

**CRITICAL ISSUES FOR SCALING UP  
COMMUNITY DRIVEN DEVELOPMENT IN CENTRAL ASIA**

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## I. Introduction

This paper has been prepared with inputs from members of the multi-sectoral Central Asia CDD Working Group; intensive consultations with task team leaders of CDD projects in Central Asia; and findings reported in several recent studies.<sup>1</sup> The paper reflects the Bank's commitment to scale up the use of CDD as a mechanism to achieve its broad objective of alleviating poverty; builds on lessons learned from CDD efforts in Central Asia and elsewhere; and identifies critical issues for scaling up CDD in Central Asia. Furthermore, it discusses CDD initiatives currently underway in Central Asia, clarifies where we think CDD stands at present, and recommends actions to address critical issues for scaling up CDD in Central Asia. The paper does not discuss the definition of community and the various components of CDD, since these concepts have been in other reports reflective of the first phase of scaling up CDD in Central Asia<sup>2</sup>.

This paper is the product of the Central Asia CDD Working Group, which focused on learning and sharing during Fiscal Year 2003. Specific activities consisted of reviewing growing CDD literature and project documents; analysis of experience, based on in depth interviews with Task Team Leaders; sharing through brown bag presentations, supporting local practitioner groups and participation in the Community Empowerment Network initiated by WBI; and contributing to the design of new projects in Kyrgyz Republic and Tajikistan. This combination of review, analysis, sharing and operational support was expected to lead to a Strategy for Scaling-up CDD in Central Asia. Ultimately, however, we decided that an effective "strategy" would need to be country specific, thus we decided to produce a less formal statement regarding where to focus efforts if we want to scale-up CDD that, hopefully, can contribute to the development and implementation of country-specific strategies.

The statement of issues presented below reflect four major conclusions that emerged from our work during the last two years. First, however much we stress the importance of learning, and lament the fact that far too little systematic learning has occurred from CDD efforts so far, the drive to scale-up CDD need not wait for this learning. Rather, CDD initiatives should proceed, building in learning opportunities and honestly sharing results and problems along the way. The scale and level of risks in CDD are no greater than other Bank operations, and probably much less risky. In any case, the evidence is clear that bringing resources to the grass roots and empowering communities to manage the resources is an important element of decentralization and can contribute to improved governance.

Second, community based activities, and CDD take place within a larger institutional context that often undermines the effort. Many CDD initiatives are limited or prevented by legal and fiscal barriers that frustrate beneficiaries and advocates and jeopardize institutionalization and sustainability. Time and again Task Team Leaders complained about unforeseen barriers and

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<sup>1</sup> *The Context for Community Driven Development in Central Asia: Local Institutions and Social Capital in Kyrgyz Republic, Tajikistan and Uzbekistan* (July, 2002); *Country Assistance Strategy for Kyrgyz Republic (FY03-05); Tajikistan (FY03-05); Uzbekistan (FY 02-04); Community Driven Development in Rural Areas in Europe and Central Asia Region* (2003, draft); and *Evaluating Community Driven Development: A Review of the Evidence* (Mansuri and Rao, September, 2003).

<sup>2</sup> See:

<http://lnweb18.worldbank.org/ECA/ECSSD.nsf/DocByUnid/17F66A360C5626F585256C62006D959D?Opendocument&Start=1&Count=5>

regulations that undercut the implementation of programs to which the government is committed. The barriers to work outside the government framework are even more pronounced, in many cases, despite the enthusiasm of beneficiaries and explicit or implicit support of local government. Therefore, CDD initiatives should focus on the larger picture, not just the community, to help develop the legal structure to promote public sector/civil society/private sector partnerships on the local level to create the administrative and social environment that can make CDD really effective and generate long term benefits.

Third, CDD activities are notoriously particularistic and customized to an environment. That is a strength. At the same time, however, when many initiatives get underway in a location, there is little interaction and often competition, losing opportunities for synergy and wasting scarce human and material resources, in addition to causing confusion. The situation is improving in Central Asia, as practitioners develop mechanisms to communicate and share experience. The next step is to create more effective coordination mechanisms, involving the government. Such coordination need not stifle experimentation, innovation or adaptation, all of which are important for CDD. Rather, coordination can promote learning, make better use of human and other resources, improve monitoring and increase transparency and accountability.

Fourth, despite talk about capacity building, it is not clear that it is systematic, adequate or effective. Increasingly, CDD initiatives are supported by training in accounting, operations and maintenance and other strictly project-focused needs, but they rarely focus on other skills that are needed to increase the overall impact of the initiatives. Moreover, intermediaries generally benefit more than beneficiaries, there is stronger emphasis on quantity, rather than quality, and the training is rarely designed based on modern adult learning techniques. Finally, programs frequently lost valuable opportunities for peer exchanges, which can have a greater impact than presentations by experts.

The paper discusses the context of CDD in Central Asia and then scaling-up, followed by sections on the four issues mentioned above: moving ahead, improving coordination and collaboration, creating an enabling environment, and building capacity.

## **II. Context and Rationale**

### **1. CDD in the Central Asian Context**

The Kyrgyz Republic, Tajikistan and Uzbekistan demonstrate both similarity and diversity in the context of CDD. A number of features common to all can be identified, in particular the remnants of Soviet institutions and attitudes, including the Soviet legacy of authoritarian political regimes and highly centralized command economies. Before the collapse of the Soviet Union, important decision making power rested only in the central government bodies. Local authorities, community and infrastructure funding all came from the central budget. Although truly representative community organizations did not exist an underlying layer of traditional community organizations like the Dom Committee (which supervised apartment buildings), the mahallas in Uzbekistan and jamoat in Tajikistan continued to exist. Collective farms had

councils that made decisions on resource distribution. These organizations were largely based on traditional community institutions, which the Soviet government co-opted.

The countries of Central Asia, upon gaining independence after 1991, were not sufficiently prepared to take on the complicated tasks of responding to the social, economic, ecological and political problems that had accumulated over the decades of Soviet control.<sup>3</sup> As a result, weak governance, including both petty corruption and state capture, has constrained development and growth. Soviet repression severely weakened traditional local institutions or transformed them.<sup>4</sup> For example, in Tajikistan, the representation of local leadership is ambiguous. Tajik communities suffer from the loss of a sense of direction and passivity, in addition to the absence of economic resources. Passivity has been bred by decades of citizen dependency on higher levels of government to resolve local problems and initiate community activities.<sup>5</sup> Task managers of Bank-funded CDD initiatives in the three countries report a similar situation. On the one hand, people have extremely low trust in institutions. On the other hand, people continue to have high expectations and a sense of entitlement regarding services the state ought to deliver free of charge. Thus, when the Bank first launched community based projects in the three countries in 1993, they represented a totally new approach to self-governance and participatory action.

Despite their common history, differences exist between the three countries in regard to their course of action and proclivity toward change and development. The *Kyrgyz Republic* has led the three countries in reforms, as reflected in donor friendly policies and cooperation. As a result, the country has attracted a host of international non-governmental organizations (NGOs) and launched a number of community-based development projects funded by different donors. Central, regional and local governments, NGOs and communities have been exposed to multiple CDD approaches. NGOs have been trained by the donor organizations and have a good understanding of CDD. The country is ahead of both Tajikistan and Uzbekistan in decentralization efforts. The government itself has marked decentralization as a priority in its National Poverty Reduction Strategy. The introduction of a mechanism for inter-budgetary relations that provides local authorities with the incentive to increase local revenues is currently under consideration. *Aiyl Okmotus*,<sup>6</sup> which were elected in December 2001, are increasingly collecting local revenues such as local sales taxes, commercial and residential property taxes and other user charges that eventually can provide fiscal resources for local governments to carry out their responsibilities.

In *Tajikistan*, development was retarded by the turmoil of civil war from 1992 to 1997. The lack of government presence in many regions during the civil war, the weakness of the local administration, and the fact that many NGOs are the main providers of support in rural areas mean that CDD and participatory approaches are central to many development activities in the country. Development continues to be a top down exercise for central and local governments.

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<sup>3</sup> Assignment of Responsibilities to Different Levels of Government in Countries of Central Asia: Prospect for further Development. FDI Proceedings. <http://lgi.osi.hu/publications/default.asp?id=229>

<sup>4</sup> "Between Civil Water and Land Reform in Tajikistan," *When Things Fall Apart*. (Dudwick et al. 2002)

<sup>5</sup> *Tajikistan Local Self-Governance: A Potential Bridge between Government and Civil Society?* (Freizer; Sept. 2002, draft)

<sup>6</sup> Aiyl Okmotu is the lowest local self government unit, which may include one or more villages.

With the adoption of the 1994 Law on Local Governance, the line of command follows from the President's Office to the *Khukumat*<sup>7</sup> and from the *Khukumat* to the *Jamoat*. This arrangement is regarded as an effective way to support local development. Understanding and commitment to CDD is limited, however, particularly with regard to creating an enabling environment. Nevertheless a number of local development programs are being implemented.

*Uzbekistan*'s political structure and its level of governmental control have undergone little change since the Soviet era. The system of local government, established according to the 1994 Law on Local Public Administration, is inefficient. The approaches toward central and local governments are unsystematic, with little coordination in addressing urgent regional social and economic issues. Due to limited financial and material resources, local administrations lack the ability to influence the social and economic situation. Basic social services such as health, education and communal services are gradually being decentralized, however. In 2001, NGOs were given more freedom to promote their activities throughout the country.<sup>8</sup> The Bank's portfolio includes very limited CDD-type activities. Although the central government is not familiar with CDD approaches, regional and local governments are supportive, based on their experience working closely with donor organizations.

## 2. Why scale up CDD in Central Asia?

For our purposes, scaling up means both expanding the prevalence of CDD activities to reach a broader population, as well as deepening the intensity of community involvement and the level of decision-making as a means of increasing overall effectiveness and sustainability. That is, scaling-up means both increasing the number of participants and beneficiaries (extensive scaling-up) and giving communities a much greater say in the use of resources made available to them (intensive scaling-up). Given the narrow geographical scope of most CDD efforts, scaling-up also requires changing operations to reduce the high overhead costs of delivering resources and services. The Bank has made an institutional commitment to scale up CDD projects, based both on the experience that CDD is effective in targeting special groups and on the conviction that resources must be directed more specifically and visibly to poverty alleviation efforts and development. These efforts will be more effective and the results more sustainable if targeted groups participate in the decision making and implementation process.

The countries of Central Asia are obvious candidates for CDD initiatives given their high incidence of poverty and the growing recognition that these states are unable to provide a reliable safety net for their citizens. The CDD approach can be an effective way to give access to those public goods that are within the management capacity of community organizations. CDD could also contribute to a more rapid and practical transition toward good governance. CDD initiatives are also effective vehicles to simultaneously strengthen both local governments and civil society. A fully developed CDD approach offers an opportunity to make economic development and

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<sup>7</sup> *Khukumat* is an administrative unit in Tajikistan roughly equivalent to local government; *Jamoat* is a formal self-governing organization that may include several *mahallas*, that can act as ad hoc committees for technical projects or it can also be a geographic and institutional community. A *mahalla* committee is an informal structure with chairmen and deputies.

<sup>8</sup> 2001 NGO Sustainability Index. USAID.

[http://www.usaid.gov/regions/europe\\_eurasia/dem\\_gov/ngoindex/2001/uzbekistan.pdf](http://www.usaid.gov/regions/europe_eurasia/dem_gov/ngoindex/2001/uzbekistan.pdf)

poverty reduction more effective, inclusive, sustainable and cost effective, giving communities control over decisions regarding their resources, and access to productive assets and economic opportunities. Finally, the Central Asia Country Department has made a commitment to mainstream CDD in the Central Asia country portfolios, as well as work with other donors to coordinate and complement efforts to increase efficiency and improve results on the ground. This is already reflected in the most recent CAS' for Tajikistan and the Kyrgyz Republic.

The importance and the need for CDD initiatives have been highlighted in the Tajikistan CAS (FY03-05) and the Kyrgyz Republic CAS (FY 03-05). The Tajikistan CAS identifies weak institutional capacity as one of the major development challenges of the region and points to the need for communities to do more for themselves. The Kyrgyz CAS emphasizes weak public sector capacity, and the need to build capacity and provide technical support, not only at the Central level, but also at the local level, with a strong emphasis on CDD.

Over the past seven years, CDD components were included in a number of projects in the Kyrgyz Republic, Tajikistan and Uzbekistan. (Annex 1 presents the list of current CDD-related projects). Positive indications of CDD viability include:

- The eagerness of communities in the Kyrgyz Republic, Uzbekistan and Tajikistan to partake in CDD activities even though the level of community involvement in CDD investment projects has been mainly limited to labor contribution and operation and management of facilities provided. The Implementation Completion Report (ICR) of the Pilot Poverty Alleviation Project in Tajikistan mentions that local communities in Tajikistan, even if very poor and disadvantaged, are able and willing to play a major role in the identification, preparation, execution and sustainability of micro-projects.
- Support for CDD initiatives by municipalities and local governments in the Kyrgyz Republic and Tajikistan.
- Decentralization of government in all three countries, although its manifestations vary from country to country.
- Growing working knowledge of CDD and experience in the region among the Bank and other donor organizations, as well as elements of some governments.
- The Implementation Completion Report (ICR) of the Pilot Poverty Alleviation Project in Tajikistan reports that the most successful projects in terms of quality, impact and sustainability were those in which the community was directly involved in all stages of micro-project design and implementation.

Most current CDD initiatives are accurately characterized as community focused or community based activities, rather than comprehensive CDD efforts, however.<sup>9</sup> They tend to be narrowly focused on a specific group in a community, such as water users, sheep herders or credit-focused self-help groups. Even projects with a wider community focus, such as a Social Investment Fund, tend to establish short-term relationship with communities, rather than long-term holistic and comprehensive engagements. Most projects start with a limited social assessment, if at all,

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<sup>9</sup> *The Context for Community Driven Development in Central Asia: Local Institutions and Social Capital in Kyrgyz Republic, Tajikistan and Uzbekistan* (July, 2002)

which may not necessarily focus on the structure and function of institutions at the community level.

### **Textbox 1: Examples of CDD Initiatives in Central Asia**

There are few examples of scaling CDD initiatives in the three countries, as most of the initiatives are either small scale, due to design or resource constraints, or are pilot in nature. The following are descriptions of CDD initiatives in Central Asia, with a brief statement regarding opportunities and mechanisms for scaling-up.

#### Aga Khan Development Network (AKDN), Tajikistan:

AKDN's Agriculture Reform Program (ARP) program utilizes a structured participatory village level planning process to build step-by-step, over three years, the capacity of the community to analyze village resources, plan together as a group, access resources, implement planned activities, assess the success of implemented activities and continue new cycles of analysis and planning on the basis of lessons learned. The program covers seven districts in Gorno Badakshan Autonomous Oblast (GBO) and seven in the Region of Republican Subordination--nearly 60% of the land area of Tajikistan. Impressive results have been obtained in these districts in terms of increased productivity and production, privatization of land management and crop diversification. The farmers themselves have made these gains possible by taking responsibility for their own welfare, with the timely supply of improved input and technical support by the ARP. (For more information visit [www.akdn.org](http://www.akdn.org)). The challenges in scaling-up are to increase the area covered and to develop an exit strategy that leaves communities able to continue the process on their own, drawing on their own resources.

#### DFID Sustainable Livelihoods for Livestock Producing Communities Project, Kyrgyz Republic:

Evolving from an earlier animal husbandry project, the Sustainable Livelihoods Project promotes community based initiatives, mostly intended to improve agricultural activities or encourage small enterprise reform, where the participating communities are involved in the management of the interventions. The primary role of the project has been to link material improvements of livelihoods to improvements in communities' ability to take responsibility for their own development. The project aims explicitly to strengthen the ability of each community in combinations of the following capacity domains: extent of participation in 'community based' activities; quality of leadership in the community; existence and functional ability of organizations: formal, informal and traditional; understanding of problems and constraints faced and the ability to identify underlying causes; ability to mobilize resources; external linkages and the role of external agents and; role in the management of project activities. The project is starting to scale-up by expanding from its small base into surrounding communities to see if the same results can be achieved with less intensive project support. It is also engaging district administrations more actively in order to mobilize additional support to complement project inputs.

#### UNDP Poverty Alleviation Component of the Social Governance Program, Kyrgyz Republic

The overriding objective of the Participatory Poverty Alleviation program is to empower the poor for self-reliance and advancement through local community efforts. The program helps local communities to establish Self-Help Groups for the World Bank/IFAD's parallel micro-lending program, as well as to implement community infrastructure development mini-projects. Technical assistance is provided to mainstream the poor into community development through their direct participation in micro-lending, savings generation and investment activities. Through the Self Help Groups, the poor establish informal financial services as a means to improve their livelihoods, build their capacity and prepare for further access to and effective use of formal financial services. The program is active in all 7 oblasts of Kyrgyz Republic and reaches out to 8,162 households with some 40,000 beneficiaries in 116 remote and economically vulnerable villages. Based on experience, the program has reduced the time required for group formation and preparation. The Decentralization Program, the mobilization component of which has been merged in to the Social Governance Program, mobilized Community Based Organizations that focus on specific community needs, as well as developing group savings, which are made available to members. This program has started to scale-up by providing minimal support to group formation outside of the pilot areas. (For more information visit [www.undp.kg/english/practices.phtml#2](http://www.undp.kg/english/practices.phtml#2))

These practices demonstrate that CDD approaches in Central Asia are still in a nascent stage and that a number of significant opportunities exist for scaling up CDD in the three countries. These opportunities appear both in existing projects and in new projects, especially in enhancing local level decision-making and financial management, in addition to addressing community-defined needs. Nevertheless, the growing experience with CDD, successes and failures, as well as lessons learned, has set a reasonable foundation from which to scale up CDD in Central Asia.

### **III. Issues to Address in Scaling Up CDD**

The issues discussed below are critical for scaling up CDD. They are considered under four broad recommendations that should be addressed simultaneously. The recommendations are applicable to all the three countries although the level of attention required to implement the recommendations will vary depending on the country situation. The level of detail varies in the discussion of each topic. In some instances, the arguments are pretty widely accepted and need not be belabored; in other instances, there is little experience to draw on, thus the topic needs to be developed more fully. The four major recommendations are as follows:

- Mainstream CDD by expanding in scope and sectoral involvement
- Coordinate with donors to make CDD a collaborative effort
- Initiate policy dialogue on up scaling CDD at the central and local level government levels to create an enabling environment
- Intensify capacity building activities

#### **1. Mainstream CDD by Expanding in Scope and Sectoral Involvement**

CDD approaches are widespread but few are intensive and even fewer are long term. Consequently, little can be said about the extent to which the activities themselves, or their impact, will be sustainable.

The following actions are recommended to mainstream CDD approaches in Central Asia.

##### **A. Intensify CDD approaches and introduce them in different sectors**

CDD approaches can be used in a variety of sectors and they have proven to be effective for delivering and managing goods and services that are within the capacity of community organizations. Not all goods and services can be managed through local collective action, however. A broad correspondence exists between the geographical scope of the delivery of a particular service and the level of government responsible for its provision. Higher education and large-scale transportation, such as highways, airports and railroads are generally national level responsibilities, particularly in small countries. Local governments or intermediary administrations often manage such functions as solid waste collection, water and sewerage and

natural resource management. Primary and secondary education, housing and community services and health care are generally shared responsibilities between different governmental levels. In some cases, civil society organizations are also involved.

The Bank has used CDD approaches in agricultural extension, animal husbandry, irrigation, rural credit, drinking water and, to some extent, public health and education, although the interventions in education and health have focused primarily on building or rehabilitating infrastructure. There is scope for scaling-up the CDD aspects in most of these projects, by extending the reach to larger populations and, in some cases, increasing the intensity of community involvement. For example, the success with farmer and women groups can be extended to more peripheral areas, using existing group leaders as catalysts; groups can be organized into village or raion-level associations, as is happening with some Self Help Groups, to extend benefits to group members. The next step in irrigation is to encourage water user associations to create system-level federations that can assume responsibility for system management. The cost of village drinking water investments can potentially be reduced significantly by seriously engaging communities in decision-making, rather than just consultation, curtailing the relative influence of engineers. Likewise, there are opportunities in the education sector to go beyond school rehabilitation and maintenance to creating parent-teacher organizations that engage parents more actively in their children's education. Each ongoing project will be examined to identify latent opportunities to scale-up CDD activities, and new projects will be reviewed along the same lines to highlight opportunities to scale-up.

The new Tajik CAS and Kyrgyz CAS both demonstrate a commitment to use CDD approaches to promote growth, engage the poor, provide public services and stem the deterioration of infrastructure and services. New projects are planned in education and marketing that will use CDD approaches. In addition, an effort should be made to coordinate the field level activities of projects in different sectors to promote synergy and improve results on the ground, using the opportunity to identify promising applications of CDD in new sectors or design real multi-sector initiatives. The Uzbekistan CAS does not refer to CDD, although the number of projects with community based activities is increasing and the new health project will have a CDD component.

Other donors have experience with more intensive CDD approaches, generally on a very limited pilot basis, usually working directly with beneficiary groups and bypassing local government. In some cases, they can scale-up by broadening the geographical scope of their activities; in others, by intensifying the level of community-decision making and extending their time commitment to the communities in which they are involved.

In many cases, other donors can also scale-up their CDD activities by extending their scope to develop more active partnerships with local governments. Consistent with its mandate, UNDP consistently collaborates with national and local governments, as well as community based organizations. Other donors follow different approaches ranging from active collaborating with local governments to ignoring them altogether. In many cases, CDD investments in public goods and public facilities willy-nilly impose operation and maintenance responsibilities on local governments, whether or not they have been involved in planning or implementing the investments.

## **B. Involve the private sector in CDD initiatives**

Many CDD initiatives target farmers, individually and in groups, aimed at increasing production, diversifying cropping, improving marketing or creating opportunities to generate off-farm income. More often than not, support for livelihoods takes the form of credit, rather than grant and the project may provide the credit or facilitate access to credit through training or organizing. In this sense, such activities demonstrate considerable CDD involvement in the private sector. Nonetheless, there are at least five other obvious ways the private sector can be involved in CDD, as beneficiary or contributor.

First, CDD resources can be used to provide working capital for new enterprises or to help new enterprises meet collateral requirements for commercial credit. The idea is controversial because it challenges the standard practice of limiting grants to public investments, it could threaten to undermine nascent credit institutions, and it may polarize a community that is deciding how to use scarce resources. The Village Investment Project in Kyrgyz Republic will offer one opportunity to try this approach by making grant funds available to group enterprises as matching collateral for commercial credit.

Second, CDD resources can be used to remodel or rehabilitate buildings to be used for manufacturing or commercial establishments. This makes it possible for new enterprises to offer employment and goods and services to the community without having to construct new facilities, and can generate revenue for community activities from rent. Counterpart Consortium in Kyrgyz Republic has funded such investments through its small grant program.

Third, an agency can provide working capital for a group activity. The IFC provided working capital to help 365 farmers in Tajikistan establish a joint stock company, buy machinery, and hire expertise to set up and manage a cotton collection and marketing business for the farmers.<sup>10</sup>

Fourth, private entrepreneurs can contribute resources for community activities. This may be an act of charity, a manifestation of commitment to the community, an extension of family obligations, a way to enhance the status of the giver, or any combination of these or other motivations. CDD programs offer a mechanism to channel such contributions and enhance their potential impact. In Kyrgyz Republic, at least, these activities can be used as tax write-offs.

Fifth, improvements in the legal and regulatory structure can promote private sector growth. Some legal constraints on community based organizations also stymie the private sector. Through a component that works on the enabling environment for NGOs and CBOs, CDD projects can try to improve laws and regulations related to taxation, investment and inspections, thereby benefiting the private sector as well as promoting civil society initiatives. through information dissemination and technical support centers.

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<sup>10</sup> IFC Press Release. <http://www1.ifc.org/pep/menu/projects/bycountry/centralasia/#fom>

### **C. Increase learning to enhance our knowledge of CDD**

The Bank's seven years of experience with community based projects in the three countries has mostly concentrated in the rural sector, particularly in agriculture and community infrastructure. The experience has demonstrated that it is relatively easy to mobilize a group of people in a community to become direct recipients of outside resources or to act as a conduit for channeling resources to the larger community. Other practitioners in Central Asia have learned that members of communities can be mobilized to participate in community assessment and planning exercises that result in statements of needs and priorities, and that they can organize smaller implementation groups and committees to carry out priority projects to which they match external resources with their own cash or labor resources. A number of questions have not yet been answered, however, such as the following:

- What mobilization mechanisms are most effective to ensure that all members of a community are reached?
- How to introduce outside resources without promoting dependency?
- How to ensure judicious and effective use of funds when capacity is low, without jeopardizing local ownership?
- How to transform empowerment from rhetoric to reality—is it a process or a state of being?
- What does community decision making mean in the Central Asia context and will we know it when we see it?
- What are the opportunities and limits of community decision making?
- How do we transform existing top-down initiatives into CDD approaches?
- What level of community contribution is reasonable, for which activities?
- What mixture of grants and credit is most effective to develop ownership and reach a wide population?
- What can be done to ensure accountability and transparency without stifling initiative and imposing burdensome regulations?
- How to recognize and use existing social capital and traditional relationships and structures without perpetuating exclusionary practices?
- How to use resources and new experiences to bridge social cleavages, rather than exacerbate them?
- How to encourage the emergence of new leadership and social capital without threatening vested interests?
- What are the limits of CDD in different sectors and different environments?
- What are the strengths and weaknesses of the CDD approach for delivering services, as opposed to mobilizing and delivering resources?
- Where are opportunities to expand and intensify CDD approaches?
- How to make the concept of sustainability operational—what should be sustained, by whom, for how long?
- What is an exit strategy and how can it be implemented realistically in resource scarce environments?

These and other questions beg to be answered systematically in Central Asia, on the national and sub-national level. It is clear that CDD is a ‘learning by doing’ approach. In order to scale-up, we must learn from the past and focus energies on how to do things more efficiently and effectively. It is equally important, however, to be realistic about the applicability and expected results of CDD approaches. Again, this will come from experience, but the experience should be assessed systematically to gain the most from it. We recommend two overall approaches: first, through constructive interaction between practitioners, which is discussed in the next section, and through specific analytical work. Here we focus briefly on the analytical work.

Through the Community Empowerment Network, a mapping exercise is underway in each of the four participating countries (Kyrgyz Republic, Tajikistan, Uzbekistan and Azerbaijan) to establish a database on the location of the CDD activities by donors, NGOs and government. This database can be used to structure any number of systematic assessments of the CDD experience Central Asia that can help to answer many of the questions posed above, as well as others. It can also provide a framework for constructive discussions about CDD coordination.

The results of the mapping exercise have already been used to structure the pilot activity for the Village Investment Project in Kyrgyz Republic funded through a Japan Social Development Fund grant, described in Textbox 3. The pilot will use the field sites of several different CDD initiatives to test the relative effectiveness of three different models for allocating CDD resources, as well as two levels of intensity of external support for the mobilization and decision-making process.

**Textbox 2: Learning for CDD in the Village Investment Project in the Kyrgyz Republic**

Three models of resource allocation will be tested, with varying levels of external technical support, to ascertain which generates the most realistic, inclusive, sustainable development programs: (i) a block-grant scheme to the *aiyl okmotus*, which take direct responsibility for allocating the resources, (ii) a competitive grants scheme under which communities and CBOs compete for the available limited resources and where funding decisions are made by an authority outside the community, and (iii) a participatory grant scheme where communities form development committees which are then trained to decide collectively about resource allocations and form community groups responsible for implementing micro-projects.

The mapping data can also be used to structure two additional exercises that we recommend: first, a systematic review of the approach of different CDD initiatives to develop a matrix that helps distinguish different types of initiatives and their respective CDD outcomes; and second, a systematic review of roles and responsibilities of agencies in different sectors to determine which sectors and which activities can use CDD approaches to carry out their programs, and which activities can benefit from complementary action by civil society. The former can contribute to establishing common monitoring programs, as well as coordination mechanisms; and the latter can provide some substance to discussions regarding using CDD approaches and scaling them up.

## **2. Promote Donor Coordination to Make CDD a Collaborative Effort**

CDD is a term that was coined in the Bank and used as an umbrella to cover many types of programs and approaches. It has since become standard development jargon. It is too late to argue about the wisdom of using a loaded term for a generic concept. It is timely, however, to differentiate types of CDD activities and their respective advocates and practitioners, particularly in the context of scaling-up CDD. Using the same jargon, governments, donors and sectoral specialists refer to a myriad of development activities. Different donors support parallel projects in the same country, even the same district, with differing procedures, requirements, lines of accountability, and monitoring mechanisms. The tendency of donors to replicate CDD approaches used in another country or region often weakens the context specific nature of CDD. Furthermore, the uncoordinated effort strains the capacity of local administrations and communities that find it difficult to cope with multiple systems of reporting and implementation, and further generates confusion among community members. The Implementation Completion Report of the Rural Finance Project in the Kyrgyz Republic cautions that segmented rural finance markets, with multiple, uncoordinated donor programs, could be counterproductive and suggests coordination through open dialogue, sharing of information, and development of effective partnerships. The need for donor coordination particularly important in the Kyrgyz Republic, which has an abundant donor presence and multiple programs with more CDD approaches than other countries in Central Asia. The time is ripe for a coordination effort in Tajikistan, as well, where CDD investments are about to increase significantly.

Fortunately, this is an area in which progress has already been made and further progress is expected shortly. The CDD Practitioners Forum in the Kyrgyz Republic is being used as a model for developing a similar group in Tajikistan and Uzbekistan should soon follow suit. This is an important start, as these practitioner groups are effective communications mechanisms, even if they have no coordination function.

At the Bank's initiative, CIDA has agreed to assume an informal coordination role in Tajikistan as it develops a major investment program in the country. This task may not be easy, as donor institutions have vested interests in demonstrating the effectiveness of their approaches. Nonetheless, there are concrete signs that many agencies agree that they need to build on complementarities and collaborate with each other in order to achieve their individual goals, thus coordination may be easier than originally anticipated. For example, preparation for the Village Investment Project in Kyrgyz Republic has been highly collaborative, resulting in one of the first examples in Central Asia of the design of an umbrella CDD project that builds on the ongoing activities of several donor initiatives.

We also recommend two additional actions to promote donor coordination and enable CDD efforts to scale-up effectively and efficiently.

### **A. Strengthen CDD practitioner groups in the three countries and enlarge them to include government counterparts**

The Community Empowerment Network is launching CDD Practitioners forums in Tajikistan and Uzbekistan and its support has strengthened the Kyrgyz forum. This needs to continue, once

the mapping exercise is completed, to organize working groups to address common problems and devise ways to solve them. One of the most valuable contributions of the forums would be to address an area of common concern—the institutional environment for CDD. Members of the forum in each country should identify major impediments to having an enabling environment and prepare a collective plan of action to address the impediments, either through analysis, legal support or lobbying.

Currently, representatives of donor agencies or donor projects constitute the membership of the forums. They should make a concerted effort to include their government counterparts, as well, particularly when they tackle issues related to the enabling environment. This step is important for immediate and long term effectiveness, as it will enrich the information base of members as well as help build capacity of counterparts.

### **Textbox 3: CDD practitioners' forum in Kyrgyz Republic**

The CDD Practitioners Forum started out as an informal meeting of representatives of organizations applying CDD approaches in the agriculture sector. Subsequently, it expanded to include groups engaged in other sectors, as well, and as many as 50 people attended monthly meetings to share experiences and discuss problems. The forum also includes officials of the Ministry of Local Self-Government, but officials of line agencies have not participated. Counterpart Consortium acts as secretariat of the forum, funded by the grant for the Community Empowerment Network. The forum has created a number of working groups to address specific topics and prepare issues for discussion in the larger group, which now meets bi-monthly. In addition its own emerging agenda, the forum now serves as a regular sounding board for major proposals, such as government policies, such as UNDP's Strategy on Decentralization and Local Self-Governance, as well as new policies, such as the Government's recent policy on Social Mobilization

The WBI's Community Empowerment Network, supports this initiative and holds monthly of the network via videoconference, which serves to facilitate cross-country exchange of experience and insights. Members of the network also participated in a Knowledge Forum in Bishkek in May, 2003, in conjunction with the Central Asia Country Innovation Day. These initiatives ultimately will establish the knowledge base, as well as the trust that are necessary for successful coordination.

## **B. Create lower level Practitioners Forums to complement national forums and spearhead local coordination initiatives**

Local level coordination of donor activities is also critical, as many CDD initiatives originate on the oblast level in each of the three countries. Most of the larger and more successful organizations participate in some form of a coalition or network, in the national capitals, but many smaller local organizations are not able to participate in such structures. They also need opportunities to share lessons learned, gain from other's expertise and establish linkage with large NGOs working in the same sectors. In each country, Counterpart Consortium and partners established oblast level NGO support centers, since renamed civil society resource centers. These centers should be integrated into the national Practitioners Forums, and become the locus of oblast-level practitioners forums to deal with local issues, disseminate information from the national forum and feed local information up to that group. Consistent with their mandates, the

centers can be used to organize and host capacity building activities of individual donor projects or, more importantly, consolidated and coordinated capacity building activities, including training, workshops, public hearings and peer training.

### **3. Focus Policy Dialogue on Scaling-Up CDD at the Central and Local Government Levels and Creating an Enabling Environment**

Current government policies and practices in the three countries limit the potential benefit of CDD approaches. Some client countries have been reticent to promote CDD while others unrealistically see it as a possible panacea. In both cases, the level of understanding of CDD is limited, which undoubtedly exacerbates efforts to create an enabling environment for CDD. Each of the three Central Asian countries have adopted decentralization policies, and the process is underway in principle, but centralized administration and budget management persist to varying degrees. The CAS of each country highlights the problem of poor governance and the corresponding need to strengthen governance and institutional capacity, and various lending instruments are in place or planned to address governance issues. CDD does not figure prominently in these governance initiatives, however, thus new steps should be taken to put CDD high on the policy dialogue agenda in order to set the stage for scaling up.

To some degree, it is not surprising that CDD has been overlooked in policy dialogue. On one hand, advocates themselves downplayed the importance of top level commitment in their enthusiasm to get things moving on the ground. Indeed, many CDD practitioners perceived government agencies to be irrelevant or obstacles to CDD and have largely bypassed them in CDD initiatives, fearing that government involvement would result in elite capture and the exclusion of vulnerable groups. Consequently, many programs opted to create new organizations or transform traditional institutions to enhance accountability, and, more often, to stimulate direct democratic participation. NGOs, especially have interacted very little with central government and sectoral ministries. This is especially true in Tajikistan, where an administrative vacuum prevails at many levels, and in Uzbekistan, where the central and oblast administrations have tried to limit extra-governmental initiatives. The situation in the Kyrgyz Republic is mixed, however, ranging from antipathy between officials and CDD advocates to examples of active collaboration between officials and civil society organizations.

On the other hand, CDD advocates and practitioners have realized that inattention to governance and the enabling environment limits the impact of CDD efforts, stymies initiatives and threatens the sustainability of CDD impacts. Whether by default or design, CDD efforts have focused almost exclusively on the local level or on project- or sector-specific policies, rather than take a broader interest in governance. The tide has turned over the past year, however. The most striking lesson from our interviews with Task Team Leaders is the extent to which field level work is undermined by ignoring regional and central governments. The issue is highlighted repeatedly in discussions between practitioners. Consequently, the role of government has also emerged as a prominent issue in much of the new CDD literature.

The collective recognition that both government commitment and community involvement are critical components of CDD has led to the realization that policy dialogue on CDD is also

necessary. Central and local governments are key players in successful CDD. International CDD studies conducted illuminate the critical role of central and local governments in CDD<sup>11</sup>. A report by USAID points to the risk of viewing community driven approach as a panacea that can solve the sustainability problems of investments in rural water supply systems and, along the way, also allow governments to divest themselves of much of the responsibility to address the issue in a substantive way.<sup>12</sup> The paper points to a body of evidence from Latin American countries that suggest that there are definite limits to community management.<sup>13</sup> CDD efforts are not likely to be sustainable unless appropriate government programs complement them, i.e. a top down approach. Therefore, it is vital to build ownership and support for CDD initiatives through active engagement and participation of the central and local governments, combining top-down and bottom-up action. At the same time, client governments in Central Asia need to be convinced of the relevance of CDD approaches in their development programs, and must understand the policy implications of adopting CDD approaches, as well as benefits of these approaches to their respective governments. This does not argue, however, that government should become only player in CDD or that funds must necessarily flow through governmental channels.

The following actions are recommended to initiate policy dialogue with the governments to scale up CDD.

**A. Continue to engage national governments in mainstreaming CDD approaches into macro policies, institutional reforms, and implementation mechanisms**

References to CDD appear increasingly frequently in analytical work, program design and lending operations. In the past, structural adjustment programs in Tajikistan have focused on governance reforms aimed at strengthening the legal framework and institutions, improving social service delivery, and increasing the effectiveness of poverty alleviation programs. The Uzbekistan CAS states that structural reforms have been limited despite several government resolutions. The Kyrgyz Republic's Governance Structural Adjustment Credit, complemented by a Technical Assistance Credit in the next three years, aims to improve the efficiency and transparency of the budgetary and treasury process, streamline and increase the professionalism of the civil service and open space for the demand for good governance to grow. A Structural Adjustment Credit (SAC) and a Poverty Reduction Support Credit (PRSC) are expected to persuade the governments to mainstream CDD in national planning and implementation mechanism.

The Tajikistan PRSP gives priority to providing basic social services efficiently and fairly and targeting support to the poorest groups of the population for which CDD can be an effective mechanism. Another element of the Tajikistan PRSP, efficient governance, is complementary to and should help strengthen CDD. Public administration reforms to achieve efficient governance

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<sup>11</sup> *Fostering community-driven development: what role for the state?*. Gupta, Grandvoinet and Romani. (draft, 2003)

<sup>12</sup> *Institutional Support Mechanisms for Community-managed Rural Water Supply and Sanitation Systems in Latin America*. (Lockwood, Strategic Report 6. USAID)

<sup>13</sup> In El Salvador, despite the relatively high levels of coverage for access to potable water in rural areas cited by government (61%), a recent report indicates that approximately half of these systems are either functioning poorly or are on the verge of total breakdown.

aim to realign the functions of ministries and agencies to create a skilled, adequately paid and corruption-free civil service capable of developing, implementing and monitoring government policies. The Kyrgyz Republic National Poverty Reduction Strategy recognizes the central importance of good governance and public resource management for poverty reduction. It proposes reforms that aim to enhance the transparency and accountability of the State; increase the voice and participation of citizens in public affairs; improve budget formulation and execution; rationalize the roles and responsibilities of government entities; empower local governments; improve service delivery, including at the local level; improve the quality and professionalism of the civil service; introduce modern management systems and technology in public sector operations; strengthen investor confidence in business; and reduce corruption.

These various initiatives need to be strengthened and expanded, to move from rhetoric to practice.

## **B. Assist governments to draft and implement policies to provide an enabling environment to facilitate the implementation of CDD approaches**

Legal frameworks in the three countries impose taxes and other regulations that make micro-credit arrangements difficult; the absence of appropriate legal frameworks for ownership and management impedes CDD efforts; and cumbersome registration procedures discourage the formation of community groups. Communities in the Kyrgyz Republic and Tajikistan are obligated to pay informal (in the form of meals for tax officials) or formal taxes once their cooperatives are registered. The process of registering cooperatives itself exposes communities to rent-seeking organizations. For instance, in the Kyrgyz Republic, communities have a choice either to make several trips to registration offices or to bribe the officers to get the work done quickly. In the Kyrgyz Republic, the State Tax Inspectorate does not distinguish between not-for-profit, charity, non-commercial organizations and commercial organizations and companies. In Tajikistan, the operating environment for microfinance is generally regarded by both, international and local NGOs as difficult.<sup>14</sup> In Uzbekistan, NGOs receive tax exemptions, but they are limited to certain activities of women's and environmental organizations. The government often considers grants from international donors as profit and often attempts to tax these funds. Fear of taxation and harassment by the tax police are permanent sources of stress in the three countries.

Policy dialogue must be held at the central and regional level to develop institutional environments for successful CDD. More discussions at the macro level need to take place on issues, such as adequacy of legal framework to support CDD approaches. Again, PRSCs and SACs can be used as vehicles for effective dialogue for such issues, building on pragmatic legislative and legal analysis and experience..

The country-level and local level Practitioners Forums described above can contribute uniquely to inform efforts to create an enabling environment for CDD. In each country, the forums should conduct a systematic, collective analysis of the range of CDD and community based initiatives to

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<sup>14</sup> There is uncertainty as to the legal status of NGOs engaged in microfinance. Currently most NGOs active in Microlending are "protected" by the legal status of international organizations and donors that operate under the umbrella of inter-government agreements. *Microfinance Sector Assessment, Tajikistan*. (draft, CGAP. 2002)

identify specific aspects of the enabling environment—institutions, laws, enforcement mechanisms, information flows and informal practices—that impede CDD initiatives, limit effectiveness or jeopardize sustainability. This analysis can be used to pinpoint specific actions to be taken to address these issues, and identify the level at which they should be addressed. The outcome will give Bank management and staff and other donors substance for effective policy dialogue on various fronts.

### **C. Provide technical support to design decentralization processes and to develop central and local institutions and processes to strengthen the enabling environment for implementing CDD approaches**

Decentralization is a key aspect for successful CDD efforts. Establishing synergy between decentralization efforts (top-down) and CDD approaches (bottom-up) is imperative. Progress towards decentralization in the three countries varies, but none of the countries has made great headway. The Tajikistan CAS mentions support for the CDD approach to address the pressing needs of the population by focusing on reforms that could enable decentralization to take place at the local level. .

A recent report on decentralization classifies the Kyrgyz Republic as one of the ‘uncertain decentralizers’—countries that are working wholeheartedly to improve their systems of intergovernmental finance, but do not always have a consensus on where they are heading. Administrative reforms and legal regulatory frameworks are not very far along and lack the elements necessary to support accountability for further development. The same report classifies Tajikistan and Uzbekistan as ‘non-decentralizers’—countries in which the system of intergovernmental finance largely continue to reflect old modes of doing business; local capacity is minimal and civil society and strengthening of social capital are in their infancy.<sup>15</sup> This is further confirmed by recent findings from interviews with task team leaders and their mission reports from Tajikistan.

The following actions are suggested:

- i. *Help governments establish clear, functional divisions of responsibility between various government levels.*

In each of the three countries, the central government has delegated the authority to administer local activities to local governments. Although the extent to which real decision making authority has been devolved varies from one country to another, in none of the countries do local governments have access to the resources they need to fulfill their mandates. At the local level, governments lack the financial and human resources to execute their tasks and they often wait for orders from their central governments. In the Kyrgyz Republic, following the election of local self-governments, financial responsibility for social institutions, such as hospitals and schools, was transferred to local governments, but their role in administrative decisions affecting these institutions has not yet been clearly defined and legislation to establish a financial basis for local governments was recently enacted but not yet implemented. In Tajikistan, the respective responsibilities of Ministries, *Oblasts*, *Khukumat* and *Jamoat* are not clearly defined. Mahallas

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<sup>15</sup> *Decentralization in Transition Economies: Challenges and the Road Ahead*. PREM, 2001

and jamoats are not entitled to hold official bank account or handle financial resources. Uzbekistan faces similar problems, although the government's overall reform strategy includes decentralization of responsibilities for public utilities and local financing for health programs.

The current division of authority between the central and local governments in the three countries should be reviewed to identify additional opportunities for decentralization. Central governments must clearly define the roles and responsibilities of local governments in each country. Tajikistan and Uzbekistan need budgetary reforms that clearly differentiate the authority of central and regional authorities. PRSCs and SACs can serve as effective mechanisms for dialogue with governments in this regard.

ii. *Build capacity of local governments.*

Likewise, local institutional capacity must be enhanced to enable local governments to meet their responsibilities. The Kyrgyz Republic CAS refers to IDA's recent public expenditure review, which suggests that achieving a broader and deeper reform strategy in the medium term will require strengthening local governance, among other actions. The objective is to ensure more equitable and efficient delivery of public services in parallel with empowering communities to take control of their own future. The Tajikistan CAS states that all new investment operations will include capacity building activities at both the national and local levels.

For CDD and decentralization to be effective, significant efforts are needed to build capacity at the lower levels of government to enable them to become responsible and reliable institutions. Capacity building activities must focus on developing the skills of local governments to analyze and solve local problems; determine community needs; organize local and national political support for programs; mobilize resources for programs; raise tax revenues or collect user fees; write specifications for technical elements of programs; maintain and sustain services and assets; evaluate the impact of programs on the local environment; mitigate adverse effects of programs; and contract for services and purchase equipment.

A cost-effective way to accomplish this is to begin with a learning-by-doing approach and to build capacity through practice. The *Implementation Completion Report of the Pilot Poverty Alleviation Project in Tajikistan* recommends involving local governments at an early stage of project development to ensure their commitment. Given the history of central planning and the limited capacity of local governments, capacity building training for local governments must receive special attention. Some CDD initiatives address the institutional weaknesses of local governments to some extent, but central governments must also provide considerable support to extend beyond CDD sites. .

One outstanding issue is to identify the capacity building needs of various groups, ranging from central, regional and sectoral officials to local administrations and civil society institutions. The World Bank Institute is piloting a Community Empowerment Needs Assessment (CENA) in Tajikistan. This is a new tool designed to assess the needs of communities as a first step in developing capacity building programs for various groups. If successful, this should be piloted elsewhere as well.

### iii. *Increase public accountability*

Currently, local governments do not feel accountable to communities. Rather, their accountability is directed upwards to the governmental levels through which resources flow to them. . The Uzbekistan CAS identifies the lack of public accountability as a key institutional weakness shaping the country's poor governance record to date. Public accountability in Uzbekistan is diluted by political and economic systems that are characterized by little or no oversight of public finances, a general lack of transparency in policy decision-making and implementation, and a poorly developed civil society. The same applies to Tajikistan and Kyrgyz Republic, with some variation.

Although public accountability needs to be addressed in various ways, local level accountability depends on three factors. First, accountability is based on reciprocity. When the resources and political legitimacy of local government flow from above, rather than from constituents, accountability flows upwards. There are indications that the election of *aiyl okmotu* heads in the Kyrgyz Republic is precipitating a qualitative shift in accountability as local citizens are vested with voting power. This can be expected to increase, as well, when the budget of *aiyl okmotu* becomes dependent on local taxes and fees. Efforts to promote public budget hearings and participatory decision-making for resource allocation, both of which are promoted through CDD initiatives, can be instrumental in publicizing the reciprocity that promotes public accountability.

Second, accountability is based in information flows. An important aspect of the ability to hold any level of government accountable is the degree of information is available to citizens. . In the Kyrgyz Republic, the level of information dissemination by *aiyl okmotu* the Aiyil Kenesh, the local council that approves budgets, is minimal, and dissemination to villagers is practically non-existent. Improving information flows at all levels can greatly enhance transparency and support accountability. CDD initiatives can both benefit from improved information dissemination and contribute to establishing more effective and consistent information dissemination patterns. Through policy dialogue and local-level practice, respectively, central and local governments can be encouraged to use various forms of media, including audio, video, public forums, bulletin boards and the internet to disseminate information and develop the basis for public accountability. This should include feedback mechanisms to enable local constituents to respond to the information they receive, giving information disseminators the ability to adjust to the changing needs for information and knowledge of various stakeholders in the communities, as well as increase the ability of constituents to refine their demands for accountability.

Third, accountability also depends on the ability of constituents to create independent information sources. Increasingly, successful CDD initiatives employ Participatory Monitoring and Evaluation (PME) mechanisms to empower communities (beneficiaries and implementers) to assess the effectiveness and impact of different initiatives. PME can take different forms, but the critical element is that target groups take responsibility for monitoring progress, evaluating results and formulating their own lessons from experience. PME enables recipients to move from passive to active status; it transforms monitoring and evaluation from an expert activity into a common responsibility; and gives participants experience in understanding, overseeing, evaluating and demanding accountability. The little investment required to set up a program and

provide people with the skills needed to carry it out pays great dividends in substance and experience.

PME can take various forms from periodic meetings, focus groups and surveys to more systematic assessments of service delivery expectations and practice. For example, public Report Cards have been employed in a number of contexts to assess impacts, services and programs (See Textbox 4).

#### **Textbox 4: Institutional Arrangements for a Report Card System**

##### **Model 1: Report Card initiated by Civil Society Organization**

An example of this is the Public Affairs Center (the Center) in Bangalore, Karnataka State, India. Aware of the client dissatisfaction with municipal services in Bangalore and the inability of individual citizens to influence the performance of public service providers, the Center initiated the preparation of a report card on public services “as a means to help civil society address issues of service quality and accountability, with the power of information.” The report card also provided an opportunity for reform minded leaders of public agencies to design corrective actions and bring in strategic reorientation.

The initial report card surveys undertaken by the Center were funded largely by grants and external sources. The first report card, prepared in 1994, was disseminated to citizens, service providers, city administrators, print and audio-visual media, and professional groups, which received a positive response from a vast majority of stakeholders. Encouraged by the feedback of the first report card, two other cities, Ahmedabad and Pune, along with Bangalore, commissioned the Center to undertake/repeat the report card on client satisfaction with municipal services in the cities. All parties take the findings of the report cards seriously, although some public service providers may not act on them.

##### **Model 2. Report Card initiated by government service provider agency**

The actual survey and draft report is prepared by a commercial organization contracted by a government agency, which then finalizes and disseminates it to the public. The focus of the report card may be confined to a single program (service) or a facet relevant to a program administered by the agency.

Examples of countries using this model include Canada and the United Kingdom. A major strength of this model is ownership of the exercise by the public agency. Preparation of the report card by a private firm brings some degree of independence to the exercise. The preliminary results are made available to the public agency and its views and feedback are included in the final report.

##### **Model 3. Report card initiated by government oversight agency**

A Government coordinating agency engages an independent civil society organization to undertake the design and preparation of a report card in consultation with (but independent of) the public service provider agencies.

An example of countries using this model is the United States of America. Among the three models discussed, the third model is the most comprehensive both in terms of product and process. A mandate, and resources, for undertaking the report card is established through legislation. An independent and credible team of institutions is recruited to prepare the report card. A well-established methodology is used to assess the performance. The consultation process with public service providers is appropriate, but not dominant. The results are fed back (disseminated) to the service providing agencies, public and into the budget allocation process of the congress.

Source: [www.worldbank.org/participation/web/webfiles/philipreport.htm](http://www.worldbank.org/participation/web/webfiles/philipreport.htm)

## **D. Promote interaction between governments and NGOs**

NGOs are instrumental in many CDD initiatives. However, too often there is little interaction between NGOs and governments. In Tajikistan, since the lines of responsibilities are unclear, many NGOs operate totally independently from either central or local government. In the Kyrgyz Republic, NGOs are widely accepted, but the extent of their interaction with public

authorities varies greatly from one group to another. . Some are national organizations with many constituencies; others have very limited geographical scope and functions. In Uzbekistan, the limited nature of macro-level democratic reform has inhibited interaction between government and NGOs.

In each country, the scope for increasing the involvement of NGOs in CDD activities and broader policy dialogue is great. The PRSP process in Kyrgyz Republic and Tajikistan provided an opportunity for sustained interaction between officials and NGOs. In Kyrgyz Republic, the result was mutual commitment to work together to implement the NPRS and expand the range of mutual expectations. If Uzbekistan prepares a PRSP, the same approach should be promoted.

This paper advocates a broadened definition of CDD, which encompasses both community level activities and concerted attention to the enabling environment and enhancing the role of local, regional and national government. In this perspective, it is important to establish regular forums for interaction between officials and civil society institutions, including NGOs, in order to strengthen ties and increase their respective ability to contribute to national development. The Bank and other donors can help government and NGOs find new ways to work together, without compromising their respective strengths or autonomy.

#### **4. Intensify Capacity Building Activities**

Capacity building activities within most CDD projects tend to be limited to achieving pre-determined project objectives, which are often narrow and time bound. CDD initiatives appear to be undertaken with the implicit assumption that all community-based efforts, particularly those involving creating or strengthening local organizations, are good in themselves and will automatically have a spill-over impact, generating new initiatives and new perspectives. Donors tend to be guided more by their own organizational goals than by the goals of communities. Often when donors withdraw their support from a community, community activities recede due to a lack of cohesive structures to continue the activities or facilitate new ones. Nor are typical project time frames sufficient to bring about long-term community empowerment.

Capacity building activities in CDD initiatives in the three countries are primarily focused on intermediary organizations, or a limited group of direct beneficiaries, rather than a broad spectrum of community members.<sup>16</sup> For sustainability, however, capacity building activities should be targeted to a variety of stakeholders concerned with CDD at various levels beginning with communities to NGOs and other intermediaries to local governments and higher level administrations.

##### **A. Strengthen community networks through technical support centers, supported by government and non-government organizations, to complement and expand capacity building activities**

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<sup>16</sup> *The Context for Community Driven Development in Central Asia: Local Institutions and Social Capital in Kyrgyz Republic, Tajikistan and Uzbekistan* (, 2002)

A range of institutional options, including technical support centers and government and non-government organizations, should be made available to provide backup support to communities. This support should include assistance in facing the challenges confronting community development activities starting with community assessment, planning, prioritizing, construction supervision and the operation and maintenance of facilities. The problems that are likely to arise in communities could regard physical infrastructure, including the break down of systems, replacing parts; financial problems associated with high operating costs or failure to collect or pay tariffs; and managerial or organizational problems, such as the breakdown or politicization of committees, conflict and social exclusion.

**B. Provide training for communities and local/municipal governments to develop skills to identify and prioritize community needs and to articulate them effectively to concerned authorities or institutions, and to manage and account for financial resources**

Although most CDD approaches include training for intermediaries and select community or group members, most of the training is either ideological (group formation, cooperation), functional (planning, prioritizing) or technical (maintenance). Moreover, most training is focused on those who implement the project or receive benefits. This narrow approach is ultimately inconsistent with the broad objectives of CDD for three reasons. First, focusing capacity building activities to a limited group of participants can either perpetuate the influence of existing elites, who are generally the best-educated and therefore the most receptive to CDD initiatives, or create a new elite cadre, who may not share the skills and insights with others. Second, if specific skill development is limited to the people who have immediate responsibility, such as accountants, maintenance people or others, and only one alternative, if any, other members of the community may be unable to assess the quality of the work undertaken by those who are trained. Limited skill development thus means limited accountability. Finally, many CDD investments consist of infrastructure that is ultimately owned and maintained by local government. If local officials are not part of the capacity building activity, they are unlikely to assume responsibility for follow-on investments or to understand the technical requirements of the follow on work.

The risk of producing the consequences indicated above can be reduced by defining capacity building in broad, inclusive terms. This means that training activities should be public and open to all interested parties (within reason, of course), especially encouraging prospective leaders, local officials and those who want to acquire technical skills, whether or not they are expected to assume responsibility for the CDD initiative or its product. At least three people should be trained for each technical position, for example, in order to ensure that there is an alternative and an external critic who can demand accountability based on an understanding of the nature of the task at hand. All training should be developed utilizing up-to-date adult education practices. To the extent possible, peer exchanges and peer training should be utilized, rather than “expert” training, at least in initial stages, to speed up learning and reduce costs.

Rapid scaling-up of CDD will also require major investments in training community mobilizers and facilitators. One of the biggest risks in rapidly increasing the scale or intensity of CDD approaches is that of stretching mobilizing resources too thinly too quickly and fielding poorly trained and inexperienced field staff who are unable to gain the confidence of villagers or to

generate local enthusiasm and commitment. Similarly, weak or inexperienced field staff are more prone to falling prey to undue influence and manipulation by local elites and may be unable or unwilling to reach excluded groups due to timidity or inadequate commitment to the objectives of CDD. Consequently, capacity building of intermediaries is absolutely essential, but it is only the first step in capacity building for CDD.

### **C. Increase public accountability in CDD.**

Although participation has been much emphasized in project design, community participation in monitoring and evaluation has received little attention. NGOs and intermediary organizations are dependent on donors for their sustainability and thus feel accountable primarily to donors. Likewise, local governments generally are accountable upwards. Therefore, CDD initiatives should include the following elements:

- i. Provide simplified accounting training at the local level to develop capacity of the communities to maintain account of financial resources flow in the community.
- ii. Develop community capacity and mechanisms for local level monitoring and institutionalizing feedback systems (PME appropriate to the community and the activities that are undertaken). Introduce public bulletin boards to display budget and expenditure information for local initiatives funded by any source. Organize campaigns and public hearings regularly to discuss project budgets as well as local government budgets. Use citizens' report cards for public feedback on such services as water supply, electricity, health care, and education.
- iii. Enable a free flow of information and knowledge sharing through cost-effective communication mechanisms, based on existing formal and informal information flow patterns, to improve decision making, increase awareness, and empower different types of households, groups, and communities. Publish local level documents in local languages.

For example, the Farm Privatization Project in Tajikistan developed a comprehensive and continuous information campaign relating to the rights and opportunities of farm workers that was one of the key factors contributing to the success of the project. In the Kyrgyz Republic, the On-Farm Irrigation Management Project the process of establishing water user's association that can take on the responsibility of managing and operating irrigation infrastructure requires both farmers and the irrigation authorities to change their perceptions and behavior. An information sharing played a significant role in creating an awareness of new roles and responsibilities, using brochures, video, radio interviews, and television programs to disseminate information.

## **IV. Conclusion and Next Steps**

The issues addressed above are relevant in each of the Central Asian countries, but the relative priority given to each varies from one country to another. Each country can benefit significantly from mainstreaming CDD approaches and scaling-up many existing CDD initiatives. However, while a considerable number of initiatives are underway in the Kyrgyz

Republic and Tajikistan, providing ample opportunities to mainstream CDD, Bank activities in Uzbekistan are more limited and thus offer little immediate opportunity for mainstreaming and learning. Pilot initiatives are therefore recommended for Uzbekistan. Meanwhile, the Bank and other agencies, partnership with government and community groups, can benefit greatly from systematic self-assessment and sharing to enhance learning and increase results on the ground.

Coordination among practitioners has been given some attention in the Kyrgyz Republic, where numerous donor-funded CDD activities with different methodologies have led to duplication of effort and generated confusion among local governments and communities. Preparation for the Village Investment Project appears to have taken major steps in fostering coordination by bringing most CDD projects under the umbrella of the project, although it remains to be seen how well this coalition will fare during project implementation. One key to the success of the effort has been to articulate CDD outcomes that are to be achieved by partners, rather than impose uniform approaches on them. These outcomes relate to such issues as communication outcomes, participation in decision-making and mobilization objectives. These outcomes will be monitored closely to be able to assess different approaches and share successes, as well as common problems.

Introductory policy dialogue is important in Uzbekistan to generate interest in CDD approaches and to promote administrative and fiscal decentralization. Similarly, policy dialogue in Tajikistan is critical to develop commitment to realize the CDD objectives articulated in the CAS and the programs of other donors. These two countries can learn from the ongoing decentralization experience in Kyrgyz Republic, particularly related to new fiscal decentralization initiatives to enable local self-government to function as intended. In each country, articulating the division of labor between different governmental units presents a major challenge, and implementation will not be easy. The recent social assessment conducted for the Village Investment Project, which surveyed a number of *aiyl okmotus*, indicates that the election of heads of local self-government has increased public trust in local government and prompted local leaders to treat citizens as constituent, rather than subjects. Therefore, while decentralization efforts in Tajikistan and Uzbekistan must focus on initiating decentralization, in the Kyrgyz Republic the emphasis must be on ensuring that the policies are practiced as defined.

Capacity building activities for communities and local governments should receive equal attention in all the three countries, although the content and targets of capacity building vary from context to another. .

Lastly, scaling-up CDD will involve a number of stakeholders from community groups to local governments, national governments, NGOs, other civil society institutions, donors, Bank task team leaders, sectoral staff, and the Central Asia Country Director. Scaling-up encompasses a range of activities, some of which are time-bound, while others require continual ongoing work. Different institutional mandates, governance, and staff incentives pose a challenge for scaling up activities. Attention to the issues discussed in this paper—expanding, mainstreaming and structuring learning; promoting collaboration and shared learning; intensifying policy dialogue and establishing an enabling environment; and paying more attention to capacity building—will contribute significantly to developing and implementing national strategies for scaling-up CDD in Central Asia, and accelerating the process.

While much energy should be devoted to developing new projects, and continuing to learn from experience, we recommend that the current portfolio should be assessed quickly in terms of the issues addressed in this paper to find opportunities to scale up existing operations, either by increasing the level of community involvement in decision-making and expanding coverage to much larger areas and larger populations. The project-by-project assessment will be undertaken by the end of March, 2004, using a matrix based on this paper, and recommendations will be issued by the end of April, 2004.



### Annex 1: List of CDD Projects

Task Team Leader/ Manager	Phone and Address	CDD Project Information				
		Name of the Project	Country	CDD Component	Effective Date/ FY	Closing Date/ FY
<b>Jonathan Kamkwala</b>	#31870 H11-1103; ECSIE	Water Supply, Sanitation and Health Project	Uzbekistan	Water Supply Component- Water User's Association;	1997	2001
<b>Jonathan Kamkwala</b>	#31870 H11-1103; ECSIE	Rural Water Supply and Sanitation Project	Kyrgyz Republic	Water User's Associations	2002	2007
<b>Gotz Schreiber</b>	#34495 H5-503; ECSSD	Village Investment Project	Kyrgyz Republic	To be determined		
<b>Gotz Schreiber</b>	#34495 H5-503; ECSSD	Agriculture Support Service Project	Kyrgyz Republic	Women's Groups, Farmer's Groups, Village Seed Banks	1998	2003
<b>Hermine de Soto</b>	#88598 H5-504; ECSSD	Empowering Women: Socioeconomic Development in Post Conflict Tajikistan	Tajikistan	Addresses all CDD Components	2003	2004
<b>Hoonae Kim</b>	#32550 H5-311; ECSSD	Rural Finance Project I and II (The 1st project closed last FY)	Kyrgyz Republic	Group Lending component	2000	2004
<b>Joop Stoutjesdijk</b>	#33754 H5-443; ECSSD	On Farm Irrigation Project	Kyrgyz Republic	Water User's Associations	2001	2007
<b>Mark Lundell</b>	#84655 H5-209; ECSSD	Rural Enterprise Support Project	Uzbekistan	a) Water User's Association; b) Credit for Agro-Service Enterprises- Cooperatives of Private Farmers	2002	2006
<b>Masood Ahmad</b>	#82013 H5-373; ECSSD	Karshi Pumping Cascade Rehabilitation Project	Uzbekistan	Water User's Associations	2002	2007
<b>Ross Pavis</b>	#40410 H7-118; ECSDH	Second Poverty Alleviation Project	Tajikistan	Community based micro project activities	2002	2007
<b>Phillip Brylski</b>	#37031 H5-503; ECSSD	Central Asia Biodiversity Project	Kazakhstan, Kyrgyz Republic Uzbekistan	Small Grants Program	06/1999 (Approval Date)	2004
<b>T V Sampath</b>	#37715 H5-151; ECSSD	Farm Privatization Support Project	Tajikistan	Water User's Associations	1999	2004
<b>T V Sampath</b>	#37715 H5-151; ECSSD	Irrigation Rehabilitation Project	Tajikistan	Water User's Associations	2001	2006
<b>Tjaart Schillhorn-Van Veen</b>	#33057 H5-361; ECSSD	Sheep and Wool Development Project	Kyrgyz Republic	Sheep Breeder Associations	1996	2000

