i>	- How is the accountability structure set up?

Answers to these questions can be found in the following types of analyses, many of which already exist in most countries. A key task, therefore, is to bring together the documents, which contain these analyses, and to complement them as necessary. Key analytical tools and reports would be:

- The *poverty assessment* identifies the major pockets of poverty, and analyzes its major causes at both the national and local levels. This information can provide guidance on areas which the program should initially target.
- The *participatory social assessment* examines 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.
- The *institutional analysis* examines 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.
- An *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.
- The *fiduciary systems assessment* maps out the intergovernmental financial allocation and transfer systems. It also examines the procurement systems and accountability measures of the various governmental agencies.
- 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.

#### Useful Tools

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. Available at: [http://www.uncdf.org/english/local\\_development/thematic\\_papers/infra/index.php](http://www.uncdf.org/english/local_development/thematic_papers/infra/index.php)
- The World Bank. Poverty Reduction Strategy Paper Diagnostic Toolkit. Washington D.C., 2004 (Forthcoming)



## 4.2 Defining a common vision, objectives, and broad design features of the program

Following the diagnostic phase, the design team should host 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. 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 level
- 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
  - o Key questions to be answered in the development phase
  - o Expected outputs
  - o Expected cost, financing sources, and financing arrangements for the *development phase*
  - o Structure and composition of the *development team* from the lead agency/agencies and required specialists
- Record the outline of the program and agreements reached.

## 4.3 Selecting one or several 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. 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, and within the span of several months 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 existing infrastructure within the province.

If one or more components of a program are particularly complex, however, it is preferable to select a district where local actors (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 existed in the already present structure of HIV/AIDS committees at the provincial, departmental and community level, the provincial and departmental training teams, the strong ability for participatory diagnosis and planning at community level provided by other community-driven projects, and the 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.

#### 4.4 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, it is therefore necessary to hold, together with the lead agency and development team members, 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. Field visits by local stakeholders and development team 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 fed back to central stakeholders.

#### 4.5 Information, Education and Communication

The communications program is central to promoting transparency and accountability. Information, education, and communication (IEC) activities have to meet awareness and learning needs, as also process monitoring needs. Among other things, the IEC program should aim to empower communities with the ability to self reflect, identify 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 and empowerment; facilitate community access to market information, access and values.<sup>8</sup>

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 way of disseminating information is the local radio, which gives daily information on the ongoing program, and does not pose the literacy-related problems of newsletters.

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<sup>8</sup> 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.

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 a 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.

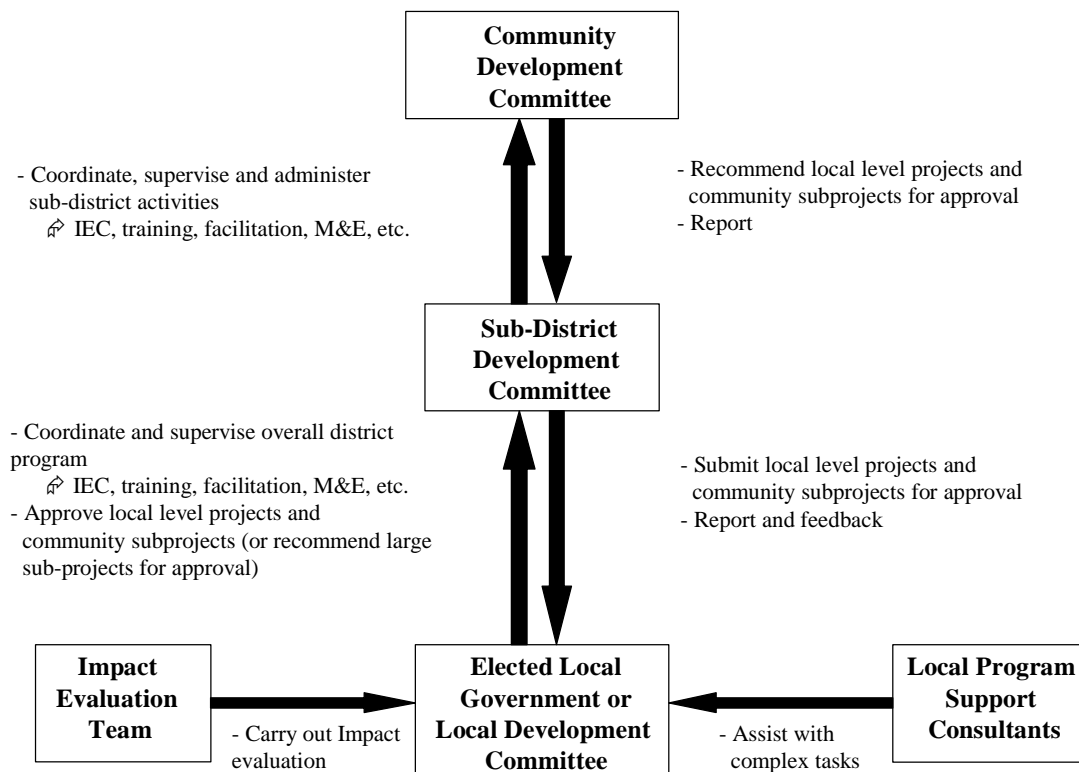
## 5. Definition Of Actors, Functions, And Responsibilities

CDD needs to be seen as 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 and implementation arrangements, and assigning program functions unambiguously to different participants at each level, and fully describing them.

These tasks are best done at the local level and 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. The process will usually involve one or several broad stakeholder workshops, the appointment of sub-committees, sub-committee sessions, and reporting back the results to the workshop plenaries. 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.

Depending on context, the country and design team may choose from a range of institutional options depending on existing governance systems. Despite variations, however, certain basic structures, as shown in Figure 2, will be needed to meet the management and coordination needs of the emerging program.

**Figure 2: Basic Institutional Requirements**



## 5.1 The Community Development Committee

The community development committee is constituted in a similar manner and has similar functions to the district development committee. However, in contrast to the district development committee, it also has the implementation functions for the community development program and community projects, including managing the money, resource mobilization, contracting, financial control, auditing and reporting.

The committee is usually a legalized entity. It should preferably be elected by the community and its composition should include, but not be limited to, a chairperson, vice chairperson, treasurer, financial manager, and secretary.<sup>9</sup> In order to ensure accountability, reporting on physical and financial progress to the community is regular and made public. Moreover, specific mechanisms are 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, monitoring and evaluation and upward and downward accountability, and to delegate execution responsibility for specific community projects to sub-committees.

## 5.2 The District Development Committee

The District development committee should have broad representation from local politicians, sub-districts, communities, NGOs, relevant private sector actors, local managers, and technicians of deconcentrated 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.

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, 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

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<sup>9</sup> De Silva, Samantha. *Taking the Lead: A Handbook on Direct Financing of Community Subprojects*. 2002

The role of the district development committee is to coordinate the local development and community-driven development program, including: the initial and subsequent information campaign and IEC 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, recommendation for approval at 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); 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.

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, evaluation and approval of the community annual programs or community projects should be delegated 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.

The district development committee 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. Sri Lanka's community radio for instance 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 radios 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.

Finally, the district development committee is responsible for monitoring and evaluation at the district level, and for reporting upwards to central government, downwards to communities and horizontally to other districts. Participatory monitoring and evaluation by communities can significantly reduce the progress monitoring functions 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 and are integrated in the district IEC strategy.

### 5.3 The Sub-District Development Committee

A local development committee cannot be expected to coordinate and supervise a local and community-driven development programs in districts, which have more than 300 to 500 communities, and further decentralization to the sub-district level is almost always needed. Such committees 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.

#### 5.4 Local Program Development Support Consultants

A district Development committee will not have the capacity to simultaneously provide day to day support to the entire local program development process and manage the process of assembling and revising the operational and training manuals and other tools, translate them into local languages and produce them in sufficient quantities, develop the detailed logistics, monitoring and document the progress of the program development phase, and ensure proper monitoring and evaluation and report writing. The local development team therefore needs to be supported by a small team of professionals with high-level skills in program development, writing of training manuals and operational manuals, participatory processes, and M&E.

It is therefore advisable hire a small team of *local program support consultants* to assist the local development committee and central development team throughout the program development process. Since these consultants are to support the development committee, rather than become the program designers themselves, it is important to clarify that they are in a support function to the local development council, and should not try to do the councils' development work. Clear terms of reference for such a team can prevent this from occurring. The TOR should be developed by a sub-committee of the local development council and approved by the local development council and the development team.

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 Impact evaluation specialists

Impact evaluation of the pilot is critical in order to justify its subsequent expansion to national levels. 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. Often what is sought is not only the impact of the CDD program as a whole, but also of particular ways of implementing it, 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.



## 6. Training, Facilitation, And Participatory Planning

Developing communities' ability to plan and map out their own development is the heart of a CDD program and requires that adequate training and intensive facilitation are provided throughout the planning process. However, in a district-level program seeking to reach three to five hundred communities, these activities will likely be tremendously costly. The following provides ways in which to minimize the costs of a large training and facilitation component, then explores the main issues involved in participatory planning at the community, sub-district and district levels.

### 6.1 Training and Facilitation Requirements at the Community Level

CDD requires training in a number of skills, including participatory assessment and planning, setting up or strengthening the community-development committee and its sub-committees, procurement and financial management, planning and community project preparation, auditing, participatory monitoring and evaluation. In addition training in technical skills will have to be provided for all but the simplest infrastructure community projects.

Within each community training will have to include between 4 to 8 people to ensure that members of different gender and age groups, minority groups, as well as community technical specialists receive training. If a district has three hundred communities, for example, this would mean the training of 1200 to 2400 people. Training also has to be provided to all other program participants who are engaged in any of the co-production tasks of the program, i.e. sub-district and district development committees, staff and volunteers from participating NGOs and sector agencies, and district and sub-district administrators.

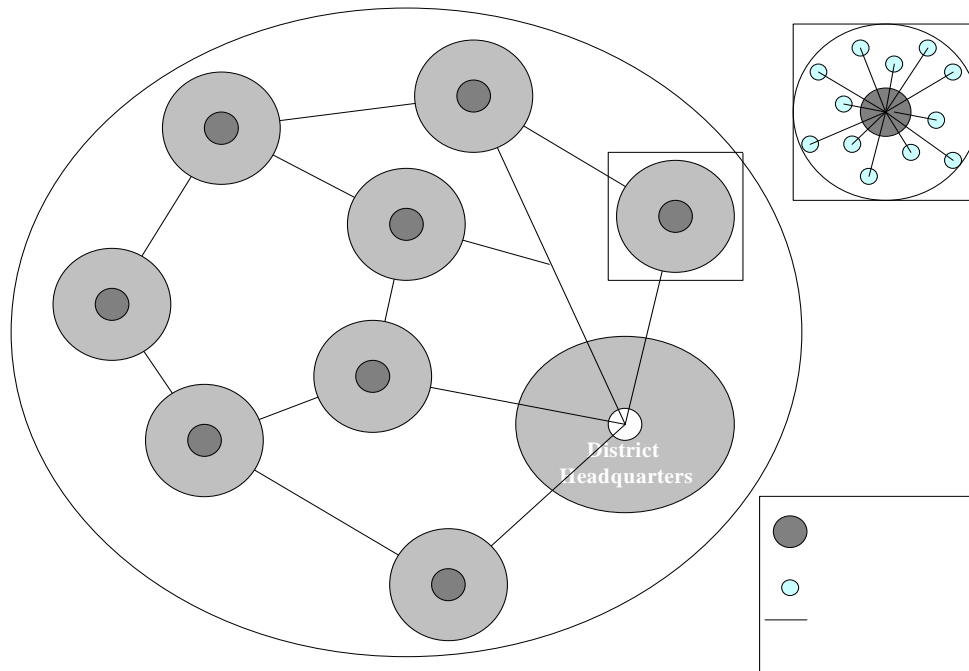
Participatory planning (and monitoring) processes at all levels must be properly facilitated by outside trainers and facilitators. Facilitation will typically also be needed during the formation or election of village committees, community project preparation, and initial participatory evaluation to 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.

### 6.2 Cost-Minimizing Logistics for Training and Facilitation

If in each community four members are to be trained, and the district, for example, covers 400 communities in 10 sub-districts, the total mandatory training effort will exceed 2000 people. In addition to the community members, training would have to be provided to development committee members at the sub-district and district levels, and to specialized facilitators and service providers from the private sector, NGOs and line agencies. 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.

Cost-effective training therefore can be organized in training camps at the district and sub-district levels. In the HIV/AIDS prevention program in Burkina Faso 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. A

district team of trainers is formed and based at district headquarters. The district team trains, and then supervises, sub-district training teams, and supply training to surrounding communities from the sub-district or local market town. As in the Burkina Faso HIV/AIDS program, the program can also adopt 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 are mobilized, selected and supervised by the district or sub-district development committees. They manage the training and teach, and mobilize local specialists for specialized training (nurses, doctors, agricultural extension agents, etc.). During program development they continuously revise and improve the training curriculum, sessions, materials and the training manuals. 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 are reactivated whenever a new training or facilitation needs arise.

To further reduce costs, sub-district training teams can be 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.

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 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 train them and the lead community to become trainers and/or facilitators. In addition to their participation in the exercise, extra formal training in specialized subject matters or facilitation can be provided for 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.

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 and cook themselves.

Specialized training and facilitation for specific sub-sector community projects should primarily be demand-driven, based on the development plans of the communities. For that 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 costs of NGOs, private firms, or local sector offices of the government.

### 6.3 Participatory Planning at the Community Level

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. 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 which 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

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.

### **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. Taking the Lead: A Handbook on Direct Financing of Community Subprojects. 2002

A village participation manual exists which has been designed to compress the whole process into one or two weeks:

- The World Bank, Village Level Participatory Approaches: A Manual and Tools (VLPA). Washington, D.C., 2002

#### 6.4 Participatory Planning at the Sub-district and District Levels

The most important output of planning at the district level is the annual district development budget -- and sub-district budgets if the 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 councils" where community representatives and local administrations debate and approve priorities for the DDP and its consequent annual investment plans.

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. Attempts for such bottom up, medium term planning processes have systematically failed all over the world. Requiring carefully documented and well written up three to five year plans leads to planning processes dominated by consultants, and to documents which will rarely be used for future decision making, which inevitably will take place in 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.

#### **District and Sub-District Level Planning**

- UNCDF. Local Governance and Poverty: The UNCDF approach. Edited by Angelo Bonfiglioli. New York. 2002. Available at:  
[http://www.uncdf.org/english/local\\_development/thematic\\_papers/index.php](http://www.uncdf.org/english/local_development/thematic_papers/index.php)

## 7. Resource Flows, Resource Allocation, And Accountability Mechanisms

### 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. 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.

Funding is typically accompanied by a set of rules and corresponding training that (i) ensure wide local participation; (ii) promote transparency and accountability; (iii) prevent fraud and misuse; (iv) avoid elite capture and social exclusion; and (v) ensure that the community can manage and maintain the asset after community-project completion through local resource generation mechanisms. Disbursements can be in tranches based on statements of expenditures. Verification of the proper use of the money is the primary responsibility of a communities' finance and audit committees, and the general assembly of community members. Auditing hundreds or thousands of small community accounts is not cost-effective. It should hence 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.

For fiduciary and disbursement purposes, a "community project" can either be an annual community budget comprising several community projects, or individual community-projects. The first option is much more empowering, especially if it is combined with disbursement against the budget in two, or, maximum, three tranches.

To generate savings in fiscal costs, and improve ownership and accountability at the community level, communities should be asked contribute a predetermined minimum share of the cost of each of their projects. Whether in cash, labor or materials, such community contributions may constitute between 10% and 40% 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. 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.

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. Generally, however, legalization of the community group is a simple procedure, which only involves registering the committee with the relevant government authority. 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 thus be found to assist this process.<sup>10</sup> If procedures are more complex, a short to medium term solution is to state in the Development Credit Agreement (DCA) that any community created for the purpose of the project is considered legal if it meets certain simple requirements. In the long term, however, governments will need to remove its own legal barriers to direct funding, so that the structure and approach can be sustained beyond the life of a specific donor-funded program.

## 7.2 Options for the allocation of funds to the different levels.

The basic two options for allocating resources to communities, sub-districts and districts are the following: Allocations could be based on proposals submitted from each of these levels to higher levels. Or they could be based on norms, i.e. be an entitlement of each level, as in the Burkina Faso CDD 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. Bolivia's Rural Communities Development program for instance 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 the sub-district development committees and the training committees. These committees need small amounts of money for their functioning, and if they are not provided, the program quickly slows down, and key people initially mobilized turn away.

Increases in annual budgets or norms of communities, sub-districts and districts can be based on performance of each of these units, 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. Zambia's Social Fund for instance created a graduation scheme setting positive and negative incentives in line with

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<sup>10</sup> De Silva, S. Taking the Lead: A Handbook on Direct Financing of Community Subprojects. Washington D.C., 2002.

a set of pre-determined performance benchmarks. Under the scheme, no District Council is penalized for a wrong choice of projects to encourage learning-by-doing.

There are of course 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.

## 7.2 Options For Managing And Disbursing The Financial Resources to The District, Sub-District And Community Levels

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 which are multi-sectoral and require alignment with the various sector directorates at sub-national levels to ensure 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 governments budgeting process as well as from other possible partners, including donors, NGOs and communities themselves.<sup>11</sup>

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 ensures empowerment and learning by doing at these lower levels than a process which 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 which 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.<sup>12</sup>

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

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<sup>11</sup> The World Bank. "Community-Driven Development in Local Government Capacity Building Projects: Emerging Approaches in Africa". Social Development Notes No. 86. July 2004

<sup>12</sup> *ibid.*

also be devised to ensure an equitable allocation of resources. Mexico's DRD for example 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 the community projects. As result, funding for community projects would comprise of the joint contributions of central government, local government, the community, and donors, with a progressively decreasing role for donor funding to achieve long run fiscal sustainability of the program.

- *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, and at the same time maintained all 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.

Today these Social Funds concentrate on program development and supervision, they assure the financial flows and ensure other the fiduciary functions, they monitor and evaluate, and they report 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, and the "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, but has shown to have severe limitations. First of all the approach has tended to be very costly, increasing transactions costs, and therefore the pass-through rate of financial resources allocated to the program to communities. Second it tended to disempower communities, as usually the NGOs exercised to tight control over the resources. Third, NGOs rarely had the capacity to scale programs up to district or national coverage. Finally it eliminated the coordination functions of local government.

### 7.3 Monitoring and evaluation

A sound Monitoring and Evaluation (M&E) system has four broad components: participatory M and E by communities and users for implementation monitoring; financial and accounting systems for financial monitoring; Management Information System (MIS) for progress monitoring; and impact evaluation.



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 contribute 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 down to the communities.

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 sub-committee, sometimes called the audit committee for this specific task. The audit committee is composed of either Local Program Support Consultants or government 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 Local Development Committee, the Central Design Team and relevant government authorities.

#### **Useful Tool**

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

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

## 8. From Development Phase to National Scaling Up

Once the program is running properly in one or a few districts, the operational manual, training materials, costs elements, monitoring and evaluation reports, initial impact evaluation results and other relevant instruments need to be properly reviewed, integrated and presented. These tools can all be reviewed and subject to final revisions at a national stakeholder workshop, which can also be used to consolidate the political will among the national government and external donors to scale up the program to national levels. The materials can then be translated into the major national languages. The materials are an essential input into the planning of the national scale up.

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 from donors. Candidate programs should already participate in the participatory review of the PDP
- Allocating additional tax bases to local governments and communities which can be used for co-financing of the program
- Allocation 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

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.

Based on the experience in the planning phase, the national system for managing the program also has to be designed in detail, including in particular 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:

- Focus first on the larger districts with better capacity, allowing a program to quickly increase the population reached. 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.

- Select a range of districts with different sizes and capacity levels, allowing fine tuning of operational approaches and manuals to different situations

As in the case of individual districts, scaling up across districts, states or provinces will also require a detailed planning which pays attention to the costs of managing the program. Cost elements during the planning phase and further opportunities to reduce them need to be carefully reviewed. Cost-minimizing approaches involve the same principles of minimizing travel costs, and mobilizing existing structures to manage the program rather than developing new ones or hiring special staff and consultants to do the job. Option for managing the large scale training needs of district program managers include workshops at the national level, the setting up of lead districts within which the neighboring districts can participate in the roll out in a learning by doing mode, and the use of district to district extension of the approach, or a combination of these approaches

At this time the implementation of the national communication strategy becomes critical. 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.

Depending on the results of further social analyses, it may also be necessary to adapt design to special district conditions. Considerations that may arise include, for instance, inclusion of marginalized or stigmatized communities such as tribal groups which may require special facilitation, or sub-districts or communities with particularly pronounced social stratification or even conflict for which the central design team may have to provide special assistance to these areas.

The final step is a program launch workshop in which representatives from all the key co-producers and from the next batch of lead districts should participate.

## 9. Consolidation

After each phase of scaling up, a similar review as well as further refinements and adaptations to the institutional frameworks need to be carried out as after the initial program development phase. The consolidation phase should gradually shift the program from basic infrastructure and services to economic development and social protection. It should also focus on the concomitant development of the fiscal base of local governments and communities. With the basic structure in place, emphasis and resources can also go towards deepening accountability mechanisms, improving technical and organizational capability, and expanding targeted programs to tackle issues that communities may have neglected. Furthermore, the focus of CDD may typically have been on rural areas, but urban areas should be covered in the consolidation stage if not earlier.

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 refocus donor finance on other programs, or phase it out altogether.

## Annex: Scaling Up Design Elements and Tools

DESIGN ELEMENT	Main Reason for Use	Impact on Cost-Effectiveness and Efficiency
<b>PHASING AND SEQUENCING</b>		
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
<b>DECENTRALIZATION AND LOCAL GOVERNMENT EMPOWERMENT</b>		
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
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.
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

<b>DESIGN ELEMENT</b>	<b>Main Reason for Use</b>	<b>Impact on Cost-Effectiveness and Efficiency</b>
<b>PARTICIPATION AND SOCIAL INCLUSION</b>		
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

<b>COMMUNITY SETUP</b>		
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.
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
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

<b>DESIGN ELEMENT</b>	<b>Main Reason for Use</b>	<b>Impact on Cost-Effectiveness and Efficiency</b>
<b>FUNDING ARRANGEMENTS FOR THE COMMUNITY</b>		
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

<b>INSTITUTIONAL SETUP AND PROGRAM MANAGEMENT</b>		
Mainstream CDD 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

<b>DESIGN ELEMENT</b>	<b>Main Reason for Use</b>	<b>Impact on Cost-Effectiveness and Efficiency</b>
<b>TRAINING</b>		
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.

<b>FACILITATION</b>		
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



<b>DESIGN ELEMENT</b>	<b>Main Reason for Use</b>	<b>Impact on Cost-Effectiveness and Efficiency</b>
<b>INFORMATION, EDUCATION, AND COMMUNICATION</b>		
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 village 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

<b>MONITORING AND EVALUATION</b>		
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.

<b>DESIGN ELEMENT</b>	<b>Main Reason for Use</b>	<b>Impact on Cost-Effectiveness and Efficiency</b>
<b>COMMUNITY AND LOCAL GOVERNMENT PROJECTS</b>		
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 strategy	Reduces fiscal costs
Contract between local government and village development committees on the 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.

<b>GOVERNMENT/NGO/DONOR HARMONIZATION</b>		
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.

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