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Community-Driven Development in the Context of Conflict-Affected Countries: Challenges and Opportunities

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Acronyms

ARMM	Autonomous Region in Muslim Mindanao
ASFP	ARMM Social Fund Project
CAS	Country Assistance Strategy
CBO	community-based organization
CDC	community development council or committee
CDD	community driven development
CDF	Community Development Fund
CEP	Community Empowerment Program
CIDA	Canadian International Development Agency
CPBD	Community Peace Building and Development Program
CPR	Conflict Prevention and Post-Conflict Reconstruction Network
ECA	Europe and Central Asia
FAS	Fundo de Accao Social (Social Action Fund)
ICDP	Integrated Community Development Project
IDA	International Development Association (World Bank)
IDP	internally displaced persons
IDS	Institute of Development Studies
I-PRSP	Interim Poverty Reduction Strategy Paper
KDP	Kecamatan Development Project
LICUS	low-income countries under stress
M&E	monitoring and evaluation
MILF	Moro Islamic Liberation Front
NGO	nongovernmental organization
NSP	National Solidarity Program
NUSAF	Northern Uganda Social Action Fund
O.P.	Operational Policy (World Bank)
PRSP	Poverty Reduction Strategy Paper

Section One—Introduction

The goal of this study is to promote a better understanding of the challenges and opportunities of community-driven development (CDD) in conflict-affected countries.

Why study conflict-affected countries? Many of the world's poorest countries are locked in a vicious circle in which the competition over limited resources leads to conflict, and conflict in turn increases poverty. Conflict is more common in poor countries—80 percent of the world's 20 poorest countries have suffered a major war in the past 15 years.[1] In addition, conflict and insecurity undermines the stability required for sustainable long-term development. The detrimental effects of conflict include the disruption of livelihoods and markets, high levels of displacement, loss of government capacity, the destruction of social networks, and the threat to psychological well-being. On average, countries coming out of war face a 44 percent chance of relapsing in the first five years after the conflict (Collier and Sambanis 2005). Even with rapid economic and social recovery in a post-conflict context, it can take a generation or more to return to prewar living standards.

The impact of civil conflicts around the world has forced donors to respond more effectively and efficiently in assisting societies in the rebuilding of infrastructure, livelihoods, and governance structures. The World Bank has increasingly responded to conflict situations through the flexible and rapid application of resources in order to break cycles of conflict. Specifically, the Operational Policy on Development Cooperation and Conflict (O.P. 2.30) has enhanced the Bank's capacity for strategic engagement in conflict-affected countries.

What are the development options for conflict-affected countries? During conflict, especially violent and protracted conflict, development work is more arduous and dangerous than in nonconflict contexts—and it requires greater flexibility and adaptability (Kreimer et al 1998). Increasingly, donors recognize the need to sharpen recovery and reconstruction approaches in conflict settings as a means both of mitigating conflict and of minimizing the conflict's impacts on poverty.[2] The needs in a conflict-affected environment are many and often dire, making it difficult to arrive at a development agenda that is clearly prioritized and systematic. The development options include technical assistance for regional trade and investment agreements, financial support for demobilization and reintegration programs, and natural resource management, as well as social development approaches such as community-driven development (CDD), community-based development, training in conflict management and mitigation, and support for judicial system reforms.

This study draws on 13 case studies of conflict-affected countries that specifically have incorporated CDD initiatives in their development effort. Through semi-structured interviews with the managers of these CDD programs, the report analyzes the impact of

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[1] See Global Conflict Trends (2005) for graphs on the global patterns of war since the 1950s.

[2] At the 15th meeting of the Conflict Prevention and Postconflict Reconstruction Network (CPR 15) in October 2005 bilateral and multilateral donors shared experience and lessons for community-driven and community-based development in conflict-affected environments.

CDD as a development option. It also extends current knowledge of the application of CDD approaches in conflict-affected environments by identifying common challenges and opportunities, drawing lessons learned from these operations, and disseminating the findings among donors and client governments.

Community-driven development defined

This study defines CDD as an approach that empowers local community groups, including local government, by giving direct control to the community over planning decisions and investment resources through a process that emphasizes participatory planning and accountability. Because public institutions in conflict and post-conflict environments often are weak or nonviable, CDD is increasingly used to help build bridges between the state and its citizens. It also is used to strengthen social cohesion where social groups are divided.[3]

Emphasizing participatory planning and accountability, CDD mobilizes and empowers local community groups, including local government, by giving them control over planning decisions and investment resources. In so doing, it contributes to social and governance outcomes, while building infrastructure assets.[4] Although focused on community action, CDD programs are best understood as frameworks that embed local empowerment initiatives in broader processes of institutional change by integrating local investment programs with policy and institutional reform, including decentralization and poverty alleviation. The focus on local management of resources and decision making in CDD programs signifies a shift in existing power arrangements, creating opportunities for poor and marginalized groups to gain voice and control over their own development.

Although similar in goals related to participation, CDD differs from what other donors, such as USAID, call "community-based development," which is more donor driven than community driven. The community-based approach often limits the communities' choices, or more directly influences their identification of problems, priorities, and solutions as the result of the donor's funding priorities or mandates.

A set of hypotheses underlie the CDD paradigm:

- *Poverty alleviation*. CDD can support poverty reduction by mobilizing communities, strengthening human capacity, and improving physical assets at the community level.

- *Prioritizing needs*. CDD can improve service relevance, responsiveness, and delivery by matching provision to articulated demand.

- *Local governance*. CDD promotes a more inclusive voice for the poor, builds linkages with local governments, and increases access of the poor to governance processes.

- *Targeting*. CDD improves the alignment of services and investments with community priorities and better targets the poor and other vulnerable groups.

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[3] Ninety-four projects of the Bank CDD portfolio operate in countries characterized by violent armed conflict and conflict reconstruction transition.

[4] Draft, Community-Based Development Programs in Conflict-Affected Environments Resource Guide (2005). The World Bank.

The range of CDD operations

Although most CDD initiatives incorporate a common set of principles, the range of practice is highly varied. The most important of those principles (with common differences in practice) follow.

- *Definition of community.* The concept of community in CDD programs often refers both to geographical entities and to associations of people with shared interests or common predicaments (internally displaced persons, migrants, and so on).

- *Community representation.* CDD programs assume that communities are in the best position to voice their own interests. Committee representatives may be selected through an election process, or nominated and chosen from preexisting associations. Some community-development committees have an allocation system stipulating that a certain number of the members must be women or young people.

- *Menu of choices.* A key variant in CDD programs is the type of activity funded and the degree to which communities have control over the choice of investment. Open-menu agendas offer a full range of options that allow communities to prioritize activities. They are usually accompanied by a short negative list of certain ineligible or potentially harmful activities. Restricted-menu programs typically are associated with sector-based programs, which target areas such as livelihoods, health care, water, and education. The programs may use positive lists that specify various types of projects from which the community may make a selection. This can simplify project management by streamlining procurement and speeding up implementation.

- *Financial arrangements and procurement.* In some programs, communities exercise control over financial resources and contracting; in others, funds are managed by an intermediary group.

- *Facilitating partners.* CDD programs employ various implementation partners that facilitate community planning and project implementation. Partners may include local nongovernmental organizations (NGOs), international NGOs, specialized program implementation units, governments (central and local), or a combination of entities. The choice depends on many variables—among them the existing capacity of local organizations and institutions, bureaucratic mandates, and emphasis on capacity building as an end goal.

- *Links with local and central government.* In CDD projects, enhancing the linkages between sub-regional development planning and community development becomes an integral part of the program.

The continuum of conflict and post-conflict

This study encompasses both conflict and post-conflict contexts (table 1). In some cases, countries are experiencing ongoing conflict, as in Colombia and West Bank–Gaza. In others, the post-conflict recovery is a decade old, as in Rwanda. During ongoing conflict, a country may experience repeated outbreaks of violence, community life is disrupted, and the state loses the ability to maintain order. In the period of reintegration—usually directly following a peace process—armed forces are disbanded. The urgent needs of

conflict-affected communities often render this phase a humanitarian emergency, during which the international community of donors may temporarily substitute for the government as the primary provider of most services.

Table 1 Status of conflict in selected countries as of May 2006

Ongoing conflict	Post-conflict
Colombia	Afghanistan
Nepal	Angola
Northern Uganda	Indonesia
Sudan	Kosovo
Timor-Leste	Philippines
West Bank and Gaza	Rwanda
	Tajikistan

During the post-conflict period, as reintegration and stabilization occur, the focus is on planning for future development, including rebuilding infrastructure and attending to government capacity. At the community level, people begin to broaden their social and economic networks while attempting to make a psychological break with the history of violence. With time come a greater sense of stability, better government capacity, and coordinated development efforts. The process of change is by no means linear, especially if a country falls back into conflict or faces other emergencies, such as drought, natural catastrophe or unexpected economic impacts.

Why use CDD approaches in conflict-affected environments?

Some of the reasons why CDD initiatives are selected as a development intervention include the need to quickly develop or regain a sense of community; to improve infrastructure; to enable livelihoods, to improve capacity and to empower a community; and to begin building more transparent governance. CDD has been used to address each of these needs. These outcomes fall into three broad areas:

Physical outcomes

Local services and infrastructure often collapse during conflict, especially when formal government structures have limited capacity for service delivery. In such instances, a government-supported CDD approach to service delivery is one way in which to address coverage and access problems. In some instances, the CDD initiative can deliver services in a more economical way than centrally administered projects. This is true in the Kosovo DCF II project (annex 1, case 5), which has built and rehabilitated schools at a cost 19 percent lower than under non-CDD approaches.

Social outcomes

In conflict contexts, where a breakdown in trust and social cohesion risk inflaming tensions and provoking more violence, engaging community members in interaction with each other and with local institutions can start the process of reestablishing social and institutional relationships, networks, and interpersonal trust—collectively understood as

social capital. CDD processes and local community councils, in particular, can serve as a safe forum in which to exchange views and therefore increase intracommunity communication on a wide range of issues (CHF International 2005). The potential of CDD for social cohesion has been particularly salient in the design of the Timor-Leste CDD program (annex 1, case 11).

Governance outcomes

CDD can engage community members in decision making, set a precedent for participatory decision making, and increase community participation in governance. In Rwanda, a CDD approach was selected based on an assessment showing that poor governance was the root cause of the genocide (annex 1, case 8). CDD was selected in the Afghanistan National Solidarity Program to improve representative local leadership as the basis for interaction between communities, agencies, and government on service delivery (annex 1, case 1).

When CDD is introduced in the early stages of recovery from conflict, it can lay the groundwork for more permanent forms of institutional engagement and open channels for communication and voice. Initially, CDD initiatives in conflict settings aim simply to get resources directly and quickly to the people who need them. But over time and as peace is sustained, these projects can evolve into more complex interventions that address comprehensive planning and integration issues, principally through decentralization and public sector reform.

CDD approaches in conflict and conflict reconstruction are used to expedite the deployment of resources at local levels and to offer cost-effective, demand-driven responses to acute human needs and reconstruction imperatives. With their implicit emphasis on strengthening social cohesion and social capital, CDD initiatives can contribute significantly to social stability and more peaceful forms of interaction, building the critical foundation for community reconstruction. The period of post-conflict recovery also is a time for measures to improve livelihoods that deal simultaneously with promoting economic growth, healing community rifts, and repairing social and enterprise networks (Govovaerts, Gasser, and Belman 2005). In conflict recovery, CDD can have a positive effect on governance by rebuilding of state–community relations that have been damaged during the conflict. It also can promote new forms of local governance based on inclusion, representation, and accountability.

As a country emerges from conflict, but while a state of emergency continues, bilateral and multilateral aid may provide direct support to the government. At such times, CDD efforts can focus on sustainable service delivery and livelihood support. Once conflict has ceased and a level of sustainable peace has been achieved, CDD efforts can move toward improving the capacity of local governments to "co-produce" with local communities and strengthening lines of accountability among local government, service agents, and local communities.

Objectives and methodology of this study

During the past five years, the World Bank and other donors have increasingly relied on CDD to promote reconstruction and development in conflict-affected areas. That

increased reliance has yielded an important yet still incomplete body of knowledge on CDD and conflict. This study builds on those efforts to advance our knowledge of the application of CDD approaches in conflict contexts by identifying common challenges and opportunities and drawing lessons learned. The study will be disseminated within the Confict Prevention and Post-Conflict Reconstruction Network (CPR) which since 1997 has brought together donors and bi-laterals active in conflict prevention and mitigation. Several factors limit the scope of the study—among them the small number of organizations fully involved in using community-driven approaches in conflict-affected settings; the absence of field research for the study; and the dearth of CDD literature, comparative studies, and rigorous evaluations on the subject.

For the study, we conducted a desk review of the literature on CDD in conflict-affected countries. In addition, we reviewed the World Bank's portfolio for projects that made use of CDD in conflict-affected settings, focusing on the CDD methodologies and processes used in each project. Project appraisal documents (PADs) and implementation completion reports (ICRs) were extensively reviewed in this process. Based on this review, we chose 13 cases for further analysis. The selection criteria included regional and thematic diversity of CDD approaches in different types of conflict-affected settings over a period of nine years (2000–9) (table 2). We prepared a detailed summary of each case (annex 1), using a common template that includes analysis of the conflict context as well as the policy, institutional, operational, and community environments as these relate to CDD and conflict. Each case study formed the basis for a two-part semi-structured interview with the task team leaders of the CDD initiatives. Findings from the initial six interviews helped build a set of working principles that was then shared for testing with the remaining seven project teams. The second stage of interviewing permitted greater refinement of complex and context-specific material, and allowed us to develop a synthetic view of the major challenges and opportunities presented by the use of CDD in conflict-affected environments.

Table 2 Timetable of cases of CDD in conflict and post-conflict, 2000–9

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tajikistan: Rural Infrastructure Rehabilitation									
Timor-Leste CEP I									
	Timor-Leste CEP II								
		Timor-Leste CEP III							
		West Bank & Gaza Integrated Community Dev't Project							
		Uganda: Northern Uganda Social Action Fund							
			Philippines: ARMM Social Fund for Peace & Development						
			Angola: Social Action Fund Project III						
			Indonesia Kecamatan Development Project I, II, III						
				Kosovo: Community Dev't Fund II					
				Afghanistan: National Solidarity Project					
				Nepal: Poverty Alleviation Fund					
				Colombia 2nd : Magdalena Medio Project (Pilot)					
				Rwanda: Decentralization & Community Development					
					Sudan: Community Dev't Fund				

The next section discusses those challenges and opportunities through five different entry points: the conflict context and the policy, institutional, operational, and community environments. The third section concludes with a discussion of the impact of CDD in conflict-affected settings and makes recommendations for further work.

Section Two—Findings

The wide range of CDD approaches used in conflict-affected environments reflects the highly contextual nature of conflict, as well as the policy, institutional, operational, and community environments in which CDD operations are situated. To synthesize the highly diverse case studies that underpin our study, we analyze the challenges and opportunities for CDD in conflict-affected environments through five lenses:

- *Conflict context:* What degree of conflict exists in the country? What are the specific political, social, and governance issues in the country?

- *Policy environment:* What is the policy context for introducing a CDD approach?

- *Institutional environment:* What is the institutional context for the CDD initiative, and what implications does that context have for governance?

- *Operational environment:* Does the conflict-affected country present unique operational issues?

- *Community environment:* Do community barriers impede CDD, and what mechanisms are in place to address these problems?

Challenges and opportunities of working in a conflict-affected country

CDD approaches are always context driven, particularly so in conflict-affected areas. Conflict-affected countries typically present a heightened state of human emergency that poses multiple demands, not the least of which are the urgent survival needs of the population. Among the most significant challenges are the diminished condition of infrastructure (caused by destruction or lack of investment), the collapse of social services, displacement and migration of populations, the enduring threat of weapons and landmines, the disruption of economies at all levels, high unemployment, and social and psychological distress. Other circumstances, such as weak governance and decreasing quality of health and education services, compound the extreme conditions, especially in low-income countries.

In spite of the difficulties of implementing CDD in conflict settings, we found that *the context of conflict also allows new "development spaces"* to emerge. As conflict disrupts the status quo within which development processes evolve, it also creates an opportunity to break with the past and encourage new social dynamics. With old rules in flux and new ones not fully developed, the CDD initiative can introduce new rules for less contentious and more productive social interactions. In some parts of postwar Sierra Leone, for example, traditional authority patterns of control and marginalization of youth are giving way to more inclusive and horizontal arrangements of local governance. According to Richards (2004), many prewar groups were established along lines of descent that excluded significant portions of the population, whereas in the post-conflict era, people are organizing themselves around self-defined interests that cut across ethnic lines—and even across lines of conflict. New experiences can also greatly influence gender dynamics, as women, who learned new skills during the conflict and reached

positions of authority or fought among the armed forces, resettle in their communities and seek more active roles.

These changes in society can challenge old paradigms for leadership. A study of five CDD programs in conflict-affected countries showed that, in Serbia and elsewhere, accessing resources in the prewar period depended on leaders' networks, whereas postwar access (especially when obtained through community-driven mechanisms) was the result of broad-based community cooperation (CHF International 2005).

Nevertheless, governments and communities may be slow to respond to these opportunities, in part because institutional and economic absorptive capacity is minimal during the first years following the end of conflict. The deterioration of skills, destruction of infrastructure, and the lack of support for community development also reduce the country's ability to address its recovery needs. Eventually, the society's capacity rises again, often doubling from previous levels after four or more years (Collier and Hoeffler 2002). The increase in capacity among elements of the population, in government, and within institutions opens up opportunities not previously available in countries with endemic poverty problems.

> **Voices of community-driven development**
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> "Everything depends on context. CDD is a tool to promote social change, but using that tool is driven by a hypothesis about the direction of social change. For example, Indonesia had a crisis over a regime change, but the formal bureaucracy continued to function. The CDD program worked within this bureaucracy as it came back to life. In Timor-Leste, by contrast, there was a push to get rid of everything Indonesian and start from scratch. The CDD program was a tool to start a new form of local governance. In Afghanistan the incentive was to fit CDD into a phased program of institutional reform, to create a meeting point between a strong Kabul government and large numbers of rural Afghans who had little engagement with the state. These three contexts drove what we did in very different ways."
>
> *—Task team leader,*
> *Indonesia Kecamatan Development Project*

Conflict and political analysis

Designing a CDD operation that responds to the country context and makes the most of opportunities for change requires analysis of the dynamics of the conflict. Most of the projects reviewed for this study invested in upstream social analysis before beginning CDD initiatives. Among the tools used in those analyses is the World Bank's Rapid Social Assessment (RSA), which examines sociocultural, institutional, historical, and political issues; identifies considerations for the design of participatory mechanisms; and describes constraints and opportunities for CDD and conflict recovery. The RSA specifically looks at stakeholders, participation and consultation mechanisms, social dynamics, diversity and gender, institutions, social capital, vulnerability and social risk, and conflict. The RSA conducted in Liberia in 2003 was expressly commissioned for CDD design in the immediate aftermath of conflict. Another RSA conducted in the Philippines highlighted the extent of "bonding social capital," which impeded bridging

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mechanisms and the development of new modes of collective decision making within CDD programs (annex 1, case 7).[5]

Most conflict-affected countries undergo rapid political transformation. During the past decade, Angola has embarked on a complex triple transition from war to peace, from a state-controlled to a market economy, and from an authoritarian to democratic form of government—all political processes (annex 1, case 2). Thus CDD operations often unfold amid high political stakes. In the Philippines, the CDD operation was contingent on the signing of a peace agreement between the government and forces of the Moro Islamic Liberation Front. Following the peace process, the project will help the parties work together on defining development goals (annex 1, case 7).

Insufficiently detailed political analysis is a common shortcoming of CDD planning. In Timor-Leste, two years after independence, political opposition had emerged at the community level. Partly this was in response to a lack of early investment in local governance (annex 1, case 11). Donors and other international actors had underestimated the influence of local politics, concentrating instead on the establishment of national institutions and assuming that a stable democratic government would promote a peaceful nation. The CDD project could have shaped local governance, but a failure to cooperate with the transitional administration limited that potential. In retrospect, greater engagement with the political processes underway would have benefited the project and enhanced its impact.

Some governments may be reluctant to engage in political analysis with donors and project leaders. In Colombia, for example, the government was unwilling to formally acknowledge the influence of nonstate actors, since to do so would give undue recognition to the guerilla forces and lay the state open to the legal responsibility of peace negotiations (annex 1, case 3). A conflict analysis was conducted, which informed the design of the CDD project, but it was not formally incorporated into any publicly accessible documentation.

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[5] Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Bonding social capital refers to the connections and interactions within a group. Bridging social capital refers to the connections and interactions between social groups. See Richards and others 2005.

Table 3 Context and preproject assessments in 13 cases of conflict

COUNTRY	CONTEXT	ASSESSMENTS MADE BEFORE PROJECT IMPLEMENTATION
AFGHANISTAN	• Destroyed infrastructure, factional politics, and insecurity • 4–7 million people vulnerable to hunger, susceptible to droughts • Scarce arable land and high dependency on humanitarian aid • Returning migrants put pressure on limited resources	• Environmental assessment • Microfinance assessment • Vulnerability assessment map
ANGOLA	• During conflict economic and political power concentrated in central government • Cease-fire signed in April 2002 between UNITA and government • Interim PRS prioritizes poverty reduction, transition from war to peace, and decentralization • Limited local and central government capacity • Poor trust of communities towards government institutions	• Environmental assessment • Conflict impact and vulnerability • Community needs assessment • Beneficiary assessment • Sustainability assessment • Institutional capacity assessment • Financial management assessment
COLOMBIA	• Conflict increased in severity since 1960s • Violence, insecurity, and high homicide rates limit opportunities • Rising unemployment affects youth significantly • Estimated 2 million IDPs due to ongoing violence	• Financial management assessment
INDONESIA	• Oil-rich country with a history of violence • Conflict rooted in regional inequality and ethnic differences • High levels of corruption and ineffective local government • Weak judicial systems and poor ministerial capacity • Asian economic crisis and radical decentralization changed political, economic, social context	• Poverty impact assessment • Village-level infrastructure assessment • Environmental assessment • Procurement capacity assessment • Institutional capacity assessment • Financial management assessment
KOSOVO	• Ethnic conflict ended in June 1999 • Country received generous donor support • Country transitioning to self-rule, reconstruction efforts on track • Ethnic divides persist • Protection of disempowered minorities is key concern	• Poverty assessment • Environmental assessment • Beneficiary social and conflict assessment • Financial management and procurement assessment • Assessment of operational approach in dealing with Serb and other mixed and minority communities
NEPAL	• Poor security conditions limit growth, governance, capacity • 40% live below the poverty line (86% in rural areas) • Exclusion of ethnic minorities and members of lower castes	• Environmental assessment • Financial management assessment • Vulnerable people's development plan
PHILIPPINES	• 30 years of intermittent conflict centered in Muslim-majority areas • Destroyed infrastructure and poor service delivery • Lack of trust of government authorities	• Environmental assessment • Social assessment
RWANDA	• Poor governance at root of genocide • Strong government commitment to decentralization & public sector reform • Lack of institutional capacity throughout local government • Poor donor, NGO coordination adds stress to weak institutions	• Environmental assessment • Financial management assessment • Participatory assessment
SUDAN	• 20 years of civil war and one of the poorest countries in the world • Limited institutional capacity and service delivery, esp. in rural areas • Wide regional disparities in economic and social development	None to date

COUNTRY	CONTEXT	ASSESSMENTS MADE BEFORE PROJECT IMPLEMENTATION
	• Considerable government and donor funding and dependency on aid	
TAJIKISTAN	• Peace accord signed in 1997 • Internal stability and relatively good economic growth • Poor infrastructure, inefficient Soviet-style institutions • Corruption remains barrier to private and public sector development	• Social assessment • Environmental assessment • Financial management assessment • Procurement assessment
TIMOR-LESTE	• Severe fighting after vote of independence in 1999 by loyalists • Violence and looting destroyed systems, infrastructure, and services • UN missions in charge of rebuilding institutions from scratch • Displacement, poor infrastructure, drought • Peacekeeping UN mission wound up in May 2005	• Social assessment • Joint assessment mission (political/conflict/governance) • Environmental assessment • Risk and staff assessment
NORTHERN UGANDA	• North has highest incidence of poverty • Politically motivated conflict tied to livelihood insecurity, internal and cross-border conflicts	• Participatory poverty assessment • Community needs assessment • Environmental assessment
WEST BANK & GAZA	• Economic growth halted after *intifada* in 2000 and border closures • Political uncertainty and insecurity discourage growth, investments • High unemployment, poor infrastructure, and social services • Municipalities dominant in service delivery	• Annual beneficiary impact assessments to be conducted • Social and participatory assessment • ICT needs and institutional assessments

Challenges and opportunities of the policy environment

Because policy imperatives shift in an environment affected by conflict CDD programs face the challenge of responding to different priorities over time. During ongoing conflict and in the immediate post-conflict period the focus of international assistance organizations is on meeting humanitarian needs and keeping services running. If the government's capacity to deliver services has been reduced by the conflict, a CDD project may be expected to step in and concentrate on providing physical assistance as opposed to promoting social and governance outcomes. The pressure for CDD programs to deliver services quickly can lead to a number of operational and institutional challenges (see below).

In the period of consolidation after conflict CDD programs must operate under policies adopted to guide the transition from the state of emergency to stability and good governance. Of the policies in this category, CDD has commonly been linked to decentralization, because CDD and institutional devolution and decentralization are seen as complementary in a post-conflict setting. Decentralization is broadly defined as the transfer of public authority, resources, and personnel from the national level to subnational jurisdictions. The impetus for decentralization stems from various factors: subnational claims for greater autonomy as an extension of democratization; popular pressure on governments to shed functions and commitments in response to external and internal demands for a leaner, more efficient, and enabling state; and calls by major development donors to improve governance and service delivery.

In countries emerging from conflict, the impetus for decentralization is often even greater. Central structures must be strengthened and legitimized, while intermediary structures that connect the state and the community must be rebuilt. Decentralization efforts are an effective way to promote equity in the distribution of resources, decrease

the gap between the state and the people, and reach out to previously excluded groups, all of which can address the underlying causes of conflict (O'Brien 2005). Rwanda, for example, has promoted decentralization in its attempt to build a representative government (annex 1, case 8). Decentralized government can also build a strong institutional structure for conflict management by building local capacity among leaders and civil society.

CDD can both support and be supported by decentralization. CDD can help build demand for effective decentralization by strengthening local capacities and building accountability mechanisms among local stakeholders and institutions. (To bring this about, efforts to build capacity for CDD need to be consistent with the direction of decentralization.) By linking CDD to local government, CDD operations are less likely to turn into a parallel system of service delivery. In countries where a decentralization policy is not yet in place or not fully implemented, the process of building capacity in local governments using CDD principles requires a careful and timely roll-out of well-monitored activities that mitigates the weak institutional capacities (staff, equipment, legal mandates, etc.) that are especially prominent in conflict settings.

Decentralization supports CDD when it brings actual institutional and fiscal devolution of authority and resources to local communities. (Without this devolution, CDD linkages with local governments are not sustainable.) Likewise, clear pathways are needed for community-level programming to feed directly into municipal planning. Policy frameworks for decentralization need to include provisions that mandate improvements in service delivery, civil service performance, and budgeting. The need for such improvements can be especially acute in countries rebuilding from conflict. In Angola, the aim of the Third Social Action Fund (FAS III) is to foster linkages between municipal administration and communities (annex 1, case 2). This transparency of resource management is intended to boost confidence in the government and contribute to national reconciliation.

Linking CDD operations to decentralization efforts in phases is becoming more common. A comparison of the major CDD operations in Indonesia, Brazil, Yemen, and Cambodia, for example, shows that each initially bypassed local governments, and only later were they linked to them. In Afghanistan, local government involvement was piloted initially in 10 districts, and there with a focus on educational investment rather than general community-based development (annex 1, case 1).

Preparing a Poverty Reduction Strategy Paper or an interim PRSP is another important policy tool when countries shift to a development perspective after a time of conflict. There can be a close fit between a CDD program and the PRSP process. In Angola, the design of FAS III was closely aligned with the interim PRSP. The CDD program was designed as one of the government's most important instruments to address

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Voices of community-driven development

"Conflict may make it easier to link CDD to decentralization. Conflict disrupts the status quo, which opens the opportunity to do things differently. Rwanda had a history of decentralization and community development even before the genocide. But the genocide allowed a break with the past and a new era of rebuilding around CDD. At the same time decentralization became a key component of the PRSP."

—*Task team leader, Rwanda Decentralization and Community Development Project*

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poverty at the local level. There are practical benefits of a link between CDD and PRSP processes. The PRSP process stresses participation and consultation around poverty reduction strategies. This can be achieved by including local demands articulated through CDD into the development of a countrywide strategy. Additionally, CDD programs can benefit from the national targeting coordinated under a PRSP, which promotes systematic selection of beneficiary communities.

The disadvantage of links between the PRSP process and CDD programs is the pressure on CDD programs to take on ambitious poverty reduction and conflict resolution objectives when they are actually more suited to delivering local social and governance-related outcomes. In the Kosovo Community Development Fund, the project objectives acknowledged this disadvantage and explicitly diverged from the PRSP, which placed heavy emphasis on national-level conflict resolution (annex 1, case 5). Instead, the CDD project took what its leaders believed to be a more realistic view of reconciliation activities, aiming to bring people together around a common vision for their community but not attempting to overcome the deep-seated divisions between ethnic groups.

Challenges and opportunities of the institutional environment

Institutional reform and capacity building

CDD programs often must attempt to reform the very institutions through which they are being implemented—a delicate balancing act. The implementation of CDD initiatives involves partnerships with many types of institutions, local governments, central governments, and community-based organizations (CBOs). At the same time, CDD projects are designed to reform those very same institutions. In Afghanistan, for example, the National Solidarity Program (NSP) was implemented through the Ministry of Rural Rehabilitation and Development (annex 1, case 1). An international agency was contracted to work within the ministry both to oversee implementation of the project while also building capacity in the ministry. Yet, the demand for more concrete outcomes from the project at the community level was so great that the agency concentrated on service delivery at the expense of building capacity for policy reform.

This challenge is not unique to CDD in conflict, but the urgency of conflict reconstruction and the low level of capacity in most conflict-affected governments and societies heighten the challenge. Administrative capacity in conflict-affected governments is generally weak; as much investment is required in building the systems to support CDD as to implement community-based microprojects. One of the consequences of conflict in poor countries is a stark drop in the level of investment in the state apparatus at the central and local level. Moreover, state facilities may be destroyed or looted, and then neglected without rehabilitation. Civil servants are often the victims of straitened national budgets. Long periods without pay may sap their motivation or lead them to seek other employment. A lack of investment in the professional development of civil servants results in an incomplete or dated skill set for administration. Sometimes local government may disappear entirely from conflict-affected provinces and remote areas.

CDD programs have long recognized the importance of capacity building and investing in administrative infrastructure. Having efficient administrative support, resulting in timely disbursements and open and accountable management, contributes to the acceptance and trust that a CDD project will enjoy among beneficiaries. In Uganda, CDD operations suffered from a bureaucratic but under-resourced public sector and consequent delays in financial transfers and delivery of services (annex 1, case 12). Failure to collect local revenues resulted in delays to the payment of civil servants' salaries and affected district contributions for co-financing as required by the project. In Rwanda, qualified people could not be found to fill jobs in local administration. Capacity was especially weak in budget management. Few national institutions had a presence at the local level, leaving very little capacity to provide ongoing support (annex 1, case 8).

Many CDD projects have adopted a "learning while doing" approach to capacity building when working with institutions. In Rwanda, local government officials work alongside communities in the planning, preparation, and implementation of subprojects (annex 1, case 8). In West Bank and Gaza, the project stipulated that local government units would qualify for funding for microprojects only after they had completed a series of training courses (annex 1, case 13).

Capacity-building efforts should include civil society organizations. During conflict, civil society may have been politicized or undermined by threats, harassment, and shortages of resources—or it may have been insubstantial before the war. Depending on their role during the conflict, civil society groups may struggle to redefine their role in reconstruction. In post-conflict Afghanistan, NGOs that had avoided cooperation with the Taliban were mistrusted when they aligned themselves with the new government. Consistent and clear communication was required to persuade communities that despite of their new alignment with the state as partners in the National Solidarity Program (NSP) (annex 1, case 1), the NGOs still perceived communities as the beneficiaries of their work. Nevertheless, conflict and reconstruction can offer unique opportunities for creative partnerships with civil society groups not traditionally involved in development activities. In Colombia, the Catholic Church has been a strong ally in CDD work. As in Rwanda, many CDD projects have found that capacity building for NGOs and CBOs is a crucial component of a CDD project (annex 1, case 3).

Program coordination

A common challenge in CDD is the tension between donor programs in support of area-based development and other programs that provide direct financing for community initiatives. This is particularly true when a conflict-affected country suddenly receives new attention, as Afghanistan did after the 2001 war, when the presence of many actors, all seeking to act quickly, contributed to an extremely complex institutional environment (annex 1, case 1). Actors' mandates vary, whether it is institutions, NGOs or donors. At a national level this can lead to a competitive environment, with different donor or bi-lateral agencies attempting to secure relationships with the same line ministries and sometimes approaching the same donors for funding. In Uganda, the challenge of coordination became problematic when a plethora of NGOs operated different types of CDD activities with their own objectives and timelines (annex 1, case 12). This resulted in a duplication of resources and additional administrative burdens on the communities involved, as well as on local government officials, who lacked the capacity to respond adequately to the bureaucratic demands of so many organizations.

CDD programs must be coordinated with the government's sector planning to the extent that both involve local service provision. In conflict-affected countries, where the pressure is great to deliver services quickly, CDD programs may be drafted to provide the infrastructure for basic services without any provision for financing of recurrent costs. Supplies such as drugs and textbooks, or assignments of health workers and teachers, may not be well-organized under such circumstances, affecting the sustainability of the project. To solve the problem in the short term, implementing partners often contract with other agencies to supply the necessary resources. But, ideally, sustainability would be achieved by linking the community infrastructure into the planning and allocation processes of the relevant sector ministry. To achieve this, government ministries need to have clear information on the location and sustainability requirements of basic service infrastructure being provided by CDD programs. The same ministries must be able to assess the fiscal impact of financing behind those programs. Such assessments are not possible without a system for collecting and disseminating relevant information.

Local coordination mechanisms can help manage the competing interests of NGOs and donors. Likewise, it is important that links be forged between local initiatives and national institutional agendas so that local programs can be aligned with sector and investment priorities. The increasing use of cooperative frameworks for focusing international assistance has had a major influence on donor funding and the subsequent organization of bilateral and multilateral support. Multi-donor needs assessments that outline the specific requirements for the first few years of conflict recovery have helped to ameliorate some of the competition over funding and offer a structure for coordination and interaction. High-level government acceptance of CDD operations ensures better policy coordination and consistency at the national and provincial levels. In Angola, streamlining CDD operations with other poverty alleviation programs through the interim PRSP helped to ensure coordination among various donors, as well as the sustainability of the social and economic infrastructures and processes put in place once peace was achieved (annex 1, case 2).

Further coordination is needed at the local level between government-sponsored community projects and the independent "facilitation agents" (usually NGOs and CBOs) brought in to oversee work at the community level. Such agents are engaged because governments in conflict settings often have low capacity for community mobilization. Projects vary, however, in the extent to which external agencies are involved. In Rwanda, for example, the CDD project rejected the option of working through NGOs even though government capacity was weak (annex 1, case 8). The perceived risk was that using an NGO intermediary would separate the community from the local government administration, perhaps undermining trust between the government and the people.

In Afghanistan, however, the entire project was subcontracted to 24 international NGOs. In this instance, giving the grants directly to the community, while keeping the NGOs focused on monitoring and oversight, helped to raise the profile of the government in the operation (annex 1, case 1). Even so, the high number of implementing partners raised operational challenges. One evaluation showed considerable variation in the standard of facilitation by different NGOs. To manage these difficulties, the NGOs met together regularly to discuss problems and share solutions. As a result, a high level of collaboration was achieved among the partners, and the NGOs gained new experience in dealing with government. However, it proved an expensive operational model. In the first year the operation required one dollar in overhead to deliver one dollar at the community level.

Working with militarized actors

CDD operations may become politically sensitive, especially in militarized states. The need for political pragmatism is essential when working with governments on community empowerment and mobilization. A central challenge for CDD is to garner support for a new structure of community decision making. It is often unwise to expect that governments will readily hand over power at the local level. Parties that have been involved in conflict are not always receptive to approaches to social policy that stress community empowerment and transparent governance. They are more likely to focus on internal and external security, military spending, and making decisions in an autocratic manner. In the West Bank and Gaza, the priorities of the Palestinian Authority appeared to be more political, showing little inclination to adopt the social policy on which CDD is based (annex 1, case 12). In Angola, a similar struggle has occurred in an effort to introduce progressive social policies to a government that remained highly militarized as it began the transition from conflict to peace (annex 1, case 2).

When a government must cope with a legacy of violence, securing the support and cooperation of its citizens is a highly political process. This is especially true when a government is attempting to use CDD to extend its reach into areas that were politically hostile during the conflict. In northern Uganda, for example, many were suspicious of social interventions by the central government because they harbored resentment over the government's participation in the unresolved conflict in the area. Managers had to make a conscious effort to downplay the project's association with the central government by moving the project offices to the northern part of the country (annex 1, case 12).

In some cases, CDD operations need to engage nonstate military parties. In the Philippines, anticipation of a cease-fire significantly improved the collaboration between the Moro Islamic Liberation Front (MILF) and the government (annex 1, case 7). The CDD operations entered into discussions with the MILF. The parties decided that the project should be administered by a state-sponsored but neutral third party that was acceptable to all sides. In Colombia, the use of a neutral third party has been essential to project sustainability. An adherence to total transparency allowed the organization to build trust with all parties in the conflict, state and nonstate. This resulted in a greater reach of the project even into areas hostile to the government (annex 1, case 3).

The need for integrity and neutrality of the CDD operation is essential. In Colombia, the project was declared a peace zone and did not tolerate the incursion of paramilitary groups into negotiations (annex 1, case 3). In Nepal, personnel working in areas under insurgency have been trained to engage in extensive discussions with Maoist commanders. This has resulted in a more transparent relationship between the CDD operations and the Maoist commanders. Through this process of open negotiations, the operation has gained acceptance by these powerful local leaders (annex 1, case 6).

Challenges and opportunities in the operational environment

CDD time frames

CDD initiatives typically unfold in phases over three to ten years. In nonconflict environments, most CDD programs include a community planning period to foster participation and ownership. In conflict environments, the demands often require quick impact, especially when addressing the need for rebuilding infrastructure and gaining community confidence. Therefore, longer time frames are needed to generate and sustain programs, especially given the very weak management capacity and the lack of institutional support.

CDD programs in conflict-affected settings often must run on emergency funding cycles, which tend to be short in duration. As a result, a gap often emerges between expectations and the funding provided to meet those expectations in a limited time frame. Short-term funding strategies increase the time pressures on CDD operations in conflict environments. In Angola, for example, the FAS II program is designed as a three- to four-year program, because that time frame fits the allocation policies of the International Development Association (IDA) for conflict reconstruction (annex 1, case 2). The IDA allocation is guided by an interim PRSP that is intended as an intermediate assistance strategy; therefore it has a shorter time frame than a full PRSP. Despite the short funding cycle, it is widely recognized that what is being attempted under FAS III will take longer than four years.

Many consider short-term CDD projects to be ineffective. A Mercy Corps study on CDD and sustainability (2004), suggests a direct correlation between the duration of a CDD process, its empowerment of communities, and the sustainability of development efforts. During early project phases, communities studied tended to focus on concrete outputs from the project itself. However, as CDD efforts progressed through project cycles and realized the social benefits of mobilization, attention shifted more to capacity

building, participation, transparency, and accountability. The study concluded that the weaker and less active communities tended to remain focused on the project itself, perceived it as a single endeavor, and discontinued use of its structures and processes once the program ended. By contrast, the stronger communities, those that had come to understand the importance of the mobilization process, perceived the CDD process as a springboard for future development, and thus, maintained a high degree of activity beyond the life of the program.

In a comparative review of the World Bank's CDD interventions in Timor-Leste and Rwanda (Brown and others 2002), sustainability of CDD approaches required three ingredients: local development structures, local capacities, and a mechanism for local resource mobilization (annex 1, cases 8 and 10). Implementation of the community action plan over time relies on and supports the development of all three ingredients, and thus serves as a foundation for future development. Experience shows that projects not connected to a larger plan and lacking access to government and services tend to be underutilized (OED 2005). Sustainability, in essence, is dependent on a long-term perspective that encourages local ownership and expanded vision.

A recent World Bank evaluation of CDD (OED 2005) suggests that limiting the time span of engagement prevents new participatory structures from taking root within communities and undermines the building of social capital. This has obvious implications for the conflict recovery process, which relies heavily on improvements in social cohesion, trust, and community networks. In livelihoods activities specifically, the evaluation found that long-term commitment is necessary to realize sustained income growth.

Different operations address the challenge of timing in different ways. In Colombia, for example, the building blocks of local processes and clear rules for decision making were instituted in the first CDD project. Flexible funding and operating arrangements made it possible to develop participation in an extremely difficult environment. However, the project team found that the two-year time frame was far too short for the more gradual processes of capacity and institution building. A longer intervention (seven years or more) was considered more appropriate (annex 1, case 3).

Meeting multiple needs

Emergency grants to communities—often small grants based on a limited menu of physical reconstruction choices—are an option when implementation must be rapid. Such emergency grants, as used in Timor-Leste, for example, still apply CDD principles, while recognizing the trade-off between long-term and comprehensive community consultations, on the one hand, and the symbolic and practical need to start rebuilding quickly, on the other. In such circumstances, upfront grants can offer CDD projects credibility, providing the first material benefits after independence and giving newly formed councils genuine decision-making power. In Timor-Leste, the project further attempted to address timing concerns by delinking individual subproject timetables from the overall project implementation plan (annex 1, case 11). Allocating the grants and implementing works in each subdistrict is therefore independent of any other subdistrict's lags. This means that lags caused by slow recovery, difficult procurement, internal

conflict, or any other impediment in one subdistrict will not affect progress in any other subdistrict.

Since there are potentially large differences in the capacities of villages and communities in a conflict-affected country, CDD efforts must consider multiple trajectories of development even within a single project. Although it often takes several years before community groups might have the capacity to manage resources themselves, resources nonetheless should be transferred to them from the very beginning—at a level that they can manage and with clear objectives about how the resources are to be used (Hughes 2004). While the capacity building process takes time, experience also shows that continual programmatic readjustments and changes to implementation procedures can delay processes and discourage community participation. This depends in part on the level of community capacity and confidence in the CDD process: groups with greater assuredness are better able to adapt to programmatic changes. Thus, while the shifting context of conflict-affected settings requires contingency planning, multiple options, and incremental adaptation of new elements, the ability to defer decisions or change priorities must be balanced with consistency, moderation, and adherence to the principles of CDD.

Partnership with CDD facilitators

CDD facilitators provide a critical service in establishing norms, skills, and attitudes for managing and sustaining the CDD process. CDD facilitators are individuals drawn from local civil society or from NGOs, and trained by either external or implementing partners to guide community decision making. Yet, familiarity with community-driven approaches and experience in applying empowerment paradigms and inclusive forms of facilitation are still new to many organizations—especially in conflict-affected countries. Capacity building typically includes the technical skills needed to assure immediate programmatic outputs. But equal attention needs to be directed toward strengthening soft skills such as relationship building, empowerment strategies, inclusion, and social cohesion.[6]

Several elements of capacity building among partners are especially important in conflict. First, the pivotal role of the CDD facilitator requires specific expertise in the delicate conflict environment. It includes consensus building skills to ensure that all voices and opinions are considered, as well as the ability to manage power dynamics, to handle the influence of constituencies shaped by war, and to deal with the lack of participation of marginalized social groups. Similarly, it includes monitoring and evaluation expertise to ensure that the process meets the expectations of the community and of the project managers and sponsors. Formal training in conflict-related skills such as dispute resolution, basic human rights, cross-cultural communication, consensus building, and power monitoring can be highly valuable in these settings. Such expertise is passed on to the communities through community capacity building. Establishing a performance-based funding mechanism with partner organizations can encourage the adoption of these competencies within implementing partner organizations. In Afghanistan, for instance, where civil society was extremely weak after years of war, the

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[6] Capacity building centers on civic organizations, but most of the observations made here apply equally well to program staff.

National Solidarity Program used a results-based approach to gradually augment the capacity of partner organizations while increasing the program's confidence in the partners' capabilities (annex 1, case 1).

Scaling up

As in any CDD program, scaling up amid conflict presents challenges to capacities, accountability mechanisms, and administrative and technical support. Expanding a CDD program to cover larger areas or greater need also expands the skill sets and the relationships required between the program and other entities, some of which may be parties to (or otherwise rooted in) the conflict. In Afghanistan, for example, extending the National Solidarity Program from localized projects to a national scope embedded within the national ministry required more sophisticated analysis of governance issues to encompass the complexity of political contexts involved in the program. This included the ability to legitimize the CDD program and its structures to a wide variety of traditional leaders, other elements of government, and more citizens. It also meant creating linkages with additional and sometimes different types of institutions and organizations across the spectrum. All of this required eliciting greater political buy-in in regions with very different perspectives and interests on the peace process and the national government (Lister 2005).

Simplifying administrative procedures

Simple bureaucratic procedures and transparent communication about them contribute to community empowerment. The disbursement of funds, the management of procurement, financial management, project documentation, and local monitoring and evaluation can pose huge challenges for CDD in conflict-affected countries. CDD projects in Sierra Leone and Liberia specifically linked the likelihood of success to the simplicity of the project design. Simplification of all institutional arrangements—streamlining registration procedures, reducing reporting and authorization requirements, and minimizing the steps necessary for project review, monitoring, and implementation—are all important in conflict-affected circumstances (OED 2005). Most community programs are hindered by a variety of bureaucratic control mechanisms designed for much larger programs, where multiple controls are needed to ensure quality and accountability. Common examples of inappropriate applications of these mechanisms to community projects are long contract forms, mandatory bidding for small purchases, and multiple approvals for block transfers. The Community Empowerment Project in Timor-Leste, while still meeting the World Bank's accountability and procurement standards, simplifies fund transfers through a range of uncomplicated formats (annex 1, case 11). At the community level in Indonesia, the KDP project uses a two-page abstract of the 80-page project document. The abstract is cleared by the Bank's fiduciary departments and accessible by local communities.

The importance of these straightforward management systems should not be underestimated. When they function well, they can help achieve the transparency that is essential in a conflict setting and increase community empowerment. In Angola, the project concluded that the simpler the project documentation, the greater the level of community participation. Therefore, early investment should be made in field-testing systems, preferably before the first community projects begin (annex 1, case 2).

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Accessible and transparent disbursement mechanisms need to be established prior to project launch. They should be as decentralized as possible. In Rwanda, for example, each Community Development Council opens an account in a local commercial bank into which the funds are transferred for the agreed subprojects. Payments from the local account, managed by the district accountant, are made directly from the bank to the beneficiary's account. Communities provide co-financing contributions into the same bank account (annex 1, case 8).

Some CDD operations depend on outside parties to disburse funds to a community committee. This carries a risk of disempowering local groups by ceding fund-management control to intermediaries. Overall the study found that the shorter the disbursement path between donor and the community, the greater the likelihood of the community driving their own development.

Transparent communication

Simple and transparent communication about project procedures reduces conflict in CDD operations. When people clearly understand how decisions and financial allocations are made in a project, they develop much more realistic expectations. In Nepal, transparent communication and effective service delivery have enhanced community confidence, yielding a situation in which community members are more willing to contribute to operational costs (annex 1, case 6). However, systems may also be needed to settle differences over procedures. Experience from Indonesia shows that CDD operations can be bolstered by internal complaint mechanisms and avenues of redress (Barron, Smith, and Woolcock 2004). These complaint mechanisms need to be independent, well advertised, accessible, and robust enough to take responsibility for the decisions that are made. To be fully credible, they need to have the backing of local leaders (annex 1, case 4).

Providing access to and exchanging information is a particularly powerful tool for empowerment. Often, project information is under the control of elites, which reinforces their positions of power and strengthens their client networks. It is critical to the success of any CDD approach to ensure that consultations and information sharing are far-reaching and ongoing. CHF International (2005) found that the modeling of cooperative and problem-solving attitudes and behaviors helped

greatly in demonstrating the benefits of working within cooperative structures in its Guatemala agro-forestry program. A similar lesson learned from Mercy Corps's community mobilization program in the Ferghana Valley in Tajikistan (annex 1, case 10) was that where staff purposely internalized such values by establishing interethnic teams and transparent procedures, communities more readily adopted similar methodologies and processes (Mercy Corps Central Asia 2003).

Targeting

If CDD operations are to benefit the poorest communities, clear and inclusive targeting strategies are needed. In situations of conflict, CDD inevitably involves some degree of targeting, from the selection of beneficiaries to the determination of how to allocate project resources. The first targeting challenge arises *within* the community—in the act of determining whether certain groups of especially vulnerable populations should be favored in the disbursement of assistance. The rationale for such intra-community targeting is that conflict has affected groups differently, making some particularly vulnerable in the post-conflict period. These groups may be marginalized within the wider community; unless deliberate efforts are made to target them, they may be excluded from the community's decisions about how to use CDD resources. The advantage of intra-community targeting is the ability to tailor community resources to the particular needs and concerns of such disadvantaged groups. There may be political incentives for targeting, as well. If certain groups have grievances, addressing them through targeted assistance may help to stabilize the community.

CDD programs commonly conduct a social assessment to identify vulnerable groups, which often include war widows, female heads of household, orphans, disabled children, demobilized fighters, displaced people, and youth. Once those groups are identified, the CDD program usually opens a designated window through which ring-fenced funds are disbursed for small-scale projects to benefit the vulnerable group(s). The Uganda NUSAF program, for example, has a project component known as the Vulnerable Groups Support Subproject under which funds are awarded to civil society

organizations to implement community projects for vulnerable groups, including youth, HIV/AIDS-affected populations, and the internally displaced (annex 1, case 12).

Among the risks of intra-community targeting is the possibility of setting up or perpetuating social divisions by favoring part of the community in the distribution of assistance. To prevent this, it is important to combine targeting with strategies to promote inclusion. Vulnerability and poverty analyses conducted in Angola, for example, placed considerable emphasis on inclusion when identifying vulnerable groups (annex 1, case 2). The analysis identified those who would qualify for targeted assistance and how they could be included in wider community meetings and decision making. Reserving a seat at the table for representatives of vulnerable groups is one inclusive measure.

Community-led targeting is another trend. Instead of using a social assessment to identify target groups, each community decides which groups should have access to resources allocated for vulnerable groups. In such cases, CDD facilitators work with communities to decide who might require targeted assistance, what form that assistance should take, and how to maintain links between the targeted group and the wider community. In these cases there is no program window for targeted assistance, but there is flexibility within project activities to allocate resources according to community-led decisions. In Timor-Leste, for example, this approach was found to help mitigate tensions over the identification of vulnerable groups for support (annex 1, case 11).

A second targeting challenge is deciding which communities will qualify to participate in a CDD program. Experience shows that the perception of bias in the allocation of resources can be damaging and even risky, particularly in violence-prone areas. In CDD programs, the selection of communities requires careful attention to the perception of partiality to avoid exacerbating tension along conflict lines, a lesson made clear in the World Bank's reconstruction program in Bosnia and Herzegovina (OED 1998) and in Mercy Corps's Community Action Investment Program and Peaceful Community Initiative in the Ferghana Valley in Tajikistan (Mercy Corps Central Asia 2003).

The risk of perceived bias in intercommunity targeting has implications not only for the general geographic targeting of the program, but also for the selection of individual communities. Donors must make difficult choices between thin distribution of resources over a broad area or greater depth of assistance in certain regions deemed to be of special significance. Excluding areas that are severely impoverished, but not conflict-affected when selecting communities for assistance, can raise tensions and affect how the program is received. At the same time, as seen in the case of the Nepal PRSP, conflict is a manifestation of the economic, social, and political grievances in the country (annex 1, case 6). The critical point, therefore, is to recognize the potential repercussions and to establish simple, transparent methods for allocating resources.

Most CDD programs aim to target the poorest communities—and to do so impartially. Two factors appear to increase impartial targeting and equitable resource allocation. Those factors are (i) the development of poverty diagnostics in establishing criteria for selection, and (ii) agreement among donors concerning those diagnostics. Coordinating different humanitarian actors is important because it ensures an adequate spread of resources and equity of development across the country. Without coordinated

targeting geographic disparities in levels of assistance may emerge. In the West Bank and Gaza a coordinated approach to targeting was eventually achieved when humanitarian agencies developed a common set of screening tools and a framework for poverty assessment (annex 1, case 13). Those achievements made possible a clear poverty-targeting strategy and an allocation mechanism based on objective criteria and poverty data. Transparent communication about the criteria for targeting is equally essential, so that people understand who is receiving assistance and why. The targeting experience in the West Bank and Gaza also demonstrated the need for flexibility to accommodate community-led targeting.

The development of poverty-targeting diagnostics presents methodological and contextual challenges. In conflict-affected countries, the statistics and data needed to determine poverty levels often are very sparse, when they exist at all. In the absence of data, and in the context of a postwar humanitarian emergency, targets may be set on the basis of broad criteria of need. Priority may be given to geographic areas with high levels of destruction or high rates of displacement and return. In time, however, an investment must be made in comprehensive data collection. Only with good data can a reconstruction effort move from a broad response to acute postwar needs to a comprehensive approach based on poverty assessment. A refined targeting strategy may require more than district-level poverty assessments. An example from Uganda shows that subdistrict poverty assessment may be essential, if aggregation at the local level does not capture disparities within each locale (annex 1, case 12).

Table 4 Targeting of CDD in conflict

Project name	Gender	Youth	Orphans/ children	Demobili-zed soldiers	Other vulnerable groups	IDPs/ refugees
AFGHANISTAN National Solidarity Project	X				X	
ANGOLA Social Action Fund Project III	X	X			X	
COLOMBIA 2nd Magdalena Medio Project (Pilot)	X	X	X		X	
INDONESIA Kecamatan Development Project	X				X	
INDONESIA III Kecamatan Development Project					X	
KOSOVO Community Development Fund II	X				X	X
NEPAL Poverty Alleviation Fund					X	
PHILIPPINES Mindanao-ARMM Social Fund for Peace & Develop.	X	X			X	X
RWANDA Decentralization & Community Development	X	X			X	
SUDAN Community Dev. Fund Project					X	
TAJIKISTAN Rural Infrastructure Rehab.					X	
TIMOR LESTE Community Empowerment Project I	X	X	X		X	X
TIMOR LESTE Community Empowerment Project II	X	X	X		X	
TIMOR LESTE Community Empowerment Project III	X	X	X		X	
UGANDA Northern Uganda Social Action Fund		X	X	X	X	X
WEST BANK & GAZA Integrated Community Development	X					X

Note: IDP = internally displaced person

Monitoring and evaluation

CDD operations require simple and effective monitoring and evaluation (M&E) systems. In conflict-affected settings, strong monitoring and evaluation are particularly important. Status reports to local and central government officials on basic services and infrastructure will assist in planning for the long-term management of these facilities. Monitoring and evaluation are also needed on the CDD process itself. The information needs to be both quantitative (for example, the number of community meetings held) and qualitative (level of community participation in decision making, representation of different groups). Such information allows project staff to ensure adherence to the principles of CDD, such as inclusion and empowerment. Finally, the impact of CDD

operations on conflict and poverty alleviation must be evaluated to improve CDD operations within the country and also internationally.

Conflict complicates monitoring and evaluation of CDD in several ways. First, the demand for rapid delivery may prevent investment in a rigorous monitoring and evaluation system prior to the commencement of the project. A thorough impact evaluation requires a baseline survey at the beginning of an operation. But the time required for social assessments and baselines means that they are often not completed before the project-design stage, and thus do not inform it adequately. Once monitoring and evaluation systems are in place, logistical constraints may prevent regular monitoring checks.

Most CDD operations in conflict situations develop their monitoring and evaluation systems during the course of delivery. Because it takes time to train and build the capacity of staff, the system should be simple and flexible enough to grow with experience. It should also take into account the demands on staff time and mobility, as well as risks to the physical safety of staff responsible for collecting data.

Although monitoring and evaluation of CDD operations is still not refined, one recent innovation is to increase the level of community participation, which reduces the administrative burden of data collection for project staff. In Sierra Leone, for example, the CDD project has a bottom–up system of monitoring and evaluation, which includes the following provisions. Led by their village development committee (VDC), village members select their own indicators for monitoring the implementation of their projects. Indicators are chosen during preparation of their first-year action plan. Village members are encouraged to monitor their own VDC through a public display board that disseminates information on project activities, amounts spent, decisions made in monthly meetings, and agendas for upcoming meetings. VDCs report to the community and to the project through monthly physical and financial monitoring reports.

Challenges and opportunities of the community environment

Insecurity and the social costs of conflict

Conflict-affected communities are particularly unstable, and their populations often bear the scars of conflict and violence. Designers of CDD operations in conflict cannot assume a stable, geographically defined, and cooperative community, but instead must assume that the community will be characterized by insecurity, tension, and movement. It may be extremely difficult to ensure continuity. In the West Bank and Gaza, for example, frequent border closures, security checks, and road blocks prevented staff from reaching the project sites, causing delays in supervision visits (annex 1, case 13). The incursions also restricted the movement of goods and services through the project area and decreased communities' capacity to contract services. Flexibility and knowledge are required to respond to these conditions.

In highly insecure areas, it may not be possible to implement CDD effectively. A clear exit strategy must be in place to manage the withdrawal of CDD operations in the event of a heightened state of emergency. However, evidence also demonstrates that upfront measures can minimize the impact of violence. The steps taken to mitigate the

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risks posed by violence in Colombia included regular security bulletins for project staff (annex 1, case 3). Contingency plans were in place to suspend projects and evacuate staff if necessary. In the West Bank and Gaza, local contractors and engineers were commissioned to supervise the projects in their areas; they communicated with central management by phone instead of driving through conflict zones (annex 1, case 13).

Social disruption and trauma may prevent beneficiaries from engaging fully in a CDD project. In conflict-affected settings, the targeted communities bear the social, physical, and emotional scars of conflict, and sometimes violence. This may affect their ability to engage in decision making, to make long-term plans, and to undertake new enterprises. Residual anger and resentment can permeate these communities for years, haunting social relationships and challenging the success of collective activities that depend on trust and cooperation. This was one of the fundamental challenges in the Tajikistan Rural Infrastructure Rehabilitation Project (annex 1, case 10), where the civil war disrupted utility services and blocked access to social services. Because communities distrusted each other, a slow and nonthreatening process of setting up water-user associations helped bring communities back into productive contact.

Communities may be unfamiliar with making participatory decisions, and an ethos of equality and inclusion may be construed as new and alien. In Angola, the project staff struggled with an attitude of dependency among beneficiaries, who expected others to make decisions and provide for them. It was difficult to motivate community members to accept responsibility for services when they perceived service delivery as the role of the new state and provision as one of the dividends of peace (annex 1, case 2). In the face of such limitations, CDD operations must begin at the level of current capacity of community members, taking into account the differing capabilities and circumstances of each community.

Displacement of populations, a major consequence of many conflicts, may well affect the composition of community committees. Members may move over the course of the project or give up their commitment to committee meetings and decisions. In Uganda, for instance, internally displaced persons often belonged to several different communities simultaneously, with family members moving between different locations without any particular loyalty or long-term commitment to one community or another (annex 1, case 12). CDD targeting strategies must consider these complexities of displacement and the conflict mitigation processes necessary for sustainability.

Responding to refugees

The return of refugees may also influence CDD operations. Some refugees move back from urban areas, where they may have adopted new lifestyles. Community members who did not relocate during the conflict may find it hard to accept people who have been absent for a period of time, and who may have changed during their absence. Return takes place over many years, changing the composition of communities over time and challenging institutions that seek to be representative. The return of refugees also poses a demographic challenge, since resources that have been allocated to communities on the basis of a census may be stretched when refugees return and more people lay claim to the same resources.

There are innovative and flexible ways to involve refugees in CDD programs. In the Philippines, for example, the CDD project provides a block grant for returning refugees alongside the basic community block grant. Refugees are thus seen as bringing resources into the community, easing their reintegration (annex 1, case 7).

Acknowledging social divisions

Conflict often divides heterogeneous communities, and the introduction of new resources through CDD programs can exaggerate existing tensions. It may be naive to expect that people who live in the same place will share the same vision after a conflict. During conflict, neighbors may align themselves very differently along political, religious, ethnic, or social divides, complicating the reestablishment of a community identity after the conflict.

CDD operations in Kosovo (annex 1, case 5) and Rwanda (annex 1, case 8) have faced the challenge of CDD in ethnically mixed communities. The evidence seems to show that CDD can be a factor in creating new forms of community cohesion. In Rwanda, cooperation around microprojects galvanized a common vision and goal even in severely disrupted communities. People overcame differences to achieve development in their area. In Kosovo, once there was a neutral setting in which to define and pursue a common goal, people came to see that their mutual interaction was beneficial for all concerned. Community members are more likely to work cooperatively when there is clear communication about rules and decision making processes, because understanding of the rules minimizes opportunities for conflict over access to resources. It may also be true that social cohesion is furthered by certain types of investment choices.

In some situations, CDD projects must initially work separately with different groups, allowing cohesion to develop over time. For example, in Kosovo, 10 percent of the project budget was set aside for Serbian communities alone. The engagement of a Serbian engineer and contractors and of an NGO with mixed representation increased effectiveness in outreach to Serbian communities. But it must not be assumed that because people are working together on a CDD project, they are more cohesive in wider social relationships. Evidence from Indonesia suggests that cohesion from CDD cooperation does not begin to spill over into broader social life until after people have worked together for four or five years (annex 1, case 4).

CDD operations must tackle the challenges of power divisions in a community. Elites can provide important leadership early on in conflict reconstruction, but they may also "capture" the project if they come to exert undue influence and thus skew decision making. The risk of elite capture can be pervasive during reconstruction, if local political and military leaders gained strength during the war. Elites may also be tempted to control information and so to reinforce their position and strengthen their ability to set up systems of patronage in the community.

Voices of community-driven development

"A CDD project can reduce the impact of the conflict on people. In Colombia, it is useful to analyze the conflict on two levels, first as an armed political struggle between powers over territory, drugs, or political control; and second as a conflict fueled by (and generating) unresolved conflict over land, impunity, and exclusion, caused in part by the capture of the state by private groups. It is on this second level that World Bank projects can have an impact. The hypothesis is that if vulnerable people have greater social, economic, and political assets, they have more to lose from the conflict and are more likely to resist the intrusion of forces that jeopardize their assets."

—Task team leader,
Colombia Peace and Development Project

Steps can be taken to prevent elite capture of benefits. External facilitators can monitor and control the influence of different segments of the community. Information can and should be plentiful, transparent, and widely shared. In Rwanda, widespread communication of decisions, verification that community choices had been acted upon, and the posting of information about who received contracts all circumvented elite capture (annex 1, case 8). In Afghanistan, transparency of budgeting, use of block grants, and a focus on public rather than private goods all served to reduce the possibilities for elite capture (annex 1, case 1).

Ensuring inclusion and representation

Given the divisions in conflict-affected populations, where trust is low, CDD operations must attend carefully to issues of inclusion and representation. At the core of all CDD operations is the establishment of a forum that will engage and represent many different interest groups, including the poor and marginalized. There is no single prototype for achieving representation and inclusion in a community forum; instead the procedures for representation are best devised as appropriate to their context. In Afghanistan, an election process based on secret ballots was used. In Colombia, working with existing structures (such as farmers' associations) to select representatives proved appropriate.

The institutions created through CDD and the skills developed may also help manage local conflicts. Evidence suggests that local councils and participatory, consensus-building methods can play a role in resolving disputes and possibly in preventing future conflict. In Afghanistan, the Community Fora (annex 1, case 1) played an important role in containing ethnic tensions at a time when issues of ethnicity were heavily politicized. Similar insights emerged from a recent study on the Kecamatan Development Project in Indonesia (annex 1, case 4). The study found that dispute-resolutions systems were vital components of the CDD approach. It concluded that the lack of effective systems for resolving local disputes can contribute to continued violence

(Gibson and Woolcock 2005). It should be noted, however, that no evidence yet links CDD approaches to the reduction of wider political tensions (USAID 2004).

CDD approaches may also influence attitudes toward acceptance and tolerance. This is particularly true where the process emphasizes inclusion of previously excluded groups, as in the Afghanistan Community Fora program. The Fora were initially dominated by men. They evolved beyond customary institutions, however, to become a more representative form of self-government. Many women now run meetings of the Fora (Lister 2004).

Maintaining gender sensitivity

Ensuring gender representation also requires special consideration. In Timor-Leste, female representation was achieved through council elections structured to ensure a 50/50 representation—each voter selected one man and one woman (annex 1, case 11). The election system was well received by the villagers and considered more effective than a quota system. In Rwanda, women and youth held slots on the community development committees (annex 1, case 8). However strategies for representation and inclusion must go beyond such formal mechanisms. Operational procedures for including women in a community forum do not ensure that women will achieve equal decision-making authority. Subtle (and not-so-subtle) cultural values around gender may constrain the ability of women to contribute, speak up, and assert an opinion. In Afghanistan (annex 1, case 1), regardless of the existence of women-only community development committees and the presence of women on mixed-gender councils, women reported a general lack of legitimacy and meaningful participation, as well as insufficient access to relevant information, as a result of (i) gender bias on the part of facilitation agents, (ii) cultural norms that prevented women from attending meetings and casting votes, and (iii) women's own perception of their lack of leadership ability due to inferior education (Kakar 2005).

Gendered aspects of conflict are now better documented than they were a decade ago (Bouta, Frerks, and Bannon 2005). Women often bear the brunt of the social, emotional, and economic impacts of conflict. The status of some women may have changed completely as a result of conflict, especially war widows who are left ostracized and defenseless. Such practical, social, and cultural circumstances will constrain women's active participation in CDD unless extra measures ensure their inclusion, including (i) initiatives that mobilize men to support women, (ii) gender training, (iii) use of local gender facilitators, (iv) timing meetings to accommodate women's needs and constraints, (v) providing transportation for women to attend meetings, and (vi) organizing separate women's meetings to prepare for presentations to the wider community. These should all be backed up by a strong gender monitoring and evaluation component in project design.

Poverty and the maintenance of community assets

The sustainability of CDD initiatives is challenged by the poverty of conflict-affected populations who lack the financial resources and time to invest in development projects. The poor often find it difficult to sustain community contributions over the long term.

The problem of maintaining contributions is especially significant when it comes to the ongoing costs of community assets, such as renovated health centers and schools. In many cases, programs have been bedeviled by a lack of clarity about ownership of and responsibility for community assets once built. Responsibility for recurrent costs must be clearly assigned ahead of time.

Projects tend to stipulate certain minimum levels of expected community contributions; evidence suggests that this improves community management of those assets. In the West Bank and Gaza, the solution to problems in raising funds for maintenance was to increase levels of community participation in maintenance activities, train community members to perform preventive maintenance, and introduce a requirement that communities should set aside 5 percent of microproject funds for maintenance (annex 1, case 13).

Clear communication and realistic expectations about the timing of expected contributions are critical. Poor people in communities affected by conflict have many priorities—among them rebuilding homes, restoring agriculture, achieving food security, and restarting livelihoods. All of these require time and energy. Participation in community meetings and committees requires precious time that may be needed to meet survival needs. It is important to recognize that the inability of poor people to participate can easily bias an operation toward those who do have the time to attend meetings and participate in other activities.

Effective CDD programs run the risk of being overburdened by their success, as other donors vie to channel interventions through an institutional framework that produces good results. When a CDD project is successful, therefore, time pressures on the poor may actually increase. This can lead to participation fatigue and disillusionment in a community that is already struggling.

Table 5 Details of community-driven approaches in 13 conflict-affected cases

ONGOING CONFLICT

COLOMBIA: 2nd Magdalena Medio Project (Pilot) 2004-8

Implementing agency: National Planning Department

Geographical coverage: Magdalena Medio region

- Project aims to empower local communities to demand more responsive local institutions and reap tangible socioeconomic benefits.
- Beneficiary contribution for each subproject is at least 10–20%.
- Model is based on community and individual participation.
- Specific mechanisms are established for participation.
- Methodology takes into account the initial capacity and conditions of citizens.

MINDANAO-PHILIPPINES: Autonomous Region in Muslim Mindanao ARMM Social Fund for Peace & Development 2003-8

Implementing agency: ARMM Social Fund (Office of the President)

Geographical coverage: Autonomous Region in Muslim Mindanao (ARMM)

- CDD mechanisms have been adapted to ARMM conditions. Organizations from qualified *barangays* receive technical and financial assistance on demand, so they can implement and manage subprojects. Communities contribute in cash or kind.
- The project includes vulnerable groups through the provision of short-term relief and rehabilitation of damaged houses for internally displaced people; capacity building to improve food security for women groups, indigenous groups, and out-of-school youth groups; and assistance for training indigenous people.
- Project aims to enhance the capacity of the regional government line agencies to participate effectively in procurement, management, and monitoring, and supports the cross-cutting theme of good governance in all subproject components.

NEPAL: Poverty Alleviation Fund 2004-9

Implementing agency: Nepal Poverty Alleviation Fund

Geographical coverage: Nationwide

- Sustainability of community capacity for collective action is promoted through the project's demonstration effect and in subprojects in which villagers share costs.
- Relevance of subprojects is ensured through O&M plan proposed and supported by communities.
- Communities have control over funds and investment decisions.
- Project targets low social and economic status within the village; their priorities are reflected in the interventions.

SUDAN: Community Development Fund Project 2005-8

Implementing agency: Community Development Fund set up by the government to serve as one of the main conduits of donor funding during the recovery period.

Geographical coverage: Northern states

- Through a CDD approach, the CDF complements the government's programs, providing an efficient and effective alternative for delivery of basic social, economic, and infrastructure services targeted at deprived communities. The project aims to enhance the government's legitimacy, while promoting good governance, economic recovery, and social stability.
- Program targets vulnerable groups such as elderly, disabled, female heads of household, child victims of violence, AIDS victims, drug addicts, war-crippled victims, and unemployed youths, among others. A gender- and conflict-sensitive analysis guides the allocation of resources among these groups.
- Building capacity of localities, NGOs, and local CBOs is emphasized through training programs aimed at building capacity in the areas of project management (transparency, accountability, financial management, procurement), and community participation and empowerment (participatory planning and inclusion of marginalized segments of the population in decision making).

TIMOR-LESTE: Community Empowerment Project I/II/III 2000-4

Implementing agency: United Nations Transitional Administration for East Timor

Geographical coverage: Target populations include council members and almost the entire population of East Timor. Subgrants for Dili will assist the population in overcoming the expected negative economic impact caused by the departure of international staff following independence.

- Underlying the design, implementation, and management are principles of empowerment, transparency, inclusiveness,

open choice, accountability, and sustainability.

- CEP III focuses specifically on training and capacity building to ensure sustainability of project investments. Greater priority is given to communication.
- Community members participated in elections of council representatives empowered to make decisions.

UGANDA: Northern Uganda Social Action Fund 2002-8

Implementing agency: National steering committee appointed by the prime minister

Geographical coverage: 18 districts in Northern Uganda

- A conflict assessment using participatory rural appraisal approaches was carried out in the five northern subregions.
- At least 20% of subproject costs are covered by the community.
- Project aims to empower communities by enhancing their capacity to identify and prioritize needs.
- A community reconciliation and conflict management component provides support for peace building and conflict management.

WEST BANK AND GAZA: Integrated Community Development Project (ICDP) 2002-6

Implementing agency: Ministry of Local Government (MOLG)

Geographical coverage: West Bank and Gaza: More than half a million Palestinians in 100 small and poor communities benefit (average population of 5,000 per microproject).

- The project's objective is met by financing investments in local infrastructure and institutions.
- ICDP addresses sustainability issues through greater stakeholder participation in maintenance of assets through community contributions, O&M costs, and mandatory training on microproject management.
- Quality of services is a major factor in ensuring sustainability of the program and in improving the likelihood of attracting additional donor funding.

POST-CONFLICT: REINTEGRATION, STABILIZATION, CONSOLIDATION

AFGHANISTAN: National Solidarity Project

Implementing agency: Ministry of Rural Reconstruction and Development

Geographical coverage: Year 1: target was to implement NSP in 6,700 village communities (corresponding to 70 villages per district in 3 districts in each of Afghanistan's 32 provinces). Year 2: operations expanded to cover remaining villages in initial districts and expand operations to new districts

- An open menu of subprojects was offered in four types of investments: community, human capital development activities, self-help savings and credit schemes for women and the disabled, and asset transfers for vulnerable women and the disabled.
- Community contributed to costs in the form of labor or reduced daily wage rates supplemented with other forms of contributions (including cash) from nonpoor families that do not have members seeking work at the reduced wage rate.
- Community development where councils were set up and leaders elected through secret ballot. Separate CDCs for women ensured their participation.
- Areas controlled by militia leaders or single-family elites were excluded from the program if they opposed elections by secret ballot.

ANGOLA: Social Action Fund (FAS) Project I/II/III 2003-8

Implementing agency: Created by the government of Angola, FAS consists of a central management unit and nine provincial offices. Under the umbrella of the Ministry of Planning it has been granted a high degree of autonomy in administration, finance, and management.

Geographical coverage: FAS III is expected to expand its operations within and beyond the nine provinces (Bengo, Benguela, Cabinda, Huambo, Huila, Luanda, Namibe, Kuanza Sul, and Kunene) in which it currently operates. The goal is to cover all municipalities in the provinces.

- An open menu of projects covers: (i) education: schools, children's centers; (ii) health; (iii) water and sanitation, (iv) economic infrastructure (rehabilitation of small feeder roads, culverts, small scale community infrastructure); (v) environmental infrastructure. The community contribution is 10%.
- Target populations are poorer communities in rural and peri-urban areas.

INDONESIA : Kecamatan Development Project I/II/III 2002-9

Implementing agency: Ministry of Home Affairs, Department of Community Development

Geographical coverage: project budget assumes 200 *kecamatans* per year are added through the matching grant program.

- Project supports Indonesia's large decentralization program.
- KDP I and II gave priority to the empowerment goal; KDP III is operating in a sufficiently changed environment to justify a renewed emphasis on sustainability.
- KDP III consists of block grants transferred directly from a special account to the subdistricts. Block grants support investment proposals made by villages and the participatory planning process.
- Capacity development is a large investment, and menus are, with the exception of a small negative list, entirely open; communities use the funds for broad range of local priorities.

KOSOVO: Community Development Fund II 2004-6

Implementing agency: Kosovo, Community Development Fund

Geographical coverage: CDF targeted all the 30 municipalities of Kosovo. In the five regions of Prishtine, Prizren, Peje, Mitrovice, and Gjilan. Other amounts were allocated to specific communities—among them Serbian communities, returnees, mixed, and minority communities.

- Community contribution is 15% in cash. Under CDF I contributions averaged 19%. Communities and local municipal authorities pay their full share to CDF before contracting. Communities determine their own means of collecting the contribution. Very poor communities may contribute less (or no) cash.
- CDF adopted a methodology of targeting project funds on the basis of two criteria: vulnerability (poverty) and conflict damage.
- Sustainability of CDF II is enhanced at the local level through community investment projects that respnd to community priorities, ensuring the required quality of works and agreed project typology, maintenance of service standards, clear demonstration of project benefits, accountability at the local level, and strengthened partnerships among key local stakeholders.

RWANDA: Decentralization & Community Development 2004-9

Implementing agency: Ministry of Local Government. The Ministry of Local Administration, Information, and Social Affairs will have overall responsibility for project oversight and coordination.

Geographical coverage: 39 districts. The country as a whole will benefit from the implementation of a successful decentralization and community development policy.

- The project is executed through existing government and administrative infrastructure; capacity is the key objective of the project.
- Mutual confidence of local populations and local administrators is a key element in the project.
- Project sustainability relies on government's commitment to decentralization and community development.

TAJIKISTAN: Rural Infrastructure Rehabilitation 2000-6

Implementing agency: Project Management Unit and Ministry of Irrigation & Water Resources

Geographical coverage: Nationwide

- Active involvement of different stakeholders is continuously sought to increase local ownership, management, and use of project resources.
- All community members are willing to contribute (in cash or in kind) to ensure a reliable supply of drinking water. Methods and procedures were designed to ensure that communities and farmers who were willing to contribute were given priority to participate in project implementation

Section Three—Conclusions

CDD has demonstrated its effectiveness in addressing several key concerns in conflict-affected contexts. Those concerns are:

- The demand for rapid implementation through quick disbursement and delivery channels, in order to deliver cost-effective goods and services at the community level;

- The need to promote participatory models of local governance and service delivery based on principles of downward accountability, civic engagement, agency responsiveness, and information transparency;

- The need to rebuild or strengthen social capital and foster peaceful, representative, and inclusive forms of planning and decision making at the local level.

CDD has not been proven to resolve conflict, but recent research suggests that community-driven interventions have a positive impact on people's capacity to manage local disputes. CDD programs have served to buttress local stability in volatile contexts by enhancing interpersonal trust and social cohesion through the process of collective action.

Moving from conflict to sustainable local development is an arduous process. Emergency relief programs, the trademark program in conflict-affected countries, should be considered a starting point for introducing community-driven rules and principles. Such programs should aim to give decision-making authority to representative community organizations that articulate the views of all stakeholders, thereby building and strengthening capacity in the community, local administration, civil society, and beyond. They also should invest heavily in monitoring and evaluation.

CDD interventions raise expectations in communities and questions about how external support agents, notably the public sector, will respond to such interventions. Cultivating and encouraging community action plans and capacities creates the expectation of continued resources and opportunities for further investments, with clear implications for public finance and service delivery. For this reason, local CDD initiatives, even in conflict-affected contexts, need to be embedded institutionally within the architecture of local government or, in cases where decentralization reforms are lagging, at least within the broader structure of sector programs and implementation plans.

The following lessons have been learned about CDD in conflict-affected settings.

The conflict context

- *CDD is context driven*, but especially in conflict-affected settings. Therefore, political and conflict analyses are necessary for project design and implementation.

- *Knowledge of local power relations*, particularly as these pertain to conflict actors, are required to develop appropriate safeguards against elite capture. Public communication of decisions and open accounting processes are an effective check on elite capture.

- *CDD in conflict-affected settings offers an opportunity to test new approaches to peace building*, establish new norms for development, and build social capital.

The policy environment

- *CDD can drive decentralization efforts* in post-conflict settings, and build the foundation eventually developing effective service delivery and good governance. Decentralization will effectively support CDD when authority and resources are devolved to local levels.

- *Intensive capacity building is needed is especially needed in conflict-affected settings to link communities and local government institutions.* CDD programs provide opportunities for such capacity building and help to build trust of government institutions.

- *CDD in conflict-affected settings works best when objectives are realistic, adaptive, and achievable.* Objectives should be set in the context of other strategies for poverty alleviation, reform, and mitigation of the root causes of conflict (such as inequality, poor governance, and ethnic divisions).

The institutional environment

- *CDD in conflict-affected settings links governments and communities.* Where community-driven approaches take root, they can forge bonds between citizens and their (re)emerging state. Creating institutions that engage community members in decision making can influence political leadership, set a precedent for participatory decision making, and increase community participation in governance. Even minor responses on the part of government can profoundly affect the way citizens view their government. The resulting confidence of citizens in their ability to effect change increases their participation in governance issues and their involvement in the delivery of social services. Opening new channels for citizen voice thus creates an opening for incremental reform of governance (Arboleda 2002).

- *CDD in conflict promotes stability.* Community-driven approaches in conflict-affected environments can support stability in other ways. A World Bank study of low-income countries under stress found that relationships between local communities and the state were easier to develop at the local level than at the national, especially where good communication made it possible to develop trust and

a sense of commonality (Manor 2006). This can have a powerful psychological impact, especially when the government and the community were once at odds during the conflict. These relationships need to be sustained, however, in order to establish the legitimacy of government.

- *CDD approaches can serve as a model for cooperation and negotiation,* and as an alternative to violent forms of dispute resolution. Broad application of cooperative forms of interaction can have a transformative impact and have the potential to advance the peace process by providing incentives to disengage from violent behavior, displaying a sense of normalcy, and providing opportunities to express ideas (Lister 2004). Governments may be threatened by development approaches that empower local communities, as they are trying to build the authority of new government structures at the central level. In such instances, CDD should be introduced gradually and with sensitivity so that both local communities and governments see its practical benefits and come to accept realignments of power make decisions and allocate resources.

- *CDD initiatives need clear strategies for engaging (or not engaging) with nonstate military actors*. These positions should be adhered to at all project levels. Clear exit strategies are also needed.

Operational issues

- *In conflict-affected settings, CDD can establish opportunities for synchronized donor funding.* Pooling donor resources through a community-driven instrument can help harmonize donor approaches in situations where needs are extensive and donors willing. Such harmonization can focus international aid and make it more effective. The Community Fora program in Afghanistan, for instance, served as a mechanism through which agencies could interact directly with communities. In addition to harmonizing donors around a single entry point in the community, it had other positive outcomes, such as placing communities in the position of coordinating the resources directed toward them and strengthening the role of local government by encouraging it to coordinate aid agencies, city departments, and local leaders.

- *CDD can lower unit costs, even in conflict settings.* When communities manage their own funds, they have an incentive to economize on resources. Moreover, community contributions of material, resources, labor, and cash leverage external funds. Evidence shows that CDD projects have lower per unit cost, encouraging creative solutions such as co-production, which further leverages available financial support.

- *It is possible to build strong systems for CDD in a short time.* However, while CDD might be an effective route for delivery of highly needed services, it can be compromised by rapid implementation that focuses on quick results over longer-term capacity building and institutional change.

- *CDD operations benefit from secure and long-term funding strategies developed as early as possible.* To better ensure long-term sustainability, governmental budget planning should take account of all budgetary implications of CDD programs, including recurrent costs for asset maintenance, but also for crucial personnel,

including nurses for clinics and teachers for schools. External funding rarely outlasts the expectations it raises.

- *Conflict-affected environments are complex, therefore, setting up simple and reliable cash disbursement systems will contribute to project efficiency and greatly improve the credibility of the project in the eyes of the local community.* When community groups come to believe that they will have direct control over grant funds, they are more willing to invest in making plans and decisions and less likely to revert to illegal activities to pay for their labor. Before projects begin, systematic, rigorous, and fail-safe protocols should be devised to manage procurement, disbursements of funds, and financial management. Clear and simple management documentation should make operational procedures transparent and understandable, thereby contributing to the empowerment of communities. Varied communication strategies—including radio and public postings of announcements—are fundamental.

- *When possible in a conflict-affected setting, involving all stakeholders in setting objectives and establishing transparent criteria for the selection of beneficiary communities may help to mitigate disputes over targeting.* The targeting criteria should be communicated widely and transparently.

- *CDD operations require monitoring and evaluation on various levels.* Simple and effective M&E systems are needed that generate information on the status of physical outputs in order to monitor the disbursement and expenditure of community grants. Status reports on the provision of basic services and the completion of infrastructure will make it easier to plan for the long-term management of these facilities. Impact evaluation is also needed, particularly on social impacts and the effect of CDD operations on conflict mitigation and poverty alleviation. This form of evaluation will help improve CDD operations in-country and internationally.

The community

- *CDD delivers a peace dividend.* An important tangible benefit of using a CDD approach is the visible reconstruction achieved through community cooperation. The improvement in quality of life through increased income, new infrastructure, or renewed social services provides immediate affirmation of the benefits of peace. Although other approaches also improve living conditions, community involvement in the process reinforces the benefits of collective action in pursuit of a common good. These improvements can attract return migration and support reintegration.

- *In the conflict recovery process, CDD matches investments with local preferences.* Communities tend to prioritize issues that have the greatest impact on their recovery. CDD allows investments to be aligned with articulated demand. Humanitarian aid, by contrast, is based on external assessments of need. The advantage of a demand-led approach is that it directs scarce resources to locally determined needs for the highest economic return. CDD programs appear to be effective in improving local social services and physical infrastructure, which often collapse under conflict.

- *CDD can improve sustainability as communities recover from conflict.* CDD projects that account for capacity development and operation and maintenance at the outset

tend to produce better results over a longer period. This is particularly advantageous in the early postwar years, when government services and support are often limited. In the Northern Uganda Reconstruction Project, many facilities were never completed or remained unused, results attributed to the lack of community involvement in project identification and implementation (Robinson 2004).

- *CDD can improve trust.* Where a breakdown in trust and social cohesion risk inflaming tensions and provoking more violence, engaging community members in interaction with each other and with local institutions begins the process of reestablishing social and institutional relationships, networks and interpersonal trust—collectively understood as social capital. Sustained and inclusive decision making can challenge attitudes and norms that previously supported violence-based behavior. Increased voice can change entrenched perceptions about communities' ability to influence institutions.

- *CDD can promote dialogue in a conflict-affected setting.* CDD offers incentives and a platform for communication in divided societies. CDD processes and local community councils, in particular, can serve as safe fora in which to exchange views and therefore increase intra-community communication on a wide range of issues (CHF International 2005). Communication is a powerful instrument for mobilizing communities and equipping them with the information, knowledge, and capacity they need to participate in development, while roles and responsibilities in the minds of the stakeholders. Two-way communication gives voice to the poor and vulnerable, and who otherwise may lack opportunities to be heard. A well-managed CDD process should establish transparency in information access as an important standard. These norms, generated and sustained in the community, can become accepted methods of operation between segments of the population and between citizens and their state. Such forms of accountability help to counter corruption and mismanagement of funds, which are often found in conflict-affected environments.

- *CDD builds skills and institutions for the future.* Capacity building within a community-driven program aims to develop skills among community members. Communities with the ability to exchange information, mobilize internal resources, and design and implement plans may be better able to solve future problems. This is particularly important in conflict-affected areas, where the capacity for collective action may have deteriorated. The CDD process helps facilitate these skills through localized training, coaching, and learning by doing. CDD can create a new community vision, bringing together disparate groups around a new goal for their local area. Shared vision is best achieved when there is clear communication about the project. Achieving a shared vision requires careful facilitation, however, and in some cases it may be appropriate to work with different groups separately, allowing them to build confidence in their own identity before asking them to work across sensitive social, religious, and political divides.

- *CDD increases self-reliance.* Renewed confidence increases community members' sense of ownership over their recovery process. This is a powerful force in the aftermath of conflict, where the potential for dependency and despondency is exceptionally high.

Further research is required in the following areas:

- The use of CDD institutional arrangements and approaches to provide both public goods and to support livelihoods in conflict and post-conflict contexts.

- The contribution of CDD approaches to strengthening local and national governance.

- The impact of open versus restricted menus of community investments in environments of uncertain public sector supply response, low human resources capacity and unlikely recurrent cost financing.

- The key drivers for community and local-level sustainability of CDD investments in conflict contexts.

- The most appropriate forms and metrics for monitoring and evaluation, including participatory M&E and social accountability instruments for use in conflict-affected settings.

Table 6 Characteristics of conflict-affected countries and CDD responses

	Status of conflict		
	Ongoing	1–2 years after onset of peace	Stabilization, 3+ years of peace
Context	Ongoing violence Violations of cease fire agreements Complex humanitarian emergency	Peace agreement and stabilizations; with possible localized or intermittent insecurity and militarization Disarmament, demobilization and reintegration of ex-combatants Return and reintegration of refugees	Post-conflict reconstruction Socio, economic and political transformation
Policy environment	Meeting emergency humanitarian needs	Imperative to offer tangible peace dividend Focus on service delivery Transition from emergency to development programs	Poverty reduction strategies I/PRSP Revitalized democratic discourse Decentralization
Institutional environment	Militarized, weak, and illegitimate government Large role of civil society organizations in humanitarian assistance	High donor funding Weak government Complex coordination between government, civil society and donor organizations Restart of rural institutions for banking, legal and social services	Decrease in role of external agents in security and service delivery Growth of government run institutions Institutional reform and capacity building
Operational environment	Quick impact projects to meet basic and urgent needs Rapid disbursement for community social service provision	Need for flexibility to meet variety of needs Improved assessments and analytic work	Longer program time frames More systematic administrative procedures; Scaling up Revised and consolidated targeting criteria
Community environment	Distrust Insecurity Displaced populations Social turmoil Poverty	Return of refugees and ex-combatants Security dominates agenda High levels of residual anger Continued antagonism	Rebuilding trust and capacity to trust Reestablishing economic linkages Redefining social ethics, possible formal grievance redress/judicial process
CDD objectives	Quick impact service delivery Principles of accountability and transparency established Conflict resolution Community-based facilitators, local implementing partners	Rapid disbursement of sub project funds directly to communities Targeting for those affected by war Local level capacity building Establishing community representation structures	Sustainable infrastructure and service delivery Establish foundation for greater political interaction and good governance Building links with local and central government to take program responsibility Capacity building for government and civil society; Coordinated approaches Ensuring local inclusion and representation Building local cohesion and conflict resolution Community capacity for managing project funds

Annex 1   Case Studies

Case Study 1: Afghanistan National Solidarity Program (NSP)

Context

Chronic conflict and political instability have combined over the years to make Afghanistan one of the poorest countries in the world. Its infrastructure has been destroyed, and its human and social capital depleted. Most state institutions do not function; villages and towns are rife with factionalism, while rivalries among warlords continue unchecked and a resurgent Taliban threatens to resume control of some areas. It is estimated that up to 7 million Afghanis are vulnerable to hunger, and many depend entirely on humanitarian aid. Nearly 80 percent of the population survives on subsistence incomes in the countryside, beyond the reach of government. Cyclical droughts complicate farming on what little arable land there is, while the incessant conflict and instability have destroyed livelihoods and displaced countless households. With the tenuous post-conflict transition to peace, large numbers of migrants are returning to Afghanistan, putting additional pressure on its limited resources.

Policy environment

The 2001 Bonn Agreement recommended several decentralization and democratic projects and processes for Afghanistan. These were to lead to the election of a fully representative government within a period of about 30 months. An interim administration took over central administration, and after six months an emergency *loya jirga* (grand assembly) elected a transitional administration, which in April 2002 developed a compelling strategy for national reconstruction (called the National Development Framework). At present, a democratically elected government has improved governance and decision making in both Kabul and the provinces. The government has gained widespread international recognition and moral authority. Basic government functions have been restored and international relations reestablished.

Institutional environment

The government's initial challenge was making the transition from emergency reconstruction to state building and service delivery. In addition, it had the difficult task of finding a balance between central control over security and local control as a way to ensure effective service. The National Solidarity Program (NSP), instituted in early 2002, was a nation-building exercise that emphasized local governance. Under the program, communities are provided with block grants which they decide how to use through participatory decision making processes. These processes are led by community development councils (CDCs) elected by secret ballot; one CDC is assigned for every 150 households. The councils produce community development plans (CDPs)—prioritized, medium-term investment plans; they also harmonize community-level government interventions and programs and help with sector planning at the district, provincial, and national levels. Overall, CDCs help to legitimate local leadership and to strengthen relationships between communities and the local government apparatus. The

program also builds capacity building within the Ministry of Rehabilitation and Rural Development (MRRD), improving supervision of local planning for and management of block grants.

Operational environment

The community-driven development effort establishes a framework for consultative village-level decision making and representative local leadership. This framework serves as a basis for interaction among communities on the one hand and between communities and the government and aid agencies on the other. It also provides a context for local-level reconstruction, development, and capacity building that policymakers believe will reduce poverty levels. Outcomes will be monitored and evaluated, and the MRRD will manage and implement the program, with support from an international oversight consultant. "Facilitating partners" assist communities in the election of CDCs, in planning and implementing subprojects, and in building capacity for financial management and procurement. The project provides communities with resources through block grants for investments in reconstruction and development activities planned and managed by the communities themselves. Activities are implemented by the communities or through private sector subcontracts.

Community environment

The NSP is one of the few visible and ongoing government programs to deliver resources to rural communities. It reestablished ties between the state and the community by setting development priorities and creating mechanisms that translated popular demand into small-scale projects. By cultivating trust between the target villages and the government, the NSP is having a major impact on social mobilization, community participation, and social change. It has had a notable effect on popular attitudes, increasing the willingness of Afghanis to assume leadership roles in their villages. The program emphasizes community participation and, using the secret ballot, has created thousands of democratically elected CDCs. These councils strengthen local governance and create demand-driven projects that benefit the rural poor. Communities also select subprojects in a participatory and inclusive process. More than 80 percent of these subprojects involve infrastructure (irrigation, rural roads, electrification, and drinking-water supply), which is critical for the recovery of the rural economy, stability, and governance.

Lessons learned

- *CDD successes are possible during conflict*. Although NSP is young, it has shown that large-scale programs can be implemented—even under volatile sociopolitical conditions affecting present-day Afghanistan—given substantial facilitation at the community level.

- *CDCs choose infrastructure projects.* The program has created thousands of Community Development Councils (CDCs) that contribute to building local governance, while demand-driven projects have benefited the rural poor. Subprojects are selected by communities through a participatory and inclusive process. More than 80 percent of the subprojects involve infrastructure—such as irrigation, rural roads,

electrification, and drinking water supply—which is critical for the recovery of the rural economy, stability, and governance. The councils are increasingly becoming the entry point for local development activities by a range of actors, ensuring greater coordination and consistency.

- *The CDC process inspires new leadership and youth participation.* Tensions have arisen over the composition of the CDCs, especially when traditional leaders were not elected. Nevertheless, younger leaders have been encouraged to assist in local development and decision making.

- *Women's influence remains weak on block grant uses.* The program has made serious inroads toward gender inclusion, as it has afforded women opportunities to be involved in electing the local development councils. The establishment of parallel female-only CDCs has meant that women take equal part in village-level activities, something not previously possible. Their input on subprojects, however, and the use of block grants for income-generating activities is still limited.

- *Facilitators increase cost but also innovation.* The many facilitation agents involved in the program increases operational costs. They have also produced a number of different of approaches, although strong coordination has streamlined these efforts.

Case Study 2: Angola Third Social Action Fund (FAS III)

Context

Angola gained independence in 1974 when the rebel Movement for the Popular Liberation of Angola (MPLA) overthrew the Portuguese colonial administration. Over the years of resistance against the Portuguese, three rebel groups emerged: MPLA, the National Front for the Liberation of Angola (FNLA), and the Union for the Total Independence of Angola (UNITA). Each group attracted external support according to its political ideology. The United States and Zaire (now Democratic Republic of Congo) supported the FNLA, which was concentrated in the north; South Africa backed UNITA in the south; whereas socialist nations were sympathetic to MPLA. UNITA and the government finally signed a ceasefire in April 2002; an Interim Poverty Reduction Strategy was soon prepared and funded through a transitional support strategy. This new impetus both to address poverty and to make the transition to peace and democratic government will help to lay the foundations for economic growth. The strategy emphasizes expanded service delivery to war-affected and vulnerable populations and more transparent, efficient, and credible management of public resources.

Policy environment: decentralization and local governance

During the conflict, economic and political power became concentrated in the central government. The ceasefire agreement and the political developments since its signing have provided favorable conditions for decentralization. The agreement also offered a window of opportunity for the Third Social Action Fund (FAS III), allowing it into previously inaccessible areas and to support the movement toward decentralization and the strengthening of local government. The society faces the triple challenge of transitioning from war to peace, from centralized to democratic government, and from a

state-controlled to a market economy—a complex transition, with much being attempted in a short time frame. FAS III is intended as the cornerstone of the lending program of the Transitional Support Strategy, which was designed for multiple transitions. It builds on two previous phases of the Social Action Fund, FAS I and II, which placed greater emphasis on service delivery and less on social and governance outcomes. FAS III incorporates a more intensive CDD approach, aiming for greater involvement of communities and local government in making decisions about service delivery.

Institutional environment

By fostering links between municipal administrations and communities, FAS III hopes to encourage a culture of accountability and service delivery from the bottom up. This transparency of resource management is intended to increase confidence in government and contribute to national reconciliation.

The limited capacity of the local government to respond to community demands means that it lacks the human resources to run a project like FAS. A governmental department attached to the Ministry of Planning oversees the project and provides financial and technical support. Civil society organizations and NGOs implement and facilitate the project at the local level; however, FAS III aims to transfer responsibility for project implementation to local government and to build the capacity of local government officials to fulfill this role. By implementing FAS III through the local government, the emphasis is on strengthening the capacity of local government as a means of preparing for decentralization.

FAS III also aims to build social capital at the local level by establishing inclusive community forums and representative links between local government structures and communities. The emphasis on inclusion and cohesion is intended to contribute to peace building at the local level.

Operational environment

The CDD project is part of a broader effort to rebuild Angola, reignite development, and alleviate poverty. An important focus is to improve and expand services, which deteriorated during the years of war. The project complements efforts by other donors to raise the standard of service delivery and contribute to a better standard of living. The development objectives are the improvement and expansion of community-based social and economic services through participatory processes involving communities and municipal administrations and a governance system that supports and enhances mutual accountability of communities and municipal administrations.

Community environment

The forums for community engagement are five-member community committees that work through the CDD process of consultation and participatory decision making, using a fixed menu of choices. The menu includes: construction and rehabilitation of primary schools; rehabilitation and maintenance of health posts; construction and rehabilitation of

water and sanitation facilities; repair and maintenance of roads; and construction and rehabilitation of markets.

The project documentation acknowledges that little is known about how the conflict has constrained or fostered the building of social capital. Because building social capital is one of the project's key development objectives, more needs to be known about how the conflict has affected people's ability to participate at the local level. This will be done through a Conflict Impact and Vulnerability Assessment that will build knowledge about (i) the nature and scope of vulnerability at the community level, traditional means for assisting vulnerable community members, and the extent to which vulnerable population groups have been able to benefit from structures and services provided under FAS; (ii) the impact of conflict at the community level; (iii) commitment and capacity to negotiate different viewpoints and engage in truly collective action around a common goal; and (iv) the nature and scope of community demand for targeted support to vulnerable groups and peace building efforts.

Lessons learned

- *Bringing resources down, local capacity and partnerships up.* Giving greater decision-making authority in development to communities and local government—in other words, matching decentralization with devolution—must be supported by three further processes: (i) institutional and fiscal devolution of resources (to back up deferred decision making with real resources and the means to act on decisions at the local level); (ii) capacity building of staff and institutions at the local level in order to support and manage what is expected of them; (iii) building stronger partnerships among institutions, municipalities, and communities so there are functioning pathways for the gradual transfer of responsibilities.

- *Building trust and simplifying participation.* Management of this type of project benefits from: (i) transparent and accountable management mechanisms to build trust in the process, and (ii) standardized and simplified project documentation, which makes it easier for communities to participate.

- *Better sector-wide coordination and communication*. One of the main challenges for FAS at the macro level is a lack of coordination with other sectors. Made up of voluntary members who receive no pay, the FAS board has no decision-making power. More involvement by the relevant ministries is needed. FAS should be included in sector-wide discussions on poverty reduction—at the moment it is not. For example, FAS was not included in discussions surrounding the PRSP. There is a need for coordination between FAS and other poverty-alleviation programs that might take a different development approach. Coordination will ensure that the different approaches are both sustainable and complementary. For example, health centers rebuilt through FAS need to be tied to the health ministry's strategies for the provision of ongoing medical services if the new health centers are to be useful and sustainable.

- *Sustaining project committee leadership.* The community committees are difficult to sustain. Members have tended to lose their motivation and give up their positions, seeing it as a government responsibility to provide services for the people. FAS is

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trying to address this by building people's leadership skills as an incentive to stay involved and by including the committee members in the evaluation of the project. At the same time, project staff members are wary of building up a new form of leadership in the community that is entirely connected to and dependent on the FAS project. The ideal would be to build leadership skills that promote the development of the community, rather than leaders who act as cadres for the FAS alone.

Case Study 3: Colombia Peace and Development Project

Context

Colombia's long-standing internal armed conflict has grown more severe since the 1960s. From 1970 to 1991 the homicide rate tripled, and today is one of the highest in the world. This trend of violence is linked to the intensity of illegal drug trade activities and to the armed groups that support them. Similarly, extortion, kidnapping, car theft, and armed robbery rates have increased throughout the 1990s leading to a household victimization rate of more than 35 percent.

Violence has tarnished the investment climate, blocking economic growth and employment generation. It threatens the social fabric and overall cohesion of Colombian society. Economic conditions have grown worse since 1995. Poverty and extreme poverty increased substantially as labor and household incomes fell. Urban unemployment climbed from 8 percent in 1995 to 21 percent in 2000. Rural unemployment rose from 5 percent in 1988 to 12 percent in 2002. Rising unemployment affects the youngest most significantly. Estimates of conflict-related loss of human capital are at least 1 percent of GDP. Investment, educational, and labor-market opportunities are severely diminished in an atmosphere of violence and insecurity. Even healthcare costs are affected, with an estimated 5 percent of Colombia's GDP now spent on violence-related health care.

Displacement is high as a result of violence, kidnapping, robbery and the threat of violence. There are an estimated 2 million internally displaced people in Colombia, 90 percent of whom come from rural households. These people move to urban areas, where the absorptive capacity is limited and where too they become vulnerable at-risk groups who enter the cycles of extreme poverty.

Policy environment: decentralization and local governance

The government of Colombia has a comprehensive policy to fight poverty and violence and their impact on vulnerable and displaced populations. A key strategy is regional development programs that strengthen governance and democracy and promote social equity in deprived and conflict-affected regions. These are to be implemented as Peace and Development Programs (PDPs) led by associations of civic organizations, churches, businesses, and NGOs in partnership with government institutions.

Institutional environment

The Peace and Development Project includes support to PDPs and restoration of a model used in the Bank-financed pilot Magdalena Medio Regional Development Program (MMRDP) that operated from 1998 to 2004. The objective is to enable vulnerable, low-income, and displaced populations in rural and urban communities in five conflict-affected regions the means to reduce their risk of exposure to conflict and to mitigate its negative impact.

Because much of the armed conflict is against the government, resources for the project were channeled through an independent institution, increasing the confidence of donors. The institution was seen as a trusted third party; its reputation and capacity were critical to securing funds.

Operational environment

The CDD model in the project is facilitated by a change agent with *high local credibility* similar to an NGO that operated there previously. The change agent demonstrates principles of respect and transparency. The CDD methodology takes into account the initial capacity of citizens and initiates learning based on this capacity, so citizens can take charge quickly. Members of the community participate in decision making through a community forum. Participants are encouraged to define a long-term development strategy for their community while taking action toward immediate goals. The sociopolitical situation is monitored to allow for adaptation to changes in the environment.

The long-term aim of the CDD project is to increase social capital and empower citizens to reduce poverty and promote *peaceful coexistence*. The project is based on the assumption that more social capital will deter conflict, the vital first step toward social and economic stabilization. The intention is to devise approaches and methods that empower citizens to improve their own economic circumstances and exercise *peaceful democratic governance*. The project intends to create *peaceful humanitarian zones*, communities dedicated to building a peaceful society based on human rights and dignity. The project also seeks to *prevent displacement* by building assets that mitigate the risk of displacement and restore a safety net to displaced families.

Community environment

Ongoing conflicts in Colombia have had a direct impact on the CDD effort. During the pilot project, for example, aggression by armed groups led to the displacement of beneficiaries and abandonment of the microprojects. Twenty people associated with the pilot project were assassinated, including a technical advisor, a regional planning commission member, and several members and leaders of the municipal forum. Ongoing conflict also kept municipal officials from addressing public issues openly. Elite capture also poses a challenge, as continued conflict in a community where small criminal groups operate makes it likely that the CDD model could be infiltrated by individuals who use violence to wield power. CDD efforts should address this issue and initiate measures to prevent or deal with elite capture.

In the full-scale Peace and Development Project some steps have been taken to mitigate the risks posed by ongoing violence For example, project staff will have access to regular security bulletins that profile the risks in each municipality, so that contingency plans can be made. In the event of specific threats to staff, the government coordinating body for the project may temporarily suspend project activities and evacuate project staff.

Lessons learned

The PDP incorporates several lessons learned from the pilot project:

- *CDD can be implemented in conflict settings.* The pilot project proved that CDD approaches and civic engagement can be achieved in the midst of conflict even if various obstacles affect program activity. Despite continued insecurity, the pilot project managed to build capacity for governance and leadership, strengthen community participation, and achieve subproject results.

- *A facilitating context is important.* To achieve its greatest potential, the project needs to work in an environment where the root causes of displacement, poverty, and violence are addressed by the project and other actors. A project cannot achieve its objectives alone and can contribute only when the government works to improve security and to develop local infrastructure. Harmonization with government plans is important because certain initiatives may undermine a project. For example, the fumigation of illicit crops in the project area affected agricultural microprojects. Without a facilitating context, it is important to be realistic about the impact of grassroots innovation on social, political, and economic developments in a region.

- *Long-term capacity building.* To achieve a complex objective to support productive subprojects that are community driven, economically viable, and environmentally sound requires substantial investment in local learning and technical support. New processes and clear rules for decision making have to be introduced as building blocks, and this introduction needs to be made over long periods of time.

- *Neutral implementer secured donor confidence and funds.* The development resources for the project were channeled through an independent institution, which improved donor confidence in project integrity. The institution was seen as a trusted third party, which was critical to securing project funds.

- *Need for flexible project management approaches.* Given that subprojects are devised at the community level, there are a wide variety of timetables, capacity levels, levels of access to resources, geographic distances, supporting logistics, and conflict dynamics. Therefore, flexibility in project management is a high priority.

- *External monitoring and evaluation may be solution.* Community organizations need significant time to work with the concepts of monitoring and developing indicators, as well as to perceive the value of monitoring and evaluation. Standard economic and social indicators may be unresponsive to changes at the community level, especially since conflict conditions already constrain the gathering of data for these indicators. It proved almost impossible to show subproject results on an aggregate basis over three years. Experience from the pilot project led to a recommendation for an external evaluation to document case-by-case results of subprojects.

- *Staff continuity improves project practices.* In a climate of great flux and insecurity, it is important to have consistency in project personnel. This allows key actors to obtain deeper history and context, which supports the learning and application of better practices throughout a project.

- *Short, two-year funding is less effective.* The pilot project was funded through a learning and innovation loan. This mechanism had appropriate flexibility, scale, and operating conditions, and it allowed participatory development. However, its two-year time frame was too brief to support the gradual processes of empowerment and institution building that are required in regions affected by intense conflict. Longer-term interventions of seven or eight years would be more effective. Given the large volume of new information that must be imparted before a project begins, the planning and preparation phase at the regional level should be long and intensive. It is inefficient and costly to introduce new information during the execution phase.

- *Rebuilding local assets seems to fortify resistance to conflict.* In one region, communities that were involved in the pilot project formed alliances, united in their desire to reject violence. They formed partnerships with local business interests and civil society groups, and with the municipal authorities. They have seen withdrawal of armed groups and a reduction in assassinations. In other areas the aim of the project was to reduce the impact of conflict on communities. The project helped people build or rebuild their social, economic, and political assets. The hypothesis is that if vulnerable people have increased social, economic, and political assets they have more to lose from the conflict, are more likely to resist the conflict, and therefore are more likely to reject rebel forces that jeopardize these assets.

- *Bank partnership added value.* The Bank built upon a preexisting social assessment from other agencies and brought in expertise in transparency mechanisms, financial management, and procurement systems. These particular Bank strengths added value to projects.

Case Study 4: Indonesia—The Third Kecamatan Development Project (KDP)

Context

Indonesia is an oil-rich state with a history of violence that has roots both in regional inequality and ethnic differences across regions. Since the fall of Suharto and the New Order in 1998, the economic crisis (*krismon*), and radical decentralization have changed Indonesia's political, economic, and social context. Within this new context, power relations are in flux, identities are being renegotiated, and institutions are changing. Changes in incentives and in the role of formal and informal institutions at various levels have altered how individuals and groups relate to each other and to the state. Violent conflict has continued across Indonesia at a high cost: lives lost, property destroyed, and widespread fear and insecurity. Although the only conflict that can be categorized as civil war is in Aceh, other high-profile conflicts have been pervasive in East Timor, Central and West Kalimantan, Central Sulawesi, West Papua, and the Malukus.

Policy environment

Amid these ongoing conflicts, the East Asia economic crisis resulted in massive poverty. Therefore, since 2003 the major assistance strategy for Indonesia has focused on helping the country recover by shifting from a crisis response to building institutional capacity. The Kecamatan Development Project (KDP) was initiated in 1998 as part of a long-term systematic strategy of the government of Indonesia to improve subnational governance and enhance service delivery. The main objectives were to reduce poverty and improve local governance in rural Indonesia; institutionalize participatory processes in local government; provide cost-effective basic social and economic infrastructure; and strengthen the capacity of the microfinance institutions (developed under KDP-1 and KDP-2) to manage and monitor funds in a sustainable manner.

The Third Kecamatan Development Project (KDP-3) has navigated the political, economic, and social transition by maintaining a widespread presence while supporting Indonesia's massive decentralization program. KDP's primary objectives support social development, but in particular focus on inclusion, transparency/anticorruption, and the strategy for local institutional reform. The project is highly participatory, as primary stakeholders are involved in all stages of the project. It also involves extensive NGO consultation.

Institutional environment

KDP has experienced measurable successes, yet it has also been confronted by ongoing corruption. Among its many successes is a fairly sophisticated method of general poverty targeting in a country with extensive rural poverty. Distance from district capitals appears to indicate the extent of poverty, with villages that are farther from the capital being the most impoverished. After eight years of KDP projects, poverty rates in KDP villages were 22 percent, non-KDP villages showed an average poverty rate of 30 percent.

KDP's long-term success will depend on curing the judicial system's unwillingness and inability to process complaints against government officials. Court officers, including judges, prosecutors, police and others are vulnerable to pressure. Access is low, due process is slow and expensive, and plaintiff safety is marginal.

Transparency in the KDP project cycle is a key approach to rampant corruption. From surveys carried out during KDP-1, satisfaction with project results highly correlates with the extent to which people felt that they knew about and participated in the planning and management of the project. To better fight corruption and ineffective local governments, the KDP operations manual now stipulates that all financial transactions should be signed by no fewer than three parties. The improved procedures for the formation and operation of community and subdistrict councils lead to more representative local government and more efficient and effective resource allocations.

Community environment

Inclusion of women and the poor remains a challenge for the KDP project. Because KDP's decision-making process is based on public review of proposals, wealthier and therefore more educated groups are more able to succeed in the competition. Other

variables that can act against the poor within subdistricts and villages include distance, language differences, and deep-seated hierarchies that make the poor unwilling to speak up in public meetings. Better facilitation can break through some of these barriers, but the ability of local elites to control the KDP process remains a major challenge to the program.

The project takes measures to combat corruption at the local level. But promoting transparency itself has run into three major obstacles. The first is official resistance to disclosure. The second obstacle is that projects lack a good toolkit for information dissemination. KDP has also suffered from good intentions not being matched by operational effectiveness: information boards usually have too much information of too little interest, dissemination meetings concentrate on project achievements rather than providing an active forum for dialogue. The third problem is that Indonesia's judicial system is unwilling and is not set up to receive and act on complaints against government officials.

Research continues to raise important questions about how development projects can work effectively with community and local government institutions. Indonesia's ongoing decentralization program and the accompanying revival of *adat* (customary) institutions and practices add a new level of complexity to the question. While in general all studies show that people prefer their "own" organizations to development groups newly formed by government agencies, not all traditional organizations are equally well received. *Adat* institutions in many parts of Indonesia already face resistance from community members who see them as espousing sectarian rather than village-wide interests; for example, women who defy *adat* role-casting, or, as in Nusa Tengara Timor province, poor people who do not accept the proposed restrictions on social mobility. For both traditional and modern institutions of governance in rural Indonesia, lack of alternative channels of access and redress continue to be central challenges.

KDP is a program to support community planning through block grants to subdistricts (Kecamatans). Villagers decide how to use these funds for the improvement of infrastructure, social, or economic activities. Each kecamatan receives funding for three years.

Lessons learned

- *Decentralization policies* are an important enabling factor for CDD approaches.

- *Improved procedures* for the formation and operation of community and subdistrict councils lead to more representative local government and more efficient and effective resource allocations.

- *The judicial system is a major hurdle* for CDD efforts in Indonesia because of lack of due process when filing complaints against government officials, who may misuse their position. Therefore, local-level interventions and reforms are important.

- *Measures that maximize end user choice should be used.* For example:
    o Villages can use funds to purchase goods and services from wherever they can get the best deal.

- o   Villages are expected to negotiate the best deal for their funds.

- o   Project information must be *actively* shared.

- *Existing village organizations* should be used, rather than creating new ones.

- *Useful anticorruption strategies must be applied.* Financial transactions should not occur with only two parties signing; at least three should be part of every transaction. This anticorruption tactic appears in the new operational manual.

- *CDD impact on conflicts takes time.* The conflict-related benefits of KDP do not begin to occur until the fourth year. CDD will not be used to resolve local conflict until people translate what they do in the project environment to the greater social and economic environment.

- *CDD programs need to be integrated into an overall democratization strategy.* Such an overall strategy might include strengthening local governments, reforming the constitution, and training leaders. CDD is just one part of the overall plan.

- *Community empowerment is best done through simplified systems* of disbursement, contracting, and program documentation.

- *A separate planning stream for women* has been particularly effective, as have decision-making rules that require women to be present at meetings when decisions are made. Inclusion of women and the poor continues to be problematic in development projects throughout Indonesia, including KDP, but procedures such as this can help.

- *A toolkit is needed to help participants operationalize information for the benefit of their village.* A major hurdle has been the lack of an effective toolkit for information dissemination. It is one thing to communicate information about local projects, but quite another to help people understand how to put the information to use. This is considered an ongoing issue in KDP-3

Case Study 5: Kosovo Community Development Fund II Project

Context

Kosovo is one of the poorest economies in Europe, with per capita annual income estimated at $1,565. Located in the heart of the Balkans, landlocked Kosovo was affected in the 1990s by civil conflict related to the disintegration of the socialist Federal Republic of Yugoslavia. In the 1990s, poor economic policies, international sanctions, weak access to external trade and finance, and ethnic conflict severely damaged the economy, leading to a halving of output in the early 1990s and a fall of another 20 percent due to the 1998–99 conflict. Kosovo is estimated to have a population of 2 million people, of whom 90 percent are ethnic Albanian, 5 percent are Serbian, and the rest belong to other minority groups. In accordance with United Nations Security Council Resolution 1244, Kosovo is being administered by the United Nations Mission in Kosovo—UNMIK. Following elections in November 2001, the Provisional Institutions of Self-Government (PISG)— including the president, the assembly, and the government of Kosovo—were established. Elections were held again in October 2004. The government's final status will depend on

its commitment to democracy, good governance, and the protection of human rights, as encapsulated in the "Standards for Kosovo" document.

Since the end of the conflict in June 1999, Kosovo's reconstruction has consistently progressed, owing to local efforts as well as generous donor support. Basic infrastructure destroyed in the conflict has largely been reconstructed. More than 50,000 houses have been rebuilt, providing homes to about 300,000 people. Agricultural production has increased significantly, with wheat, beef, and milk production now exceeding preconflict levels. Some 1,400 km of roads have been rehabilitated. Construction of health clinics and schools throughout Kosovo has helped to ensure that the basic infrastructure for health and education services is largely in place.

However, key challenges still remain for Kosovo, particularly in the economic and social spheres. Protection of minorities remains a key concern. Albanian and Serb communities are poorly integrated, and empowerment is particularly problematic for minorities. Both income and nonincome forms of poverty (such as access to health and education) are highest among non-Serb minorities. Some reconciliation efforts have, however, been made. Following the March 2004 riots, the PISG spent $8.1 million on rebuilding Serb houses. A pilot project on decentralizing more authority to the submunicipal level in Gracanica is being planned—a process intended to strengthen minority ownership and participation in decision making.

Policy environment

CDF II is linked to the decentralization process, with the goal of developing an integrated framework based on the priorities of beneficiaries. Eligible projects include small-scale infrastructure; community services, such as programs for youth, war widows, the elderly, and the disabled; and business development activities. Although the CDF finances projects in communities all over Kosovo, resources especially target poor and marginalized communities.

Institutional environment

Since 1999, Kosovo has been progressing toward self-government. Responsibility for administering the territory is shared between UNMIK and the Kosovo self-government through the PISG. Governing authority in Kosovo is being transferred from UNMIK to PISG. The transfer creates challenges in developing clear lines of decision making for the project, in maintaining project facilities recently rehabilitated or constructed, and in transitioning existing officials and orienting new ones into capacity building efforts.

Operational environment

The CDF II project builds on the CDF I project begun in 1999 by an independent NGO established specifically for the project with the endorsement of UNMIK. The CBO involved in the project is the Community Project Committee (CPC). The CPC includes representatives from local government, established community associations, and at least five community members. It is responsible for carrying out the project under an agreement with the CDF II. The CDF is generally considered to have succeeded at its

visible and inclusive development goals, including in mixed and minority communities. In mixed communities, the CDF has proved an effective mechanism for eliciting the interaction of community members from different ethnic groups to design and implement community projects that are mutually beneficial.

Project objectives are to improve the quality, access, and availability of community infrastructure and services for poor, conflict-affected communities and other vulnerable groups, including returnees. It also aims to build greater capacity in community and municipal institutions (to improve the quality and sustainability of their services), while increasing stakeholder participation so that participants are empowered to support local development.

There are operational constraints in making the project accessible to Serbian communities and in carrying it out in Serbian areas. This challenge is being addressed by contracting a Serbian engineer and using Serbian subcontractors for community works projects. Outreach and promotion activities targeted Serbian community members; a local NGO with mixed representation helps implement these activities.

Another constraint includes the city's complex of poverty features. Poverty is extensive and multidimensional, encompassing aspects such as low human development indicators, low school enrollment rates, high infant mortality rates, lack of adequate infrastructure, and widespread unemployment.

Community environment

The CDD project aims to promote *community cohesion* by ensuring that microprojects draw citizens together to make joint development plans. Grants for small-scale, demand-driven community works and services projects are secured with the active participation of community groups and local governments. The first of two subcomponents focuses on rehabilitating and constructing small-scale social and economic *infrastructure* at the local level by funding community investment microprojects. The second supports *community services* programs that target vulnerable and disadvantaged groups while integrating them into a wider intercommunity exchange. There is a special provision in the project to support marginalized, minority Serbian populations, by promoting *inclusion*.

Lessons learned

- *CDD can restore trust effectively in mixed communities*. CDD can be a part of a long-term effort to restore confidence and trust in mixed and minority communities by improving access, quality, and availability of community infrastructure. The CDF promoted the concept of self-help mechanisms, increased community ownership, and enhanced the efficiency of local communities and government institutions.

- *CDF showed that community-based projects can unify and integrate targeted communities,* allowing diverse participants to meet and work together for the common good of the community.

- *It is important to allow enough time for community interaction to* evolve in a post-conflict environment.

- *Participatory mechanisms need an incremental, progressive, and flexible approach.* They must create a setting for the participation of community members where there is a common interest and goal so that people come to understand that interaction is mutually beneficial.

- *The creation of a reserve fund targeted to mixed and minority communities* has proven to be an effective mechanism for ensuring equitable access to project resources.

- *School and road projects cost less as CDF efforts.* CDF found that microprojects in some sectors were more cost-effective than NGO programs. The cost of school rehabilitation and construction carried out under the CDF was 19 percent lower than those under NGO programs; the average road project costs were 34 percent lower than NGO programs. Because of their complexity, water and sewage projects were only 2 percent less costly, however, than those carried out by NGOs.

- *Independent project managers demonstrate project credibility and effectiveness.*

- *Coordination and alignment of strategic priorities are essential.* Community-development activities must be consistent with social sector strategic priorities; government reform programs; and municipal, NGO, UN, and donor agency activities. Community-level activities must be better coordinated with sector and investment priorities.

- *To sustain success, quality standards, training, funding, evaluation, management, and information systems all need attention.* Sustainability will be achieved only when agencies or institutions (i) improve work quality by complying with technical standards and improving supervision; (ii) train and assist local authorities to formulate budgets that finance the operations and maintenance of completed community-based microprojects; (iii) carry out effective monitoring and evaluation programs; (iv) strengthen local governments and community involvement in the design, implementation, and maintenance of microprojects; (v) enhance information dissemination.

- *A clear poverty targeting strategy and an allocation mechanism based on objective criteria and poverty data* would ensure the flow of benefits to the neediest segments. This would mitigate political pressures in the allocation of funds. Greater flexibility is necessary to target specific needs on a demand driven basis.

- *Coordination takes time.* The link between the local-level CDD work and the institutional and policy environment is very important to ensure coordination. Initially in Kosovo there was no institutional framework to monitor the local level and no donor coordination to link local matters to national policy. It took six years for the time to be right, partly because it was only then that the government had the mandate for coordination.

- *Capacity building is essential not just at the community level but also among formal institutions that must learn to take on new responsibilities*. There is a strong need for training to clarify whose responsibility it is to maintain assets. Recent community

training efforts have included five-year local development plans that cover asset maintenance.

Case Study 6: Nepal Poverty Alleviation Fund

Context

Over the past decade Nepal has experienced continued poverty, slow economic growth, poor governance, social exclusion, and deep inequality. An entrenched rebel insurgency now presents the most serious obstacle to peace. What began in 1996 as a low-intensity and primarily rural campaign to replace the present polity with a "people's republic" has since gained considerable strength by taking advantage of the scanty government presence in many remote areas. Although the insurgency seems to be a political movement at its core, it has been successful in tapping into the grievances caused by deep-seated political, economic, and social exclusion based on class, caste, gender, ethnicity, and geographical isolation.

Poverty in Nepal is pervasive, with about 40 percent of the population living below the poverty line. About 86 percent live in rural areas engaged in subsistence agriculture on small plots of poor land. With limited access to credit, infrastructure, markets, and basic social services, often because of remoteness, the poor rely heavily on seasonal migration and remittances. Ethnic minorities, lower-caste communities in remote areas, and women (especially female-headed households) lag seriously behind the rest of the population in incomes, assets, and most human development indicators.

The breakdown of democratic processes has compounded difficulties. Nepal's deepening crisis, nevertheless, has renewed the drive for reforms over the past several years. Compelled by a sense of urgency, reform-minded leaders have been pushing for changes that could lead to more sustained and equitable economic and social development.

One of the main issues identified in Nepal's poverty reduction strategy (PRS) is the plight of marginalized segments of the population—women; *Dalits*, a group that is the lowest in the caste system; or *Janajati*, a group (not included in the caste system) that lives in remote areas and receive few public services. The economic handicaps of marginalized groups are multiple. They face social biases, suffer from poor education and health care, and live in areas with extremely poor infrastructure.

Policy environment

Because of poor security conditions, local elections have not been held since July 2002. This has derailed the government's decentralization program, which had begun to gain momentum. Most local bodies maintain an administrative structure, but the administrative staff of many village development councils (VDCs) has been forced to relocate to district headquarters, leaving many VDCs virtually void of basic government services.

Decentralization is an important enabling factor for CDD approaches. Given current political uncertainties (such as no elections), there is not a strong likelihood of decentralization ensuring project sustainability beyond 2006 (end date of project).

Institutional environment

The insurgents claim that their objective is to eliminate social exclusion. Following the breakdown of the cease-fire, the insurgency escalated once again over 2003–4, and again in 2006, which has led to a climate of fear and insecurity in rural areas. Although the security situation is extremely fluid, a number of districts are under strong insurgent influence, especially those outside urban centers, while others operate under heightened security threats. The insurgents generally allow development efforts to continue in the districts where they have strong influence, provided that they are supported by local NGOs and local communities. Although more than one-third of the country's 3,900 VDC buildings have been damaged or destroyed as symbols of government authority, the insurgency tends to spare community-owned infrastructure from attacks. Nonetheless, increased incidents of extortion against individuals involved in development activities in the field could begin to limit the ability of the government, donor agencies, and NGOs to operate in conflict affected areas.

The Poverty Alleviation Fund (PAF) is a new, targeted instrument for reaching poor and excluded communities. An autonomous poverty-alleviation agency, the PAF is based on a CDD approach that allows the government to test new approaches to reach marginalized and excluded groups. It aims to improve access to income-generation projects and community infrastructure for groups that have been excluded due to gender, ethnicity and caste, as well as for the poorest groups in rural communities. The PAF helps accelerate decentralization and embraces local-community participation.

Lessons learned

- Communities in Nepal have demonstrated during project implementation that they can control funds and investment decisions. They are willing to contribute to investments and operational costs if they are assured transparency and effective service delivery. They are as interested in economic opportunities as they are in social action or mobilization.

- *Without clarifying linkages between vulnerable groups and the insurgency*, it is difficult to assess the impact of CDD on conflict prevention or reduction. In preparing CDD programs, the relationship between the rebel insurgency and the endemic poverty of vulnerable groups must be understood/

- *Continuous outreach is needed* to ensure that those of the lowest social and economic status are included in village decision making.

- *Gender-responsiveness in the CDD approach can be improved* by studying the impact gender has on the insurgency and by reviewing gender-disaggregated analysis in terms of incomes, assets, and most human development indicators.

Case Study 7: Philippines Autonomous Region in Muslim Mindanao (ARMM)

Context

In Mindanao, three decades of intermittent conflict have destroyed infrastructure, displaced populations, deferred development, and engendered mistrust within communities and between communities and the central government. The Philippines was relatively calm for a period after independence in 1946, but conflict flared up again in the late 1960s as growing numbers of Christians settled in predominantly Muslim Mindanao. The resettlement was fostered by a deliberate government policy that gave Mindanao a Christian majority, with Muslims concentrated in the central and southwestern parts of the island. Conflict has been concentrated in these Muslim-majority areas, which include three entire administrative regions (Region IX—Western Mindanao; Region XII—Central Mindanao; and the Autonomous Region in Muslim Mindanao, or ARMM) and four provinces in a fourth region (Region XI—Southern Mindanao).

Policy environment

The development goal of the five-year ARMM Social Fund for Peace and Development Project (ASFP) is to foster sustainable development by reducing poverty and supporting mechanisms that promote a peaceful and safe environment in these conflict-affected areas.

ASFP is part of a broader and longer-term program and operational framework of peace and development in the ARMM. The project supports the World Bank's new country assistance strategy (CAS) for the Philippines. The CAS objective over the next three years is to assist the government of the Philippines in "winning the war against poverty." One of the specific objectives addresses long-term risk factors such as creating stable internal and external environments. The new CAS also prioritizes assistance to the conflict-affected areas of Mindanao, especially the ARMM and neighboring areas, to support the government's parallel peace and development strategy.

Following global practices in social fund management, ASFP will support semi-autonomous project management, while also being a part of the ARMM strategy and the government's autonomy and decentralization strategies. The ASFP will be a vehicle to achieve efficiency, transparency, and accountability, and to deliver effective, accelerated socioeconomic services and infrastructure to beneficiaries. A simple, streamlined organization will facilitate "close to the ground" decision making and the rapid flow of funds (consistent with accountability procedures and mechanisms) to implementing organizations and target communities.

Institutional environment

The institutional strengthening and governance component of the ASFP aims to initiate processes that improve performance, delivery, transparency, and accountability of the ARMM and local governments. This component will support the cross-cutting theme of improving governance and participatory decision making at regional and local levels in

all subproject components. A key performance indicator will be the "proportion of ARMM regional government and participating local government units that have adopted participatory approaches, improved planning, budgeting, and financial management systems."

Operational environment

An independent impact assessment of another social fund project, the Social Zone of Peace and Development (SZOPAD) found that an emergency, quick-response mechanism for post-conflict areas was necessary but insufficient to promote lasting peace and development. The assessment stated that sustainability depended on factors such as the participation of local government bodies, national government agencies, NGOs, and other groups; responsiveness to community demands; adequate social capital (or capacity to promote peace-building through development at the community level); linkages with other livelihood, financing, and technical assistance projects; and workable operations and management plans that were fully owned by communities and backed by local governments.

The results of the social assessment conducted during project preparation indicated that most community needs turned on core issues, such as peace and order, water supply, livelihood, health services and medicine, school buildings, power supply, roads, and housing for internally displaced persons. Accordingly, an operational decision was made to follow a limited-menu approach in the community development assistance component, which would also ensure adequate technical and implementation standards in the subprojects financed. In the event there is a strongly justified, community-driven, subproject proposal that is not included in the menu (and not on the negative list) it may be considered.

At the request of the government, the World Bank assessed the economic cost of the Mindanao conflict. A key conclusion was that it would be more cost- effective to address current Muslim-nationalist (Moro) demands through poverty reduction and peace building than to try to maintain previous gains through armed conflict.

C*ommunity environment*

The project addresses the immediate needs of affected communities while preparing them to resolve long-term problems of poverty and economic dislocation. The ASF Project will evolve from employing quick delivery and emergency relief and rehabilitation mechanisms to long-term, development-oriented and integrated programs. It targets marginalized groups; strengthens participatory and empowerment mechanisms and processes; and supports a broad range of interventions to respond to immediate rehabilitative as well as long-term development needs.

The CDD model applied in ASFP embraces as many communities as possible and is demand driven. Communities determine the types and timing of project interventions. The project emphasizes a simple and transparent selection process in order to build consensus, understanding, and ownership. To address disparities in developmental assistance, the Bank will assist the Philippines government in securing additional donor

support to cover villages not selected and will improve coordination with other initiatives and programs in ARMM that complement ASFP activities.

Lessons learned

- *A demand-driven menu of subprojects that address socioeconomic needs is greatly desired* by communities in the ARMM region. Communities have demonstrated their commitment and capacity to participate in accordance with policies and procedures.

- *A rapid response to immediate needs will have greater impact if combined with long-term efforts* that promote lasting peace and development.

- *True sustainability* of subprojects depends on a number of factors:

  o *Responsiveness* to community demands

  o *Adequate "social capital,"* or community capacity to take a meaningful role in promoting "peace-building through development" at the community level

  o *Active participation* of local government bodies, national government agencies, NGOs, and other groups

  o *Linkage* with other livelihood, financing, and technical assistance projects

  o *Workable operations and management plans* fully owned by communities and backed by the local governments.

- *Simple and transparent project selection* can build consensus, understanding, and ownership.

- *Poverty reduction and peace building are a more cost-effective* response to Muslim-nationalists than armed conflict.

Case Study 8: Rwanda Decentralization and Community Development Project (DCDP)

Context

Since the end of the conflict and establishment of a new government in Rwanda, the major challenges for the country have been poverty reduction, national reconciliation, and the building of a legitimate state. In the years immediately following the genocide the focus was on emergency supplies, resettlement, and rehabilitation. Between 1998 and 2001 the government undertook a broader program aimed at building good governance for poverty reduction. The emphasis on governance was based on the assessment that poor governance was at the root of the genocide. Rwanda had decades of unsuccessful attempts at community development associated with a top-down approach and lack of consultation with local populations. The Government of National Unity, acting within the framework of the Arusha accords, resolved that democratization was necessary to reconcile the Rwandan people and to fight poverty.

Policy environment

The Decentralization and Community Development Project (DCDP) combines the processes of decentralization with a move to greater degrees of CDD. The aim is to support communities that are empowered to lead their own development under an effective local government. DCDP builds on the lessons learned and experience consolidated through an earlier Community Reintegration and Development Project, expanding this model from 11 to 39 districts.

After the genocide, governance suffered from deficits in institutions and resources. The government has since launched a concerted effort of public sector and administrative reform of which decentralization is a central part. The third phase of the national decentralization program ends in 2008. Community development, civil society capacity building, advocacy, and fiscal decentralization are key aspects.

Institutional environment

Efforts to establish a system of CDD streamlined with local government structures are undermined by a lack of coordination of multiple aid and development initiatives. Local government structures must respond to different development agents from the public and private sectors and from civil society, which strains their already weak capacity. The Rwandan government plans to overcome this challenge by developing mechanisms for partnership and coordination. The chronic lack of institutional capacity throughout the local government system is especially true at the district level. There are severe limitations on the availability of qualified and trained people, and needs are greater than can be met through workshop based training or administrative manuals. Capacity is also weak in monitoring budgets and public expenditure. National good governance institutions are not represented at the local level and so are unavailable for the required ongoing support. Delayed disbursements of central government grants also have adverse effects at the local level. If district development plans are not supported in a timely manner, the project could lose credibility in communities and communities could lose faith in local government.

The DCDP offers a new injection of capacity and funding into an *existing* structure of local government based on historical institutions of the *cellule* and district that predate the conflict. The project does not propose a new structure of local government, nor does it entail an overhaul of existing representative structures. Using existing structures to promote a new development approach offers a radical, and sometimes problematic, readjustment for personnel who have to adapt to new forms of management.

The Restated Strategic Investment Agreement highlighted significant local challenges that affect the ability of communities to engage in the project. These include: acute poverty; citizens' feelings of powerlessness and inability to change or improve their own situation; social support systems strained by internally displaced persons, refugees, orphans, widows, and HIV/AIDS; lack of access to capital; lack of technical knowledge; and fear of persisting civil unrest.

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Operational environment

The project's strong social assessment component and its findings have been incorporated into the project design (e.g., extra measures taken to promote inclusion in the postwar context). It is noteworthy that the DCDP is community driven rather than NGO driven. Although local government capacity is weak, the project proposal rejects working with NGOs as intermediaries for communities. Such an approach is not seen as consistent with the management autonomy the government has assigned to districts. The other danger of such an approach is that the NGO intermediary would be responsible for implementation, disbursement, and procurement, which might separate communities from administrations and erode trust between the government and the people.

DCDP entails a very comprehensive set of structures for CDD. These structures streamline the community forum within local government decision-making structures. The key operational unit for DCDP is the community development committee (CDC), established at four levels of local administration (*prefectures*, districts, *secteurs*, and *cellules*). In 2001 the population elected officials to committees at each level. There were allocations for both women and youth on CDCs. The planning process starts at the *cellule* CDC. The plans that emerge here are then sent to the *secteur* and district level for amalgamation with input from technical sector departments. The districts construct five-year strategic plans on this basis, which are transmitted for approval to the Ministry of Community Development and Social Affairs in the Ministry of Local Administration and the Ministry of Finance. The project is unique in that it supports the entire series of institutions along the chain that consolidates plans from *cellule* to *secteur* level and integrates this with budget systems.

The project's fund-allocation system gives district officials the final say on which community subprojects will be funded. Since funding is finite officials will be unable to accommodate all proposals, which might have negative consequences, because poor levels of transparency lead to mistrust of the government. There is also the risk that vulnerable groups could be excluded, promoting adverse social outcomes, although measures are being taken to ensure that the allocation system is monitored and open to scrutiny. The community projects financed through DCDP are in construction and rehabilitation of basic infrastructure, specifically schools, water supplies, access roads, health care clinics; community centers; income generating activities; youth training; and HIV/AIDS prevention.

Lessons learned

- *Differentiated approach to community mobilization.* A need exists for a differentiated approach to mobilizing society that reflects the broad spectrum of technical competence, interest, and capacities for social engagement. Evidence of the previous CRDP project in Rwanda is that the introduction of an opportunity for microprojects can galvanize a common vision and goal even within severely disrupted communities. The CRDP allowed Rwandans of all backgrounds and ethnicities to engage in local development around common interests to overcome differences.

- *Small-scale goods and services.* The CDD potential is greatest for small-scale goods and services. Activities should fall within the management capacity of communities and be financially viable at the local level.

- *Participatory monitoring* techniques should be mainstreamed into the CDD project by strengthening district capacity to lead a process of planning and consultation with local communities. This should be backed up by participatory creation of indicators of success and inclusion, transferring monitoring responsibility to communities.

- *Decentralized funding systems.* Developing a matching grants system to finance subprojects is effective. Responsibility for the system is shared by community, district and external donors. The flow of funds could be decentralized by allowing community committees to open local bank accounts.

- *Managing expectations.* Clear guidelines and policies should be in place on the ownership, maintenance, and sustainability of completed projects. Communities need clear information about their rights and responsibilities toward the new asset. Clarity will prevent raised expectations and subsequent disappointment.

- *Link with top-down planning.* The PRSP tackled the issue of a disconnect between local planning and top-down budgeting. The link did not work well at first due to poor capacity and micromanagement from top ministers. It was resolved over time as the PRSC rectified and broadened participation of ministries and donors and improved communications. Officials, including the president, made an effort to explain problems and solutions. Technical staff also came out to talk to communities. For example, there was confusion over district-level procurement, which was resolved by issuing simple manuals and giving communities a chance to manage their own affairs. TV and radio was also important in getting this communication right.

Case Study 9: Sudan Community Development Fund Project

Context

Sudan has been severely affected by nearly a quarter-century of continuous civil war. It remains one of the poorest countries in the world, with widespread poverty and a weak and uneven economic base and infrastructure. Per capita income in 2001 was $340, with wide regional disparities in economic and social development. Standard indicators of human development are below average for Sub-Saharan Africa. The average enrollment rate in primary education is about 58 percent, with wide geographic variations, including levels below 20 percent in some states. Average under-five mortality declined from 123 per 1,000 live births in the early 1990s to 105 by the late 1990s, but this, too, masks deep regional disparities, especially in war-affected zones.

Policy environment

Consolidating peace while enhancing government legitimacy and promoting good governance, economic recovery, and social stability are prominent on the development agenda of the Sudanese government. The government intends to address regional disparities by creating a Community Development Fund (CDF) to serve as one of the

main conduits of donor funding during recovery. CDF would complement government programs by providing an efficient and effective alternative for delivery of urgently needed social, economic, and infrastructure services targeted at deprived communities.

Institutional environment

Considerable government and donor funding has previously been channeled to integrated community-development projects in specific areas of Sudan. But these were limited in scope and duration, while opportunities to expand successful models nationwide were difficult owing to limited finances and institutional capacity. Significant additional funding is expected to flow into the country in the event of peace, which will require appropriate institutional mechanisms. A project that streamlines donor coordination at the national level while building on the success of community-based interventions would be very useful. A sustained, effective intervention by both government and donor agencies will be required to meet the very great need for the most basic health services, education, infrastructure, productive activities, and livelihoods. The limited absorptive capacity of government programs to disburse funds quickly to local communities—targeting poverty and other local priorities—means that it is imperative to explore alternative delivery mechanisms.

Operational environment

Geographically, the CDF project covers all northern states and coordinates closely with other major donor-funded community development projects to ensure harmonization of procedures and implementation mechanisms. It will consist of a series of successive three-year projects. The first phase of subprojects addresses community development priorities, specifically targeting the poor—as laid out in peace protocols—with emphasis on access and quality of basic education, health, and water services. The component targets areas with poor per capita indicators and gender inequities. It builds and renovates basic education and health facilities; promotes adult literacy and child immunization campaigns; launches rapid vocational training programs for school dropouts; helps with the construction and staffing of youth centers; launches revolving textbook projects; and provides other social services directed at the poor. Also emphasized are those programs that facilitate social integration and the inclusion of vulnerable groups such as the elderly, disabled, women heads of household, child victims of violence, AIDS victims, drug addicts, war-crippled victims, and unemployed youths also will be emphasized.

Gender and conflict-sensitive analysis will guide resource allocation among vulnerable groups. This component would also provide small rural infrastructure improvements including access and rural roads; environmental protection activities such as potable water, wells, and spring protection; small wastewater treatment schemes that use appropriate technologies; improved solid waste collection, treatment, and disposal; and reforestation and protection of natural sites. Communities, and organizations that represent them, lead the implementation under this window. Localities and other development partners, UN agencies, and the private sector will support communities in this process. This community-level window also supports the return and reintegration

process (particularly related to social services). The maximum size of a typical subproject under this component is $100,000 equivalent. All subproject proposals have to satisfy specific selection and eligibility criteria as stipulated in the project's operational manual.

The project also provides training, technical assistance, and capacity building to localities, NGOs, and local CBOs to improve technical skills in identifying, planning, programming, managing, and delivering social subprojects. In addition, this component establishes the eligibility of localities to receive funds by conducting training in project management (e.g., transparency, accountability, financial management, procurement), and community participation and empowerment (e.g., participatory planning process and inclusion of marginalized segments of the population in decision making). Once the project validates the attainment of the minimum qualifying criteria, localities will be eligible for project funds, which they would channel to service providers for the benefit of target communities using NGOs, CBOs, the private sector, and social sector ministries.

Lessons learned

- *Mechanisms for future donor interventions.* Although the project deals with a number of CDD issues, it primarily plants the seeds for future donor interventions by setting up the CDF. This can then be the channeling mechanisms for future funds once Darfur is resolved.

- *Distancing donors from Darfur.* Donors prefer not to be too close to the Sudanese government until conflicts in Darfur are resolved.

- *Limited geographic scope.* This project is to be implemented only in the north, including two of the disputed areas (Blue Nile and Nuba Mountains).

- *Transitioning issues are few.* Little humanitarian aid is going to northern Sudan, so the issue of transitioning or clashing between aid and development is not as strong as it would be if CDD were to be introduced into the south.

- *Scaling up.* The project seems too small (US$50 million for all of northern Sudan) to permit discussion of expansion.

- *Focus on technical expertise in capacity building.* In a CDD program technical expertise is vital, especially in capacity building; this can make or break the project.

Case Study 10: Tajikistan Rural Infrastructure Rehabilitation Project

Context

In spite of Tajikistan's successes since the signing of the peace accord in 1997, its rapid move to internal stability, and remarkable economic success, the country faces a daunting development agenda: failing infrastructure; tenuous health and education systems; and weak institutions, especially the financial system and civil service. Tajikistan's weak public and private institutions do not provide an environment conducive to private investment, domestic or foreign. Corruption, both petty and grand, remains a serious barrier to private sector development and public sector efficiency. Exacerbating this situation are the potentially corrosive effects of trade in drugs along Tajikistan's extended

border with Afghanistan. The country needs to act swiftly to consolidate recent achievements and to diversify its basis for growth. Its immediate task is to improve the business environment and create more jobs. The government must also stem the decline in human and physical capital and increase domestic investment, which now stands at less than 13 percent of GDP.

Institutional environment

The legacy of civil war includes a complex political economy that constrains institutional development and challenges governance. The government faces the difficult task of transitioning from the stabilizing and balancing power to providing transparency and accountability. The country's public administration and public finance systems are still based largely on the old Soviet model and lack capacity. Moreover, extremely low public sector wages (around US$10 a month on average) fuel corruption and, coupled with highly centralized government, reduce incentives and accountability at all levels.

The project supports the creation of a water users' association (WUA) to operate and manage the field-level (tertiary) irrigation and drainage systems. The main functions of WUAs are to operate and manage field-level irrigation and drainage systems, collect water charges from beneficiaries, and pay for local management. Establishment of each WUA was a bottom-up process that considered views and desires of water users and engineered plans that would work best in that location. The project provided the training, technical assistance and start-up facilities to establish the WUAs.

Community environment

At the community level, significant problems exist. These include: inadequate utilities, such as electricity, water, and garbage collection; lack of access to social services, including health and education; low salaries, especially for teachers; arrearages in social allowances and pensions; and poor infrastructure, such as roads.

The project encouraged active involvement of different types of stakeholders to increase local ownership of project activities, management, and resource use. The project emphasized creation of water user groups and associations through participatory methods, which required intensive training and regular follow-up by local and international WUA specialists. Direct involvement and consultation with farmers helped identify problems to be addressed in the design and implementation of field experiments and demonstrations, which were carried out by Tajikistan University of Agricultural Sciences and Tajikistan Land and Water Resources Management Institute.

Lessons learned

- *Attraction model.* The CDD concept has to be introduced gradually. Initially the government was too fragile and was therefore sensitive to issues of local power, especially after five years of civil war. The project was based on an attraction model that would help build small-farm productivity and introduce concepts of participation and empowerment in a non-threatening way.

Case Study 11: Timor-Leste Community Empowerment Project I, II, and III

Context

Timor-Leste (formerly East Timor) was already poor by regional standards, but after the August 1999 vote for independence from Indonesia, Timor-Leste experienced a wave of violence that left widespread destruction of infrastructure and population displacement. During the violence, transportation, supplies, and commercial warehouses were looted and destroyed, and the commercial distribution system was demolished. The institutional framework for governance and public decision-making also disappeared, and the civil service effectively collapsed. Nonetheless, this destruction provided an opportunity to overhaul a system that had been characterized by overstaffing, multiple layers of bureaucracy, duplication of functions between the center and periphery, and a top-down organizational culture with low participation and very low pay levels, which encouraged corruption and illegal fringe benefits.

Policy environment

Over the course of the three main agreements (CEP I, II, and III) the overall objective remained the same: "to strengthen local-level social capital to build institutions that reduce poverty and support inclusive patterns of growth." CEP II introduced more detail with respect to a pilot for providing assistance to disadvantaged groups and for building district capacities, specifically in planning and support for a community radio center (CRC) and community radios in selected districts. CEP III did not alter or amplify objectives, but it did expand coverage to two districts in Dili, effectively making the program national in scope. The heart of the CEP approach is the formation of democratically elected councils at village and subdistrict levels, and the provision of capacity-building and community block grants for councils to plan and implement participatory community development projects.

Institutional environment

Two years after independence and five years after the destruction of the former system, there is still no stable local governance in Timor-Leste. The people, however, understood the importance of local power, which is why a political competition to win over the grassroots swept the country. Early development of local governance structures by the international community and local stakeholders could have set the stage for but political opposition emerged instead. Inter-institutional differences also played a role in the failure to develop local governance. Lack of CEP collaboration with the UN's Transitional Administration for East Timor put constraints on the program, so lack of shared information failed to produce quality projects and choices.

Operational environment

A steering committee was established to act as the overall managing body of CEP. This secured more government buy-in and more stability in light of rapidly changing ministries. In the absence of district authorities, implementation models circumventing

this level should include a road map on how to integrate project activities into government structures as they emerge.

Community environment

The key factor affecting implementation was the post-conflict environment in which the CEP was initially implemented. It was characterized by a generally traumatized and uncertain population; lack of infrastructure; poor communication; low-skilled district personnel; a centralized administration with little capacity at district or local levels; virtually no public service delivery at subdistrict level and below; and a near-total absence of local governance structures or formal avenues for expression of local governance.

Political will and coordination among key stakeholders are central when implementing a large-scale project with cross-sector objectives; they must be continuously encouraged and strengthened. Participation has been a hallmark of CEP. The project internalized the CDD approach to a greater extent than other projects in the country. However the question of inclusion remains. To what extent did village councils include the poor? Or were the poor mere onlookers who happened, in some cases, to receive benefits? Council members appeared to be relatively better educated than average (given a 50 percent illiteracy rate). Since educational level, according to the national poverty study, is correlated with poverty, the council members were likely not to have been the poorest in the village. Again, there are trade-offs between participation of the poor and capacity to implement through CEP.

The community feature of the project was 32 percent of total costs for the third disbursement cycle. The contribution was in the form of materials (sand, rocks, wood) and labor.

A subcomponent for highly vulnerable groups (Programme Pembedayaan Masyarakat Vulnerable, or PPMV) became active in CEP II. The target groups were widows, orphans, street children, the disabled, the elderly, and the traumatized and isolated. An estimate from the PMU staff is that 61 percent of recipients were women and 39 percent men. Women have a higher representation than men because the program included war widows but not widowers.

This CDD project demonstrates the importance of the local level in creating a functioning state. The international and donor communities tend to underestimate the local level and focus on national institutions, assuming stable national governments will promote a peaceful nation.

The CEP and Local Governance Project has been through three phases. The first was an innovative attempt to combine development with the creation of participatory subnational governance. The project was a very rapid response to a critical post-conflict situation and delivered substantial resources where they were needed. But failure to create a sustainable institutional base for community development was a significant shortcoming.

Lessons learned

- Local governance and institutional development

  o Most of these lessons reflect the tradeoffs between the need to deliver services and resources quickly and the sustainability and participatory nature of institution building at the local and national level.

- Institution building

  o It is possible to form locally elected village councils even in a post-conflict situation, provided local power holders support the effort.

  o When formal and informal power holders are excluded in elected project-implementation bodies, their role needs to be clearly defined to clarify authority and division of labor and to make their involvement transparent and public. It is neither possible nor advisable to sideline traditional and local authorities in a post-conflict situation, if no legitimate alternative authorities have been established.

  o It is best to recognize the important role of local power holders and explicitly and clearly integrate them into the process.

  o The lack of governmental presence at local levels in the post-conflict situation requires careful consideration of how local-level institutional development can be related, to the extent possible.

  o Salary structures of PMU consultants need to be carefully aligned with national government salary structures to reduce resentment and encourage constructive engagement.

- At the village council level

  o Local capacity building should remain a priority throughout a project, particularly with regard to regular leadership training, gender sensitivity training, and training in participatory needs assessment and project planning;

  o Given relatively low literacy rates and generally poor educational levels, local communities need the support of facilitators to formulate project proposals. Linking such facilitators to the emerging governmental administration could ensure that communities are facilitated beyond the project period and develop skills for approaching the local government as well as other donors.

  o The low literacy rate inhibits transparency unless alternative ways are developed to inform the communities.

  o When local decision-making processes are based on consensus and avoidance of open disagreement and conflicts, introducing a "one-man, one-vote" democracy may be unfeasible. Instead, decision-making processes based on mutual appreciation and conciliation can be institutionalized in a transparent manner, provided there are clear guidelines and training for participants.

- The role of women

o Gender needs to be addressed throughout the project with a strategy that enables gender-balanced participation. In this context the structure of the selection method becomes critical.

o Gender equity in the form of a 50/50 representation can be formalized provided there is active support of local power holders.

o Special measures will be required to ensure the continued participation of women, such as transportation compensation.

o Gender-disaggregated project data are a prerequisite for a development project. Lack of attention to this requirement prevents management from recognizing and addressing critical gender-related issues appropriately.

- The implications for future local governance

o It is essential to keep the local governance objective high on the project agenda and to create awareness of it at the national and local levels to ensure that the lessons learned throughout the project are integrated into the policies of the emerging government.

o Local communities resent being considered only as recipients. They prefer to manage project funds and are generally able to ensure accountability, transparency, and efficient use of funds. Block grants allocated to communities through menus that are as "open" as possible will encourage continued participation and promote local contributions to development budgets.

o Local ownership of projects increases when they are linked to a community representative council. Channels need to be developed through which community needs can be included in the local development plans (such as subdistrict, district, and regional levels).

o Local communities prefer that labor is local and compensated (even when there is a local contribution to the budget), as it is important to generate income at the community level. All projects, even when implemented by a contractor, should use local labor wherever feasible.

Case Study 12:   Northern Uganda Social Action Fund (NUSAF)

Context

Although there have been significant improvements in Uganda over the last decade, a great disparity exists in the levels of poverty and development. The north lags behind the rest of the country. It has the highest incidence of poverty, at 66 percent, compared to the central region, at 20 percent. Uneven development in the north has led to increased poverty and conflict, triggered by both political struggle and economic insecurity. Development has been stifled by cross-border conflicts, as well as by struggles within and between tribes. Neglect of development fuels further conflict, as insecurity and resentment incite people to fight.

Policy environment

Until recently, the centralized nature of government service delivery hindered increased access to and utilization of public services. Decentralization is at the core of the 1995 Constitution. The Local Government Act of 1997 was passed in order to bring services closer to beneficiary communities. However, the poor in Uganda lack access to basic services such as health care, education, and safe water. Some 26 percent of the population has no access to health services. The rate is highest in the north, at 35 percent, compared to 30 and 20 percent in the western and central regions. The poor are also concerned about *security* (presence of rebel activity, cattle raiding, and theft) which, according to the UPSR 2001, is "the single reason why poverty has persisted and increased in some parts of the country."

Northern Uganda Social Action Fund (NUSAF) addresses the underlying cause of ongoing conflict—namely, inequitable development—and mitigates the impact of conflict by supporting war-affected vulnerable groups. The project is also intended to build peace at the local level, by funding community-based reconciliation and peace initiatives even in the midst of ongoing conflict.

Institutional environment

NUSAF empowers communities in 18 districts in northern Uganda by enhancing their capacity to systematically identify, prioritize, and plan for their needs within their own value system. It helps them implement sustainable development initiatives that improve socioeconomic services and opportunities that will improve livelihoods by placing money in the hands of communities.

The NUSAF subproject upholds a three-way institutional linkage that recognizes the traditional roles of local, technical, and project-processing groups. Local authorities (district and subcounty councils) can decide on and approve subprojects, monitor their inclusion in district plans, and approve the allocation of resources. Technical committees (district and subcounty) appraise and ensure technical compliance with sector norms and standards, including environmental assessments. Communities, CPMCs, CSOs, NGOs, and the private sector participate as originators and processors of subproject proposals at the district level, thus facilitating localities to manage CDD activities more efficiently. Performance benchmarks are set in the key areas of the subproject cycle.

Community environment

Interventions that focus primarily on strengthening institutions complemented with innovative approaches that focus on stimulating community demand and farmer response. The NUSAF operates within community value systems and contributes to good governance and security particularly at the local government and community levels. NUSAF supports vulnerable groups, targeting those that have been directly affected by conflicts, such as internally displaced persons, abducted children, youth who have returned from fighting, orphans, and female-headed households. The project addresses rehabilitation and income-generating activities to mitigate direct impact of the conflict at the local level. It also supports community reconciliation and conflict management,

providing opportunities for communities to design and implement innovative activities to *build peace at the local level*. These activities enhance integration and social cohesion.

Lessons learned

- Based on experience from pilot CDD projects in Uganda it was recognized that since the challenges of development in the north are multisectoral, there are limitations on the impact of a CDD project housed in a single sector ministry. For NUSAF it was therefore agreed to have an independent but cross-sectoral body to manage the project.

Case Study 13: West Bank and Gaza Integrated Community Development Project (ICDP)

Context

The economic recovery that began in West Bank and Gaza (WBG) in 1998 came to an abrupt halt with the start of the second *intifada* in September 2000 and the subsequent imposition of tight closure by Israel. It is estimated that since September 2000 the share of Palestinians living below the poverty line rose from 20 percent to nearly 40 percent. The crisis has increased poverty, particularly in isolated communities. Unemployment has risen owing to border closures and the resultant collapse of Palestinian businesses. Unemployment stands at 28 percent of the work force. Physical and social service infrastructure remains neglected or has been destroyed, and political uncertainty has discouraged further investment. Agriculture, which became a major source of income after border closures, has been affected by the limited availability of water, transport infrastructure, and marketing relationships.

Institutional environment

Local government in WBG has a crucial role to play in the governance and economic development of the Palestinian territory. The dominant entities in the local government system are the municipalities, which have well established service delivery and regulatory functions over basic infrastructure for electricity, water supply and sanitation, solid waste management, local roads, libraries, parks and recreation, markets, and land use planning and development. The next level of local government, village councils, exhibits a government structure similar to municipalities but often lacks the broad range of functions and revenue-generating options. Currently there are 144 municipalities and 311 village councils in WBG. Another 228 villages are without councils and are administered instead by appointed chiefs (*mukhtars*). Just 91 out of 683 localities have populations of more than 5,000.

The ICDP project balanced the need for short-term crisis support with a continued focus on institutions and infrastructure essential for sustained economic growth. It invested in community infrastructure and promoted local procurement to stimulate local employment opportunities. Future investment will be made in agricultural facilities.

Community environment

Poverty is deepening, particularly in isolated communities, according to a recent assessment by the international community. The ICDP has contributed to poverty reduction and uneven service provision by targeting communities often neglected by other programs. The project aims to build capacity for and empower local communities. Local government units manage community funds and manage microprojects. These units comprise village councils, municipalities, farmers' cooperatives, and camp service committees. The project has delegated planning and implementation responsibility to local governments and increased managerial and administrative capacities of local officials.

Lessons learned

- *More incentives for capacity building.* It has been found that implementing partners tend to move forward with the physical works aspect of the project before carrying out corresponding capacity building activities. In response, the ICDP adopted the following rules: Local government units will be trained on broad planning and managerial activities rather than on functions specific to the microprojects. Some training will be mandatory for communities in order to qualify for microprojects. Both actions increase the incentive to engage in capacity building as well as complete the physical aspect of the work.

- *Community participation needs facilitation.* People with the experience, time, and know-how to ensure community participation is in short supply. To improve the quality of social analysis and community participation, two community development coordinators have been appointed to act as facilitators to local governments on community-centered participatory planning.

- *Employment generation.* Although employment generation was not the focus of the ICDP, the project has helped the Palestinian Authority to respond to a rise in unemployment. The ICDP has proved successful in providing temporary localized employment opportunities. It has also given momentum to local suppliers of raw materials.

- *Agriculture projects not successful.* The ICDP expanded community-development activities into the agricultural sector. The mid-term review concluded that this aspect of the project has not been successful. The review concludes that the size and nature of agriculture projects implemented under ICDP were unlikely to have any impact in overcoming water scarcity, improving competitiveness, or accessing markets.

Annex 2 Time Frames, Budgets and Objectives of the Projects Studied

PROJECT NAME and ID	TIME FRAME	BUDGET (millions of dollars)	OBJECTIVES
AFGHANISTAN National Solidarity Project P084329	April 2004 – March 2007	186.4	To lay the foundations for strengthening community-level governance, and to support community-managed subprojects comprising reconstruction and development that improve access of rural communities to social and productive infrastructure and services. The outcomes will be (i) the establishment of a framework for village-level consultative decision making and representative local leadership as a basis for interaction within and between communities and with agencies responsible for administration and aid, and (ii) local-level reconstruction, development, and capacity building, which will reduce poverty.
ANGOLA Social Action Fund Project III P081558	September 2003 – June 2008	120	To achieve improved, expanded, sustainable utilization of basic social and economic services and to support a governance system in which local government and communities can gradually become mutually accountable.
COLOMBIA 2nd Magdalena Medio Project (Pilot) P057692	September 2004 – March 2008	30	To demonstrate new forms of managing and operating the project aimed to: (i) increase the influence of citizens in local and regional development, (ii) create local institutions that are responsive and accountable to citizens, and (iii) provide tangible social and economic benefits. Principal forms to be tested: decentralized sub-regional community development teams, alliances of community organizations with other local and regional institutions, and strengthened municipal level.
INDONESIA Kecamatan Development Project III P079156	September 2003 – December 2008	362.3	To reduce poverty and improve local governance in rural Indonesia. The project is part of a long-term village governance program that began with the first Kecamatan project in 1998. Specific development objectives for KDP-3 include: (i) institutionalizing participatory processes in local government; (ii) providing cost-effective basic social and economic infrastructure; and (iii) strengthening the capacity of the microfinance institutions developed under KDP 1 and KDP 2 to manage and monitor funds.
KOSOVO Community Development Fund II P079259	January 2004 – December 2006	4.42	To improve the quality, access, and availability of community infrastructure and services in poor and conflict-affected communities and for the most vulnerable groups, including returnees; and to promote institutional capacity building at the community and municipal levels.
NEPAL Poverty Alleviation Fund P081968	June 2004 – February 2009	16.6	To improve the livelihoods of the rural poor and socially excluded by (i) creating infrastructure, employment, and income-generating opportunities in the most depressed villages and habitations; (ii) enhancing the capacity of local governments, particularly village development committees to provide and sustain services for poor and socially excluded groups; and (iii) creating an instrument that donors can use in a coordinated manner to support government programs for the rural poor.
PHILIPPINES ARMM Social Fund for Peace & Development P073488	January 2003 – June 2008	33.6	To empower communities to manage their development through cooperation within and among communities.
RWANDA Decentralization & Community Development P074102	September 2004 – September 2009	20.7	To contribute to Rwanda's long-term goal of decentralization through the empowerment of local governments and communities. The short-term project objective is to scale up validated project experience in the country.

PROJECT NAME and ID	TIME FRAME	BUDGET (millions of dollars)	OBJECTIVES
SUDAN Community Dev. Fund Project	December 2005. Phase I (Years 1–3)	50 (Tentative financing).	To meet urgent community-defined recovery and development needs in the war-affected and underdeveloped areas of northern Sudan by providing social and economic services and infrastructure.
TAJIKISTAN Rural Infrastructure Rehabilitation P058898	September 2000 – March 2006	20	(i) To increase water supply and efficiency in the main and secondary irrigation canals that supply farms being privatized under the Farm Privatization Support Project, as well as adjoining farms; (ii) to develop institutional capability in land and water resources management; and (iii) to improve the quality of drinking water in selected villages.
TIMOR-LESTE Community Empowerment Project I P069762	May 2000-9	23.5	(i) To strengthen the capacity of subdistricts and villages to plan and implement their development decisions; (ii) to build or rebuild basic economic infrastructure, (iii) to support productive economic activities, and (iv) to support social reconciliation and the preservation of cultural heritage.
TIMOR-LESTE Community Empowerment Project II P072356	April 2001		To reduce poverty and support inclusive patterns of growth and development.
TIMOR-LESTE Community Empowerment Project III P072356	June 2002		To assist the government in reducing poverty and support inclusive patterns of growth and development based on community participation by strengthening local development councils and other groups.
UGANDA Northern Uganda Social Action Fund P002952	September 2002 – March 2008	133.5	To empower communities in 18 districts in northern Uganda by enhancing their capacity to systematically identify, prioritize, and plan to meet their needs and to implement sustainable development initiatives that improve socioeconomic services and opportunities, thereby contributing to improved livelihoods by placing money in the hands of communities.
WEST BANK & GAZA Integrated Community Development Project	July 2002 – June 2006	20	To improve the quality and availability of basic social and economic services in poor and marginalized communities of West Bank and Gaza. The project will finance investments in local infrastructure and institutions in the poorest areas.

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