

# Community Based Rural Development

## *Reducing Rural Poverty from the Ground Up*

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*“What is it that the poor reply when asked what might make the greatest difference to their lives? They say, organizations of their own so that they may negotiate with government, with traders and with NGOs. Direct assistance through community driven programs so they may shape their own destinies. Local ownership of funds, so that they may put a stop to corruption. They want NGOs and governments to be accountable to them.”*

*James D. Wolfensohn. 1999 World Bank/IMF Annual Meeting*



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With 70 percent of the poor of the developing world living in rural areas, poverty continues to be the most important to rural development. Poorer developing countries are characterized by rapid population growth that outstrips GDP growth. UN projections indicate that 98 percent of global population growth between 1995 and 2020 will occur in the developing world. The majority of this growth is predicted to take place in cities (through natural increase and rural-to-urban migration). However, present levels of poverty are highest in rural areas, and the absolute number of these rural poor will continue to grow (IFPRI, 1997). As such, the needs of the rural poor in developing countries remain great, demanding effective poverty-reducing rural development.

## **Learning From the Past**

Traditional approaches to rural development have focused on improving agricultural productivity, relying on agricultural growth as the engine of rural development and poverty alleviation. While agriculture does play a dominant role in the rural economy, agricultural activities are not the sole source of income for the rural people. At present, many households derive 40-45 percent of their income from non-farm sources (Barrett and Reardon, 2000). Additionally, the World Development Report emphasizes the fact that poverty is not merely a lack of income. It is also a lack of empowerment, opportunity, and security. Therefore, in order for rural poverty reduction strategies to be effective, governments, donors, and other development actors must look beyond the agricultural sector and deal more holistically with the standard of living in rural areas. The strategies should recognize and incorporate the complex linkages between the social sectors, infrastructure, governance, and the farm and non-farm economy.

### *Integrated Rural Development*

During the 1970s, many international agencies, including the World Bank, adopted an ‘area-based’ approach to development which was commonly referred to as Integrated Rural Development (IRD). In an effort to tackle rural poverty holistically and capitalize on potential synergies between services, IRD provided a cross sectoral package of diversified crop and integrated farming systems linked to training, social services, and rural infrastructure projects. However IRD failed to bring about sustained improvement in the rural standards of living.

The failure of IRDs programs has been primarily attributed to their highly centralized, top-down management structure. Central, regional, or zonal implementation units that were geographically remote from beneficiaries made most decisions. Coordination of the complex range of IRD activities became both difficult and expensive when handled at the central level. Furthermore, IRDPs relied on a ‘blueprint’ approach to program design that ignored local conditions and failed to engage local people. As a result the expected synergies were not achieved. (Van Zyl et al, 1995)

Following the disappointing results of IRDPs, the WB and other donors retreated from the concept of integrated ‘holistic’ rural development to more traditional, single sector programs—each dealing with a specific component of rural development (e.g. agricultural extension, small scale irrigation, rural roads). In so doing donors sidestepped the issue of complexity, but they overlooked the merits of the concept of integration and failed to critically examine the causes of failure of these programs. Sectoral projects, whose results have been quite mixed, still comprise the bulk of rural development investments and are mostly centrally managed, as were IRDPs.

Another option that is increasingly being adopted by donors and countries—community based rural development (CBRD)—returns to the holistic approach of integrated rural development, but addresses earlier mistakes by executing programs through a decentralized, participatory decision-making process. It

aims to empower communities to work directly with government and the private sector so that development interventions respond to actual demand on the ground and fit the local context. By moving program coordination from the center to a level closer to the project beneficiaries, coordination of activities becomes less complex and more manageable; targeting has proven to be more accurate. The process of identifying priorities and delivering services is more responsive and transparent, because those responsible for services have the information, incentives and ability to achieve the positive results. (Binswanger, 1994)

## **Community Based Rural Development: What and Why?**

Community Based Rural Development is an approach to reducing rural poverty that promotes collective action by communities and puts them in control of development interventions by making community based organizations (CBOs) driving forces in the process. Often, in fact, CBOs directly manage most project resources. CBRD has the potential to make the allocation of resources more responsive to the needs of the poor, to lead to more sustainable outcomes, and to empower poor communities to negotiate with government, the private sector, and civil society.

CBRD is particularly effective in the rural context because it deals directly with the challenges faced by rural people. By promoting participatory approaches CBRD can give the politically marginalized rural poor a voice in both in their community and with government entities. By supporting decentralized decision-making and shifting responsibility for delivering services to the local level, CBRD also overcomes some of the costs and difficulties of operating in spatially dispersed rural populations. The CBRD approach can also be used to support local activities that inject resources directly into the local economy, increase local level opportunity in rural areas, enhance revenues available for local development and diversify rural household income (reduce associated risk).

Many secondary benefits are associated with community based rural development. In particular, it is seen as an important vehicle for increasing participation, reducing corruption, improving governance, and effectively targeting the poor. Proponents also view this approach as more sustainable because it can be used to create links to formal local government structures and markets. These links improve the sustainability of social and infrastructure investments, and productive investments respectively.

### *What is a community-based organization?*

A community-based organization is normally a membership organization made up of a group of individuals in a self-defined community who have joined together to further common interests. CBOs often comprise people living in close proximity and/or sharing a common interest, such as a common pool resource. There are a wide variety of examples, but the Bank has primarily dealt with five types of groups (box 1). CBOs can be stand-alone groups or they can be linked into federations of groups at regional, national or international levels, which are discussed later in this paper. Historically, communities have organized themselves through CBOs and other means in order to manage both collective and individual needs.

CBOs can be informal or formal, and each type of organization can play an important role in rural development. However, the role of informal organizations is limited in the project context, since they are not legally registered entities. Formal organizations have legal status, formally stated rights and responsibilities, and a legally binding governance structure for recruiting members, selecting leaders, and conducting affairs. Given their formal nature, they can open bank accounts, enter into contracts, and sue and be sued. This status is necessary for a community organization to receive and control project funds.

### **Box 1 Typology of Community Based Organizations in World Bank Operations**

Bank lending has focused on primarily 5 types of community based organization:

*Common property resource groups.* Water user associations, forestry management associations, etc.

*Producer Organizations.* Groups that engage in a wide range of agricultural activities, such as crop and livestock production, management and use of range land, forest and forest products, fishing and fish production, post-harvest and processing activities.

*Multi-sector functional committees.* Village development committees, municipal development committees, etc.

*Single-sector functional committees.* Health committees, education committees (commonly found in Social Fund projects).

*Micro-credit institutions.* Community based rural development primarily works through matching grant facilities, not micro-credit. However, it does support community savings and loan groups, revolving credit accounts, etc..

Whereas a community-based organization is a membership organization aimed at furthering the interests of its own members, a *non-government organization* (NGO) tends to have a broader scope of activities and usually acts as an intermediary to facilitate the implementation of development programs for or by the poor.<sup>1</sup> There are four main types of NGOs: grassroots, support, network, and funding. Their roles vary according to the type. Grassroots NGOs work on the frontline and support several different categories of activities—welfare, social action, etc.—to meet the needs of the target group. Support NGOs facilitate the work of grassroots NGOs with training, studies etc. Network NGOs operate at a higher level, national or regional, and are primarily involved in lobbying and advocacy. Finally, funding NGOs, many of whom are international—such as Care, Actionaid and Oxfam—provide funding to the local NGOs.

Another important local actor that interfaces with CBOs are local governments (LGs). LGs are state actors, constitutionally or statutorily created legal entities that are mandated to govern within their respective local jurisdictions.<sup>2</sup> Ideally, local governments have a significant degree of fiscal, administrative, and political autonomy from higher-level governments. As with higher-level governments (central and intermediate), properly empowered local governments can provide funding support to both CBOs and NGOs, and can initiate local development activities within their designated sectors.

#### **Is there an optimal size for community groups?**

There does not appear to be an optimal size of CBOs, rather, the principles of organization and shared common interests are what seem to matter most. While it is often assumed that programs can be scaled up more quickly by increasing the size (as well as number) of community groups, the empirical evidence is contradictory and inconclusive. The size of effective CBOs varies across countries, sectors, and contexts. Hopley and Shah (1997) found that groups comprising 300 households in Nepal were as effective as groups with fewer than 100 households. In direct contrast, evidence from the AKRSP program in

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<sup>1</sup> Many NGOs are directly involved in delivering sectoral services to communities however the CBRD approach does not support the role of NGOs as direct service providers.

<sup>2</sup> For example, district, county, sub-district, or administrative village.

Pakistan indicates that large village organizations, which had functioned effectively during implementation of subprojects, subsequently fragmented over time to form smaller user groups (World Bank, 1996). Additional experiences from other AKRSP programs in India suggest that forming large village organizations is slow and ultimately ineffective compared to forming smaller groups consisting of a few farmers with adjacent lands. These contradictory cases suggest that several factors, such as context and sector, interplay to determine the effectiveness of community groups, and that size is an insufficient indicator for success. Therefore, artificially increasing (or decreasing) the size of community groups for any reason may have unintended negative effects. The logical average size of CBOs for a given program should be dictated by the homogeneity of members' goals. Therefore, self-selection is a critical factor.

### **Characteristics of effective community organizations**

The section above illustrates that there is no recipe for effective CBOs, in fact each will be unique to the locality, culture and activity. There are, however, some very general characteristics that are shared by effective CBOs.

*Clear eligibility criteria.* A CBO should set clear eligibility criteria according to its own objectives or to the program, which is seeking to catalyze collective action (e.g. RPAP encourages formation of institutions that target poor households; large land-owners and rich individuals are excluded from membership).

*Self-selection.* Even when a program specifies eligibility criteria to make the program poverty-focused, it is important that the community groups form themselves within this criteria, and mechanisms be put in place for them to demonstrate qualification under the eligibility criteria. If CBOs were willing and able to meet the criteria it would gain access to program funds. In cases where the community is unable to mobilize because social conflicts are too great, then social mediation assistance should be provided as part of a technical assistance package in the project—typically provided through NGOs.

*Rules governing use and conflict resolution.* Clear rules for resolving disputes should be established upfront, and should be applied consistently within and across all CBOs.

*Adherence to democratic principles.* Ostrom (1990) notes that democratic institutions are better able to adapt rules to local circumstances, because individuals interact with each other and their external environments. They are able to modify the operational rules over time and keep the institutions relevant to the characteristics of their settings. However, to ensure ongoing effectiveness, the costs of maintaining democratic principles must be kept low and the process of changing rules must be relatively simple.

*Authority and control over financial resources.* There is convincing empirical evidence of the importance of appropriate CBO control for program effectiveness and sustainability. In a large study on institutions carried out by AKRSP (Pakistan)—out of 120 indicators, efficiency and probity in handling financial resources was found to have the highest correlation with institutional maturity and potential sustainability. This conclusion is supported by similar findings from a number of World Bank evaluations including evaluations of the NRDP and Social Funds programs Narayan and Ebbe (1997).

*Local monitoring and enforcement.* Ostrom (1990) also found that long-enduring institutions are those that self-monitor and actively audit locally designed rules.

### **Which institutional arrangement and what actors are most appropriate?**

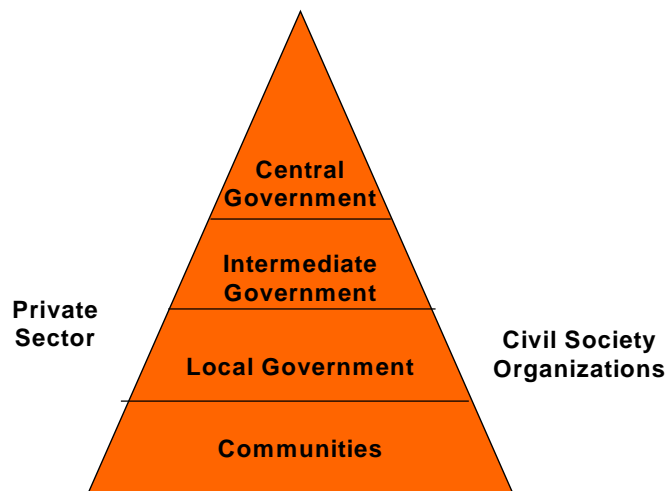
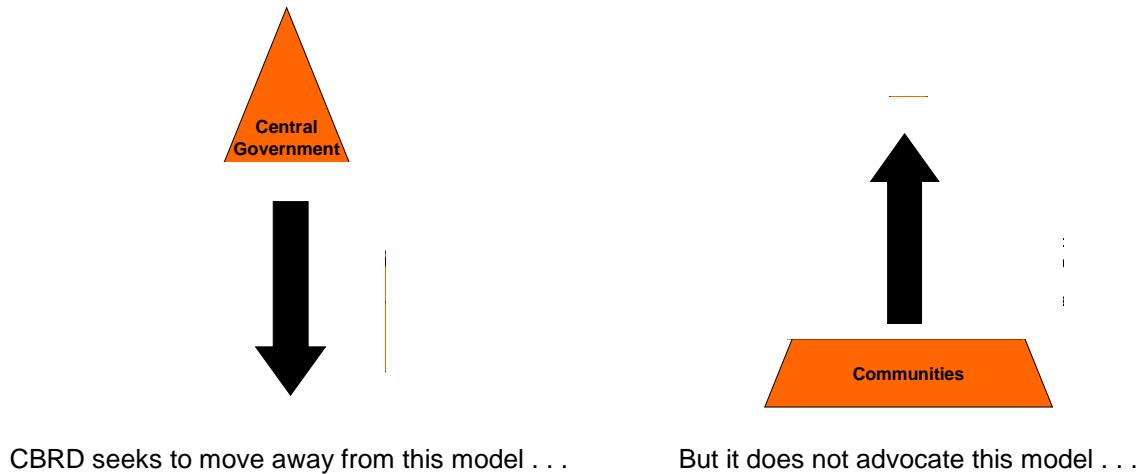
No single set of institutional arrangements, or set range of actors is appropriate in all contexts to support broad-based community-driven development. The constellation of actors usually involves roles for community-based organizations, local or municipal government, the private sector, civil society, and central/intermediate governmental agencies or central funds. While there are infinite variations regarding the exact roles of each player, three broad sets of arrangements have emerged in practice. These are (i) direct partnership between CBOs and a central fund or governmental agency; (ii) partnership between CBOs, private support organizations (NGOs or private firms) and central fund or governmental agency; and (iii) partnership between CBOs, local or municipal governments and central fund or governmental agency. The first two sets of arrangements have a long history of accumulated experience, and can be treated as established modes of support to community-driven development. The third, more recent but rapidly gaining acceptance in many regions, responds to the need to link community-driven development to the broader governance reform and decentralization agenda that now exists in many countries. The precise arrangements adopted will vary according to country context—in some contexts there may be value in using a range of institutional arrangements to organize support to CBRD on a large scale, maintaining pluralism as a means to induce performance of each arrangement through competitive pressures. There may thus be value in using a range of institutional arrangements to organize support to CDD on a large scale in any given country.<sup>3</sup>

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<sup>3</sup>. For a more detailed description of these different arrangements, as well as their relative merits and relevance in different contexts refer to the Community Driven Development chapter of the PRSP sourcebook (World Bank, 2000).

### Box 2 Community based rural development is not a panacea

CBRD is directly relevant to many sectors where goods and services are within the management capacity of community organizations. While experience shows that this includes a wider range of activities than generally assumed, it is important to note that not all activities are appropriate for community provision. Instead, community based development applies the principle of subsidiarity, which is defined as “a principle of governance ... that seeks to allocate responsibility for policy formation and implementation to the lowest level of government at which the objectives of that policy can be successfully achieved...” to development interventions.<sup>4</sup> Where services span a number of communities, provision is often better managed at less local level institutions (Community Driven Development Chapter of PRSP Sourcebook, 2000).



Rather, CBRD advocates a model that includes all stakeholders.

<sup>4</sup> Inman, Robert P. and Daniel L. Rubin Feld. 1998. *Subsidiarity and the European Union*. Working Paper 6556. National Bureau of Economic Research. <http://www.nber.org/papers/w6556/>

### *When is Community Based Rural Development Relevant?*

The concept of using collective action to provide and produce services is by no means new. There is a long history of community based organizations (CBOs) that have pooled social and capital resources to achieve positive results—these groups have comprised both economically advantaged and disadvantaged groups (e.g., residential neighborhood associations in Buenos Aires developing their infrastructure services, community management of rural road maintenance in Sweden, rural water supply or local school management through school boards in the U.S.A.). However, this paper focuses on collective action for rural poverty alleviation. In this context, CBRD fills a number of needs.

*CBRD can be an important channel for resources, particularly where the local government and private sector are weak.* The relevance of CBRD approaches will vary according to the relative competitiveness of CBOs versus other institutions in providing goods and services essential for poverty reduction. The level of accountability as well as capacity of local governments, and the availability and level of competition amongst private sector providers are some of the more important factors affecting the competitiveness of CBOs. Nevertheless, even where there is an effective local government, and a competitive private sector, there usually remains a need for community-based efforts. CBOs can provide a ‘check and balance’ on local government to ensure accountability; they are efficient entities for sub-local activities that require local cooperation (e.g., managing water supply or irrigation users associations, forest management groups, farming producers’ organizations etc.). Also, CBOs can ensure that the interests and needs of the more vulnerable and marginal groups in a society are expressed.

*CBRD approaches are more relevant for certain types of goods and services.* CBRD is relevant across many sectors (e.g. agricultural production and marketing, micro-finance, infrastructure, health, education, common property management, etc.). Experience shows that the appropriateness of the CBRD approach is likely to be highest in the case of ‘common pool’ goods such as management of common pasture and surface-water irrigation systems, ‘public goods’ like road maintenance, and ‘civil’ goods such as public advocacy and social monitoring. Many ‘private’ or ‘toll’ goods can best be provided using a more market-based approach. However CBOs can also step in to fill gaps where either public or private institutions may fail to fulfill their mandates—missing markets or shortage of viable private sector providers is a common feature of the poorest and most remote rural localities. This effectively transforms many classic public or toll goods into quasi-public goods. Toll goods such as rural water supply or ground water irrigation are often not provided within some form of collective action. There is currently a major global trend of community based rural water supply and sanitation service provision (see Sara and Katz, 1997).

*The appropriateness of CBRD approaches depends on scale and complexity of goods and services.* There is a substantial body of evidence that poor communities are quite able to identify their needs and manage resources, and possess far more capacity for these activities than generally assumed. However, there are caveats. Where services span many communities, provision is often better managed at less local level institutions. For example, community management of small-scale water systems may be feasible, while operating more complex multi-village water supply and sanitation systems is likely to require more formal organizational structures, either through private sectors/autonomous management arrangements or by local governments. Similarly, large dams, multi-kilometer bridges, and other large or complex projects also often require formal private or public institutional arrangements, or intermediate/central governments.

*CBRD approaches can strengthen the enabling environment needed for sustainability.* The ability to create programs that can be scaled up and have widespread impact relies on the enabling environment in a given country. This includes the existence of a supportive legal framework and regulatory frameworks. However it is neither realistic nor necessary to wait until these systems are fully established before

starting CBRD. In fact, CBRD approaches have been used successfully to help catalyze institutional and regulatory reform—for example, empowered communities under the Uttar Pradesh (UP) Rural Water Supply and Environmental Sanitation Project (hereafter referred to as SWAJAL) project have been instrumental in bringing about reform of central water sector agencies. What needs to be in place to *start* CBRD? If community groups (or NGOs) are allowed to register as legal entities, then CBRD can be started on a pilot scale, and as both Brazil and SWAJAL have shown, success on a small scale can then influence the larger regulatory environment—making communities a part of the system and providing opportunities to scale up.

*CBRD approaches are easiest to implement where communities are cohesive with pre-existing social capital but are potentially useful everywhere.* Although by no means a prerequisite for the adoption of CBRD approaches, CBRD programs are particularly viable in contexts where some examples of community managed investment exist and communities have some pre-existing level of social cohesion. Where this is not the case, extra efforts will be required to induce collective action, form effective CBOs and build social capital. In fact, the process of building CBOs can increase the available social capital, and is in some cases an outcome of the CBRD.

### *Potential benefits of CBRD*

There are significant advantages to adopting CBRD approaches for rural development. The following section examines the main benefits associated with expanding community-driven development as a basic element of poverty alleviation strategies in rural areas.

*Increased economic competitiveness.* Economic theory suggests that the key to reducing poverty is a competitive economy that generates growth and employment opportunities, coupled with national programs that create the physical and human capital to ensure a healthy and productive population. However, experience shows that the market alone does not provide all essential services and goods for poverty reduction; most centrally-led national programs are slow to deliver basic services and ineffective in reaching poor people at the local level. CBRD complements highly imperfect rural markets and state interventions by creating a rapid and lasting impact at the grassroots level where centralized interventions have failed. It provides bottom-up solutions for provision of key goods and services at the local level. Combined with market-based and national strategies, CBRD programs thus have broad potential for enhancing the competitiveness of the rural economy.

*More responsive resource allocation.* As the final consumers of development investments, community members are the best source of information about needs and priorities. Experience demonstrates that demand is better articulated when communities contribute towards investment costs and control investment choices than when these decisions are made exogenously. Moreover, community members report a greater sense of responsibility toward maintaining assets that they provide themselves, leading overall to improved returns on investment.

*Improved efficiency and effectiveness of service delivery.* In addition to making government more responsive to the needs of the community, there is weighty empirical evidence suggesting that CBRD can improve the effectiveness and efficiency of services in many sectors and contexts.

*Natural Resource Management* As a result of poor outcomes under state-led programs, many countries have move towards community management of natural resource assets. Under the program of joint forest management in the Indian state of Andhra Pradesh, over 5,000 CBOs have rejuvenated more than 1.2 million hectares of degraded forest in the state, demonstrating how community management can increase effectiveness of services (Venkatamaran and Falconer, 1999). As a consequence of the program, degraded forests have sprung back to life, timber

smuggling has almost stopped and cattle's grazing is under control. Village labor is more gainfully employed and out-migration has declined. In addition, soil conservation has saved local water resources.

*Education.* There is empirical evidence that public spending on education is only weakly related to educational outcomes (Filmer and Pritchett, 1999), but that community management and accountability can serve to improve outcomes (Jimenez and Sawada, 1998). Greater parent involvement in children's education can inspire parent to send children to school and places pressure on providers to deliver better services. Communities that oversee school management are also more willing to assist in financing. Preliminary results from the Philippines shows that community-managed primary schools have lower costs, for the same enrollment and quality levels (Jimenez and Paqueo, 1996).

*Infrastructure services.* Community management of infrastructure investments typically results in lower costs and more productively employed assets. Studies of community organized irrigation systems in Asia, for example, have repeatedly found that systems constructed and operated by the farmers themselves, often without much external assistance, generate a higher level of agricultural productivity than much more modern systems constructed by government agencies which have received substantial external assistance (Lam, 1998 and Tang, 1992). A recent study in Zambia compares CBO-managed and contractor-managed approaches to providing school infrastructure. Unit costs under the contractor approach were more than twice as high as under the CBO approach. Similarly, a recent study in South Africa shows that when CBOs are responsible for all aspects of the project (design, management, monitoring), costs per beneficiary are less than half than when the CBOs are not decision-makers (Adato, Besley, Haddad and Hodinott, 1999). The results of these studies are consistent with findings of the NRDP in Brazil.

*Increased inclusiveness and outreach to poor people.* Community-based organizations can provide representation for groups that are typically marginalized or excluded from the development process. The interests of women, indigenous groups, ethnic minorities, the disabled (including people with AIDS), might not be effectively expressed through political and economic structures outside their communities. In the absence of reliable information to allow means testing (such as household income measures), involving communities directly in the targeting process can improve efforts to target reach the poorest of the poor. For example, parent-teacher associations might be best placed to determine which children should receive tuition or school lunch subsidies, as shown in a recent study of a targeted school enrollment subsidy program in Bangladesh (Ravallion, 1999).

*Improved sustainability.* It has been shown that greater community 'ownership' of the development process promotes more sustainable investments. Community-developed facilities like health centers, schools, and water supply systems, tend to be used more often and are better maintained than when investment decisions have been made by actors outside of the community. A study of 1,875 households in rural communities in six countries (Benin, Bolivia, Honduras, Indonesia, Pakistan, Uganda) suggests that water system sustainability is significantly higher when communities control key investment decisions and when they pay part of the investment costs, ensuring that they get what they want and are willing to pay for it (Sara and Katz, 1997).

*Empowerment.* Poor people view 'powerlessness' as one of the multidimensional facets of poverty (Narayan, 2000). Thus, by directly empowering poor people—by providing assets directly to CBOs and devolving control and decision-making power to poor women and men themselves —CBRD in itself is a valuable tool for alleviating poverty. While clear "rules of the game", transparency, and accountability are very necessary to prevent corruption or elite capture within communities, the speed and directness

with which CBRD empowers poor people is not matched by most other institutional frameworks for poverty reduction.

*Social capital.* Through the process of collective action, ‘learning by doing’, capacity building, and interaction with other agencies, communities are given the opportunity to build social capital by expanding the depth and range of their social networks. This kind of network expansion, which is critical for long-term growth and development, also has positive short-term effects. Several studies conducted in Bolivia, Burkina Faso, Indonesia and Tanzania found that social capital has a positive effect on household welfare (as measured by per capita consumption) and that the effect was several times greater than that of human capital alone (Grootaert, 1999; Grootaert and Narayan, 2000; Grootaert, Oh and Swamy, 1999). Development efforts such as CBRD that support and strengthen local associations build an important asset for the poor. In the UP SWAJAL, and the Karnataka Rural Water Supply and Sanitation Projects (India), communities cited the formation of water supply and sanitation committees as having provided a forum for dealing with many of the pre-existing inter-caste conflicts. The social mobilization and facilitation work was contracted out to NGOs under both projects.

*Strengthens the social risk management strategies of the poor.* Poor individuals and households manage risk in many ways, including reciprocal self-help, involvement in local organizations, and building linkages with people outside their social networks. Most of these mechanisms are community-based. Rotating savings and credit associations in Bolivia, Peru, Guatemala, India, and Indonesia are a means by which people save and lend among themselves on the basis of reciprocity and mutual trust. Development strategies that strengthen community-based organizations can also strengthen the safety net for poor people in a community.

*Transparency and accountability.* Strengthening CBOs that are inclusive of the poor, and facilitating their linkages with local government and other formal institutions can help make formal institutions responsive to marginalized groups. This reduces the risk of elite capture of local organizations and sets up a system of checks and balances through the interface and information flows between CBOs and other formal institutions.

### *Potential risks of CBRD*

While there are many advantages to letting communities drive efforts to reduce poverty, and there are also risks. Program teams need to be aware of these risks, anticipate them, take measures to obviate them, and display flexibility to act when problems emerge. Some of these risks and ways to mitigate against them are listed below.

*Limited capacity.* For effective CBRD programs, CBOs must either have (or have the ability to develop) the leadership, knowledge, and skills required in organizing and managing development processes. While case studies demonstrate that many CBOs in very poor communities have the ability to rise to the occasion given the opportunity and the resources—some do not. In more complex development interventions, some community groups have failed because too much was expected of them too soon without supportive training and technical support. However, it often happens that in areas where CBOs have limited capabilities, there is an equivalent dearth in the public, private, and NGO sectors.

This risk highlights the importance that most community based rural development programs invest in developing community capacity, particularly in the areas of finance, accounting, and management. There exists a tension between up-front capacity building, and the need to generate project commitment by establishing ‘quick results on the ground’. Wherever possible, capacity building should take a ‘learning by doing’ approach. Establishing clear program operating procedures (e.g. ‘Manual of Procedures’) as well as providing unit cost and budgeting information, technical plans, and standard designs to CBOs can

also compensate for limitations in capabilities. Disbursing in tranches against completed work can reduce program risk. Providing resources to fund the pre-investment and administrative costs of local project committees further enables CBOs to implement projects effectively. Funding can also be provided for CBOs to buy technical assistance where needed.

Finally, much of the capacity issue can also be dealt with through applying the rule of subsidiarity. Communities should only be given implementation and management responsibilities in those sectors in which they have a comparative advantage.

*Insufficient inclusion of poor and marginalized population.* In many contexts, there are risks that CBOs may not sufficiently represent the interests of poor people. When members of a community or society are deeply divided on the basis of wealth, gender, ethnicity or religion, their capacity to resolve conflicts, address problems that require collective action across groups, and undertake new activities is greatly compromised. Additionally, since CBOs comprise members who share a common interest or goal, they do not necessarily represent the interests of poor people. In some communities, there are CBOs for different sub-groups. For example, producer's associations for farmers and associations of landless laborers both of which might apply for access to the same limited pool of resources. To ensure that CBRD impacts rural poverty, *CBOs either need to include poor people as members, and represent their needs and interests or CBOs that comprise poor people need to exist alongside other CBOs and have equal access to sources of funding and programs.* While a CBO membership need not always be pro-poor, government and other sources of development funding can ensure that benefits accrue equally across CBOs of the same type. This approach would be consistent with a pro-poor agenda while allowing for indigenous/spontaneous emergence of CBOs.<sup>5</sup>

*Limited financial depth.* Poor communities often have insufficient financial depth in the short and medium term to fully support the investments that they need to become more productive. Very poor members of a community might not be able to contribute to projects that have very high initial capital costs. Some projects, such as schools and health centers, have low initial capital costs but high operation and maintenance costs and relatively long-term payoffs. These kinds of time inconsistencies mean that communities might not be able to sustain development initiatives in the medium-term. Some measures can be taken to reduce the risk of communities—many projects have required mandatory operation and maintenance funds at the community level that are established prior to subproject approval. These funds are used to finance maintenance needs, and replenished with user fees.

*Bias towards smaller scale subprojects resulting in sub-optimal investment.* Community groups often lack the technical or managerial skills to undertake local investments that are large or more complex in scope. Therefore to retain control of management and contracting, communities may tend to preferentially select simple, community-level projects. This bias can in some cases result in sub-optimal investments. It is likely that this tendency will decrease when external agencies such as grassroots NGOs and local government units demonstrate a positive track record in managing larger more complex projects on a community's behalf (de Silva, 1999). Yet, CBRD projects, by their simplicity, sub-project cost limits, and self-selection processes, more often than not ideally suit the immediate needs of poor rural

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<sup>5</sup> A variety of tools can be used to assure inclusion of community sub-groups. Most require active pre-investment and support by community facilitators during CBO formation (World Bank, 2000). The Moldova Social Investment Fund finances a formal process of community needs assessment and definition of priorities, including facilitated town hall meetings—to ensure transparency, a certain level of community attendance is required for the process to be valid. The Malawi Social Action Fund used an extensive information campaign throughout the life of the project to make the entire population aware of eligibility criteria for participating CBOs. Women, who were often marginalized from such activities, could use this information to guarantee their inclusion in the development process.

communities that in most cases have access to neither public nor private funds (credit) necessary to undertake investments.

*Potential loss of economies of scale.* In theory, centralized procurement and contracting of goods and services can potentially achieve greater economies of scale than that possible using CBRD approaches (for example, lower input prices could be derived from volume-driven bargaining at the central level). Decentralized delivery may also conceivably reduce the ability to pay for high quality supervision for technically complex systems. Nevertheless, the reality on the ground shows fairly conclusively that such efficiencies are not realized in centrally led programs and CBRD approaches are consistently more cost efficient. Further, complexity concerns are rarely an issue in CBRD programs as projects typically involve relatively simple activities that do not require high levels of expertise.

*Crowding Out Local Government.* Channeling resources directly to community groups can undermine the political authority and economic stability of local governments and line ministries, where these agencies are not involved in the planning stages. This is a particular risk in cases in which these agencies assume responsibility for contingent liabilities and recurrent cost financing. Moreover, community driven program procedures that are inconsistent with public management processes and procedures can undermine the integrity of public administration and compromise the development of good governance. Having said that, some CDD programs have successfully strengthened local governance by using exactly this approach—initially bypassing weak local bodies, mobilizing communities through direct financing, empowering communities to demand greater accountability from local authorities, leading to administrative reform and improved local governance (e.g. Brazil RPAP, and the India SWAJAL programs). The exact approach adopted will rely heavily on context—all CBRD strategies however should consider long-term local governance issues.

### **Box 3 The impact of localization on Corruption: Some Evidence**

There is a general agreement in the literature that localization (devolution to local governments) can open up greater opportunities for voice and choice thereby making the public sector more responsive and accountable to citizens-voters. Competition among local governments for mobile factors re-enforces the accountability culture. Such enhanced accountability has the potential to reduce corruption. Seabright (1996) argues that accountability is always better at the local level, since local citizens who are better informed about government performance can vote these governments out of office. Under centralization people vote for parties or candidates partly on the basis of performance in other regions and on issues of national interest. As a result accountability is defused and potential for corruption increases. Bardhan and Mookherjee (2000) also argue that decentralization of the delivery of anti-poverty programs in developing countries promotes cost-effectiveness and reduces corruption, owing to the superior access of local governments to information on local costs and needs.

Administrative decentralization causes a loss in control to higher levels, thus curbing their incentives to monitor and detect corrupt activities. However, it also lowers the expected gains from corruption as, following decentralization, the number of individuals who are in charge of a single decision is reduced. It is then more likely that corrupt agents are called to bear the consequences of their actions. Hence Carbonara (1999) concludes that decentralization although creating agency problems inside an organization can help in controlling corruption. Wildasin (1995) also argues that local officials with limited powers have little scope to engage in massive corruption.

Based upon a conceptual model, Ahlin (2000) has argued that whereas deconcentration has the potential to increase corruption, whereas political decentralization has the potential to contain it due to inter-jurisdictional competition.

A number of empirical studies also provide support for positive influence of localization in controlling corruption. Crook and Manor has examined the process of political decentralization in India (Karnataka state), Bangladesh, Cote d'Ivoire and Ghana and find that such decentralization leads to enhanced transparency. With this enhanced transparency, ordinary citizen become better aware of government's successes and failures and they may perceive the government institutions more corrupt than the perception they had before. They observed that in Karnataka, India, political decentralization substantially reduced the amount of public funds diverted by powerful individuals. However, since citizens were not aware of these diversions, they concluded that corruption had increased. Crook and Manor based upon evidence from Karnataka conclude that political decentralization reduces grand theft but increases petty corruption in the short run but in the long run both may go down. Olowu (1993) also considers political centralization as a root cause of endemic corruption in Africa. Fiszbein (1997) based upon a review of political decentralization in Colombia concludes that competition for political office opened the door for responsible and innovative leadership that in turn became the driving force behind capacity building, improved service delivery and reduced corruption at the local level.

A few studies show that administrative decentralization reduces corruption. Wade (1997) finds that over-centralized top down management accompanied by weak communication and monitoring systems contributes to corruption and poor delivery performance for canal irrigation in India. Kuncoro (2000) finds that with administrative decentralization In Indonesia, firms relocated to areas with lower bribes.

Increased fiscal decentralization is also shown to be associated with enhanced quality of governance as measured by citizen participation, political and bureaucratic accountability, social justice, improved economic management and reduced corruption by Huther and Shah (1998).

Thus a small body of theoretical and empirical literature confirms that localization offers significant potential in bringing greater accountability and responsiveness to public sector at the local level and reducing the incidence of grand corruption. However, a systemic examination of the root causes of corruption is not available and hence the results from the literature must be seen as tentative and subject to further scrutiny. In the following sections, we make an attempt in this direction.

Source: Gurgur, T and Anwar Shah. 2000. *Localization and Corruption: Panacea or Pandora's Box?* World Bank, mimeo.

## Impacts of Community Based Rural Development

The CBRD approach has been well tested in a variety of environments, and has the potential to yield impressive direct and indirect outcomes. Well-designed CBRD programs can be used to provide benefits to large populations of rural poor, in a manner that is cost-effective and sustainable. In addition to these direct impacts, CBRD has important spillover benefits for social capital formation and institutional development at the local level.

### *Direct impacts*

*Scale.* Community based rural development programs can reach a large number of beneficiaries and achieve specific sector/technical goals in ways that ensure local ownership. For example, the Madhya Pradesh Forestry Project in India has directly supported the creation of almost 2,500 community committees that has provided benefits to over 1.0 million rural people, and protected over 826,000 hectares of forestland. The combined impact of project and non-project activities benefits 6 million people and protects over 5.5 million hectares of forested land (35% of MP's forest estate, and over 8% of India's forest estate). Moreover, the project was successful in creating the policy environment and operational model for replication of additional committees in other forest areas. Similarly, the Kecamatan Development Fund in Indonesia, after only two years of implementation, provides grants for rural infrastructure, and social investments, and credit for productive investments to 9,000 villages containing some 25 million people. Perhaps the largest ongoing CBRD program is the Rural Poverty Alleviation Project (RPAP) in North East Brazil, which has worked with a total of 30,000 community associations to fund 45,000 subprojects in 1400 of the 1600 municipalities in Northeast Brazil, reaching 1.6 million families (or approximately 7.5 million people).

*Efficiency.* Evidence from the field demonstrates that well-designed CBRD programs can result in significant gains in cost efficiency, and increased speed of implementation. Under the RPAP (Brazil) 93% of program resources reach communities directly, with the remaining 7% used to provide technical assistance and administration costs. This represents significant efficiency gains over earlier centrally administered programs in Brazil—under the original Northeast Rural Development Project, NRDP (1987–93) only 40% of resources reached communities, and an even smaller 20% of program resources reached communities under integrated rural development programs of the 1970s and 1980s. At the macro level, savings to the public sector from RPAP activities included an estimated US\$25 million/year on water trucks that were replaced as communities built water supply systems. The Kecamatan Development Fund, KDF (Indonesia), was originally designed to disburse over a three-year period, but demand was so high that all project funds were disbursed by the second year. Additionally, the cost per beneficiary is lower than comparable rural development projects in the country, with village built infrastructure costing 20% less than that built by contractors. Brazil's RPAP has incurred even greater cost savings for community built rural infrastructure, which has cost 40% less than equivalent works executed by public agencies. The policy reform supported by the Madhya Pradesh Forestry Project, (India), in combination with the formation of community committees, has successfully resulted in the transfer of rights to forest products worth an estimated US\$280 per household per year in perpetuity to community groups, or a total asset transfer of over US\$3.3 billion to 6 million people.

In Mexico's FMS Program, local governments and communities have implemented 30,000 projects in three years at 30% to 60% below previous costs.<sup>6</sup> National shopping and direct contracting raise issues of

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<sup>6</sup> Piriou-Sall, S. 1997. "Demand-Driven Rural Investment Funds: A New Generation of Social Funds." AGR Dissemination Note 13.

cost and quality, and incentives are needed to conserve funds. Mexico has come up with a successful innovation. It disburses against budget estimates rather than contracts, and **allows communities to keep any cash savings** for future use in additional projects. Because of this incentive (and because FMS uses community labor), works cost 30-50 per cent less than those going through normal municipal processes.<sup>7</sup> Brazil is now using a similar procedure.

*Sustainability.* The participatory, demand responsive nature of CBRD programs can lead to enhanced sustainability, particularly where efforts are made to link communities to supporting institutions, and where communities make upfront contributions towards investment costs. It is too early in the evolution of many CBRD programs to make conclusive statements about the sustainability of this approach. Nevertheless there are some indications from the longest running program that sustainability of CBRD programs is enhanced by active involvement of communities and local governments. For example, in the Brazil NE Program engaging communities and municipalities in implementation dramatically improved sustainability. The program now has a good track record of subproject sustainability. In a mid-term project review of 3,633 subprojects funded/executed in 1997/98, at least 3,218 (or 88.6%) of them were found to be fully operational in March 2000. In a study on community water supply and sanitation programs, high levels of user contributions—either in cash or in kind—builds ownership of investments by the community, was been linked to increased sustainability (Sara and Katz, 1997).

### *Indirect impacts*

In addition to achieving development targets set forth during project appraisal, CBRD approaches produce less tangible, difficult-to-measure, but arguably equally significant outcomes of social capital formation and institutional development.

*Social Capital.* As a result of their involvement in CBRD programs, communities build capacity and increase social capital<sup>8</sup> that has spillover effects in many other activities. Whether a CBRD project set empowering people as its primary objective or focuses on delivering services more efficiently, the participatory processes involved creates social capital which can be used in many other development activities. The effect of CBRD on social capital formation can be marked, as is well demonstrated in NE Brazil. Poor, marginalized communities in this region have become political powers to be reckoned with in the wake of the RPAP program. Approximately 25% of community associations are leveraging their newly formed social capital to solicit other investment financing outside of the ongoing RPAP. Swajal villages to initiate other development projects such as community forestry are using social capital formed in the Uttar Pradesh SWAJAL. Further, the Swajal transparency in fund management is being adopted in other development programs of the government as a result of community demands. Women and socially disadvantaged groups are more assertive of their rights now and are more active in both project and non-project village activities.

*Institutional Development.* The CBRD approach strengthens local institutions, including community groups, and local governance structures. The cornerstone of the CBRD approach is that ‘institutions

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<sup>7</sup> Weins, T. and Mauricio Guadagni. 1996. “How Rules and Incentives Can Improve the Working of Demand-Driven Rural Investment Funds.” AGR Dissemination Note 10.

<sup>8</sup> “Social Capital” is defined as the ability of individuals to secure benefits as a result of membership in social networks, including local associations.

matter’, so that programs seek not only to leave behind capital investments, but also to develop functioning systems and institutional structures that will ensure that investments endure. CBRD involves all stakeholders including public, private and civil society, building the capacity of each as required. As a result, many of the institutional arrangements created or strengthened by CBRD projects have been maintained. For example, under the RPAP (Brazil), the capacity of local actors—including community groups and specially created municipal councils at the local government level—have been strengthened and continue to operate for other non-project activities. Approximately 30% of the project municipal councils (comprising predominantly community representatives) take part in discussions about other investments in the municipality and are now actively involved in municipal planning. The Bolivia Rural Communities Development Project reports, “Perhaps the most important indirect effect of the project has been the slow but steady institutionalization of more participatory and collaborative practices of municipal planning and monitoring”. The Madhya Pradesh Forestry Project has helped to transform the public sector through a process of experiential learning, which has created a more responsive and flexible organization, with decentralized authority and increased accountability at all levels.

*Governance.* Based on the extensive work of the United Nations Capital Development Fund (UNCDF) on designing capital development funds in developing countries, UNCDF notes the benefits of participation. When designed appropriately, decentralization can improve local governance by increasing: the scope for public participation in and oversight of decisions and activities; transparency and access to information—about available programs and resources; and linkages between civil society and the state (Shotton 1999). CBRD approaches promote participation, and in so doing, they give politically marginalized rural poor a voice in their development.

*Revenue Generation.* Finally, CBRD supports local activities providing an important injection of resources directly into the local economy, increasing local level opportunity in rural areas, enhancing revenues and tax base, and diversifying rural household income and associated risk.

## **Key Design Principles for Community Based Rural Development**

Community based rural development has many facets. A number of elements need to be combined in order to ensure that it is effectively implemented. These range from a supportive enabling environment to vibrant CBOs to simplified rules and procedures for accessing program resources, to adequate information on development opportunities. When appropriately combined, they maximize the effectiveness of the CBRD approach, and it’s impact on rural development.

### *Create a supportive enabling environment*

Effective and sustainable CBRD requires an enabling environment which includes: (i) legal status for CBOs and NGOs; (ii) a form of decentralization that devolves substantial decision-making powers to local governments; enforceable contract law; and, use and tenure rights over assets—community and individual. (box 4) Community based rural development also requires public support and commitment to CBRD by high-level political leaders who can act as reform managers, and a framework of clear sector policies with well-defined roles and responsibilities for key stakeholders/organizations in each sector. This includes commitments from relevant line ministries to provide technical assistance, advisory and ongoing maintenance support, and public pressure on central government for continued support of decentralization policies and collective action.

#### **Box 4 Enabling environment: some key features**

- *Legal status of CBOs (and NGOs).* This allows community based organizations to register as legal entities. It is the only necessary law to allow the purest form of community driven development that put project finances directly into the hands of community organizations. In the absence of such a law, intermediary organizations will have to be used to enter into contracts on behalf of the communities. Thus it is important for NGOs and other intermediaries to have legal status.
- *Decentralization.* In order to create sustainable and accountable institutions for community based rural development, and to link CBRD to governance systems, a genuine decentralization through either a statutory or constitutional process is critical. By clearly assigning service delivery responsibility and revenue raising authority for each level of government, decentralization offers CBOs a more visible entry point into government, and increases their leverage by allowing them to interact with a level of government whose constituency comprises members of CBOs. While decentralization to local governments is not necessary to begin community based rural development, it has a substantial impact of the depth and sustainability of the reforms.
- *Enforceable contract law.* This is another element that enhances both decentralization and community-based development, although CBRD has been successfully implemented in system with less than perfect judicial systems. Enforceable contracts contribute to accountability by creating avenues to redress fraud or corruption.
- *Use and tenure rights over assets.* Particularly in rural development, land tenure has been shown to improve the performance of rural development interventions (Yudelman, 1985). Increased agricultural intensification and greater entrepreneurship are likely where property rights are assured. Many community based rural development projects have been quite successful without addressing this issue, but for sustainable production systems, land tenure rights should ultimately be addressed.

Source: authors.

### **Mobilize high-level political support for CBRD**

Successful community based rural development requires high level of political commitment from national leaders in order to ensure its success and that it is sustained and mainstreamed into the general intergovernmental strategy for rural development. Thus, effective CBRD requires political support at the highest level and all levels in between. Commonly, CBRD requires reform manager(s) within the central government<sup>9</sup> to provide the necessary political leadership who have both the ability and political influence to articulate the approach and translate it into a successful government reform program.<sup>10</sup>

If a reform manager is not apparent in the government, demand for CBRD has to be created through other means. The two methods that have been used with considerable success are pilots and study tours. These approaches are discussed below.

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<sup>9</sup> Or other appropriate level, especially where CBRD is being operationalized in a state in federal countries.

<sup>10</sup> Uganda's recent successful decentralization reform relied on this approach, with a reform manager coming from within the Ministry of Local Government.

**Box 5 High Level political support: Albania Rural Microcredit Program**

The Albania Rural Credit Program was initiated in 1993 under the Albania Rural Poverty Alleviation Pilot Project. Amongst other activities, this project introduced small-scale credit to this post-communist country with the aim of promoting private sector activities and to help create a rural market economy. The microcredit program was subsequently refined and expanded as a component of the Rural Development Project (1996-99), and the follow-on Microcredit Project (1999-present) with the broader objective of increasing both rural investment and savings, and to progressively establish a sustainable (self-financing) savings and credit association network and federation for rural areas of Albania.

In the early planning stages the Deputy Prime Minister of Albania championed the project and this strong political support was considered vital to the successful launch of the program. The size of the pilot and village level of decision making meant that there was subsequently limited political interference. Finally, the project was launched at a time of great hope and need—a reformist government had just been popularly elected, and food shortages, largely created by input and financing constraints generated an urgent and real demand for microcredit services.

Source: ??????

**Use pilots and study tours to create awareness and demonstrate effects**

Many projects have introduced the CBRD approach through pilots. Pilots are small and contained experiments designed to test alternative—usually bolder—institutional arrangements and policies than can be justified in the context of the overall project. They are usually designed to provide insights into the likely consequences of more forward-looking approaches. Under a project, it is possible to pilot several alternative approaches. This is an effective way to get insights and inform future project/program design. The Brazil Rural Poverty Alleviation Program grew from a small pilot—the APCR—in the Northeast Rural Development Program. The community driven pilot was introduced before the constitutional reform of 1988 in what some might call a negative policy environment. The success of the intervention got the attention, and the eventual support of policymakers.

**Box 6 Piloting bolder institutional approaches: North East Brazil Rural Development and Rural Poverty Alleviation Programs (1985-present)**

The institutional arrangements which evolved over the duration of the program can be summarized into 3 distinct phases: (i) PAC; (ii) FUMAC; and FUMAC-P. State technical units (STUs) housed in the Ministry of Finance and/or Planning, and whose costs were entirely paid by their governments, played a key role in all 3 phases. STUs coordinated Municipal Councils (MC) comprising 80% elected representatives from community associations, and 20% municipality nominated positions (typically mayors and council members, and sometimes NGOs, churches, etc.). In turn, the MCs would interact with the Community Associations (CA), which consist of elected representatives of the communities. To be eligible for funding, communities must be able to demonstrate that they are self-organized, permit all adults in the community to vote on project related matters, and are self-governing.

1. *PAC (State Community Schemes)*. The PAC approach was used in the first North East Brazil Rural Development Project (NRDP) and continues to operate in those municipalities which lack will or capacity to adopt the more evolved FUMAC or FUMAC-P approaches. In this model, the centrally located STU directly receives applications from community groups across the state. To evaluate each request, STU project staff is required to visit the community to check the transparency of the consultative process, the legitimacy of the CBO formed, and the process of project selection (rather than technical feasibility). Based on this visit, the STU then screens and approves projects. Prior to receiving funds the communities must enter into an operation agreement with the STU where ongoing obligations are clearly spelt out. Once this is satisfactorily completed the STU authorizes funds to be released directly to the community associations from the World Bank special account. The CBO controls and manages accounts for all project funds and is responsible for project design, implementation, and its operational obligations as per the agreement.
2. *FUMAC (Municipal Community Schemes)*. The FUMAC approach was successfully piloted under the reformulated NRDP and continues to operate in many municipalities. In this arrangement, decision-making regarding resource allocation is delegated to Municipal Councils who prioritize community demands and approve subprojects within an indicative municipality budget set by the STU. In this way, communities themselves, who have representatives on the MC, analyze applications, conduct site visits to verify transparency of processes of CBO formations etc., and determine the best use of funds at the local level. The STU performs an oversight function and is informed by the MC of project choices. The MC enters an operation agreement with CBOs that spells out ongoing obligations for the project. The MC then authorizes the release of funds from the WB special account to the community association which then controls, manages, and accounts for all project funds and is responsible for project design, implementation, and those operations obligations agreed with the MC.
3. *FUMAC-P (Pilot Municipal Community Funds)*. The FUMAC-P is a more decentralized variant to FUMAC, which is still in the pilot phase. Under this approach, selected high-performing MCs are allocated an annual budget based on a distribution formula and prior FUMAC performance. The MCs then prioritize and approve community proposed subprojects and finance them from this annual budget. In this way, locally determined MC investment planning is supported. Once a project is approved for funding and an operation agreement has been executed with the MC, the MC authorizes the release of funds from its own account to the community associations which control, manage, and account for all project funds, are responsible for implementation, operation and maintenance as per the operating agreement with the MC.

Source: Van Zyl, et al. 2001.

*Study Tours.* The Guinea Village and Community Support Program took senior officials from Guinea to Indonesia to show the impact of community based approaches. And as part of the project preparation of the District Poverty Initiatives Project in Madhya Pradesh (India) senior state officials visited community-driven projects and micro-finance programs such as BRAC and Grameen Bank in Bangladesh. This visit facilitated an exchange on the potential of villagers to determine what productive projects were in their best interest, and to effectively manage and internalize risk.

*Communications and Training.* A third approach is advocacy through communications and training. Also in India, the World Bank co-sponsored a series of workshops with state and federal officials on implementing decentralization and participation in rural development. The workshops combined the concepts with international experience from other countries.

#### **Box 7 Sector Pilots for CBRD**

Community-driven development often requires different policies and institutional arrangements in different sectors. The arrangements depend on the nature of the good. For example, investments in rural electrification or small-scale irrigations tend have greater immediate impacts on local incomes than natural resource management or social sector investments. As such, different financing arrangements are appropriate as community contributions for sector income generating services can be higher and credit financing may also be more readily available. Similarly, the roles and viability of CBOs vary by sector, as do their relationships with local governments and other stakeholders. Local governments can be expected to play greater roles in providing local transport infrastructure than in irrigation system management or in agricultural marketing. Therefore, sector-specific pilots and demonstration programs may be required to evolve appropriate policies and forge consensus.

#### *Improve mechanisms for community control and stakeholder involvement*

Communities that have ownership and influence on a project or program are more likely to sustain outcomes. This implies providing equitably represented communities with control and authority over decisions and resources throughout all phases of the program. It also involves bringing in relevant stakeholders (e.g., government, local authorities, NGOs, civil society and the community) at the earliest opportunity. This helps tap into local technical and financial resources in support of community initiatives. It also ensures that local knowledge is incorporated into design. Additionally decentralized approval and disbursement minimize process delays so communities accrue subproject benefits quickly. This increases support and results in sustained program momentum.

#### **Strengthen community-based organizations**

CBRD programs rely on strong CBOs that represent the needs of members. Experience indicates that those local institutions with clear lines of responsibility, open decision-making processes and direct accountability to the community have improved service provision, use resources more effectively and are more sustainable (Ostrom, Schroeder and Wynne, 1993). It is also important that CBOs have the managerial and technical skills required to undertake their required tasks. Training and capacity building of CBOs to achieve these goals should be an important component of the CBRD strategy, however, training and capacity building should be demand driven rather than supply driven as is customarily the case, and requests for support should emanate from CBOs as they engage in learning by doing and face technical and/or administrative obstacles associated with an inadequate skill base. Most importantly, community organizations should be self-selecting in order to improve their focus and internal cohesion.

#### **Increase the technical capacity of all stakeholders**

One of the most important impacts of CBRD is that it improves the capacity of CBOs to sustainably provide goods and services to its members. This is often possible through links and partnerships with responsive government and non-governmental organizations. Therefore, capacity building of CBOs and strengthening partner organizations are issues that merit greater attention.

Empirical evidence shows that *learning-by-doing* is the fastest way for individuals to build capacity and strengthen local organizations. Another important reason for devolving responsibilities to communities is because it frees the program from the administrative burden associated with scaling up. Unless responsibility for implementation arrangements are handled by local organizations, the supervisory and administrative burden on the facilitating agent becomes overwhelming and reduces its capacity to initiate work with new communities. The aim should therefore be to transfer responsibility for implementation to local organizations so that they can build internal capacity to independently raise user fees, operate, and maintain the subprojects.

#### **Box 8 Demand-driven Capacity Building Programs**

Demand-driven capacity building programs can strengthen local communities and networks of skills. One way to enhance local capacity is through training and practice. Local institutions can be allowed to use a portion of program funds, or their own funds, to contract for technical expertise they feel is appropriate to their specific requirements. This technical help can often be found locally and can be acquired quicker and cheaper than from central or regional sources. Similarly, communities (or regional groupings of communities) can be given block grants for their own capacity-building training programs. They can purchase the training they need to fill the gaps that they have identified in their own management and technical capacity. They decide whether to buy the training for local, regional, or central institutions. Using local sources enables a local network of technical expertise to develop. This local network can be tapped more efficiently for maintenance of existing and new programs in the future.

Source: Kerr, G. 1999. "Local Technical and Managerial Capacity" in *Decentralization Briefing Notes*. WBI Working Papers. World Bank Institute: Washington DC.

#### *Encourage innovation through flexible designs*

Flexibility in design, often through piloting, is essential to allow systems to evolve and better adapt to local demand and capabilities. For example, in Brazil, flexibility in the institutional arrangements, combined with regular monitoring and evaluation allowed the program to evolve and better adapt to local demand. In Zambia, the SRP is now experimenting with more direct capacity building and integration of local governments into the project cycle. In both Moldova and Albania, a pilot phase was included in project development and proved extremely important for refining operational procedures before offering the program nationwide.

As part of this learning process, *direct feedback from the community* on program performance is essential. Most successful programs routinely conduct beneficiary assessments, focus group interviews, client surveys and other forms of evaluation that provide policy makers and program managers with information on whether investments reflect community priorities, the level and type of participation, as well as sustainability and impact.

#### **Streamline and decentralize approval and disbursement processes**

In most successful scaled up CBRD programs, approval and disbursement processes are decentralized. For example, in the RPAP, allocative and disbursement decisions for resources occur at the local government level through the municipal council (comprised predominantly of community representatives). This decentralized process reduces delays, ensuring that local groups can access benefits of the programs relatively quickly, and program momentum is maintained. In addition, coordination difficulties associated with managing resource allocation across a wide range of projects and localities are reduced through decentralization. Increased speed and ease of approval and disbursement processes ensures that CBRD programs more amenable to being scaled up.

### **Adopt clear project procedures, and simplify processes**

Consistent, clearly defined procedures help to avoid confusion and minimize administrative complexity. It is good practice to clearly outline and widely disseminate these guidelines in an Operational Manual. Although each project or activity should be locally adapted to incorporate indigenous knowledge, processes can be simplified by the preparation of standard project designs and unit costs. Simplifying processes in this manner reduces complexity, and facilitates scaling up of CBRD programs that comprise thousands of very small subprojects. The Brazil RPAP uses standard designs and/or technical recommendations for the most requested subprojects with considerable success.

### **Regularize monitoring and evaluation of programs**

Systematic monitoring and evaluation of program processes and outcomes is critical for ensuring that programs continue to grow and adapt to changing conditions. This is particularly important where programs are being scaled up—monitoring systems supply the necessary information and feedback to ensure that processes are appropriately modified to the needs of different localities, and that potential bottlenecks or problems are identified and overcome early before becoming constraints to expansion. Most programs monitor physical and financial progress, but should also consider quality of participatory processes, and indicators of effectiveness of local institutions and economic impact of activities.

### **Create channels for flows of information**

Communities and stakeholders should be provided sufficient information to weigh trade-offs, and make realistic selections from a range of options that meet their needs and fit prevailing local conditions, culture and available operation and maintenance capacity. Solutions should be designed so that they are affordable to the community—in terms of capital investment and recurrent costs. (Kessides, 1997)

<b>Table 1: Information essential to community based rural development</b>	
Program contents and rules	Communities should be well informed about the program content including the conditions and terms of CBRD programs. This helps to mitigate the risks of manipulation by politicians, government officials, contracting agencies and local elite.
Technical information	Communities require technical information and support, including accounting and managerial skills required for CBO decision-making and implementation of activities.
Good practices	Although CBOs learn by doing on their own, the pace of learning and quality of implementation can be increased if CBOs are given the opportunity to learn from the good practices and innovations of other CBOs.
Linkages with government and market	The longer-term agenda of CBRD is to link communities to the state and the market—an essential component of any CBRD program should therefore be to provide communities members with knowledge and information required to conduct transactions with both the government and market organizations.

Support to community based rural development is as much about facilitating flows of information with all groups in a community as it is about facilitating flows of funds. It is often the lack of information that most significantly limits community organizations' capacity to play a part in the development enterprise (Tendler and Serrano 1999; Krishna et al, 1997). Empowering communities by making financial

resources available is unlikely to be successful unless community organizations know that such resources are available, and how to use these resources productively and efficiently.

Information concerning the program should be widely disseminated—this is critical for stimulating and mobilizing demand. Clustering is a very effective means of passively drawing upon traditional communication networks between local people to achieve informal farmer-to-farmer and village-to-village exchanges. Other more formal mechanisms include media communications campaigns and focused village-to-village demonstration and exchange programs.

*Media communication campaign:* A media communications campaign can raise awareness about a program's objectives and potential benefits. The objectives of such a campaign should be to (i) create awareness of the programs' existence and operational guidelines amongst all potential beneficiaries, civil society, NGOs and all levels of government; and (ii) to allow communities to become involved in the planning and implementation of subprojects in an informed and participatory manner. Media campaigns have additional benefits such as enhanced transparency, reducing the potential for powerful individuals to capture benefits. Widespread information dissemination also avoids problems of unwanted intermediation, or the use of privileged information by intermediaries. Campaigns need to be appropriately designed for the given social and cultural environment. They also need to enable the illiterate, the poor, and women to understand and access messages.

*Village to village exchanges:* Exchanges between villages can be used to replicate the program approach by generating demand through demonstration—where individuals from other communities can observe first hand the potential benefits of participating in the program, and the processes involved.

### **Develop and sustain an exit strategy for external support (Graduation)**

A clear distinction must be made between support services that are recurrent or permanent in nature and those that are temporary. For recurrent services, sustainability requires putting in place permanent institutional and financing arrangements from domestic sources, at cost levels that can be supported over the medium and long run. Temporary services, such as the initially intensive capacity building of community-based organizations and of their external linkages, do not require sustainable financing or permanent institutional structures. However, explicit exit strategies still need to be in place to avoid creating a dependency between communities and mechanisms of external support.

#### **Box 9 Graduation from the Brazil Rural Poverty Alleviation Program**

It is estimated that about 25% of all community associations in the 8 states participating in the Brazil RPAP have graduated from the program and have begun accessing alternative sources of funding for investments. Those associations that have are essentially set aside from consideration for funding of additional subprojects by the FUMAC Council. This process occurs through the normal deliberations of the Councils, which must target and give higher priority to investment requests from those communities that have not benefited to date or have benefited less than others. While such graduation has been occurring informally for a number of years, the new projects will introduce more formal/standardized criteria to accelerate and institutionalize the process.

Source: Van Zyl, et al. 2001.

### *Developing a sound financing strategy*

The optimum financing strategy for each CBRD program will vary, but should include considerations related to the affordability of subsidies if they are taken to scale and, at minimum, partial cost recovery principles. This may require examining private financing alternatives, or advocate mixed approaches that employ a complementary blend of public and a variety of private financing options. Considerations for developing a suitable financing strategy are listed below:

- *Set minimum levels of community contribution and maximum grant levels.* Effective and non-distorting local financing requires the establishment of sector specific policies that set minimum levels of local contributions and maximum levels of grant (based on poor people capacity-to-pay constraints, subsidy affordability constraints, and cost recovery principles) to make communities eligible to receive matching grants. It is critical to recognize that financial policies on minimum levels of local contributions need to vary from sector to sector, to capture the higher local financing potential of the more ‘private’ local services.
- *Eliminate subsidies for private goods and services* that could be provided on a fully commercial basis. This would require setting clear sector policies that specifies that those goods that can be commercially provided by the private sector be removed from the menu of services that CBRD grants can finance.
- *Support development of viable financial institutions* aimed at reaching the poorest allowing local borrowers to afford higher contributions to costs. Promote extension of credit services also to local private entrepreneurs for investment in local services.
- *Maintain arms length between grant programs and institutions providing financial services* in order not to erode the financial discipline of credit institutions.

#### **Box 10 Financing and Resource Allocation: The India, Uttar Pradesh Swajal Rural Water Supply and Sanitation Project**

Swajal only provides grant financing. Construction grants are allocated in tranches to all villages that have qualified for the implementation phase of the project. The community contribution to the capital cost of water supply schemes is 10%, which can be made in cash, labor, or kind. This is the first time in India that project communities are contribution towards the capital cost of water supply schemes. For latrines and other individual assets, like compost pits, the individual household contributes 40% of the capital cost. Community management of funds has increased transparency and greatly helped in reducing the misuse of funds traditionally associated with public sector service delivery in India. In addition to contribution towards the capital costs, the communities undertake full responsibility for operation and maintenance (O&M) of the water supply system, including paying all its costs, and hiring and training a villager to undertake minor repairs. In order to afford this responsibility, the elected Village Water Supply and Sanitation Committees (VWSCs) levy user charges at differential rates from both house hold connection holders and public tap stand users.

### **Box 11 UNCDF Financing of Local Development Funds (LDF)**

Most UNCDF funding for investment within local development programs will be channeled to local governments on an annual discretionary block basis—as under the financing model for local development funds. But several new elements of the future financing strategy have emerged from lessons to date.

*Local discretion versus earmarking in the use of funds.* In most cases the bulk of funds will be allocated as unconditional or development grants, giving local authorities discretion—within agreed limits—as to their use. As noted, however, in some cases they may be complemented by other, more conditional transfers for specific sectoral or thematic purposes.

*Scale of financing.* The level of funding, through all grant windows, should be consistent with the volume of transfers that can be sustained in the long term or replicated in other areas. Thus it should be calculated for the size and composition of the national development budget, including donor contributions. Also, investment funding must be sized in line with recurrent budget availability (a particular constraint for investments, such as district roads, that cannot be maintained by users).

*Objects of financing.* A flexible range of financing objects will be maintained, with provision for “software” development and capacity investments in activities other than infrastructure. However, routine recurrent expenditures will still be excluded. Where financing is for investments related to natural resources or production, efforts will be made to ascertain that these generate collective benefits and positive externalities and that they cannot be funded through other credit schemes.

*Channeling and management of funds.* To ensure sustainability and transparency, all funding will be channeled through existing procedures for central-local transfers, as far as possible and as far as they exist. Similarly, at the local level funds will be held in local government accounts and managed and disbursed according to statutory procedures. Often, of course, there also must be provision for specific training and capacity building in local financial management, monitoring and audit.

*Information on available funds.* Procedures will be laid down so that all parties receiving funds (local authorities or lower-level bodies) are informed of the volume available (and of the rules for access and use) before they start planning and prioritizing. This ensures that local decisions are made within a defined budget constraint and that the opportunity costs of resources are properly weighed.

*Local financing.* Funding arrangements will continue to aim at mobilizing local resources, whether by requiring communities to make contributions in cash or kind or by matching allocations by local authorities from own resources. All new programs will also devote resources to building capacity for better local revenue mobilization and administration. This will entail training and support to improve local tax collections and devising cost recovery procedures (levies, user charges) for investments and services that allow this.

*Access conditions.* There will be more systematic application of access conditions, whereby local authorities will have to satisfy agreed criteria before receiving funds. These conditions will usually relate to both procedural compliance (for example conformity with official financial management and accounting practice and standards, with agreed participatory procedures) and policy compliance (that investments reflect agreed priorities).

*Public finance best practice.* Program financing should generally embody the basic lessons of best practice in local public finance. That is, allocations should be formula driven and transparent, with incentives for good performance.

Source: United Nations Capital Development Fund. “New Directions” in *Taking Risks*. Communications Development Incorporated: Washington, DC.

## **Financing Community Based Rural Development**

Financing for community based rural development has traditionally been provided in the form of public sector grants, heavily subsidized by external donor support. Given the growing evidence that community-driven investments result in greater sustainability at substantially lower unit costs than centrally-managed investments, encouraging governments to shift investment resources towards community-driven approaches promises to increase the overall efficiency of public expenditures as well as allow them to stretch resources over greater numbers of communities.

At the same time, the financing requirements to improve access by the poor to poverty-reducing services far outstrip the availability of public funds. In the water supply sector alone, it is estimated that assuring universal access to potable water would require yearly investments of at least US\$180 billion, while total current investments in this sector in the developing world amount to less than US\$70 billion annually (\$50 billion of domestic public funds, \$15 billion in private investment, and \$9 billion in foreign aid funds). Even if public financing of poverty reduction efforts were to increase, it is likely that the amount of investment required will continue to outstrip the availability of public finance.

It is therefore important to finance as much of the poverty reducing investments as possible through alternative financing mechanisms, including private equity (commercial equity and community contributions) and financial credit. This will ensure that grants remain focused on those things that cannot be financed through alternative means, and in those communities most needing subsidies.

## **Mainstreaming and Sustaining Community Based Rural Development**

In the World Bank experience, projects implemented with community based techniques discussed above have contributed to poverty reduction by:

- Building social capital and increasing empowerment of the rural poor;
- changing the way citizens and government view one another; and
- increasing access to physical, social, and economic infrastructure

The challenge now is to translate social capital into economic capital. based activities into higher incomes, and by extension, higher government revenues, increased private sector investment, established ties with credit institutions, etc.

### *Sustainable Community Based Rural Development*

For a development intervention to be successful, it must survive and thrive beyond the life of a project or be mainstreamed into the agendas of national and subnational governments and all the relevant stakeholders. For years, development institutions have grappled with the issue of sustainability in their projects and programs. For the purposes of this discussion, we divide sustainability into two major areas: sustainability of project outputs and of project impacts.

#### **Sustainable project outputs**

The key to more sustainable project outputs—infrastructure, crop yields, natural resource management, etc.—has been addressed through the careful design and implementation of community based projects

projects. Getting “buy-in” from project beneficiary and involving all relevant stakeholders, especially those at the local level, is one strategy for achieving sustainability. Evidence from the field has shown that when local stakeholders and beneficiaries are engaged in the development process, the sense of *ownership* increases and communities are more likely to operate and maintain the output. While CBRD is relatively new in the Bank experience, projects have observed a high sustainability rate—functional water systems, bridges still standing, processing plants still operating, etc.

### **Sustainable project impacts**

Community based rural development creates a significant amount of social, human, and physical capital at the local level. In the case of social capital, the key issue for projects entering a second-generation phase is how do we use that it to generate sustainable poverty impacts. The Bank’s experiences to date have focused on creating particular interventions—especially small-scale physical and social infrastructure. The challenge for community development now is to not only design effective programs (although clearly important), but to mainstream the social capital and the capacity created by these interventions—linking them to viable local government institutions, to markets, and to credit—enabling community organizations to diversify their economic livelihoods and influence local government and local resource mobilization and allocation.

Mainstreaming CBRD neither requires larger CBOs nor faster implementation.<sup>11</sup> Rather it refers to coverage of beneficiaries, and applying the approach to cover a larger number of communities or localities. Community level institutions remain at the heart of successful large-scale CBRD programs. The ultimate challenge to CBRD is to achieve sustainable results at the grassroots level using beneficiary participation, while at the same time, operating on a large scale (Esmail, forthcoming). There are trade-offs to scaling up, some of which can be overcome by applying the principles and techniques listed in previous sections, but the Bank and other development partners are pursuing avenues toward this goal.

### *Linking CBOs with responsive government*

Although most CBRD activities occur at the community level and are highly dependent on CBOs, sustainable programs require that CBOs be strongly linked to responsive domestic support agencies (e.g. local government, NGOs, private sector, central government). These linkages are important to improve service delivery and assist with longer term sustainability (particularly where services are provided as part of a network—e.g. roads—or where compliance with national standards is important, e.g. education) or where supplemental public financing is warranted to support programs (e.g. where goods are of a more ‘public’ nature, as in the case of primary health care, education, environmental programs, etc). Strengthening linkages may in turn strengthen the capacity and viability of formal institutions, so that they can better perform their respective responsibilities in support of community-level services.

### **Linking with broader decentralization reform**

Decentralization of authority and responsibilities from central to local governments is a worldwide phenomenon that has gained momentum in developing countries as a result of the failure of centralized systems of government to deliver development. In many countries, decentralization has been part of the democratization process or has evolved as a response to pressures from regional or ethnic groups for more participation in the political process. In still other instances, decentralization has been part of an attempt

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<sup>11</sup> Though both of these may be intended or unintended consequences of mainstreaming.

to keep the country together by granting more autonomy to districts in the face of regional pressures. In many countries, decentralization has also been motivated by the need to improve delivery of services and by the recognition of the limitations of central administration (WB Decentralization website, 2000).

Accountable local governments working together with other local, regional and national levels of government, the private sector, and civil society can enhance the quality and efficiency of service delivery and sustainability of community-driven approaches. Local governments are ideally positioned to facilitate coordination across communities within their jurisdiction. When communities partner with local government using participatory planning and problem-solving processes, it is possible to capture positive spillovers from district-wide development activities, including achieving economies of scale in producing and providing goods and services that could not be achieved by independently operating CBOs. Partnership with well-managed local governments can also provide communities with access to more development funds and more instruments for financing development.

**Box 12 Linking CBOs with Local Governments: Kecamatan Development Program, Indonesia**

The Kecamatan (sub-district) Development Program (KDP) is addressing long-term structural poverty in Indonesia through targeted decentralized block grants. The project has committed to an approach based on administrative units as a means of making a systematic commitment to administrative decentralization. It also decided to work through a community-based rather than contractor-based system on two grounds: (i) comparative surveys in Indonesia showed that community conceived and managed infrastructure projects cost less for the same quality; and (ii) it was felt that in terms of governance, the community-based model offered a means of building community capacities and linking community planning to Kecamatan planning processes.

The core of the project's institutional arrangements lies in the relationships between the kecamatan and the village levels. Villages submit project proposals to the kecamatan where they are reviewed and prioritized by the Kecamatan Council of Village Heads (UDKP) to which villages elect representatives. These councils also monitor project progress. In addition to the formal leaders, villages also send three representatives (two of which are women).

Funds are channeled via a different structure, from the national to the district level branches of the Central Bank, and then to the kecamatan level branches of the Bank Rakyat Indonesia (BRI), a government Bank with national coverage. Each village has its own account at a branch of BRI.

In each village the project supports two facilitators who are the lynchpin of the project. They are selected by the village and trained by the project. Their main role is to disseminate information on the project to village groups (especially marginalized groups), and in some areas they also assist in developing projects. They also organize village and UDKP meetings, and supervise project implementation. The project also supports a facilitator in each kecamatan and kabupaten (district). The kecamatan facilitator assists in a range of activities such as project design, establishing and handling bank accounts, and overall coordination. Facilitations help communities build linkages with other agencies, in particular government.

### **Box 13 Afogados da Ingazeira, a Model FUMAC-P Council**

The experience of Afogados da Ingazeira with popular representation and participation has been unique and long lasting. The historical roots of this experience go back to the 1960s, when the process of community mobilization and organization started in this municipality, which is located in the northwest region of Pernambuco. For several decades, however, the movement that started this process remained informal and limited to a minority group. It was politically opposed by local and state elites, and often publicly and forcefully repressed. Its past, in fact, abounded with drama and violence. But since the mid-1990s, with the advent of the reformulated Northeast Rural Development Project and its successor, the RPAP, popular participation has found firmer ground. Afogados da Ingazeira was one of the first municipalities to participate as FUMAC in the Pernambuco R-NRDP and since then, community organization and popular participation in decision-making for public investment have flourished.

The FUMAC Municipal Council was established in July 1995, with 17 members representing the ten development “poles” that constitute the municipality. Not long after, it became the Municipal Council of Community Development (*Conselho Municipal de Desenvolvimento Comunitário*, CMDC), involved not only with FUMAC but also PRONAF, another Federal Government program supporting small-scale agriculture. In August 1996, it took the form of the all-inclusive Municipal Council of Rural and Urban Development (COMDRUR), whose official status was definitively acquired in 1998. The log-book where minutes and proceedings of all Council meetings are recorded is 300 pages long. It offers a fascinating account of how the Council has evolved over the years. Throughout their rich history, however, two major concerns seem to have been on the mind of Council members.

The first concern has always been to improve the mechanisms for enhancing popular representation and community participation in the process of decision-making. To this end, COMDRUR members have never been loath to revising, where necessary, articles in the Council’s by-laws and statute. When the original articles did not work in practice or did not lead to expected results, changes were introduced with the aim of reconciling the principles of democratic and wide popular representation combined with strong community participation, with those of successful and efficient action. The latest adjustment, which took place at the time when Afogados da Ingazeira was selected to be one of the FUMAC-P municipalities in Pernambuco under the RPAP, led to the establishment of several sub-groups of the Council: a Popular Forum, an Executive Commission, a General Coordination Group and Technical Support Groups.

The Popular Forum has an extensive membership. It includes representatives of every association and social group formally or informally organized in the municipality, representatives of municipal and state agencies, credit institutions, and local authorities. Meetings are held regularly, four times a year, and are open to the general public. It is not unusual to have 150 participants, who can debate on any issue that is deemed important for the municipality. The Popular Forum represents a high deliberative instance of public programs as well as an arena of strong partnership between civil society and government. It draws up an outline of public policy, establishes priority objectives and decides what kind of action should be taken to meet those objectives. The Popular Forum evaluates the performance of local government in general, and of COMDRUR’s Executive Commission in particular. It is the decision-making arena where all segments of local society choose what investments FUMAC-P should be funding.

CBOs that are empowered to represent the interests of poor people can increase the voice of poor people in local governance. This can increase the accountability of local governments to the poor, and thus increase the responsiveness and effectiveness of local governments as instruments for poverty reduction. Strong CBOs also help create accountability norms and leadership patterns, which help improve the quality of governance at the local level.

### **When should CBRD programs embark on broader government reform?**

It is important to note that the World Bank—or any other development institution for that matter—has never caused a government to decentralize. The decision to decentralize or not is a political and legal decision that impacts every other aspect of a country, including its economic development. The decision belongs to the country government alone. The World Bank’s role is to support this reform by showing

successful institutional models for reaching the rural poor, delivering services, and stimulating economic activity—community based rural development is one of those models. Piloting new institutional models and providing timely and accurate information for a government considering whether or not to embark on such a reform is the most important action that the Bank can take. When a government does commit to decentralization and other reforms, the design of projects can support the governments efforts. Capacity building and communications will be a primary activity in such a program, as linking community based rural development with a newly decentralized government structure requires every actor in a system to change their behavior. The UNCDF experience in Uganda showed that helping the government design a system of intergovernmental fiscal transfers and communications and information campaigns became the most important activities in their district development program.<sup>12</sup>

### *Linking with Markets and Credit Institutions*

Anecdotal evidence has shown that CBRD interventions can positively impact economic productivity—increasing yields, allowing for more efficient processing, etc. Our next challenge, as mentioned above, is to translate increased productivity into increased incomes for rural citizens. This requires linking communities with markets and with credit, which requires a change in the way we think about CBRD, adopting a longer-term vision of the ultimate impacts the Bank seeks to have in an area.

Successfully marketing agriculture and other goods is not an easy undertaking that includes acquiring and maintaining adequate storage facilities, arranging timely and appropriate transportation, accessing market information and negotiating with intermediaries or directly with customers for a fair price, and other a myriad of other activities. If one link in the supply and marketing chain breakdown when getting to market, the difficulty of the endeavor and the time it takes increases substantially. The capacity developed by many community based rural development projects is frequently insufficient to allow group members to operate in the market. Even communities that are trained in financial management and accounting procedures usually lack some necessary complementary skills. Other options are discussed in the section below.

The majority of the rural poor lack access to credit due to lack of collateral, lack of physical access, and the high transaction costs of doing business for relatively small loan amounts. In the Bank's experience, some individuals and community organizations have graduated from programs to access credit, but these are in a minority. One way that is currently being piloted through programs in Brazil and India. Using the program's monitoring and evaluation process, community groups are rated on the basis of their performance in planning and implementing a subproject, financial management, dispute resolution and other criteria. This rating system provides information to credit institutions on the reliability of a community group to repay a loan. The Andhra Pradesh District Poverty Initiatives Project is one such project piloting this system, and will be project to watch in the future.

The next section describes new directions for community based rural development that seeks to address the complexities of linking with government, markets, and credit.

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<sup>12</sup> Laura Kullenberg. September, 2000. Personal interview.

#### **Box 14 Baraúnas – A Story of Progress**

The municipality of Baraúnas is situated in the western region of the State of Rio Grande do Norte in the semi-arid zone of Northeastern Brazil. Until the mid-1990s, the municipal economy was based on subsistence agriculture and on agro-livestock activities, mainly cattle and goat herding, and was repeatedly decimated by frequent droughts. Landholding was highly concentrated, with numerous large properties lying idle.

The 1980s initiated an intense movement for land reform in the municipality, resulting in the expropriation of five large farms, which were re-distributed among 164 poor rural families. At the beginning, they lacked electricity, and drilling deep wells was costly. Rainfed agriculture was insecure and brought low returns. During periods of drought, the settler families resorted to State and Federal drought emergency programs for assistance. Subsequently, electricity and water supply infrastructure were installed, partly by the National Institute for Colonization and Agrarian Reform (INCRA) and partly through other programs including the Bank-financed NRDP. However, despite owning their land, the settlers remained poor. From 1995 onwards, the NRDP began to finance small irrigation subprojects. As well as increasing their output and income, these subprojects sought to train these producers in irrigated agriculture, as well as the production and marketing of quality products, especially melon. The Association delivered quality technical assistance--still being provided today--to the settlers for the Support of Rural Communities (AACC), under contract to INCRA. Most importantly, the RPAP-financed subprojects helped settler associations to leverage other funds including from banks, and served an important educative purpose.

Initially, middlemen marketed the settlers' melons at low prices. With the support of AACC, the associations established marketing agreements with melon exporting firms such as MAISA, a well-known Brazilian agro-industrial conglomerate. The export firms supplied inputs and packaging materials and under forward pricing agreements, paid the producers R\$2.50/12 kg box of melons. With good productivity and high quality melons, this has been a profitable business for the participating families and prompted its replication by the RPAP in other land reform settlements in Apodi and Mossoro. The three municipalities combined have 12 land reform settlements with a total irrigated area of 340 ha, benefiting 666 families. Current production is impressive: 3,750 tons of melons, 4,500 tons of watermelon, 1,018 tons of mango, 771 tons of guava, 43 tons of cashew nut and over 500 tons of other tropical fruits such as acerola and graviola.

Pricing problems with the purchasing firms prompted the associations in 1998 to establish their own agro-livestock cooperative (COOPAB), to directly market members' production. From 1999, with the support of AACC and World Vision (an international NGO), COOPAB began to export part of its melon production (50,000 boxes) itself, at better prices. As an exporter on its own account, COOPAB pays individual producers R\$3.00 per box and receives US\$3.00 (about R\$5.00) for each box exported. Profits are distributed among coop members. Meanwhile, for those producers still selling their melons outside COOPAB, the Cooperative's presence in the market has been fundamental in their obtaining better prices for their products: the same firms which had been buying their melons at R\$2.50 per box, began to pay R\$3.00 and subsequently, R\$3.50 per box. The target of the Cooperative is to export 300,000 boxes per year, or 80% of the combined production of the 3 municipalities. Before working with irrigation, settler family income was equivalent to less than one minimum wage. Today, it has increased to three minimum wages, greatly improving their standard of living.

Source: Van Zyl, et al. 2001.

### **Box 15 Vila Paraná - A Community Ready to Compete in the Global Market**

Vila Paraná is one of 22 communities settled in 1973 through the *Projeto de Colonização* of Serra do Mel, in the northwestern part of the State of Rio Grande do Norte. Attracted by a variety of incentives accorded by the State Government, 1,196 families received individual plots of 50 ha, of which 15 ha were already planted with cashew nut trees. Since then, much development has taken place in Serra do Mel. Cashew nut plantations now occupy a total area of 25,000 ha, with annual production of cashew nut *in natura* (unprocessed) as high as 10,000 tons.

In the late 1980s, farmers in Serra do Mel began to process cashew nut using small, semi-artesanal, family units developed with the help of the *Associação de Apoio às Comunidades do Campo* (AACCC), one of the most active NGOs in Rio Grande do Norte. But such individual family units competed with difficulty in the market. At the end of 1998, therefore, the association representing the 46 families of Vila Paraná presented a request, through the local FUMAC Council, for a subproject to set up a larger scale cashew nut processing and marketing center (*central*) for the community. The proposal was approved and financed by the RPAP at a cost of R\$15,400.

Individual producers now take their cashews for further processing, grading and marketing in the *central*. The quality of the final product is superior, and more in conformity with international market demand. The price difference obtained by the producers is also substantial: they now sell their processed cashew nuts at an average price of R\$9.2 per kg to the *central*, compared to the R\$7.5 per kg received previously from intermediaries. The average export price is US\$6.58 per kg (about US\$11.00).

Even more importantly, the association now has a guaranteed market for its cashew nuts after it entered into a contract with a large company in São Paulo (the most important marketplace in Brazil) that agreed to buy the whole annual production of Vila Paraná at an average price of R\$11 per kg. Since final processing, grading and packaging cost only R\$0.5 per kg, the association retains R\$1.3 per kg for re-investment. Currently, 13.2 tons of cashew nut is processed each month. The association hopes to increase its output by processing as much as 40 tons a month by the end of 2000.

The *central* employs 25 people from the community, 19 of whom are women. Each receives a monthly salary of R\$154, which is 13% higher than the current minimum wage in Brazil. When asked if local intermediaries can still buy unprocessed cashew nut in the area, the president of the association, familiarly called o Zeca, replied: "Maybe elsewhere than Vila Paraná, because here no producer sells his cashew nut outside the *central* anymore."

In January 2000, Dutch businessmen visited Vila Paraná and, recognizing the high quality of the cashew nut produced in the *central*, initiated contractual arrangements that will allow the association to export their production to Europe. Thus, RPAP support for productive infrastructure and collective action is demonstrating how even poor rural families in the Northeast can enter and participate in the global market.

Since 1995, the RPAP has financed over 250 family processing units and three marketing centers in the municipality of Serra do Mel. There are, in fact, around 500 processing units that process cashew nuts produced either on site or acquired from other producers in other municipalities. Each processing unit, which employs four family members, has the capacity to process 100 kg of raw cashew nut per day or approximately 2,000 kg per month, with the production of 20 kg of processed cashew per day or 400 kg per month, generating family income of US\$1,212.00 when the raw nut is purchased from other producers or US\$2,112.00 when the nut is produced by the processing family itself. The major part of the nut production is still being processed for the domestic market. Even for domestic sale, family processing of the raw nut is highly advantageous. The 5 kg of raw nut needed to obtain one kg of processed cashew costs around R\$3.94, while the kilo of processed cashew is sold at around R\$7.50 in the domestic market or R\$9.20 when exported, resulting on average, in a doubling of family income.

Some 53 cashew nut processing subprojects have already been financed with Bank resources in Rio Grande do Norte, of which 25 were financed under the NRDP and another 25 under the RPAP, benefiting a total of 2,359 families. With each processing unit employing four family members, about 9,436 jobs have been created. The potential annual processed cashew production capacity of beneficiary families is 9,436 tons, worth around R\$75.5 million.

Source: Van Zyl, et al. 2001.

## *New Directions for Community Based Rural Poverty Reduction*

Community based rural development is committed to successfully converting social capital into economic capital. To do so, the emphasis will expand to examine the modalities of linking with governments and markets as described above. Activities thus far have created the social capital—the momentum for further change. Communities have focused on “filling in the gaps” that will allow them to be healthier, more productive, and to take more risks in economic development. First generation CBRD has focused on providing access to necessary infrastructure and social capital. Communities are now eager to become more productive and pull themselves out of poverty. To answer that need, CBRD will examine new institutions and organizations and new technology that can help communities achieve their goals.

### **The Role of Information and Communication Technology**

A new area of information and communication technology supported community based rural development is emerging in response to some of the key concerns expressed by organizations of poor people. Four important questions have emerged:

1. How can poor people’s knowledge and concerns inform global decision-making?
2. How can global knowledge and resources support poor people’s grassroots initiatives, social and economics entrepreneurship (e.g. E-commerce)?
3. How can donors help poor communities connect and form alliances that support cooperation among them and enable knowledge sharing and information exchange?
4. How can foundations, the private sector, and venture capitalists learn more about poor communities and their needs to capitalize internet-based social and economic entrepreneurship?

The digital economy tends to stop at big towns, which peri-urban and rural areas left out. Traditional forms of participation and community organization are inadequate for IT led development. Current educational approaches for computer education are inadequate and inappropriate for rural and peri-urban areas. In addition, public service in urban areas are increasingly being influenced by IT while the rural areas are being left behind.

#### **Box 16 Village Phones Programs—Grameen Telecom**

Grameen Telecom Pilot Project in Bangladesh is a joint venture between the Grameen Bank and Norwegian Telecom. It involved 950 village phones to women’s groups, providing access to more than 65,000 people. The cost of a trip to the city to make a call ranges from 2 to 8 times the cost of a single phone call—real savings for poor rural people of between \$2.70 and \$10 for individual calls. An operator makes \$2 per day and \$700 per year on average after covering all costs. It brings in 3 times as much revenue as urban cellular phones. The program is also the best technical solution for rural universal access under the current regulatory and commercial circumstance.

Source: “Promoting Participation, Empowerment and Entrepreneurship through IT” Presentation by Parmesh Shah, Participation Coordinator, Social Development Department, World Bank. 2000.

CBOs, federations of farmers, and other community groups are showing increasing interest in the integration of IT with their enterprises but need support in terms of connectivity, content development and venture capital. Currently, most of the innovations that support IT led rural development are taking place in more populous countries with large reservoirs of IT educated citizens and entrepreneurs—Brazil, India, and China. Viability in smaller areas/countries is an issue.

*Key approaches being piloted and scaled-up.* A number of innovated approaches are being implemented. These include: (i) Increasing the intensity of communication and IT related enterprised at the village level under the Village Phones—Grameen Telecom program in Bangladesh; (ii) Increasing computer training in schools and polytechnics in rural areas and urban slum areas (Agrasar—MP, India, CDI—Rio De Janeiro, Brazil); (iii) Establishing a functional network of cyber dhabas to bring information, services and enterprises together for development (TaraHaat—MP, India); (iv) Connecting grassroots artisans and their communities to markets (PeopLink); and (v) Franchising cyber dhabas to local entrepreneurs (Skumars—India)

#### **Box 17 TaraHaat—MP, India**

Tarahaat is a non-governmental initiative in Madhya Pradesh, India. It's work involves establishing a functional network of cyber dhabas and delivery systems in villages and peri-urban communities. It is a web portal which brings information, services, and enterprise together for community development. The main components of this approach are:

- **Information based Services** including: providing land records, crop forcases, weather forecasts, prices, sources of development assistance, pest and disease reporting, harvesting and procurement schedules for villages etc.
- **Family based services** including: postal service, job advertisements, mobile healthcare, and a rural 911 emergency response service.
- **E-Governance** services include providing subsidy and loan forms, government records and services.
- **E-Commerce** services such as financial transactions, delivery of goods at the village level, input supply, marketing of produce (including direct linkages with national and global markets) and credit and crop insurance.
- **Venture Capital and “Know How”** services such as enabling setting up of mini enterprises, and providing start-up funds and advice.
- **Educational services** including distance learning and computer education.

Source: “Promoting Participation, Empowerment and Entrepreneurship through IT” Presentation by Parmesh Shah, Participation Coordinator, Social Development Department, World Bank. 2000.

To sustain these emerging efforts, the World Bank and IFC should give greater attention to IT services for rural development, and the infrastructure necessary for IT. Areas which need technical and financial support include: E-governance and public service delivery; computer education for rural and semi-urban areas, effective community organization through IT; scaling up community based economic entrepreneurship using IT; promoting entrepreneurship through venture capital support and mentoring; and developing low cost and accessible telecommunication and IT infrastructure services to increase connectivity in rural and peri-urban areas (including micro-enterprise development in IT related services).

### **The Role of Federations**

Just as community based organizations fulfill needs that the members would otherwise not achieve individually, so federations can address needs that CBOs cannot achieve due to capacity, scale and complexity, etc. As mentioned in the section on access to markets, there are activities that even the most mobilized community group may not be able to undertake on its own. These activities require a higher level of organization. Federations of CBOs are one option can be self-reliant and remarkably sustainable socio-economic groupings capable of establishing productive links with markets, civil society, development agencies, and government line departments. (Mokoli 2000)

Federations can serve a number of useful roles. They can achieve economies of scale by pooling resources to purchase agricultural inputs and other items. Some federations facilitated by AKRSP now

purchase edible oil in bulk at lower prices and pass the savings onto members, easing some of the pressure on meager household resources. Federations can also serve a regulatory function, auditing accounts which provides an extra oversight for CBO members. Federations of rural CBOs can also lobby the government on behalf of their members' interests—bringing them into policy debates from which they were previously marginalized.

*Organizing principles.* There have been failed attempts at working with federations and cooperatives in the past, and it is important to learn from these mistakes and correct them. Federations should not be formed by an external agency—donor or government. These are second generation organizations that development from previous social capital formation efforts. Like community-based organizations, federations should be formed around issues of shared interest and/or benefit. CBOs that envisage a common interest with others should be able to form federations or join existing ones. By joining federations, new or weak CBOs can learn from and obtain support from mature and successful CBOs. Above all, federations must be transparent, accountable, and open to their members.

#### **Box 18 Ensuring Accountability of Federations**

AKRSP's experience shows ways that can keep federations accountable to their members. Federation presidents must be elected from the federation membership and should be actively involved in the activity the federation is meant to support. In other words, the president of a federation of dairy producers should be an active dairy farmer from one of the member CBOs. This keeps the leadership focused on the original purpose of the federation. If a president strays from that focus, the president suffers the consequences like every other member. CBOs that are members of federations contribute to its operating costs. These funds are deposited monthly into the federation's bank account. If a member CBO, is not satisfied with their federations actions, that can withhold funds. This allows poor performing federations to be stopped and reformed quickly, minimizing negative impact on the members.

Source: Apoorva Oza, 2000.

Successful federations, especially those focused on market activities, usually have full time staff whose main task is to represent members within the market. Having a full time staff manage the supply and marketing chain frees up the precious time of members and allows for quick action when unforeseen problems emerge.

New federations should undertake only a few tasks that will demonstrate visible impact to its members in a comparatively short period of time. This "visibility" of impact leads the surrounding villages and community organizations to become aware of the potential benefits of the collective action and it can prompt them to start organizing themselves and "express demand" for inputs from the successful program/project or federations;

### **Box 19 Federations AMUL Dairy Cooperatives (India)**

The AMUL Dairy Cooperatives is a federation of dairy farmers which operates in over 170 of India's 500 districts. The federation has expanded exponentially since it first began in the Khaira District in Gujarat State (India). AMUL has 70,000 village milk cooperatives which are linked in mutually supportive networks with district-level unions, and state- and national-level cooperative federations. Combined, the unions market over 10 million liters of milk daily. They deliver hygienic milk and milk products to urban consumers and provide steady incomes and support services to rural producers. Nearly US \$700 million income are earned by these milk-producing families, most of whom are poor. Twenty-one percent are landless, 66% are small and marginal farmers who operate on less than 4 hectares of land. Over 70% of these milk producers have only 1 or 2 cattle. The average additional income of US\$ 90 per family is very significant considering the national GDP or US\$ 310—rural GDP is estimated to be much lower.

Membership in village milk cooperatives is confined to milk producers, so the management committee and executive committee in each village are selected by these farmers from among themselves (over 2/3 of these farmers are among the poorest groups of rural India). A chain of trucks, chilling plants, refrigerated vans and railway wagons, and processing plants—all owned by the cooperative network—links the producer in the village with the city-based consumer. Dairy cooperatives have also catalyzed road building, and occasionally construct village-approach roads themselves. Some have also set up rural health services for their members, and provide other social and economic services.

*Origins.* The dairy cooperatives can be traced to 1946. The context in the 1940s in Khaira district in Gujarat was that a private dairy had been given monopoly rights by the British colonial government to procure milk from the villages surrounding Anand—then a town of 10,000 population—in order to meet part of Bombay's growing demand for milk. In 1946, local farmers revolted against the dairy because of its unfair dealings with them. To get a better deal for themselves, they organized themselves in to a cooperative, the Khaira District Cooperative Milk Producers' Union. In 1949 this was a group of twenty village cooperatives. The cooperative network continued to expand and in 1965 after a visit, the Prime Minister of India requested that the experience be replicated and scaled-up throughout India. The National Dairy Development Board (NDDB) and the Indian Dairy Corporation and public funds were made available to support the process.

Milk production has almost tripled from 21 million tons in the 1950s and 1960s to the current output of 60 million tons. During that same time, India has moved from a net importer to the second largest milk exporter. Milk is also the second largest source of agricultural income in India, after rice. Much of this can be attribute to the cooperative movement.

Source: Krshna, etal. 1997.

## **Conclusion**

The international evidence presented in this paper clearly shows and demonstrates how a community based approach to rural development can greatly enhance the quality of life in rural areas, and how it can be used effectively to reduce poverty. Design details are clearly important.

Several important components combine to form successful community-based rural development approaches. Communities are central to the process, making decisions over subprojects, setting-up their own accounts, accessing funds from a variety of sources (own, government, and non-governmental), managing and implementing projects. CBOs work collaboratively with a host of other stakeholders especially local and intermediate governments, NGOs, and the local private sector.

Sustainability, mainstreaming, and replicability of CBRD are achieved through links with governments and the private sector. The first link creates sustainability and allows for mainstreaming of local infrastructure, other local public goods, and social sectors such as primary education. Public funds

provide critical long-term budgetary support and/or start-up public investments, even where CBOs commit to the financing or managing the longer term operation and maintenance costs of the created asset. The link to the private sector is crucial for productive subprojects and other income generating activities as these are likely to disintegrate unless market access is fostered.

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## **Appendix. Sample Design Steps for CBRD Programs**

This section provides sample procedures for designing and implementing a community based rural development project. This should not be interpreted as a blueprint for CBRD, but rather a collection of design elements gleaned from successful social funds and demand-driven rural investment funds (deSilva, 1999, World Bank 1995).

### **Project planning and preparation**

*Assess local capacity* (e.g. organizational, technical skills, financial and accounting skills, role of intermediaries, cost benefit analysis, beneficiary contribution). This could be achieved by undertaking pilot activities – and ‘learning by doing,’ or alternately through a formal social assessment.

*Conduct information, education and communication campaign.* At the outset of the project (and on an ongoing basis throughout project life), a publicity campaign, carefully programmed and targeted to participating communities is important to create a level playing field for access to project funds. The information campaign should disseminate information about the project and its procedures to stimulate demand from potential beneficiaries across the state. For those less organized communities, the project, through its institutional development component, could actively extend mobilization assistance through the services of NGOs or accredited state agents (e.g., EMATER extensionists) who know the communities well and can serve as catalysts for organization. These NGOs or accredited agents would assist communities to form groups and provide them with technical assistance for identifying and prioritizing their needs and demands, and preparing and implementing subprojects.

*Ensure community groups are inclusive.* Measures should be taken to ensure that community groups are representative of the interests of women’s and socially marginalized groups. This is especially important where local leadership is not sensitive to the very poor. The project can use intermediaries to assist community groups, and to ensure that community leaders hear the voices of minority groups.

### **Subproject implementation**

*Prioritization and Preparation.* Beneficiaries submit proposals for subproject investments based on priority needs of their communities. Standard documentation for subproject proposals, developed by the Project Unit, would be distributed to the beneficiary associations to facilitate the subproject preparation and screening process. To ensure the quality of the investments financed and to provide guidance to the beneficiaries when preparing subprojects, the Project Operational Manual would contain standardized technical designs, including simple environmental guidelines and cost parameters (e.g., cost per physical unit or per beneficiary) for the most frequent types of investments. Beneficiary associations may request technical assistance for more sophisticated or less common subproject types.

*Community contributions—in cash or kind.* Upfront payment of contributions ensures community commitment to subprojects, and has been shown to enhance long-term sustainability of investments.

*Design.* Standard designs could be prepared to assist communities with design of more commonly requested subprojects. Standard designs will include the following considerations, where appropriate: (a) engineering aspects; (b) technical, financial and economic feasibility; (c) operation and maintenance; (d) recommendations on environmental impact; and (e) social demand. Where standard designs are not applicable, special technical assistance could be recruited to work with community groups.

*Resource Allocation* The appraisal of community subprojects, and allocation of funds should be carried out by an independent body – this could comprise a local government, autonomous agents, community groups or a mixture of these agents. In the North East Brazil program a community council is elected comprising representatives from all concerned communities as well as civil society and local government representatives. Subprojects should be appraised with respect to: (a) compliance with the project's guidelines and eligibility criteria, including those related to the technical, environmental and cost specifications contained in the Project Operational Manual; (b) the beneficiary association's commitment to provide the required contribution and to take full responsibility for the execution, operation and maintenance of the investments to be funded; and (c) in the case of an association which has already benefited from other subprojects, assessment of past performance. Using standardized cost indicators, reasonable costing for subproject implementation would be ensured. Departures from standard designs would have to be fully justified in the subproject proposal for review by the community councils and/or project units as would propose investments, which fall outside the range of standardized costs.

*Disbursement.* In order to disburse funds for subproject implementation, agreements should be signed between the 'allocating/appraisal' agency and the beneficiary association for subproject implementation. Such agreements would spell out the terms and conditions for the funding, execution, ownership, operation and maintenance of the approved subprojects. Disbursements should be controlled by communities, to whom financing is released in tranches according to work completed.

*Subproject Supervision.* Direct supervision and administration of the subprojects can be carried out by a community-elected Supervision and Control Committee which oversees subproject execution, including contracting. This Committee of 3 to 4 persons should be comprised of subproject beneficiaries, both members of the community/beneficiary association and non-members within the community. The project groups and appraisal agency, or other contracted groups, should be required to visit the subproject sites during subproject execution to liaise with the Supervision Committee and monitor physical and financial progress. The project unit should have overall responsibility for supervision of the entire subproject cycle through the project MIS which would track subproject progress from initial submission to completion, and through accounting and auditing arrangements.

*Operation and Maintenance (O&M).* Community associations should bear the responsibility for O&M. Arrangements should be clearly spelt out as part of an operation plan – that includes financing and maintenance strategy—defined prior to implementation. A maintenance committee should be established where appropriate. Technical assistance may be required from the project unit to develop O&M programs and techniques. Operation and maintenance training may be required.

## **Program Operation**

*Procurement.* Procurement should be undertaken directly by community groups wherever possible. This may require simplification of procurement guidelines so that it is appropriate to community capacities – including adopting local shopping for cost efficiency where appropriate. Incentives should be built in to the system to reward efficient procurement (e.g., the communities could retain cost savings generated). The project unit could provide advisory support on an as needed basis.

*Legal.* Communities require legal status to enter into contractual relationships and receive public funds. The project unit to assist communities in implementation could provide simple standard contracts with warranty and penalty clauses. Rules for dispute resolution should be clearly defined upfront.

*Operational Checks and Balances.* Checks and balances can be used to promote transparency and accountability in the use of project funds. Increased decentralization of resources and decision-making to beneficiary associations and community councils can improve supervision, with only ex-post control by

the project unit through audit of accounts and supervision and monitoring. Incentives for good performance, and disincentives for misappropriation, mistargeting, lack of participation or improper O&M should be designed into the system.

*Monitoring and Supervision.* An up-to date MIS with subproject information is crucial for ongoing monitoring of the program. Inputs to the database should be made from standard data sheets at key stages in the subproject cycle (e.g. identification, appraisal, procurement and disbursement). Periodic processing of the database information will permit the monitoring of the characteristics and evolution of project implementation.