

## COMMUNITY DRIVEN DEVELOPMENT IN ROMANIA

### A CONCEPT NOTE

#### *Rationale*

Bottom-up community mobilization has been shown to be an important factor in making communities more successful in confronting poverty and disempowerment.<sup>1</sup> Benefits of associational membership are expected to come from interpersonal trust which allows for more transparent and productive cooperation within a group of people bound by ties other than kinship or friendship. For the purpose of this note communal cooperation will be defined in terms of territorial proximity, as "...the strong bond of human connection and identity that people experience with respect to neighborhood or place".<sup>2</sup> In recent years evidence has been accumulated on the beneficial effects of participatory methods on success and sustainability of projects. Sustainability comes from greater compatibility of high participation projects with the fabric of the communities they are designed to benefit.<sup>3</sup> At the same time, it has been shown that "creation of small groups in isolation might exacerbate social cleavages in the long run".<sup>4</sup> Communal mobilization has been shown to be effective in combination with horizontal linkages across communities and with transparent and mutually respectful vertical relations with local administration and the state at large. The former kind of linkages has been identified with a developed civil society, the latter – with working democracies.

In the transitional economies community driven development (CDD) presents a distinct set of challenges and opportunities. Challenges are associated with the institutional void created by years of top-down command organization of formal social and economic life and of consistent

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<sup>1</sup> World Development Report 2000/2001, *Attacking Poverty*, The World Bank Group, Washington, D.C., 2000.

<sup>2</sup> Plotkin, Sidney, "Community and Alienation: Enclave Consciousness and Urban Movements", quoted from: Pantoja, Enrique, "Exploring the Concept of Social Capital and its Relevance for Community-Based Development: the Case of Coal Mining Areas in Orissa, India, Social Capital Initiative, Working Paper No. 18, The World Bank, March 2000.

<sup>3</sup> Polski, Margaret, CDD Issue Paper Linking Poverty Reduction and Community Driven Development, Second International Conference on Social Funds, The World Bank, Washington, D.C., June 2000.

<sup>4</sup> Pantoja, Enrique, Op. Cit.

stifling of bottom-up informal associations. Opportunities arise from attempts to help fill this void with constructive self-sustaining institutions which would allow communities to mobilize their resources and increase their physical and human capital, thus enhancing the welfare of their members.<sup>5</sup>

In Romania the bottom-up approach to development has been explored conceptually both by Romanian sociologists and their Western counterparts.<sup>6</sup> It has been noted that the legacy of a totalitarian regime, which in Romania lasted into the late 80-s, longer than in other Central European Countries and, as consequence, weak horizontal communal associations makes this approach particularly challenging and particularly urgent. It has also been stressed that the numerous NGO-s that have appeared in Romania in the past decade do not always have the capacity or the resolve to serve as a secure link between communities and the government. As the result the Romanian population remains both highly dependent and highly resentful of the state, a situation that hinders successful development of bottom-up initiatives.

This historic ambiguity of the relations between the population and the government has been pointed out during the 1999 CDF consultations as one of the impediments to successful and coordinated development and implementation of social and economic policies. It has been noted that overcoming decades of mistrust between the population and the communities on the one side and the policymakers on the other is a painful, complicated, and poorly understood process. Yet, without the realignment of interests and positions between the population and the policymakers, and, more importantly, without a more trusting interaction between the government and the society in the process of policy implementation, chances of successful design and of undistorted feedback on the progress of policy implementation are low.

These difficulties notwithstanding, current economic, social, and political situations call for communities to assume more active and independent roles. The reasons for urgent action include the return of newly-unemployed, often young workers to rural areas, increased polarization of both urban and rural communities along the lines of ethnicity and income inequality, the capture

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<sup>5</sup> Marc, Alexandre, Scaling Up Community Driven Development in Europe and Central Asia, A Concept Note, The World Bank, Washington, D.C., 2000.

<sup>6</sup> Recent work of Romanian social scientists on interactions between the communities and local governments include Ionita, Sorin, Fiscal Illusions, Tax Awareness and Welfare Ideals among Romanian Citizens, Ionita, Sorin, Fartusnic Ciprian, Grassroots of Government, Romanian Academic Society, Working Papers, 2000, <http://sar.ong.ro/>, "Democracy in Romania, Assessment Mission Report,

of disenfranchised disillusioned groups of the population by extremist political movements.<sup>7</sup> These events underscore the need for the population to be able to find more productive and positive forms of association as an alternative to the negativity and fragmentation that have been observed to increase.

Romania is one of the first ECA countries to have made an effort to operationalize CDD concepts in World Bank projects. Such efforts have been most prominent in the development and implementation of a self-standing Social Development Fund (SDF), and community-centered components of Cultural Heritage Project, and Romania Biodiversity Conservation Management Project. The role of communities in the preparation, implementation, and management of the sub-components is designed to be high in projects under preparation, such as Agricultural Pollution Control, Rural Development, and Second Social Development Fund. A rigorous framework for monitoring and evaluating the effects of exogenous institutional innovations on rural communities and their members has been built into progress monitoring of the Rural Finance Project.

At the same time, the potential of CDD has not been fully or consistently explored in all the projects that have direct impact on lives and livelihoods of Romanian communities. The level of communal involvement varies with the project. Up to now there has been no general understanding on the minimal expected involvement of communities in the projects that to different degrees affect their wellbeing and lifestyles. In some cases the projects that impact communities directly continue to rely on top-down mechanisms in project design and implementation.

### *Objectives*

In light of the above, this note has three objectives:

- to suggest sector work that would help increase our knowledge about the patterns and dynamics of inter-and intra-communal interactions in Romania.
- to suggest a framework for a more active and consistent involvement of the affected communities/population groups in the design, monitoring, and implementation of Bank

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International IDEA, 1997, Carothers, Thomas, "Assessing Democracy Assistance: The Case of Romania", A Carnegie Endowment Book, 1996.

<sup>7</sup> For more detail see "Labor Market and Social Policies in Romania, OECD, 2000; "Romania in Transition, Lavinia Stan ed., Dartmouth, 1997.

projects in Romania.

- to suggest a framework for monitoring and evaluation of the effects of CDD approaches in a way that is consistent across projects

CDD-related actions and activities are part of a Bank-wide initiative to scale up the use of CD methods both in policy dialogue with governments and as a tool for increasing effectiveness and sustainability of projects.

We start with a discussion of channels of interactions within the community, between the community and the government, and more broadly, between communities and public and private service providers. This note positions CDD objectives within the broader CAS and CDF frameworks, briefly reviews the projects that have community participation built into their design, and compares them to the projects that are not taking advantage of community mobilization despite their local-level impact and development objectives. Finally, the note suggests channels for more consistent inclusion of communities into the project cycle as well as methods for monitoring and evaluation of the impact of the Bank projects on the affected communities.

**Analytical Objectives: Patterns and Effectiveness of Formal and Informal Resource Allocation within the Communities and Between the Communities and Public/Private Service Providers.**

Vertical top-down hierarchies governed formal interactions between the state and the population under socialism.<sup>8</sup> Since these interactions were forced on the society rather than accepted voluntarily, they often contained disincentives for their actual use.<sup>9</sup> Therefore, parallel unofficial networks for service provision and resource distribution were created to realign incentives and benefits. In the post-socialist times many of these informal institutions have filled in the institutional void left by the dissolution of socialist structures. Some service providing institutions have merged with market-based service provision organizations. In different sectors this merger happened with different measures of success. By success we mean that service providing organizations - be it health care, education, or provision of inputs to agriculture - have to a different degree adopted market- or client-oriented transparent modes of operation. In some

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<sup>8</sup> For a broad overview see Mancur Olson, *Power and Prosperity, Outgrowing Communist and Capitalist Dictatorships*, Basic Books, 2000.

<sup>9</sup> Verdery, Katherine, "What was Socialism, What Comes Next?" Princeton University Press, Princeton, 1996.

sectors new formal structures are laid over informal interactions with clients as practiced under the previous regime (e.g. informality in relations between patients and doctors, despite much progress in healthcare reform). In other sectors new market-based structures became inaccessible to the majority of former users, which led to a yet heavier reliance on informal exchanges (e. g. acquisition of inputs in agriculture). Some continue to exist informally parallel to the official structures (e.g. private payments to public school teachers for enhanced training).

*Better understanding of the role of informal institutions in service provision and resource distribution in Romania and their relationship to formal channels is important for successful and realistic design and implementation of projects that aim at assisting communities in reforming, upgrading, or formalizing the use of communal endowments or service provision by the government or private entities.*

Another poorly understood aspect of transition in Romania is *the presence/absence of positive social capital at the communal level*. By social capital we mean interpersonal relations within communities that help community members mobilize resources for creative and productive activities. Studies in other post-socialist countries as well as studies undertaken in the context of Romanian Social Development Fund indicate that vertical top-down relations with the government remain strong and that the level of expectation of social assistance coming from the government is high. At the same time, there is a deep-rooted mistrust of government officials and their motives.<sup>10</sup> Another side effect of top-down command decision-making is severance of the important communal ties that often sustain communities at the time of crises and post-crisis recovery in other societies.

To summarize, understanding of the broader institutional issues of communal development is important to inform the design and assessment of community-related projects in Romania. These issues include:

- assessment of the role of formality/informality of service provision in Romania (interactions within the community, interaction between the community and local governments)
- assessment of the role of trust and community-based associations in service provision and risk mitigation.

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<sup>10</sup> See for example, “Perceptions of Poverty in Macedonia”, focus group analysis prepared for the I-PRSP communications strategy. Skopje, 2000.

These assessments should provide direction in identifying the areas where CDD has a better chance to be successful because of the basic trust and cohesion that exists in the community. They will also be useful in providing criteria for recognizing institutional patterns that govern sector- and project-specific situations. Such an understanding is likely to lead to a better realignment of the incentives built into the Bank projects with the actual incentives communities respond to.

**Suggested Course of Action:**

- Conduct a sector study (ESW) to assess the channels and patterns of service provision within Romanian communities and, second, map important economic and social interactions between local communities, local governments, and service (input) providers.

**Operationalizing CDD in Romania**

**1. CDD in the context of CDF and CAS**

The CDF in Romania is aimed at uniting civil society and the government around the goal of more speedy, more successful, and more inclusive economic and social development. Designing a shared government-civil society vision of development for Romania necessarily starts with bringing these stakeholders together. This process is facilitated if community driven (CD) approaches are actively and realistically included into the design of a broad spectrum of activities, from the enhancement of health and education provision, to local level public expenditure allocation and monitoring, to the increase of economic potential and viability of economically depressed regions. Civil society is likely to relate more easily and respond more favorably to approaches that use active communal involvement in the developmental decision making.

Comprehensive development of the Jiu Valley has been suggested as a CDF project. Suggested activities include the development of tourism and the development of small businesses. These community level initiatives will require active and interested participation of communities. To ground individual projects in local realities, it will be important to understand the actual incentives that different Jiu Valley communities are facing including their current coping mechanisms, their relations with local government, etc. Clearer understanding of social and economic interactions on the ground will help to assess if current incentive structures are such that they can lend themselves to a comprehensive competitive strategy. If the answer is positive, then, at a practical level, it will be important to engage the communities and to make sure that

this engagement does not stop with the more entrepreneurial elements of the communities, but also creates incentives for more passive or socially excluded groups to be mobilized around the project. To summarize, *CDD needs to be one of the important elements of strategy building and project development.*

**Suggested Course of Action:**

- Enhance CDD components of those Bank projects that are to play an important role in the comprehensive development of the Jiu Valley (the Mine Sector and Social Mitigation Project, the Rural Finance Project, the Employment and Social Protection loan, the Communication IDF grant). Specifically, review the CDD aspects of these projects with broadly-defined objective of community involvement in mind. Actively participate in the analysis of communal and institutional patterns that govern relevant interactions in the Jiu Valley, use this knowledge for project design, participate in mobilizing communities around particular project in the most inclusive manner possible.(for TORs see appendix 2)

**CAS**

1. The draft CAS in its current form (dated January 20, 2001) has as one of its strategic pillars “Institution building to strengthen the rule of law”. While dealing with an important aspect of institutional distortions – corruption and lack of transparency - it needs to devote more attention to a broader issue of institutional patterns of government-community interactions. These distortionary interactions, many of them rooted in the socialist legacy, importantly affect transparency and the efficiency of service provision and resource allocation in ways that go beyond corruption and criminality. These distortions are often legal and, therefore, are not considered corruption - from preferential crediting and tax forgiveness to continuous reliance on informal networks. Introducing a broader institutional angle would help better formulate specific objectives for the reforms that affect communities and design more realistic benchmarks for their implementation.

**Suggested Course of Action:**

- Suggest benchmarks for assessing the level of transparency and distortions in the institutions that govern resource allocation and service provision, (e.g. real/shadow pricing of services, sources used to obtain a service – in case of health and education – treatment and instruction in a private/public organization either free of charge or for an officially announced fee vs. unofficial, “under the table” payment to a teacher/health specialist).

2. Institutional patterns importantly affect relations of communities with the rest of the world (governments, other communities, private entities, etc.). Relations within communities need to be reflected in the CAS as well. It will be important to recognize in the CAS both the state of social capital development and the outcome of the first community centered projects – the Social Development Fund and the GEF Biodiversity Conservation Management Project. Ana Mari Sandi and John Fraser Stewart will be instrumental in contributing the information and the insights to this portion of CAS (the course of action on this issue to be coordinated with Ms. Sandi and Mr. Stewart).

3. It will be important to reflect in the CAS the state of affairs regarding the inclusion of ethnic minorities, particularly the Roma, into the new social and economic opportunities created in the course of transition. The problems with exclusion that persist at local and sectoral levels should be studied as well.

## **2. Role of CDD in the Bank Projects under Implementation**

CDD promoting projects are a recent addition to the region's portfolio and none of the initiated CDD projects have been fully implemented yet. Therefore, it is difficult to give a conclusive assessment of their outcomes. However, the experience of the few projects that have CDD components indicates that assistance with establishing working ties within communities fulfills an important social role of communal mobilization.

At this early stage it is possible to comment on some successes and highlight real and potential obstacles which may to varying degrees jeopardize these projects. Attachment 1 provides a brief description and assessment of the Romania projects that

1. require direct participation of communities;
2. operate at the local level and promote consultations with the communities but do not involve them directly;
3. are under preparation and include a CD component in the design of the project;
4. could have benefited from communal participation since they affect communities directly, but which do not contain CD components or evaluations.

As is shown in Attachment 1, we have identified projects in the Romanian portfolio that to various degrees involve communities in their implementation. We have also examined 2 projects

that are centered around communities and which could have benefited from more direct communal involvement. These projects cover different sectors and vary in terms of the size of the loans.

At the same time, a number of projects that affect communities directly have limited interactions with immediate beneficiaries and do not solicit communal input either in the design or at the implementation stage. Considering the history of mistrust between local governments and communities, it is important to involve communities at the very least in discussions of the design and the expected outcomes of projects. Such an approach will serve both operational and broader developmental goals:

- Operationally, community involvement increases transparency of the project, which in turn improves and facilitates monitoring and increases its sustainability. Community oversight means that the project is monitored by community members who have an insider's knowledge about local realities that project implementation units usually lack.
- Developmentally, community involvement in project design and implementation serves an empowerment function. The problem solving and collaborative skills developed by community members in the process of project implementation may have a ripple effect and lead to a more equal and substantive interaction between communities and private/public service providers. Interaction between local governments and communities in the process of project implementation facilitated by the presence of the Bank can serve as an important building block in community/local government relations.

### **Suggested Course of Action**

- CD components need to be built into the loans dealing with enterprise sector reform. Communities that are surrounding large SOEs (mines being an extreme case), are likely to have populations of present and former employees that live in the surrounding areas. These communities need to be re-mobilized around the projects that can make a tangible difference in their lives and livelihoods, for example, involving the communities in the design and maintenance of retraining programs, tourism-enhancing activities in the case of Jiu Valley, etc. Since many of the former SOE employees move into rural areas, it may be beneficial to link SOE restructuring projects to SDF type assistance or microfinance, as is being done under the Mine Closure and Social Mitigation Projects.

- In light of the first encouraging experience with the CDD approach (see Attachment 1), it should become common practice to seek communal participation in projects that operate at the communal level, that is at the level of judets and below. The major part of the FY01-03 lending program consists of projects (in bold type below) that aim to enhance the livelihoods of specific communities. Similar projects have been known in other countries to strongly benefit from communal involvement in both design and monitoring, eg. forestry, fishery, irrigation. Some (e.g. Public Administration Reform) may require country-specific solutions.

#### FY01

##### **Rural Finance**

##### **Social Sector Development**

Private Sector Adjustment II

Private Sector Institution Building II (TA)

##### **Rural Development**

#### FY02

##### **Social Development Fund II (APL)**

##### **Forestry**

Public Administration Reform

Public Institution Building

##### **Irrigation Rehabilitation**

GEF Energy Efficiency

##### **GEF Agricultural Pollution Control**

#### FY03

Health Sector Reform II (APL)

##### **Rural Education**

##### **Natural Disaster Mitigation**

##### **Municipal Development (follow-on to proposed Bucharest CDF ESW)**

#### FY04

##### **Social Sector Development 2**

##### **Community Social Services**

##### **Environmental Liability**

Pension Reform

- The Proposed Bank Assistance Program for Romania shows that the share of projects that will be affecting communities directly is likely to increase over time. It is particularly important, therefore, to develop certain standards for the participation and ownership of the projects by the communities. These standards can be derived on the basis of accumulation of best practices as well as of establishing minimal desired levels of community participation on the project design, implementation monitoring, and ultimate ownership and approval.

- Finally, it will be important to have a more formal assessment of the successes and failures of CDD in Romania, so that the dissemination of best practices is based on a more solid foundation. As was already mentioned, an evaluation of the SDF project, the Biodiversity Conservation Management Project, and the Cultural Heritage Projects including the impact of the project on broader associations with the government and with other communities needs to be carried out and the findings disseminated.

### **3. Evaluation of the Communal Impact of the Bank Projects**

In broad terms, many of the Bank projects in Romania that affect communities directly are aimed at introducing formal interactions where informal ones existed before. By formal interactions we mean codified transactions that take place according to its legal definition in an impersonal manner. If either the channels for the transaction or the price attached to it differ from the legally prescribed, the transaction can be considered informal. For example, the Rural Finance Project is introducing formal bank lending in rural areas where such lending did not exist; the Rural Development Project is designed to significantly enhance access to small-scale market-based input provision, etc. Other projects, e.g., Public Administration Reform, and Social Sector Development, are likely to affect the way communities and local governments interact, including more hierarchical vs. more equal interactions, accountability of local government to the communities, etc. Importantly, these projects will have a cumulative developmental effect that goes beyond the effect of each project taken separately.

In this context, it will be important to design *a monitoring and evaluation system* that will capture this broader communal effect of the Bank projects. Such a monitoring and evaluation framework would help assess the contribution of each project to broadly defined goals of poverty reduction, including such aspects of social exclusion and disempowerment. A specific issues to monitor is the effect of new formal service providing institutions and organizations on inter-communal relations.

- A particular negative effect that requires monitoring is the possible polarization of communities into community members that have access to the offered new services and those who do not. Another effect may be a diminished network of community members that continue to rely on informal interactions for services and risk mitigation. Projects should monitor for *signs of exclusion* that ironically may arise from the project's success and

undermine the success of the project in the long term.

- The positive effects will include *increased formality, transparency, and diminution of distortions, arbitrariness and informality of service provision and resource allocation at the communal level*. The experience of other countries suggests that the increased formality of one set of transactions, for example, formalization of rural finance, may have a ripple effect of increased formality of other transactions, for example, purchasing of agricultural inputs, tax payment, etc. Since such broader developmental effects are the goal of development projects, they need to be monitored for and, where possible, measured and assessed.

#### **Current and Suggested Action**

- The projects that are expected to have broader communal impact need to have a monitoring system built into the design of the project. Furthermore, to the extent possible there **should be consistency** among projects in terms of the design and the protocol of project evaluation and monitoring systems. For example, Rural Finance, Rural Development, Social Sector Development, Rural Education projects are likely to overlap in time. It is important to have internally consistent monitoring systems in place to measure the broader communal impact of projects, so that this unique opportunity to measure the broader effect of building market enhancing institutions (subject of WDR 2001/2002) in rural Romania is not wasted.
- Such a comprehensive communal impact evaluation system has been designed for the Rural Finance Project (relevant parts of the PAD attached, See Attachment 2). It is a good and an important start. We need to do more to use similar formats in the rural projects listed above.

#### **4. Additional Issues to Consider**

In terms of **exogenous circumstance**, there is an important development that is likely to influence and may undermine CDD initiatives in Romania. EU SAPARD grants (\$150 million per year over 5 years) are likely to provide “cheap” money to rural communities. The presence of such funds distributed in a top-down manner is likely to reinforce the vertical dependence that has been preserved from socialist times between the government and the population. It may also undermine the effectiveness of the message of empowerment through self-help that CDD projects are trying to send, since communities will realize that they do not need to assume the cost of coordination to procure funds. Since even SAPARD funds are finite, the availability of grants without arrangements for communal involvement and co-financing is likely to delay the

development of rural civil society in general, and individual rural communities in particular and reinforce the dependence culture.

In view of these adverse effects, it will be important to continue a dialogue with the EU to build communal responsibility and coordination into SAPARD conditionalities.

### **Conclusions**

CDD enhancement in Romania has two aspects to it. The first is *analytical*. A study is suggested to study the country-specific patterns of communal interactions, many of which still bear traits of the socialist legacy. Such a study will allow to design Bank interventions and policy recommendations with more precision. The second is operational. At the *policy level* it will be important to attract attention to the potential of community-based approaches to development within the CDF framework. It will also be important to point to institutional obstacles to transparent and undistorted service provision within the CAS framework.

Finally, it will be important to build CDD components into *the Bank projects* that affect communities in a more consistent and direct manner. It will be equally important to design a consistent monitoring system to assess the positive and negative effects of projects on communities and their interactions with external entities. Significant steps to bring a CDD approach into Bank projects and advice to the Romanian government have been made. It is now important to better conceptualize the effects of the CDD approach on institution building and to make CDD use and measurement of impact consistent among projects.

### **Proposed Action Plan**

1. ESW on the patterns of interaction between the government and the communities, including the study of the role of formal and informal service providing institutions in lives and livelihoods of communities and the new post-socialist resource mobilization patterns.
2. Review of the projects under implementation that have direct impact on communities and could benefit from enhanced community involvement (see Attachment 1), discuss with task managers the methods and extent of desirable communal involvement.

3. In the context of CDF:

- a. a detailed study of intra and inter-communal interactions with the government and private entities considered relevant for the implementation of the projects directed at comprehensive development of the Valley.
- b. Plan of action for community mobilization around the key cluster activities (tourism, environmental conservation in case of the Biodiversity Management Project).

4. In the context of CAS:

- a. a chapter on social capital, its practical importance for community development and resource mobilization, as well as pertinent issues that need to be addressed to make interactions between communities and local government bodies more positive, trusting, and constructive (Ms. Sandi, Mr. Stewart).
- b. a section on the status of minorities, their progress compared to other groups in the process of transition, suggested actions to increase inclusion (particularly for Roma) and access to services and market opportunities.

5. In the context of the FY01-03 projects:

- a. enhance and streamline the design of the projects in the sections that lend themselves to community participation.
- b. perfect and implement a monitoring system that would allow to better measure the communal impact of the projects that affect communities directly.

## **CDD Approach in the Romania Lending Portfolio and Pipeline**

### ***A. Projects that require community involvement and management***

There are 3 projects that are currently being implemented that have components with direct community participation. The first two are focused in full or in part on community development objectives. The third includes communal input in the design of the project, but does not expect communities to provide co-financing..

#### **1. The Social Development Fund Project, Task Team Leader (TTL)– Ana Maria Sandi, APL, Phase 1, US \$10 million.**

This is the biggest Bank effort in Romania dedicated specifically to “increasing the local organizational and self-help capacity”<sup>11</sup>. The intended beneficiaries of Phase 1 of the project are poor rural communities and disadvantaged groups. The objectives and the design of the project are described in the note prepared by Ana Maria Sandi. Currently the project manager believes that the project has achieved two main goals. First, it has improved the overall quality of life in the poor communities by increasing bonding social capital in the villages. Second, it is believed that already at this early stage the project has a demonstrable ripple effect, as members of the Community Based Organizations created under the auspices of the project have started to organize for activities not sponsored by the project and have cooperated in applying for grants to other donor institutions.

In Phase 2 of the project the TTL expects to build on the lessons learned in Phase 1 and expand the project into urban areas and rural communities of average income.

#### **2. The Cultural Heritage Project, LIL, TTL Thomas Blinkhorn, US \$5 million**

The CD component of the project is targeting communities in historic Saxon villages in central Transylvania. The design of the project includes involvement of the communities in cultural heritage preservation, small scale infrastructure works, tourism development activities and traditional craft development. To qualify for project participation and to be eligible for project-sponsored grants, communities need to demonstrate cohesion and a desire to cooperate, a

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<sup>11</sup> Project Appraisal Document, Social Development Fund Project, Report No. 17379 –RO, December 23, 1998, p. 2.

commitment to the harmonization of inter-ethnic relations, presence of leadership capable of communal mobilization, willingness to contribute 10 % to the project in cash or in kind, willingness to oversee implementation of the project.

Currently there are four villages involved in the project. It is possible that the project will be expanded to involve other Saxon villages as well. At the preparatory stage formal and informal leaders within the communities were identified and consultations with the communities were conducted. The communities affected by the project are currently involved in the restoration of historic sites, revival of traditional crafts, and small scale infrastructure works. The most difficult aspect of project implementation, according to the TTL, is breaking ethnic barriers for the purpose of cooperation within the framework of the project. Another issue is policy-related, as the MOF opposes the use of “public funds for private gain”, a definition that may include seed money for crafts revival projects. The definition of grants or loans used to jump-start community projects and their subsequent use may become an issue that will have to be discussed with the MOF in more detail.

The Cultural Heritage Project has some unique features which may be difficult to replicate or emulate. This is a high profile historic site that has attracted attention and funds from the Prince of Wales of England and from the municipality of Luxembourg. Yet, it has been accumulating valuable experience, particularly in the area of inter-ethnic cooperation. This experience may need to be studied closer as inter-ethnic interactions, particularly with Roma neighbors, may be an important aspect of communal development in other Romanian locales as well.

### **3. Agricultural Pollution Control GEF, TTL Jitendra Srivastava, US \$ 7 million**

The overall project development objective is to increase the use of environment-friendly agricultural practices in the project area and reduce pollution from agricultural sources to the Danube River and Black Sea. In support of this objective, the project will (i) promote the adoption of environment-friendly agricultural practices by farmers’ associations, family farms and individual farmers in seven comunas of the Calarasi Judet (county); (ii) promote ecologically sustainable land use in the Boianu-Sticleanu Polder including a conservation management plan for the Iezer Calarasi water body; (iii) strengthen national policy and local regulatory capacity; and (iv) promote regional level collaboration. The first two components are expected to involve communities in learning and disseminating environmentally friendly agricultural and manure management practices, in monitoring and dissemination of environmentally friendly grazing practices, and in the management of a nature preserve. The roles

of participant and affected communities is expected to be high in monitoring the compliance of participating villages with the promoted environmentally friendly agricultural practices as well as in monitoring the effects of these practices on the quality of drinking water, decrease in health hazards and other ecological and lifestyle enhancing benefits. From the point of view of CDD it will be important to monitor the success of the designed CDD outreach programs so as to be able to disseminate best practices for the benefit of those projects in the Romanian portfolio that are likely to affect the communities.

#### **4. Biodiversity Conservation Management GEF, TTL John Fraser Stewart, US \$ 5.5**

The objectives of the project are to: establish effective, inter-sectoral, participatory planning and sustainable management of natural ecosystems and associated landscapes at three demonstration sites in the Carpathian mountains, and mechanisms to support replication of these activities at other priority conservation sites. The goal of the project in terms of community involvement is to establish participatory mechanisms to reduce non sustainable resource use; it will establish mechanisms to reduce unsustainable use of shared resources such as grazing and forest products, and will develop a strategy for eco-tourism, which will focus on demonstrating links between conservation and economic benefits for local communities. Local communities, together with local Government and NGOs will be involved in preparation and implementation of conservation management and development plans. Sustainable management of the project sites will benefit poor rural communities and local economies adjacent to the sites through stimulation of economic development, including tourism, which is based on the sustainable management of protected areas and natural resources. Helping the communities reap tangible economic and social benefits from coordinated project participation is one of the main expected outcomes of the project. Considering that the experience of community mobilization and participation in the creation of private and public goods that have important, in this case global positive externalities is very new for Romania, it will be important to monitor the progress of the project in terms of sustainability of community involvement, patterns of interactions between the communities and the government. It will also be important to record the approaches that failed to work in the Romanian context and which can be considered best practices.

#### **5. Second Roads Project, TTL Antti Talvitie, US \$ 150 million**

The overall objective of this project under preparation is to improve road quality, assist in road maintenance, and improve public safety. The public safety sub-component of the project includes the redesign of public space around a road in a linear village. The current design of the road is viewed as a safety hazard. The TTL intends to organize community meetings and consultations and involve the community closely in the redesigning of public space and in the choice of architects.

This small scale initiative is an important and welcome effort to involve a community in an infrastructure project in Romania and needs to be observed closely for lessons and possible emulation. The implementation of the community development part may require technical assistance from the social development unit, as communal mobilization is admittedly outside of the expertise of the core project team.

***B. Projects that promote consultations with the communities***

**6. Schools Rehabilitation Project, TTL Leonard Concepcion, US \$70 million**

The primary objective of the loan is to rehabilitate the most damaged school buildings in the country. The project has a focused technical objective, which, according to the TTL, is the reason why the communities were not consulted at the design stage of the project. Communities are expected to be involved in the monitoring of the quality of reconstruction and subsequent maintenance, though the project's explicit maintenance provisions and the responsibility of local governments alone.

It is commendable that the current TTL is making an effort to involve communities in project implementation. However, it seems that the project had a much greater potential for involving the communities in design and monitoring, which was not built into the initial design of the project.

Education initiatives are known to mobilize communal support. Such a support built into the design of the project serves as an additional and often a better guarantee that school facilities will be maintained in the long run. Therefore, it is important to make sure that in the future communal involvement is built into primary and secondary education projects more directly.

Ana Maria Sandi provided the following information on the community driven components of other education projects:

**7. The Education Reform Project, US\$50 million loan**

The Education Management and Finance component is promoting the involvement of parents and communities in school management and in the definition of school- based curriculum, in order to make education more relevant to local demands and therefore improve its effectiveness.

### **The Rural Education Pilot Component, US\$11.5 million loan**

Since schools in rural areas are confronted with severe difficulties, the pilot is testing the impact of giving basic teaching materials to 1,500 schools and minimum equipment to 1,000 schools in rural areas in 6 counties. The materials were selected through a system of consultations with local communities, in order to make them relevant to the school- based curriculum too. Workshops are planned to strengthen the involvement of communities in school life. Principals and teachers will be trained on producing their own materials, appropriate local conditions.

#### ***C. Projects under preparation that include community driven components in their design***

##### **8. Rural Development Project, TTL Henry Gordon, US \$ 100**

The project is at the preparation stage and is scheduled to go to the board in September, 2000. The overall goal of the project is to assist in the realignment of incentives in Romanian agricultural production with a market environment and assist in privatization of state-owned enterprises. The local government capacity building component of the project is close to the CDD agenda as one of the goals of this component is to increase accountability of local governments to their constituency. In this context the local government - community interface is conceptually viewed as part of a continuum which allows the communities empowered in the process of CDD project implementation to associate with local governments as partners rather than as passive recipients of services.

This vision of alignment of community development with the reform in the provision of services in rural areas by the local government may require careful coordination with the Social Development Fund. Such a coordination may not come easily, as the stated objectives and the scale of the two projects currently differ. However, the idea of including local governments into the realm of communal interactions in the areas where communities have demonstrated their capacity to mobilize resources for collective action is an important step forward in reinforcing communal empowerment. If successful, the reinforcement of communal controls over local governance may lead to harmonization of official and non-official interactions, which in the current post-socialist environment rarely coincide. Considering the expected outcomes, the cost of closer coordination may be worth assuming.

## **9. Irrigation Rehabilitation Project, TTL Toru Konishi, US \$ 30**

The Romania irrigation project is at the pre-appraisal stage. The design of the project will draw from the experience of the Albanian irrigation project implemented by the same TTL. Responsibility for the water management will be transferred to water users' associations, which will require cooperation on behalf of the users.

The main difference between the Albanian irrigation project, currently successfully implemented ahead of schedule, is, first, the importance of irrigation for agriculture, and, second, the technical characteristics of Romanian irrigation system. In terms of climate, Albania is more arid than Romania. Therefore, in Albania irrigation is a matter of survival, whereas in Romania it is rather an insurance device against a drought. In Romania, therefore, the incentive to cooperate for water provision is not as acute for the villagers as it is in Albania. In terms of technical properties, Romanian irrigation systems cover much larger areas, which would require not only cooperation within a micro-community (a village), but cooperation across communities as well.

Irrigation projects have proven to be primary focal points for community mobilization in other regions. The climatic conditions in Romania and in other Eastern European countries, however, make irrigation a community mobilizing concern only in particular areas with dryer climates.

## RURAL DEVELOPMENT FINANCE PROJECT

### Monitoring of social development outcomes

Monitoring of social development outcomes and indicators is an integral element of monitoring and evaluation. The main purpose will be to understand client segmentation, to enable better targeting by tailoring lending instruments to particular client segments, to assess the effect of the project on the formality of financial, production, and social relations within communities. These additional monitoring activities will combine qualitative and quantitative methods of analysis to capture the project's impact on the beneficiary households and on the communities at large. The study will include static controls, such as baseline surveys, and dynamic controls, such as non-borrower control groups to be surveyed simultaneously with credit recipients.

The social monitoring mechanism will collect household data with statistical representativeness and, in as much as possible, will entail re-sampling of households over time (panel data) to capture the time dependent effects of the project. Activities to collect the data required for the in-depth social analysis will include:

- a. The questionnaire of the nationally representative survey will contain questions detailing official/unofficial interactions of credit recipients and other groups of the economy. These questions will capture spillover effects associated with the project including information on channels of acquisition of inputs and credits desegregated by type provider (e. g. formal/informal, personal networks/official input/credit providers) and relationships with the government (taxation and services provided by the government).
- b. A sample of credit recipients will be asked to complete an additional questionnaire on, inter alia,
  - (a) sources of credit and inputs, (b) safety networks and sources of assistance in cases of emergency, and (c) interactions with the state. To minimize self-censoring, credit recipients will fill out the questionnaire **after** credit has been granted.
- c. Comparisons between borrowers and non-borrowers will be required. Thus, some localities in which the project will be implemented will be selected at random (weighted by number of inhabitants). Households in selected villages will be further stratified into credit recipients and non-credit recipients. A random selection of households within each group will be carried out.
- d. The above quantitative data will be complemented by qualitative information such as that obtained through focus group discussions in selected localities, structured interviews with local officials, and interviews with other market agents (e.g., input and output dealers) who normally interact with the targeted beneficiaries.

Data analysis will focus on evaluating the effects of the increased formality of lending and on measuring the overall effect of the project on the Romanian rural community. It will also help assess the contribution of the project to its goals of poverty reduction, including such aspects of poverty as social exclusion and dis-empowerment. To capture these effects, the data will be used to study the impact of increased access to credit on interactions such as the following.

- a. Polarization within the community. Specific issues will include (a) whether the SPs will make an effort to attract new borrowers or whether they will provide new credits to the traditionally served clientele?; (b) will informal links continue to be important for emergency or consumption borrowing?; (c) will informal ties be weakened so that poorer members of the community experience a decline in access to informal lending that had not been substituted by the access to

formal channels?; and (d) will joint liability groups used to secure credit establish trust in other economic and social activities?

b. Interactions with the local government. Specific issues will include (a) whether increased financial independence/dependence from directed government sources of financing improve/worsen interactions with the local officials? and (b) to what extent the ability to repay loans depends on the stability of government policies and communal oversight over the actions of local officials?

c. Interactions with other market agents such as whether an increased availability of credit improved interactions with input suppliers and output dealers (e.g., prices and conditions).

To insure effective implementation of the proposed monitoring of project performance in terms of social development outcomes, the PMU will have on its staff at least one M&E specialist who will be well versed in techniques of social research and project monitoring, including use of quantitative and qualitative methods. The M&E specialist(s) will coordinate project monitoring by each participating PIB/SP and will compile and analyze the data received from the PIBs/SPs into progress reports which shall be made available to the public.

The M&E specialist should oversee the production of the social impact studies by local and/or international consultants (as required) and should ensure that the results of these studies are fed back to project management and to the Borrower. During supervision missions, the results of these assessments will be discussed during an open session with the PIBs/SPs, in order to improve project performance and to learn from each other.