

Scaling Up Community-Driven Development

Theoretical Underpinnings and Program Design Implications

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Abstract

Community-driven development boasts many islands of success, but these have not scaled up to cover entire countries. Binswanger and Aiyar examine the possible obstacles to scaling up, and possible solutions. They consider the theoretical case for community-driven development and case studies of success in both sectoral and multisectoral programs. Obstacles to scaling up include high economic and fiscal costs, adverse institutional barriers, problems associated with the co-

production of outputs by different actors on the basis of subsidiarity, lack of adaptation to the local context using field-tested manuals, and lack of scaling-up logistics. The authors consider ways of reducing economic and fiscal costs, overcoming hostile institutional barriers, overcoming problems of co-production, adapting to the local context with field testing, and providing scaling-up logistics. Detailed annexes and checklists provide a guide to program design, diagnostics, and tools.

This paper—a product of the Office of the Vice President, Africa Regional Office—is part of a larger effort in the region to improve understanding of community-driven development. Copies of the paper are available free from the World Bank, 1818 H Street NW, Washington, DC 20433. Please contact Tuu-Van Nguyen, room J5-120, telephone 202-473-1389, fax 202-477-0380, email address tnguyen9@worldbank.org. Policy Research Working Papers are also posted on the Web at <http://econ.worldbank.org>. The authors may be contacted at hbinswanger@worldbank.org or saiyar@worldbank.org. May 2003. (43 pages)

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SCALING UP COMMUNITY-DRIVEN DEVELOPMENT

THEORETICAL UNDERPINNINGS AND PROGRAM DESIGN IMPLICATIONS

Hans P. Binswanger and Swaminathan S.Aiyar

1. INTRODUCTION	5
<i>Why is scaling up CDD so difficult?</i>	<i>5</i>
<i>Total and/or fiscal costs may be too high</i>	<i>6</i>
<i>Difficulties arising from co-production may not be mastered</i>	<i>6</i>
<i>Adaptation to the local context may be missing</i>	<i>7</i>
<i>Lack of scaling-up logistics</i>	<i>7</i>
Objectives and audience of the paper	8
Approach and outline of the paper	8
2. WHICH CORE FEATURES OF CDD DO WE SEEK TO SCALE UP?	9
2.1 <i>Real participation</i>	9
2.1.1 <i>Bargaining models of public or social choice</i>	9
2.1.2 <i>Devolution of authority and resources.</i>	10
2.1.3. <i>Real stakeholder participation</i>	11
2.1.4. <i>Communications</i>	12
2.1.5. <i>Co-financing by communities</i>	13
2.1.6. <i>Technical assistance and facilitation from local and higher levels</i>	13
2.1.7. <i>Pro-poor market development</i>	13
2.2. <i>Improving Accountability</i>	14
2.3. <i>Technical soundness</i>	15
2.4. <i>Sustainability</i>	15
3. SCALING UP: THREE STAGES OF CDD	16
3.1. <i>Initiation stage</i>	16
3.2. <i>Scaling up stage</i>	17
3.3. <i>Consolidation stage</i>	17
4. EXAMPLES OF SCALING UP SECTOR-SPECIFIC PROGRAMS	17
4.1. <i>Indo-German Watershed Development Program</i>	17
4.2. <i>Reclamation of sodic soils, Uttar Pradesh, India</i>	18
4.3. <i>Conquest of river blindness</i>	19
4.4. <i>The CAMPFIRE Program in Zimbabwe</i>	19
4.5. <i>Swajal: rural water supply in India</i>	19
4.6. <i>Malawi: The PROSCAP program</i>	20

4.7. Burkina Faso: Covering the Province of Poni with AIDS prevention	21
4.8 Grameen Phones, Bangladesh.....	21
4.9 Gyandoot/Drishtee, India	21
4.10 Association for Social Advancement (ASA), Bangladesh.....	22
4.11 Self Employed Women's Association, India	22
5. EXAMPLES OF SCALING UP MULTI-SECTORAL PROGRAMS	23
5.1 Participatory budgeting and planning in Porto Alegre, Brazil	23
5.2 Mexico: empowerment of municipalities and communities.....	24
5.3 North-East Brazil Rural Development Program.....	24
5.4. Kecamatan development Project, Indonesia	26
5.5. Scaling up in Zambia	26
5.6 Scaling up in Guinea.....	26
6. CONDITIONS CONDUCTIVE TO SCALING UP	27
6.1. Political commitment.....	27
6.2 Well-designed decentralization.....	28
7. REDUCING ECONOMIC AND FISCAL COSTS.....	28
8. OVERCOMING ADVERSE INSTITUTIONAL BARRIERS	29
8.1 Overcoming unfavorable political conditions	29
8.2 Overcoming Unfavorable Social Conditions	30
8.3 Helping governments design decentralization better.....	31
9. OVERCOMING PROBLEMS ASSOCIATED WITH CO-PRODUCTION	31
9.1 Fostering a common culture	31
9.2 Making sure every stakeholder understands his/her new functions and how to do them	32
9.3 Providing incentives compatible with program objectives	32
10. ADAPTING TO THE LOCAL CONTEXT	33
11. FIELD TESTING MANUALS, TOOLKITS AND SCALING-UP LOGISTICS	33
12. SEQUENCING	34
13. PROGRAM DESIGN AND PROGRAM DIAGNOSTICS	35

ANNEXES37

Annex 1: Operational Functions and Manuals by Level 37

Annex 2: Design Elements and Tools for Large Scale CDD Programs.. 38

REFERENCES42

1. INTRODUCTION

Community driven development is not a project. It is an approach that aims to empower communities and local governments with resources and the authority to use these flexibly, thus taking control of their development.¹ Empowerment means the expansion of assets and capabilities of poor people to participate in, negotiate with and hold accountable institutions that affect their lives.² It means giving people access to voice and information, greater social inclusion and participation, greater accountability, and organizational strength. CDD aims to harness social capital through empowerment, and increase social capital through scaling up.

When we talk of scaling up CDD, we primarily mean scaling up the entire approach to empowerment. This is ideally multisectoral. However, sectoral scaling up is part of CDD when it incorporates genuine beneficiary participation. Communities can be either geographical entities (urban neighborhoods, villages, sub-districts) or groups with common interests (water users associations, herders, members of micro-credit groups). These sectoral communities will benefit from empowerment and scaling up no less than geographical entities. So this paper deals with the scaling up of both sectoral and multi-sectoral CDD programs.

Many other agencies are addressing empowerment and scaling up. The PRSP process in many high-indebted poor countries aims to strengthen communities and reduce poverty within a framework of good macroeconomic and sectoral policies. *Empowerment and Poverty Reduction: a Sourcebook* (World Bank 2002) disseminates successful approaches and tools/practices that can be useful starting points for scaling up. *Scaling-up Issues and Options: Supporting Good Practice and Innovation* is another important document under preparation in the Agriculture and Rural Development Department of the World Bank. This paper draws on these and other efforts.

Why is scaling up CDD so difficult?

We all are familiar with islands of success in community-driven development. These empower a few villages, urban neighborhoods, or producer organizations. How wonderful if they could be scaled up to cover all communities in a province or nation! But there are precious few scaling-up successes. Five key problems explain why:

¹ World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

² Narayan, Deepa (Ed.). Empowerment and Poverty Reduction: A Sourcebook. The World Bank, Washington D.C. 2002.

Total and/or fiscal costs may be too high

Some CDD islands of success are inherently not replicable because, like many boutiques, they are too costly for the masses. Total cost per community member may be high because the island of success relies on expensive technology, inputs, staff, and advisers. Mobilizing and training community members is cheaper: communities and local governments do not have to travel over large distances, nor charge management fees. Costly boutiques have excessive overhead costs, and poor transfer efficiency: too low a proportion of program costs relate to actual work at the community level. Even if costs per unit are reasonable, national scaling up may lead to excessive fiscal cost, because the approach fails to mobilize sufficient co-financing from communities and local governments. Donors that support boutiques may not be willing to support national scaling-up.

The institutional setting may be hostile to CDD

The laws/regulations of national governments/ donors may not allow disbursement directly to communities. The central government may not authorize local governments or communities to provide services (education, primary health) to themselves, or levy user fees/taxes. Locally generated revenues may be centralized, rather than left for local use. The central government may fear the political consequences of empowering communities, local governments, and even NGOs. The social environment may deprive women and minorities of voice. Ethnic, religious and class conflict may undermine real participation by all.³

Difficulties arising from co-production may not be mastered

Scaling up CDD implies the co-production of investments, outputs and services by many different stakeholders at many different levels: community workers, local government officials, NGOs, the private sector, technical specialists at all levels, administrators, program managers and bureaucrats, politicians and aid agency personnel. Three problems afflict co-production.

Differences in values and experience of co-producers. Community workers and local NGOs often do not understand how higher levels or sector specialists operate or can contribute. Sector specialists often underestimate latent community capacity. Higher-level administrators are used to strict controls and cannot understand how social capital can enable communities to hold their leaders accountable. Until program participants learn to adhere to a common set of values and approaches, scaling up will remain difficult.

No clear assignment of functions to different co-producers. Scaling up requires precise assignment of a long list of functions (see Annex 1) to specific actors at different levels, and clear instructions on what they should do, how to do it, and *what tools to use* (forms, questionnaires, technical approaches, training materials, etc.). The problem is compounded in multi-sectoral programs, where all sectors need to harmonize with common basic rules and procedures while using sectoral best practice and norms. A *field-tested operational manual is often missing or incomplete* i.e. does not contain sub-manuals and tools critical functions or levels. Operational manuals are too often designed in an office, not the field.

Incompatible incentives of co-producers. Co-producers lacking compatible incentives will either produce low-priority outputs that bring them rewards (such as reports or workshops) or obstruct the program. Public sector workers, such as teachers or extension agents, may not gain from the program. Technical specialists may lack incentives to produce the specific inputs required. Communities may lack incentives to co-finance the program. The central bureaucrat or sector manager may lose budgets and staff by devolving power. Field-tested roll-out logistics in a single district would unearth all these incentives issues, and help design an incentive-compatible operational manual.

³ World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

Adaptation to the local context may be missing

What looks like best practice in some contexts may fail in others. Pilots may succeed because of special circumstances relating to geography or the socio-political context. Scaling up should be adapted each context. Ideally, process monitoring should provide continuous feedback that enables the scaling-up process to constantly be improved.

Lack of scaling-up logistics

Scaling up can cover tens of thousands of widely-dispersed communities. So logistics must be designed to train tens of thousands of program participants and disburse resources to tens of thousands of communities, an issue that does not arise in successful pilots. Scaling-up logistics must control costs, otherwise fleets of jeeps, enormous travel allowances, and expensive training equipment can make national scaling up fiscally impossible. Not enough scaling-up programs design and field-test logistics carefully and cost-effectively.

When programs are approved without resolving these five issues, the newly appointed program managers bear the consequences. They rarely understand fully the need for a detailed design and testing phase. Such programs quickly run into bottlenecks. Typically, the donor sends out a supervision mission to fix that bottleneck, rather than operate at a more strategic level. The program cranks up but quickly runs into more bottlenecks, more missions come to the rescue, and the vicious cycle continues. Fatigue sets in, lack of capacity is blamed for the failure to reach cruising speed, and willingness to pay for scaling up fades away.

To overcome these problems, our main analytical focus will be on five classes of remedies.

1. Reducing economic and/or fiscal costs
2. Overcoming adverse institutional barriers
3. Overcoming problems associated with co-production by (a) fostering a common culture and vision among program participants; (b) assigning and describing program functions and tasks to different actors and levels; and (c) providing incentives compatible with program objectives
4. Using pilots to test what works in which context, adapting best practice to local conditions, using process monitoring and constant feedback to keep adapting and improving programs.
5. Designing and field-testing the operational manuals, toolkits and scaling-up logistics

BOX 1. The many facets of success in scaling up⁴.

Drawing on case studies, an ARD paper “Scaling up Issues and Options” (still at the draft stage) identifies a wide range of reasons that facilitate success in scaling up. Some key reasons:

Strong political commitment was vital for success, helping overcome resistance to change and facilitating the transfer of funds and technology to communities. Strong NGOs and a lively civil society helped greatly.

⁴ Hancock, Jim. “Scaling Up Issues and Options: Supporting Good Practices and Innovation”. Draft Working Paper, 2003.

All successful scale-ups created sophisticated, context-specific procedures, incorporated in manuals with simple transparent messages. These manuals/procedures were, however, living documents that were constantly adapted in the light of new experiences and contexts.

All successful cases had detailed planning from the micro to macro dimension. They benefited from a realistic assessment of financial resources, needs, and institutional realities.

Successful cases had good systems for sharing and spreading knowledge. These helped ensure that different stakeholders knew precisely what their roles were, and helped provide incentives compatible with roles. No-till farming and microcredit spread fast by person-to-person and community-to-community contact.

Appropriate incentives for different stakeholders proved important. Managerial incentives were aimed at getting the right outcomes rather than rapid disbursement. Establishing the right processes took time and effort. Once the processes were well established, disbursement picked up.

Some projects succeeded because they built on many years of past experience and utilized institutions already created, in part or full. The Indo-German watershed Development Project in India built on decades of previous experience. ASA in Bangladesh built on microcredit models pioneered by Grameen Bank. Best practice from earlier experiences provided a useful starting point, but required adaptation to each context.

Scaling up is a long-haul process needing political commitment and patience over long periods. Flexibility in sequencing needs to accommodate this.

Objectives and audience of the paper

The audience this paper seeks covers NGOs, the public sector, donor agencies and development practitioners in general. Even practitioners with enormous community development experience rarely have the breadth and depth of experience to master the complexities of scaling up. They may have successfully scaled up a specific sectoral intervention, and often want to stick to the toolkit used in that effort instead of exploring a fuller set of design options. They may not understand decentralization very well, though this is needed to scale up multi-sectoral approaches. Or they may have inadequate knowledge of the complex disbursement and financial accounting architecture required. So teams of experienced specialists may attempt scaling up with a limited range of design options, and inadequate knowledge of the international experience in relevant areas. Hence this paper presents

1. A theoretical framework to underpin program design for scaling up.
2. A systematic compilation of several design options that can help in scaling up.
3. A systematic approach to check program design for completeness.
4. An approach to design and field-test the logistics
5. A diagnostic toolkit for existing programs.

Approach and outline of the paper

The paper attempts to assemble a full list of preconditions, design options and tools that facilitate scaling up. We discuss the core features of CDD to be scaled up (section 2), the three stages of development of CDD (section 3), and case studies of successful scaling up (section 4 for sector-specific examples, section 5

for multi-sectoral examples). We discuss how these examples have met key preconditions, and use them to build the inventory of design features and tools. These are indicated by a bold italic typeface when they first are discussed. The remaining sections provide further discussion of preconditions conducive to scaling up (section 6), reducing economic/fiscal costs (section 7), overcoming adverse institutional barriers (section 8), overcoming difficulties of co-production (section 9), adapting to the local context (section 10), field-testing operational manuals, toolkits and scaling-up logistics (section 11), sequencing (section 12), and of the program design and diagnostic tools for analyzing existing programs or future programs for their readiness for scaling up (section 13). Annex table 1 provides the list of functions and levels for which program designers need to make assignments and develop operational manuals and tool kits. Annex table 2 assembles all the design features, options, and tools that have been found to facilitate scaling up. It explains why they are useful, and what their likely impact on program costs would be. These two tables are also the main toolkits proposed for program designers and program diagnostics.

2. WHICH CORE FEATURES OF CDD DO WE SEEK TO SCALE UP?

In this section we discuss the four core features of CDD which form part of the Vision for CDD articulated by the Africa Region of the World Bank.⁵ These are real participation (which takes up the bulk of this section) improving accountability, technical soundness and sustainability.

2.1 Real participation

The importance of this has been demonstrated in theory and practice. First, the theory.

2.1.1 Bargaining models of public or social choice

Bargaining models of public choice provide powerful reasons to foster real participation and empowerment in communities or governments (at local, district and national levels), where collective choices are made on development plans and expenditures. The reasons for this are well known but have been especially well developed by Gary Becker who proved the following statement:

Bargaining will lead to decisions and outcomes that will benefit all stakeholders or pressure groups (Pareto/welfare-improving choices) if the following conditions hold.⁶

1. All pressure groups have correct and equal information about the consequences of each option for each stakeholder group.
2. All pressure groups have equal lobbying power or technology.
3. All decision and associated expenditures have to be evaluated against a single aggregate budget constraint.⁷

The logic behind this is simple. No group can secure unanimity on proposals that benefit it alone. So the bargaining process will drive participants towards proposals that produce the most benefit for most or all stakeholders. The common budget constraint connects the decisions to each other and ensures that the set of proposals which are approved also improve welfare for all groups.

Real participation aims to reach all key stakeholders at the very outset by conducting a stakeholder analysis, using institutional diagnostics and toolkits. This concept framework adopts the World Bank operational definition of stakeholder as: 'those affected by the outcome—negatively or positively—or those

⁵ Ibid.

⁶ Binswanger, Hans and Deininger, Klaus. "Explaining agricultural and agrarian policies in developing countries". *Journal of Economic Literature*, 35:1958-2005, December 1997

⁷ Two additional conditions which apply are: (i) redistribution is costly, and (ii) the usual convexity properties which will ensure a unique maximum for the maximizing model.

who can affect the outcome of a proposed intervention".⁸ Key stakeholders are those whose real participation is essential for the initiative's success.

Real participation means involving citizens at every stage and level. This includes the micro or community level, the meso or intermediate level (local governments, NGOs) and the macro or national/policy level (central government, World Bank staff). Real participation implies that development choices are taken under conditions of full information, full representation of all interests, and a hard budget constraint. These conditions can be met in substantial measure, if not fully, by good program design. Under these conditions, elites will be driven towards proposals that benefit all stakeholders, including poor and marginalized groups. Some caveats are in order. If poor and marginalized groups are prevented from participating effectively, elite capture will follow. Similarly, if community members dependent on natural resources and other environmental interest groups are inadequately represented, environmental degradation may result.

Empowerment means real control by communities over resources, project/program design and selection, implementation, and M and E. A good test of whether a pilot program will foster empowerment is whether the community/local government have full control over the financial resources to be used in the program, i.e. whether *the money is in the hands of the community*, and whether these resources are part of a *single untied development budget*, rather than earmarked for specific purposes.⁹

Shifting power from the top to the bottom requires strong political commitment. Good design is all-important: without it, power may simply move from ineffective central governments to ineffective local ones. So, empowerment requires both political commitment and good design. These in turn should be used to ensure six critical factors.

1. Devolution of authority and resources;
2. Real participation of primary stakeholders.¹⁰
3. A communication program that provides a two-way flow of information.
4. Co-financing by communities to promote local ownership.
5. Availability of technical assistance and facilitation from the private sector and/or higher administrative levels.
6. Pro-poor market development, including facilitation of producer/user groups that can federate upward to tap national and global markets.¹¹

2.1.2 Devolution of authority and resources.

Shifts in power relations are fundamental in CDD.¹² Communities and local governments can be truly empowered only by giving them an *assured flow of funds from the central government*, as well as the *authority to levy local taxes and user charges*. Only then can they participate fully in development bargaining. Untied funds are crucial to enable communities /local governments to choose their own priorities, and create skills through learning by doing. It allows them to evaluate propositions against a

⁸ The World Bank, 1996. The World Bank Participation Sourcebook, Environmentally Sustainable Development, Washington D.C.

⁹ World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

¹⁰ See Annex 3 for details.

¹¹ Narayan, Deepa (Ed.). Empowerment and Poverty Reduction: A Sourcebook, The World Bank, Washington D.C., Dec. 2002.

¹² Ibid.

single budget constraint, one of the preconditions of welfare improving social choice.¹³ **Earmarking** of resources is justified only where community decision-making cannot take place under our proposed bargaining conditions. For example, resources for HIV/AIDS may have to be earmarked as long as the disease leads to stigma and cannot even be talked about. Earmarking may also be needed for measures such as bio-diversity and soil conservation, since communities may ignore benefits to outsiders.¹⁴ Working towards a unified budget constraint implies that decentralization should give local governments a **predictable, transparent share of revenue** (including foreign aid), preferably by a legally-mandated formula. This will empower them with financial viability. Short-lived donor programs and ad hoc central grants cannot lead to empowerment.¹⁵

Decentralization should be based on the **principle of subsidiarity**.¹⁶ Responsibility for all tasks should be devolved to the lowest level that can effectively manage them. The **subsidiarity principle improves efficiency and reduces fiscal costs** by assigning tasks on the basis of comparative advantage. It is also a powerful design element to **harness latent capacities**, thus reducing program costs. **Fiscal rewards and penalties** can spur competition between local governments and between communities. They can induce accelerated skill development by providing incentives for improved performance. This **reduces fiscal costs**. In Africa, Zambia has pioneered the grant of additional authority and funds to local governments that meet specified benchmarks (see section 5). Other countries in the region are considering similar incentive schemes.

Even after decentralization and participation are in place, central programs will be needed for issues/sectors that local governments may neglect or be unsuitable to handle. . This includes trunk roads and canals cutting through several jurisdictions, and projects with environmental or social externalities. .

2.1.3. Real stakeholder participation.

Real stakeholder participation is required in appraisal and planning, implementation and M and E.

Participatory appraisal and planning (PA&P) by all stakeholders help strengthen decision making at the community level. PA&P requires skilled external facilitators and has been successfully used in urban and rural programs. It is the starting point for acquisition of citizen information about options, resources, constraints, latent capabilities, and the likely consequences of each subproject for each stakeholder¹⁷. It helps bring about the conditions for optimal social choice discussed above.

Based on an initial stakeholder analysis, ideally complemented by social and institutional analysis, key stakeholders are divided into relevant groups to analyze their constraints, aspirations, and options. Participatory workshops may then bring together all levels of stakeholder groups into a single event, or may be sequentially phased. These processes also strengthen or create a **community development committee and relevant subcommittees, and identify group leaders and appropriate institutional arrangements**. Through bargaining, key stakeholders approve a list of agreed projects. The respective sub-committees are then empowered to pursue these approved projects. Elite capture and social exclusion are ever-present dangers, and careful design of the participatory process are needed to check them.

The next step is participatory implementation, operation and maintenance. Communities and local governments need to be involved in the design, execution, maintenance and operation of projects. This improves ownership, and in many instances (see sections 4 and 5) has reduced the costs of small infrastructure by 20-40 %. In the past, infrastructure has suffered from poor O and M, for want of sufficient funding and motivation from central agencies. Local governments and communities have historically not

¹³ World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ World Bank: Village Level Participatory Approaches (VLPA). Washington, D.C., 2002

been empowered to operate systems, levy user charges or undertake maintenance. Recent experience shows that communities are willing to bear the entire O and M expenses for rural water supply plus part of the capital cost (see Section 4).

Process monitoring (PM) and Participatory M and E (PME). Process monitoring provides feedback to project authorities while implementation is in progress. This is accomplished through continuous observation, interpretation and institutional learning, involving participant observation and assessment. All stakeholder groups in a project see and judge it. Dynamics within and between stakeholders are usually not 'visible', so PM helps reveal these. It looks at both internal and external processes, and helps analyze the interaction within and across groups and levels.

Communities may be well placed to identify the most relevant and easily trackable indicators, and may be better motivated than government surveyors. In Guinea, for example, the Village Communities Support Program has established an M and E unit that coordinates PM and helps communities establish their own monitoring. Evaluation is carried out mostly by independent organizations such as universities and NGOs.

2.1.4. Communications

Scaling up requires a well-designed communications program. Information, education, and communication (IEC) activities have to meet awareness and learning needs, as also process monitoring needs. Equal access to information by all participants is critical for welfare-enhancing social choice. Decentralization, community empowerment and capacity building can be aided by a multi-dimensional communication program which will also contribute independently to information, voice and organizational capacity.¹⁸

In Poni province, Burkina Faso, a local radio station (Radio Gaoua) gives information daily on an ongoing AIDS program, and has greatly improved awareness. It is also used to convene meetings in an area where mail and telephones are weak. Community radio can be a two-way information device. Sri Lanka's community radio has a panel of resource-persons whom listeners can phone in for a wide range of information and answers to problems. To take off, it requires a favorable regulatory environment, and possibly the promotional financing of community-owned radios.

The success of Grameen Telephones in Bangladesh (see section 5) proves the value of telecom even in poor, remote areas. Here again, regulations need to facilitate rural mobile telecom, and initial promotional spending may be necessary. The Gyandoot project in Madhya Pradesh, India, shows that rural internet kiosks can greatly facilitate e-governance and e-commerce, improving the voice and incomes of poor

¹⁸ A communication strategy should include the following elements.

1. Communication rationale - Empowerment and voice for the poor, capacity building, community mobilization and education, cross-stakeholder partnerships, accountability and transparency, political incentives.
2. Target audience – sub-segments within major stakeholder groups: central, state, and municipal governments, community organizations and groups, private sector institutions, and other geographic, gender, economic, social and political divisions.
3. Types of message – benefits and tradeoffs, incentives, awareness needs, actions required, education and learning needs, avenues for complaints and suggestions.
4. Strategic scope and delivery style – national or regional, mass communication or specialized targeted means, interpersonal or popular, i.e. radio, internet, grassroots media, computerized management information systems.
5. Creators of communication capacity—NGOs, PR firms, consultants, radio-internet operators.

villagers (see Section 5). The internet can also be used for training and capacity building. It is used in Andhra Pradesh, India to train rural midwives, thus reducing maternal mortality.

2.1.5. Co-financing by communities

To inculcate a sense of local ownership, communities should contribute to both capital costs and maintenance costs of projects meant for their benefit. Contributions can be in cash or kind (labor, materials). Where communities have no sense of ownership, assets may atrophy for want of motivation in O and M. In many countries, new rules/laws are required to devolve authority to levy local taxes and user charges.

Local contributions mobilize additional resources, ***reduce the fiscal costs per community member, and ease the fiscal strain on central governments***. Global experience warns us that devolving excessive funds to municipalities may induce the latter to reduce local taxes. So scaling up should be based at least partly on ***matching grants, rewarding those municipalities/communities that make the most effort to raise own-resources.***¹⁹

2.1.6. Technical assistance and facilitation from local and higher levels

To assist with participatory appraisal, planning and implementation, communities need ***external facilitators and technical specialists***. The facilitators need to guide information gathering and processing, and provide fuller knowledge about the benefits and costs of various development projects, their technological options, and the consequences for the various stakeholders. They need to ensure real participation and empowerment.

Communities and local governments already have latent capabilities, and empowerment will harness these skills and enhance them through learning by doing. This should be supplemented by relevant capacity building. Technical designs and assistance should be available on demand from formally trained specialists at local and higher levels. As communities take on increased responsibilities, the complexity of their technical needs will increase. So they need resources to upgrade the skills of community specialists, such as community health workers, and to ***purchase facilitation and technical inputs from different sources***. In Northeast Brazil, communities proved they could cut costs greatly through innovative ways of procuring technical services. Sectors, in collaboration with the private sector and NGOs, need to strengthen or develop a ***continuous system of training and retraining of their sector specialists***, and acquire the ability to respond to requests from communities. The T&V approach to agricultural extension has many elements of such a system.

2.1.7. Pro-poor market development

Higher income is an essential form of empowerment, and requires pro-market policies that enhance the capacity of poor people to benefit from participation in provincial, national and global markets. Preconditions for these are good macroeconomic and sectoral policies and good governance and enforcement of property rights which encourage entrepreneurship. The Sourcebook on Empowerment and Poverty Reduction classifies pro-poor market development into three categories: access to information, inclusion/participation, and local organizational capacity.²⁰

Examples of pro-poor market development through better access to information include: (a) global connectivity for villagers through Grameen Phones, Bangladesh (Section 5); (b) e-commerce vehicles like Drishte.com (section 5), Novica.com, and PeopLink.org ; (c) credit ratings for self-help groups (Andhra

¹⁹ World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

²⁰ Narayan, Deepa (Ed.). Empowerment and Poverty Reduction: A Sourcebook, The World Bank, Washington D.C., Dec. 2002

Pradesh, India), that facilitate credit with minimal transactions costs; (d) smart cards, used to cut delays and transactions costs by microfinance groups in India and Swaziland.

Examples of market development through inclusion/participation are: (a) one-stop shops in Bali, Indonesia, for facilitating government clearances for hawkers and other low-income entrepreneurs; (b) Urban Property Rights Project, Peru, that confers formal title on previously unregistered dwellings, increasing property values dramatically and enabling property-owners to raise credit against their newly registered property; (c) microfinance institutions catering those outside the formal credit system (section 5).

Examples of market development through improved organizational capacity: (a) Self Employed Women's Association, India (section 5); (b) Rice millers' association, Cambodia (c) Metalworkers' and hammock makers' networks, Honduras and Nicaragua respectively.

2.2. Improving Accountability

Almost all traditional accountability has been upwards, to central governments and donors. This violates the first condition for optimal public choice, namely full and equal information to all stakeholders, including reports and data that establish accountability. CDD aims to correct this fatal flaw by shifting the emphasis to horizontal and downward accountability to community members, users, and local peers, and by empowering them to take corrective actions against errant co-producers. This means, for example, that communities should be able to *hire, pay and discipline staff delivering frontline services such as primary education and health*. This approach can be initiated in pilots and ultimately scaled up nationally.

Formal reporting and audit mechanisms have failed to achieve high standards of accountability in poor countries. Yet successful social funds show that accountability can be harnessed through social capital in communities. Scaling up community empowerment can therefore scale up accountability. Greater participation in projects, transparency in local decision-making, and a strong communication strategy can all help improve accountability. Greater *political accountability via local government elections* can be even more important.

Fiscal rewards and penalties for good or unacceptable performance can induce greater accountability from local governments/communities. Zambia is a good example of this (Section 4). Community leaders in high-performance communities will not only get bigger budgets but also build reputations and advance their political careers.

In Bangalore, India, an NGO asks people to rate the local services they receive, and presents the findings as a *Report Card* on public services. Similar report cards on five other Indian cities have since been published, and this approach has been tried as well in the Ukraine, the Philippines, and Washington D.C. This helps improve accountability²¹.

Upward accountability also needs to be overhauled. Traditional disbursement and audit mechanisms are unsuitable for disbursement to and oversight of tens of thousands of small community accounts. For this reason, the World Bank has gradually developed and now summarized *community-based disbursement and procurement methods and guidelines*. These give communities simple methods to account for funds to their members and to higher authorities, and to procure goods and services for their projects. Greater reliance can be placed on peer pressure within communities, fiscal rewards/penalties, and random audits.

PME mechanisms integrating micro/meso/macro levels of an initiative can improve not only downward but upward accountability too, through timely tracking that quickly reveals technical or financial flaws.²²

²¹ Paul, Samuel. Holding the State to Account: Citizen Monitoring in Action. Books for Change, Banagalore, India, 2002.

²² World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

Accountability to donors is often balkanized into different channels for each donor, even within the same sector and district. Often accounts and reports have to be prepared in the language of the donor, and this facilitates capture by elites, who alone know non-local languages. It also makes a joke of alphabetization programs, which are usually in the local language and often financed by the same donor. A woman who has acquired reading and writing skills will still not be able to check the community accounts! While scaling up, donors need to harmonize assistance and procedures to produce a single line of accountability, with *all local-level documents in the local language*. Translation from the local language to that of donors can be done by locally recruited staff.

2.3. Technical soundness

Technical soundness implies using economically viable and *locally tested technologies*. Islands of success have produced a wide choice of simple technical solutions. To ensure wide replicability, these solutions should be field-tested in several environmental and social regions. Technical soundness is more about program design than technology. Some key elements are:

1. Designing CDD in phases taking into account the special history and characteristics of each country.
2. Ensuring real participation and guarding against elite capture/social exclusion.
3. Making sure that political decentralization is accompanied by administrative and fiscal decentralization.
4. Adapting country decentralization plans to make use of local level institutions and all latent skills and capacities.
5. Preparing *field-tested manuals and tools* for every actor, sector, and level of government, so that all know precisely what they should do in CDD, and how.
6. Ensuring the availability of *replicable, adaptable technical designs*.
7. Ensuring the availability of technical advisory services that communities, local service providers, facilitators, and local governments can draw on.

2.4. Sustainability

Sustainability has many different elements.

1. Fiscal sustainability. *Matching grants* for communities from donor can kick-start CDD, but the process cannot rely forever on donor programs. It must be embedded in a permanent institutional framework. This can take the form of local governments, or federations of producer groups/ self-help groups. CDD needs to be financed by inter-governmental transfers mandated by a revenue-sharing formula, thus giving communities and local governments an assured share of central revenue. It also needs to be financed by the own resources of communities, local governments and other co-producers. The revenue-sharing formula can help equalize fiscal capacities across advanced and backward regions. Funding for communities should become a fiscal right, not largesse from donors or the central government.

2. Asset sustainability. Experience shows that assets like roads and canals can erode or collapse for want of maintenance. Communities and local stakeholders should be given the responsibility for maintenance of most assets, and the authority to levy user fees and local taxes to finance maintenance. (Section 4, Swajal).
3. Environmental sustainability. The management of land, water, forests, pastures, groundwater of other environmental resources must aim at sustainable practices. *Giving ownership or permanent usufruct rights and management responsibility to communities* helps solve open access problems and provides powerful incentives for sustainable management. (Deweese et al. on Tanzania Forests, other sources).
4. Social sustainability. CDD must be socially inclusive, build on existing local-level institutions, and include conflict resolution mechanisms. Participation and real empowerment are the bedrock on which all forms of sustainability must rest. Only through these processes can real fiscal, asset, environmental and social sustainability be ensured. Seldom do participatory processes achieve perfection, and even less so at the outset. The constant improvement of participation and stakeholder empowerment is therefore a major objective of scaling up.

The key principles which lead to welfare-enhancing social decision, also enhance sustainability. In a setting in which all stakeholders are well informed about the financial, social, and environmental consequences of the development options discussed, and make their decision against a unified budget constraint, the choices will also ensure the various forms of sustainability. Real participation thus not only enhances efficiency but also sustainability. Environmental and social safeguards are needed where these ideal conditions for social choice are not met, for example when information is lacking or poorly distributed, or when key stakeholders are excluded from the decision process.

3. SCALING UP: THREE STAGES OF CDD

Each country needs to analyze its particular conditions and tailor CDD accordingly. In doing so, countries may find it useful to consider three stages of CDD: *initiation, scaling up, and consolidation*.²³ Conditions vary vastly across countries. Where conditions are ripe for scaling up, we can proceed quickly. In other cases, it may be necessary first to create the necessary pre-conditions.

3.1. *Initiation stage*

Some countries have little or no participation or decentralization. The empowerment process can be initiated on three fronts: (a) enhancing real participation; (b) targeting specific groups (such as people affected by HIV/AIDS, women, ethnic minorities); and (c) starting a dialog with stakeholders on decentralization.

Where no decentralization or local funds exist, pilot projects can be initiated. Small learning-by-doing grants to communities or the lowest level of local government (as small as \$ 5,000 to \$ 10,000 per community) can kick-start the process. PA&P can begin using existing resources. In the Borgou region of Benin, half the 500 villages were covered with participatory appraisal within six months using only existing resources and facilitators. A similar approach gave good results in Malawi. This implies that entire countries can be covered fairly rapidly using modest external resources.

Pilots should be tailored to climatic, ecological and social contexts. If pilots have been conducted only in a small part of a country, further pilots are required to establish what works in what conditions.

²³ Ibid.

Many countries are not keen on decentralization. In such cases reformers need to start a dialog with the government, and mobilize public opinion in the process. While that dialog proceeds, a start can be made with participation. Enhanced participation is the first building block of CDD, whose foundation must be laid quickly even if decentralization seems some way off.

3.2. Scaling up stage

Where pilots have already succeeded, scaling up is the next logical step. This rarely can be done in one big bang at the national level. All the tools and logistics for scaling up should first be refined and tested in one district or province, as in the Borgou pilot. Such field-testing will quickly identify critical bottlenecks which may, for example, prevent rapid disbursement, and may require legal or regulatory changes. The field-tested operational manuals, tools, training manuals and scaling-up logistics can then be extended to and adapted to local conditions in a rollout process that ultimately covers all districts/provinces.

Sectoral successes can be scaled up without waiting for the creation of local governments. Swajal in India, the river-blindness eradication program in West Africa, and SEWA (see section 5) have scaled up with little or no help from local governments.

3.3. Consolidation stage

When countries have scaled up in some sectors and/or regions, they can move towards consolidation. This can include: (a) integrating participation and decentralization; (b) scaling up provincial programs to full national coverage; (c) improving CDD design in the light of experience; (d) improving technical and organizational capability; and (e) expanding targeted programs to tackle issues that communities may have neglected. For instance, communities may give excessive priority to curative health and not enough to disease prevention measures like improved stoves, hygiene education and malaria control awareness. Gaps left by community action can be filled in the consolidation phase.

Once strong communities and local governments have emerged, official support needs to assist the formation of networks and federations of stakeholders. Brazil provides a good example of communities federating to link up with export markets. Mexico, Turkey and India have created successful water users' associations. The emergence of federations of communities can be regarded as the climax of the consolidation stage.

4. EXAMPLES OF SCALING UP SECTOR-SPECIFIC PROGRAMS

We give below examples from Africa and other regions of sectoral projects that have been scaled up successfully.

4.1. Indo-German Watershed Development Program

Launched in the late 1980s, this program in the Indian state of Maharashtra, supported by GTZ and the German Development Bank, has been scaled up to cover 146 watersheds with over 200,000 villagers by 2002. Studies have shown impressive impacts—doubling of crop production, additional employment, restoration of depleted groundwater, creation of socially cohesive watershed committees with social inclusion, and accumulation of a locally owned development fund. Watershed development is difficult because of the opposing interests of inhabitants. Controlling grazing, building check dams to trap water and creating irrigation networks can greatly benefit downstream farmers, but can deprive upland herders of a living. Richer farmers need to be persuaded not to drill deep tubewells that empty aquifers. Creating a social consensus requires considerable patience and effort. Some key reasons for success in scaling up:

1. The project selected the most harmonious communities and avoided villages riven by factionalism. Some view this as successful analysis and selection. Others view this as a model that cannot be scaled up fully.
2. The program was able to build on 25 years of scattered organizational structures and infrastructure created by earlier government/NGO programs.
3. The participatory process was *tested in pilots* and *adapted* to conditions in new watersheds. Participatory appraisal capacity was built up before full scaling up. The Watershed Organization Trust, which gives engineering and computer support to the program, developed a Participatory Operation Pedagogy and Gender Oriented POP as an integral part of its capacity building effort. It also runs a training center that has created 42,000 graduates badly needed by NGOs. It has created new watershed maps from scratch. The *emphasis on field-tested manuals, technical soundness and adaptability* has been vital.
4. Maharashtra State has long been a pioneer of innovations in rural development, *so political and technical commitment was substantial*.
5. A major bottleneck in scaling up has been insufficient high-quality NGOs to work out the complex social, technical and institutional arrangements.²⁴

4.2. Reclamation of sodic soils, Uttar Pradesh, India ²⁵

In Uttar Pradesh, India's largest state, large tracts of poorly-drained land have become sodic and unfit for cultivation. Traditional top-down schemes for reclaiming sodic land yielded indifferent results. Then the World Bank supported a project focusing on *the participation of beneficiaries and NGOs*. *Strong political commitment* led to the creation of a new autonomous executive agency with its own contract staff to oversee the project. The *technical and organizational design was carefully worked out in advance*. The 45,600 beneficiary farmers were organized into groups, which in turn formed 974 site committees. The farmers helped plan and execute the bunding of the land, sinking of borewells, land treatment with gypsum, and flushing out of surface salts. They kept reclaimed land under constant cultivation to reduce the water table. They undertook maintenance and collection of user charges more efficiently than bureaucrats had earlier. The result: against an initial target of 47,470 hectares, 69,000 hectares were reclaimed. According to an independent assessment by the Indian Institute of Management, average family income rose from Rupees 12,065 per year to Rupees 20,082. Family employment in farming rose from an average of 32.5 person-days/year to 119 person-days/year. Cropping intensity rose from 32 per cent to 230 per cent. The economic rate of return of the project was 32 per cent.

Spurred by this success, a second reclamation project has been launched in the state, this time covering 150,000 hectares. *The pilot yielded valuable lessons for scaling up*, have some of which been *embedded in new manuals*. (a) Since the government farm extension was weak and unaccountable to farmers, the pilot *trained village level extension workers, whom farmers are willing to pay for advice*. This empowers local people, makes extension sustainable, and has been made an integral part of scaling up. (b) The pilot experimented with a farmer training institute which, in effect, makes farmers trainers through *peer-to-peer exchanges between farmers*. This is now being scaled up to ensure one such training institute in every district. (c) The pilot showed that roads are vital to enable farmers to market their new surpluses. So the scaled-up project has a specific financial provision for rural roads, *a good example of adaptation in the light of experience*. (d) Experimentation in the pilot proved the feasibility of using cheap locally-available materials to reduce the cost of land reclamation. The scaled-up project provides for further such

²⁴ Kerr, John. Watershed Development, Environmental services and Poverty Alleviation in India. World Development Vol 30 No. 8., 2002.

Farrington, John and Crispino, Lobo. Scaling up Participatory Watershed Development in India; Lessons from the Indo-German Watershed Development Program. Natural Resource Perspectives, No. 17, Feb 1997

²⁵ Personal communication with Task Team Leader, 2002.

experimentation, including experiments to establish which crops are most suitable for sodic soils, and how maintenance costs can be reduced. (f) The pilot introduced women's microcredit groups. Though not strictly related to reclamation, it soon *converted organizational strength into income-generation*, by linking the groups to the country's larger financial system. This has been made a key feature of scaling up. (g) The scaled-up project ran into several initial difficulties, the main one being a constant change of staff in the executing agency. This reflected political instability in the state, and underlines *the key role of political commitment* in project success. (h) Farmers can successfully manage link drains from their fields to the main drain, but this effort will go waste if the main drain is not well maintained. Traditionally the irrigation department has given top priority to canals and least to drainage. So the scaled up project has suggested shifting the responsibility for main drains to the district-level government. This will represent *a better alignment of incentives of co-producers*.

4.3. Conquest of river blindness

River blindness, a terrible disease once rampant in 11 West African countries with a population of 40 million, has virtually been eradicated. This has saved the sight of 600,000 people, spared 18 million children the risk of infection, and opened up 25 million hectares of land for cultivation. Transmission of the disease by blackflies was controlled by governments through the aerial spraying of environmentally-safe insecticides. And local communities managed the supply and dosage of ivermectin, a drug that has now cured over four million people. In effect it was *a joint venture between the center and peripheries, based on the principle of subsidiarity*. Communities did what they could best handle (distribution of medicines) and the center did what it alone could (aerial spraying plus arranging the import of medicines). Communities had the authority to design and plan distribution, and the *authority to choose their own village specialists and distribution system*. The drug was made available free. Communities collected the drug from the nearest depot and distributed it, choosing whatever distribution system they deemed best. Each community could decide how many villagers should be chosen as distributors and sent for training. The communities undertook to keep medical records, and hold a periodic census to monitor progress. They managed the distribution at very low cost—just one cent per person, against \$ 2 budgeted. They achieved 75 percent coverage despite civil wars and financial crises.²⁶

Building on this, a new program (African Program for Onchocerciasis Control) was established in 1996 to extend the control of river blindness to 19 other African countries with 80 million people. Phase I of this was successfully completed in 2001, and is now treating 25 million people annually. Phase II (2002-07) will aim to scale up treatment to 50 million people annually. In most of these countries, aerial spraying is useless since they are heavily forested, unlike the grassy savannahs of West Africa where spraying was so effective. In these countries the best solution is high coverage of infected people: the medicine kills the worms and they die out for want of sufficient hosts. In this approach, communities will do the brunt of the work. They handled 80 % of distribution in West Africa, and handle virtually 100% in the 19 APOC countries.

4.4. The CAMPFIRE Program in Zimbabwe

Poaching threatened wildlife in Zimbabwe till the Communal Areas Management Program for Indigenous Resources (CAMPFIRE) involved local communities, *giving them some power over local resources and a share of fees from hunting quotas*. These benefits increased local ownership of the program, and embraced other communal resources such as grazing, water and woodlands. Poaching has declined and wildlife has staged a revival. This approach has now been adopted with success in many other African countries.

4.5. Swajal: rural water supply in India

²⁶ World Bank. *Community Driven Development: a Vision of Poverty Reduction through Empowerment*. Washington, D.C., Dec. 2000.

For decades, rural water supply in Uttar Pradesh, India's biggest state was handled by a state utility. This functioned in top-down mode, did not aim to recover capital costs, and was unable to recover even maintenance costs. Its model was unsustainable, and one-third of its projects stopped functioning. So the state government, supported by the World Bank, opted for a participatory approach, called Swajal, based on elected Village Water and Sanitation Committees. NGOs presented the committees with different options (gravity systems, lift systems, water harvesting) and the capital and maintenance costs of each alternative. This was an example of a *sector-specific technical manual*. Villagers chose the system they regarded as best, contributed 10% of the capital cost, and collected user charges to maintain the systems.²⁷

Swajal was launched in two regions of the state, the Himalayan foothills and the Bundelkhand plains in the south. Initial results were encouraging. Administrative costs fell from 35 per cent of project costs for the state utility to 12 per cent for Swajal, and 90 per cent of villages in the Himalayan region reported sustainable self-management. However, greater obstacles were reported from Bundelkhand. Diverting perennial streams in the Himalayan foothills provided cheap water at Rs 10 per household. But Bundelkhand had few rivers, so water supply required expensive pumping from tubewells. The supply cost rose to Rs 50 per household, which some poor households were reluctant to pay. Tubewells are more likely to run dry than perennial streams.²⁸

Swajal was not linked with local governments, partly because the panchayat (local government) system at the time was weak and lacked political support. However, panchayats are very well developed and have strong political backing in Kerala, the state where the Bank's next major project was launched. In Kerala funds and technical assistance go through local governments to beneficiary groups. *Field-tested manuals* have led to a smooth launch and scaling up. The principle of *subsidiarity* is applied—beneficiary groups manage water that is available in their own village, but management is done at higher levels when water lines run from distant sources to a group of villages. Resistance from the parastatal water authority is being overcome. *Political commitment has proved vital to success*. The government of India gives high priority to rural water supply and sanitation, and has committed ample funds to states that are serious. Kerala itself has gone in for deep decentralization of power to local governments and village councils as a political strategy. Initial reports suggest that the Kerala adaptation is working better than the original Swajal model.²⁹

4.6. Malawi: The PROSCAP program

Soil fertility has been restored with a minimum of expensive chemical fertilizer in a CDD pilot (PROSCAP) in Malawi in 30 locations. This provides a menu of 12 techniques to increase soil organic matter and reduce soil erosion. The menu includes compost preparation, proper incorporation of compost and crop residue into the soil, high density planting of maize on ridges, careful application of scarce chemical fertilizer in between the maize plants, improved fallows and cover crops with nitrogen-fixing leguminous plants and trees, contour tillage, bunds, vetiver grass hedges and gully plugs. Crop yields and soil restoration have improved greatly in the pilots. The pilot program has created a *field tested technical solution*, proven in 30 villages all over the country, and so ready to be scaled up nationally.

Malawi's villages are grouped into some 2000 extension sections (containing 12 to 15 villages each), but the country has less than 1000 extension agents. *To mobilize the additional specialized capacity needed*, the government has decided in 20002-03 to provide an earmarked matching grant to one village in each of the 2000 extension sections to execute the PROSCAP approach on at least 50 ha. The communities and their extension agents will have to fulfill a *performance-based contract*, monitored by the tracking system used in the T&V. This will later be extended to 3-4 villages in each extension section, using *community to community extension*: Each extension section will train four *community agricultural specialists* from its own community and from three to four neighboring communities. This training will also be an output of the performance contract.

²⁷ Personal communication with Task Team Leader, 2002.

²⁸ Ibid.

²⁹ Ibid.

4.7. Burkina Faso: Covering the Province of Poni with AIDS prevention

A *Logistics Pilot* in the backward Poni district has successfully disbursed small matching grants to newly formed HIV/AIDS committees in 500 villages and the urban neighborhoods of Gaoua. Over 2000 program participants have been trained in the space of several months in the basics of HIV/AIDS, on how to prepare simple village projects and monitor their outputs, and on how to manage the financial resources. The pilot *relied entirely on existing or latent administrative and training capacities, and existing infrastructure* within the province. Under the strong leadership of the governor of the provinces multi-sectoral HIV/AIDS committees were formed for the province as a whole, for each of the 10 departments in the province, and for each of the villages and urban neighborhoods. The pilot adopted the principle that no program participant would have to travel on a route other than the usual one to the market or provincial capital, reducing transport logistics. A key innovation was the development of project *preparation and monitoring templates in the form of a questionnaire*, which greatly simplified the preparation and monitoring process in a setting where illiteracy is widespread. The other innovation was a *per capita norm for the determination of the budget for each village grant*. This was set at around US\$ 0.50, and constituted a *small learning- by- doing grant*. An independent evaluation showed that 60-100 percent of the population received face-to-face AIDS training. Evaluators were struck by how much the villagers knew about AIDS, how freely they talked about it, and how much the associated stigma had decreased.

The approaches and tools of the process pilot are currently being documented in and field-tested operational manual covering the approaches, assignment of responsibilities, training materials, tools and logistics. National coverage should be achieved in 2004, or at the latest in 2005.

4.8 Grameen Phones, Bangladesh

Mobile phones were originally regarded as a rich man's business accessory. But Grameen Bank, an NGO that pioneered micro-credit in Bangladesh, saw that mobile phones could meet the urgent needs of the rural poor and also become an income-generating device. Grameen Phones provides a commercial mobile service through local entrepreneurs, usually women, who own and operate cellular phones, charging fees from users. The initial outlay for a handset of around \$ 350 is financed by Grameen Bank at 22% interest, which is unsubsidized and sustainable. User charges enable the entrepreneurs to pay back the loan, usually within a year.³⁰

Grameen Phones started operations in Dhaka in 1997, and by March 2002 had covered 10,000 villages with an estimated 15 million people. The average annual income of phone ladies is estimated at \$ 700 after covering all costs, more than double the per capita income. Half all rural calls are made for economic reasons, and many others for health reasons or to contact relatives, often abroad. Commercial information has enabled villagers to make big savings/income by utilizing telephonic information on market conditions to buy and sell at the right places. Illiterate women who have never seen a phone before have quickly mastered the required skills to run a business, gaining social status as well as income. Looking ahead, Grameen Phones plans to set up cyber kiosks in villages to provide the internet, faxes and global networking to villagers. The founder, Mohammed Yunus, hopes this will revolutionize the cognitive world of villagers, globalizing them even while they sit at home.³¹

4.9 Gyandoot/Drishtee, India³²

³⁰ CIDA. Grameen Telecom's Village Phone Programme: A Multi-Media Case Study. TeleCommons Development Group. 2000

<http://www.telecommons.com/villagephone/index.html>

³¹ Ibid.

³² Narayan, Deepa (Ed.). *Empowerment and Poverty Reduction: A Sourcebook*, The World Bank, Washington D.C., 2002.

In rural India, the internet has begun to provide e-governance, connect poor people to local leaders and markets, improve access to services, and reduce transactions costs. In 2000, the Gyandoot project of the Madhya Pradesh state government launched a computer network in the district of Dhar to empower people through e-governance and e-information. The network initially connected 20 villages, and later another 11. The district was wired for \$ 55,000 in less than a year, and each internet kiosk cost \$ 1,650. The kiosks were located in villages that are sub-district headquarters, or hold weekly markets where neighboring villagers come to trade. So each kiosk caters to 20-30 villages. Kiosks are run by franchisees paying an annual license fee of \$ 100, and collecting user charges. For Rs. 5 (10 cents), Gyandoot provides historical and current prices and volumes at different market centers for major crops. Villagers use this service to pool resources, hire trucks to get their produce to the most lucrative market, and so increase profits. Gyandoot also provides downloads of land records for Rs. 15 (30 cents). Easy access helps the poor fight encroachment by the rich. Traditionally, land records have been maintained by corrupt officials who extract bribes for access, and have been known to forge records. Other services include online registration for certificates for caste, income and domicile; a public complaint line for broken hand pumps, unfair prices, absentee teachers; and sites for auctioning tractors and other equipment/produce.

Successful internet kiosks require three pre-conditions: good internet design that can be widely replicated, a state government that is interested in e-governance, and good internet connectivity. The executing agency for Gyandoot was a private internet company, Drishtee.com. Encouraged by the success in Dhar, Drishtee now aims to scale up nationally under its own brand name in the next six years. Already it has scaled up to 90 internet kiosks across five states. *Because the model is field-tested and intrinsically profitable, it can be scaled up rapidly by training franchisees.*

4.10 Association for Social Advancement (ASA), Bangladesh

Starting off as a social service NGO, the Association for Social Advancement (ASA) in Bangladesh focused in the 1990s on micro-credit. By April 2002, it had 1,121 branches with over 4,000 credit officers serving over 1.68 million clients (most rural women) with outstanding loans. It had Taka 6.7 billion (approx. \$ 118 million) in outstanding loans and Taka 1.85 billion (approx. \$ 32.5 million) in savings deposits. On-time loan recovery exceeds 98 per cent. Once supported by DANIDA, it is now self-sufficient, since it levies near-commercial interest rates. The reasons for success include:

1. ASA has tested manuals with clear, easily-disseminated rules. This reduces training costs. Strict adherence to manuals transparency throughout its highly decentralized network. Staff are penalized if they do not follow manuals and procedures.
2. Financial monitoring is highly detailed, and closely tracked by the founder.
3. Non-monitoring visits by supervisors give feedback on actual functioning and problems of branches. This is quickly translated into new organization-wide directives that amend procedures. *This combines flexibility and constant adaptation with the discipline of sticking strictly to approved procedures.*³³

ASA is now scaling up under the UNDP Micro-Start Program in Yemen, Philippines and Nigeria. In these countries, ASA selects a local partner and then embarks on branch pilots. Based on these, ASA attempts to adapt to local conditions the procedures and manuals used in Bangladesh.

4.11 Self Employed Women's Association, India

This NGO began in 1972 as a quasi-trade union to represent the rights of self-employed women in the Indian state of Gujarat, but moved on to encourage women's producer groups and connect them profitably with local and global markets. It has scaled up nationally and now plans to scale up globally.

³³ Fernando Nimal and Richard Meyer. ASA-the Ford model of Micro-Finance. ADB Finance for the Poor, Vol 3, No. 2, 2002.

SEWA has 212,000 members covering 4,500 self-help groups, 101 cooperatives, and 11 federations across India. The SEWA Trade Facilitation Center (STFC) conducts a variety of services for member-producers including market research, quality control, product development, supply chain management, warehousing, and advanced technologies to track products and demand. It has promoted over 1,000 savings groups and has 100,000 women depositors in the SEWA Bank. It has been a powerful vehicle for empowerment of poor women, improving not their social status, access, income, security and independence. It began by lobbying for changes in various rules and laws to improve women's access to natural resources and vending rights in towns. It has now incubated scores of women's producer groups, and runs an academy that trains 30,000 female entrepreneurs annually. It has a barefoot managers training program, an information technology program to harness the internet for commercial and personal needs of members, and health and insurance programs to cover all members. Having long facilitated microcredit, SEWA is now exploring ways to scale up, and channel large loans from banks to women's producer groups. .

SEWA has moved across national boundaries, and has functioned in South Africa for a decade. It now plans a non-profit company that can assist producer groups in poor countries the world over to enter the international marketplace and take advantage of globalization. It will target bulk purchasers in OECD countries, bulk and retail purchasers in East Asia, and internet sales. The company will be owned by the promoting grassroots organizations. Its aims are (a) facilitating market linkages; (b) technical and financial grants; (c) knowledge and information management; and (d) policy analysis and advice.

5. EXAMPLES OF SCALING UP MULTI-SECTORAL PROGRAMS

The biggest examples of scaling up of scaling up CDD come from Latin America and Asia. But a start has also been made in Africa, in countries such as Zambia and Guinea.

5.1 Participatory budgeting and planning in Porto Alegre, Brazil

Once empowerment begins, it can take off in new directions spontaneously. The empowerment of municipalities in Brazil enabled the city of Porto Alegre to experiment with participatory budget planning. This process empowers citizens' associations in the city's 16 regions to propose projects in 5 sectors each. These are publicly debated and short-listed in two rounds, with final allocations decided by a weighting system combining citizens' preferences with objective criteria. The result:

- Between 1989 and 1996, access to water rose from 80% to 98% of households.
- The number of enrolled schoolchildren doubled.
- Revenue increased 50% because of the willingness of citizens to pay for improved services.
- Equity improved in decision-making. Equal weight was given to all city regions, and the poorest one with 5,000 people had the same voting power as the wealthiest one with 300,000 people. Forty percent of participants in public debates had less than three times the median wage.
- The ruling Workers Party won several consecutive municipal elections, in contrast with other leftist municipalities. Its share of the popular vote has increased from 34% to 56%.

Decentralization laws in Brazil did not mandate such participatory budgeting. But once Porto Alegre became famous for its innovation, other municipalities began to adopt the same strategy under public pressure. As of June 2000, nearly 100 municipalities in five states were implementing some form of participatory budgeting. This shows how empowerment can spur participatory innovations, and how competition between local governments can help scale up improved governance and voice.

5.2 Mexico: empowerment of municipalities and communities

As part of its Integrated Rural Development Programs initiated in the early 1970s the World Bank funded three stages of the PIDER program in Mexico over nearly two decades, with mixed results. A Regional Development and Decentralization project approved in 1991 was prepared in a much more participatory way, and shifted the emphasis from community and local consultations (which had pioneered and scaled up PA&P processes) toward true decentralization and empowerment. A major component of this program was a *Municipal Development Funds* Program, which then further transferred the funding to the communities, fulfilling the *money- in- the-hands-of-the-community condition*. Indeed, it was under this program that *community-based procurement and disbursement methods* were first developed in the World Bank. In addition, the Municipal Development Funds for the first time provided untied development grants to municipalities. In effect, 1100 municipalities could operate like municipal social funds, mobilizing latent management capacities. The process multiplied by a factor of 50 the capacity for identification, appraisal and supervision, which was earlier restricted to 27 state development committees.

The municipal funds program benefited from several favorable preconditions:

- Municipalities with elected councils and latent management capabilities already existed.
- Earlier national and World Bank-supported projects had already produced a range of technically sound local investments: operational manuals for several specific issues in a large-scale program; and a cadre of specialists familiar with community development and community capabilities, and therefore with a more or less *common vision and culture*;
- The program relied completely on existing municipal structures for management, rather than involving intermediary NGOs. The latter function only as facilitators and technical specialists at the request of the communities

The critical new innovations introduced by 1993 were *fungible grants to municipalities*; transparent methods of project selection in the *municipal development council*, transfer of *money- into- the-hands-of-communities*, and *community-based procurement and disbursement methods*. The Municipal Funds programs was only one of 16 components in the 1991 reform, the remaining 15 being sectoral ones. A further reform in 1995 integrated all 16 components, along with a *mandatory formula for allocations*. This made municipal funds *an entitlement, not a discretionary transfer*. It also mandated transparency: all municipalities had to make public announcements on all subprojects to be financed, improving accountability. In 1997, a major political development occurred. Congress enacted a new law transferring all *funds to municipalities directly from the federal budget*, without going through state governments. This was a major scaling up of empowerment. By 2002, money in hands of communities had increased rapidly to around \$ 4 billion a year.

However, some municipalities appear now have too much money, some state governments too little. This goes *against the principle of subsidiarity*. Cash-rich municipalities have sometimes abandoned community contributions and cut local taxes, reducing ownership and increasing fiscal costs. Municipalities have the money for primary health centers and link roads, but these need to be backed by sufficient funds with state governments for improving hospitals and trunk roads. Solid waste disposal and river pollution are rising problems that need to be tackled at the state level.

5.3 North-East Brazil Rural Development Program

In Brazil, the PAC (Programa de Apoio Comunitario) was piloted in the late 1980s. Rural communities submitted subproject proposals to technical units at the state level, which screened and approved them.

funds were disbursed directly from the state level to the bank accounts of individual communities, fulfilling the *money-in-the-hands-of-the-community* condition. In 1993 PAC had conclusively proved the effectiveness of community participation, and so was ripe for scaling up when the entire North East Rural Development Program financed by the World Bank was restructured to this approach. At the same time a new, more decentralized approach was introduced on a pilot scale: Under the FUMAC model (Fundo Municipal de Apoio Comunitario), a *Municipal Development Council* (which included community and civil society groups, as well as members of the municipal government) chose a bundle of subprojects, and submitted it to the state technical units approval their proposals and funding. This approval was mainly for validation: the state levels did not give project-by-project approval, but checked the conformity of proposals with eligibility criteria, procedures, and other design parameters. FUMAC progressively replaced PAC, and over then next few years enabled the latent capacities of nearly 1,000 municipal development councils to be mobilized to undertake functions earlier monopolized by 10 state technical units and their deconcentrated offices. This *multiplied decision-making capacities a hundred-fold*, and made possible the massive subsequent expansion of the program. To avoid possible irregularities at the local level, funds were disbursed directly to the communities, rather than the municipal development councils, ensuring that the money continued to be in the hands of the community. The municipal development council did not control or disburse money, and instead coordinated all the other processes and supervised project execution. Municipalities were given some guidance as to how many projects they could reasonably expect to approve, moving the program closer towards a single fungible development budget.

In addition the redesign of the Northeast Rural Development Program eliminated the Federal Government, the Northeast Regional Development Authority, and NGOs as financial or technical intermediaries, *massively reducing overhead costs* and instead introduced a facility for *communities to finance technical assistance out of their community grants*, enabling them to use up to eight percent of their community grant for technical assistance from a provider of their choice.

FUMAC has now given way to FUMAC-P, which brings the program even closer to the optimum conditions for social choice, providing more responsibility to the local development council. FUMAC-P transfers an untied development budget directly to the municipal development councils. Money is now managed at the level of the municipality, but continues to be disbursed from there into community projects. This has further improved local ownership and participation, further reduced costs per beneficiary and encouraged larger co-finance from the municipal level.

Earlier anti-poverty programs in Northeast Brazil failed. But the community-based approach has successfully delivered over 44,000 community-managed subprojects to 2.5 million of the poorest families in 30,000 communities. An assessment of FUMAC by Van Zyl and others³⁴ showed that:

- Benefit cost ratios were high, 3.0 or more.
- About 95 percent of the funds reached targeted beneficiaries, mostly the landless, an extraordinary pass-through rate.
- The cost of subprojects executed by communities was 20-30 percent less than similar ones executed by the earlier, more centralized system.
- The program financed a lot of investment in rural water supply and electrification, but also included a wide range of other social and productive projects. Producer groups assisted under the program are now federating and linking to export markets, and this is seen as critical to sustain project impact.

³⁴ Van Zyl, Johan, et al, 1995, Decentralized Rural Development and Enhanced Community Participation : a Case Study From Northeast Brazil, Policy Research working Paper 1498, The World Bank, Washington, D.C.
 Van Zyl, Johann; Sonn, Loretta; and Costa, Alberto. "Decentralized Rural Development, Enhanced Community Participation, and Local Government Performance: Evidence from Northeast Brazil". Draft Paper. July 2000.

The program benefited from the decentralization process initiated by the new Constitution of 1987 following the demise of the previous military regime. It is a good example of CDD starting with public goods and then moving on to facilitate private production. It is also a good example of getting to the final stage of CDD consolidation.

5.4. Kecamatan development Project, Indonesia

Three projects in Indonesia---Village Infrastructure project 1, Village Infrastructure project 2, and Kecamatan Development program 1---have scaled up a community-based approach very rapidly. The three represent a progression in community empowerment, with each subsequent stage building on the earlier one. This demonstrated that a large-scale project can be created rapidly to address the felt needs of villages, and that villages can be the “subjects of development rather than the objects of development.” VIP-1 was designed as a simple, short-term program, and its success laid the foundation for the subsequent programs. *In effect, a field-tested model was scaled up, with inbuilt flexibility for each locality.*³⁵

KDP-1, launched in 1998, covered 10 million people in 20,000 villages within three years. KDP-2 is now under way to benefit an additional 20-30 million people, and aims to cover an additional 200-300 kecamatans (sub-districts) per year. Funds from Jakarta flow directly to village accounts, fulfilling the condition of *money-in-the-hands-of-the-community*. A specific aim of this mechanism is to bypass intermediate layers of government, *reducing fiscal costs*. Participating villages can choose from a wide range of options, giving communities the confidence to plan and organize. The program includes a credit component for the poor, and this has proved very successful in villages that already have decent infrastructure.³⁶

5.5. Scaling up in Zambia

Zambia has a head start over other African countries in CDD. Zambia Social Investment Fund (ZAMSIF) began as a traditional social fund, with some elements of community participation. It worked well, so the next stage was ZAMSIF II (1996-2000), aimed to involve local governments in all stages of the project cycle, and transfer full authority for CDD to elected local governments by 2000. This was a partial success: district councils were progressively able to take up additional tasks. However, when this project came to a close, legislation for elected district councils had not been enacted, and many gaps in technical and managerial capacity were evident in district councils.

Now ZAMSIF III aims over 10 years (2000-2010) to create sufficient capacity in all 57 District Councils to enable them to take over the full envelope of responsibilities in the project cycle. ZAMSIF will then exit, having managed itself out of a job. Since capacities differ from district to district, ZAMSIF has a *district graduation scheme* giving additional resources and powers to districts that meet performance benchmarks. This is a major innovation, the first of its kind in Africa. The scheme has penalties as well as incentives. No District Council is penalized for a wrong choice of projects—that is part of the learning-by-doing process. But a Council can be penalized for misusing funds or failing to follow the correct procedures. This *aligns incentives of co-producers with roles*, and has worked well so far.

5.6 Scaling up in Guinea

The World Bank has helped develop the vision for decentralization in Guinea. Under the program *fungible grants* are provided to the municipalities, here called “communes rurales”. The World Bank helped pilot

³⁵ Edstrom, Judith. “Indonesia’s Kecamatan Development Project, Is It Replicable? Design Considerations in Community Driven Development” in *Social Development Papers*, No. 39, World Bank, Washington D.C., Mar. 2002.

³⁶ Ibid.

different management approaches at the local government level, developed procedures, approaches and manuals. This has now been scaled up in a major project (PACV), which has yielded several gains.³⁷

- The cost of building local infrastructure has fallen 30-40 %.
- Community collection of head tax has improved from 70% to almost 100%, and is now collected mainly in the first quarter of the year .This facilitates the release of matching grants, and is an example of *good alignment of incentives of co-producers with roles*.
- Local capacity has improved *through learning-by-doing: communities can now plan, procure and implement projects themselves*. Accountability has improved: two of the 26 mayors were removed by popular acclaim.
- Gender representation has improved. Women, who earlier had no voice, now participate in village councils and sometimes carry the day.

6. CONDITIONS CONDUCTIVE TO SCALING UP

The discussion of the difficulties of scaling up in the introduction led us to identify the five classes of remedies we already mentioned in Section 1. The case studies throw further light on these. Before discussing those, we need to emphasize how important an enabling climate for scaling up is. Conducive conditions include (1) strong political commitment from the top; and (2) well-designed decentralization.

6.1. Political commitment

Strong political commitment alone can ensure that power actually shifts from the top to the bottom. In many countries the impetus for change has come from the very top, but in other cases it has come from state governors or chief ministers.

- In Brazil, the necessary political commitment came from state governors.
- In the province of Poni, Burkina Faso, it came from the provincial governor.
- In Mexico, it came initially from the federal government, and once the municipal funds program successful, also from the state governors.
- In Malawi, the political commitment came from the Minister of Agriculture and his management team.
- In Indonesia, it came from the President.
- In India, the Constitution was amended in 1993 to make local governments mandatory. Yet in practice these were empowered only when state government were committed to the concept, as in Kerala, Madhya Pradesh, West Bengal and Karnataka. Conditions were ripe for scaling up in some states but not others.

However, political commitment does not get created in a vacuum: it needs an enabling climate. Every country needs a lively and empowered civil society, accountability to citizens through elections, free media, strong NGOs. Major institutional change is required in some countries to create and nourish such institutions. Demands from an empowered citizenry for accountability and good governance can spur decentralization to the grassroots.

³⁷ Narayan, Deepa (Ed.). Empowerment and Poverty Reduction: A Sourcebook, The World Bank, Washington D.C., 2002.

6.2 *Well-designed decentralization*

The historical experience of decentralization is mixed. Sometimes rulers have aimed to empower the grassroots, at other times to divert international attention from lack of democracy at the central level. Too often local governments have been created without administrative authority or fiscal resources. Decentralization has three key dimensions--- political, administrative and fiscal—and all three need to be harmonized to work well. Reporting on decentralization experiments in the 1980s, Crook and Manor found that the outcomes were poor in Ghana, Cote d'Ivoire and Bangladesh, but satisfactory in the state of Karnataka, India. In the first three cases the local councilors were not elected, were accountable to central governments rather than the people they served, and lacked enough fiscal means to make a real difference. Decentralization worked in Karnataka because the Chief Minister was serious and provided ample fiscal resources.

Key stakeholder participation and some sector programs can be scaled up without waiting for all three dimensions of decentralization, but full national coverage will, at some point, require all elements to be in place.

Even where conducive conditions like political commitment and decentralization exist, scaling up boutiques can be difficult because of the various problems listed in section 1. So we now consider the five classes of remedies: (a) reducing economic/fiscal costs; (b) overcoming adverse institutional barriers; (c) overcoming problems associated with co-production; (d) using pilots, feedback and adaptation to improve technical design; and (e) designing and field-testing the operational manuals, toolkits and scaling-up logistics.

7. REDUCING ECONOMIC AND FISCAL COSTS

Successful pilots can sometimes not be scaled up for three financial reasons: excessive economic cost, poor transfer efficiency, and excessive fiscal cost. Economic cost per beneficiary may be too high because a program depends on expensive staff (sometimes expatriates), costly transport (maybe fleets of jeeps), expensive materials (sometimes imported) and costly designs/technology (often created for a different context). Funds may travel through several bureaucratic levels before reaching a community, clearances for projects may be required at several levels, excessive paperwork may constantly be required in the donor's language. High overheads reduce the transfer efficiency of funds: too little of the project money actually gets through to communities in the form of goods and services. In one project in Togo, overheads amounted to almost 90 per cent of the budget³⁸. In Northeast Brazil, they have come down to around 7 per cent after local empowerment.

Ways to cut economic costs and improve transfer efficiency include the following.

1. Devolve authority based on subsidiarity. Putting the appropriate level in charge will lower costs.
2. Empower communities and/or local governments to choose, implement and monitor projects induces innovations using low-cost designs appropriate for local conditions. The use of local materials and contractors cuts costs further. Community and/or local government oversight is less expensive than oversight by government agencies. Our case studies show that CDD can cut project costs by 20-40 per cent.
3. O and M is typically cheaper, more efficient and more sustainable if done by communities on the principle of subsidiarity.
4. Training/facilitation by outsiders, and especially foreigners is expensive when tens of thousands of communities are targeted. The aim must be to train local community specialists chosen by the communities themselves to acquire skills. Communities and their trained community specialists in successful pilots can become trainers of other communities: successful farmers can spread good practices through farmer-to-farmer contacts. Harnessing and developing local skills can both cut costs and accelerate scaling up.

³⁸ Personal conversation with TTL, 2002.

5. Good logistics design can reduce costs. Local people do not have to travel long distances in jeeps. Community meetings, training sessions and the like should be arranged at locations most convenient in terms of local transport availability. Good logistics cut costs of information sharing and cash management, and simultaneously improve accountability and transparency.

Even if the cost per beneficiary is reasonable, the fiscal cost may be too high for national scaling up. Central governments and donors may lack funds. CDD can bring down fiscal costs in several ways.

1. Communities can be asked to contribute 15-40 per cent of subproject costs in cash or kind, depending on the nature of the project.
2. Communities/local governments can be authorized to levy user charges or local taxes. This typically increases the fiscal base.
3. Local empowerment improves tax compliance. Citizens are more willing to pay taxes/charges if these are used for local facilities than if they go to national/provincial capitals (see case study on Guinea).

8. OVERCOMING ADVERSE INSTITUTIONAL BARRIERS

The political and social institutions in many countries are not conducive to shifting power to the grassroots. Top-down paternalism for decades has created structures that resist downward empowerment. Some regimes fear that decentralization may create political complications. Social conditions in some countries are so adverse that they have escalated into violent conflict and civil war.

Even where decentralization has taken place, it has yielded mixed results (see section 6). The results have been poor where local governments were accountable to central authorities rather than citizens; where public sector reforms did not take place to realign the functions and powers of the central bureaucracy; where local communities were not empowered to discipline local officials; where local governments were not granted a reliable, adequate share of central revenue, or the authority to levy and keep taxes.

In Tanzania, local governments are supposed to collect a head tax and transfer 80 per cent of that to district headquarters, from which it rarely returns. A much happier experience comes from Guinea (section 5), where the collection of head tax has improved and become more timely because it is available for local use.

Remedies will have to be tailored to the local context in each case. We consider below some possibilities.

8.1 Overcoming unfavorable political conditions

Where the political conditions are unfavorable and commitment to empowerment is lacking, the following strategies can be considered.

- a. Establish pilot programs as special enclaves that provide examples of success. Meanwhile canvass support for CDD as an ideal. Enter into a dialog with the government, opposition parties, think tanks and civil society.
- b. Where governments do not favor local governments, make a start with participatory appraisal and planning by communities, to which there is typically less resistance
- c. Where there is resistance to free media, make a start with community radio in pilot projects to disseminate project information. This can be designed to be interactive, and so provide voice to local people.

- d. Where possible, encourage internet kiosks to provide market and other information, tele-advice and training, and e-governance.³⁹
- e. Help create and strengthen user groups and producer groups.
- f. Liberalize economic policy, and increase the space for entrepreneurs. This will help diffuse centralized power, and create more economic freedom and empowerment for buyers, sellers and intermediaries.

8.2 Overcoming Unfavorable Social Conditions

Many countries have deep gender and social divisions. Empowerment requires the bridging of social divides and participation by all. A thorough analysis of social/political conditions needs to guide the program design. Ways of overcoming elite capture/social exclusion should be worked into the design. The participatory process itself is a means of accomplishing this, and details are given in the World Bank's participation website at www.worldbank.org/participation

Remedies in every country will have to be tailored to local conditions. Some possible strategies:

- a. Using the participatory approach, attempt to create sustainable partnerships between all stakeholders, including majority and minority groups, NGOs and different levels of government
- b. In the initial stage, avoid the most faction-ridden villages, and focus on the relatively harmonious ones, as was done by the Indo-German Watershed Development Program.
- c. Where women/minorities have traditionally not been allowed to participate in village councils, institutionalize separate meetings of these groups prior to council meetings. This will help them to articulate their needs, and gain organizational strength. They will then better be able to overcome traditional social inhibitions and gradually be accepted as full partners.
- d. Improve awareness of non-traditional roles women can perform.
- e. Empower producer groups of women/minorities. That typically attracts less social resistance than some other forms of empowerment. Women's micro-credit societies have gained rapid social acceptance in many male-dominated societies. SEWA, India, is an outstanding example.
- f. Many different ethnic/social groups may be producers of the same commodity. Creating and empowering producer groups can create a social glue between different religious/ethnic/caste groups.
- g. Where the participatory approach fails to bridge social divides, consider special programs targeted at those most excluded.

Some countries like India have reserved a certain proportion of seats in local governments for women and historically-disadvantaged minorities. This will overcome traditional taboos only if the reserved proportion

³⁹ Wireless technology and storage batteries enable the internet to reach even non-electric villages. The internet needs where possible to be part of the IEC component of projects, yet will serve a broader agenda than mere dissemination. Donors should consider paying for software that translates the internet into local African languages.

is substantial, a quarter to one-third of seats. But even then social pressures may try to sabotage these reservations.⁴⁰

8.3 Helping governments design decentralization better

Even where political and social conditions are not favorable, poorly designed decentralization may leave major institutional barriers in place. Some strategies to overcome this:

1. Provide technical assistance from an early stage on decentralization. Some central authorities are unconvinced that local governments and communities have the capacity and accountability to use untied funds well. The cases studies quoted in this paper show otherwise.
2. Emphasize that the political, administrative and fiscal components of decentralization must move together in harmony.
3. Emphasize subsidiarity. Functions should be devolved to the lowest level where they can be performed efficiently, and fiscal powers and administrative resources should then be realigned with the new functions. Local taxes/user charges should be used locally.
4. Emphasize learning by doing by local governments/communities to acquire skills. This needs to be supported by training/capacity building.
5. Ideally, countries should mandate a fixed share of central resources to go to local governments (as in Mexico). This will ensure regular, reliable funding.

9. OVERCOMING PROBLEMS ASSOCIATED WITH CO-PRODUCTION

Empowerment should not pit communities and local governments against central governments or line Ministries. Development needs to be seen as the co-production of outputs in a joint venture of central governments, local governments and communities, with support from the private sector and civil society. This requires major institutional reform and a new mind-set. Overcoming co-production problems requires (a) fostering a common culture and vision among stakeholders; (b) assigning and describing program functions unambiguously to different participants; and (c) providing incentives compatible with program objectives.

9.1 Fostering a common culture

CDD aims to change entrenched attitudes and mind-sets of co-producers. This is always a difficult task. Achieving it requires painstaking dialog, communication, and negotiation to reach agreement and commitment by all co-producers on a new participatory approach that provides voice/space for all stakeholders, and a common appreciation of the changed roles and powers of each stakeholder group.

Some key steps to foster a common set of values include the following.

Engage in a dialog with civil servants, trade unions, and any other stakeholders who might jeopardize success to explain the reforms, assuage fears, and overcome resistance. Explain that CDD means not the

⁴⁰ Often women will really be represented by their husbands or fathers. Powerful elites will try to ensure that minorities cannot effectively wield power. In the Indian state of Tamil Nadu, elections have not taken place for some village panchayats (councils) where top posts have been reserved for scheduled castes: no member of the scheduled castes dares file a nomination for fear of violence from upper castes. In the village of Melavalavu, the scheduled-caste panchayat president, vice-president and five others were killed for standing for and winning the local election. (The Hindu, Oct.31st 2002). Despite such horrendous problems, reservations have improved upward social mobility.

withering away of the center, but a joint venture or partnership among different levels of government and civil society groups. Facilitate the reaching of common ground where there is a convergence of interests for the benefit of all.⁴¹

Based on social/institutional analysis, bring stakeholders together to examine how best they can make use of the resources and authority they will get from CDD. Explain how importance social inclusion is, how traditional attitudes to women and minorities need to give way to a new approach. Use the entire participatory process to try and create shared values. Well-designed CDD will enable traditionally voiceless groups to gain voice, and assist the emergences of a new set of shared values. Communities that function regularly in the new participative manner will find traditional discriminatory attitudes changing.

9.2 Making sure every stakeholder understands his/her new functions and how to do them

The major changes in institutions and mind-set required by CDD require clear-cut agreement on what precisely each stakeholder will do. These commitments should be formalized in the initiative's participation action plan (for details see Annex 3). The participation action plan should be reviewed and upgraded periodically by key stakeholders. It should equip them with the relevant training and tools (see Annex table 1).

1. Host participatory events to reach agreement/commitment from key stakeholders on the new allocation of functions for each level and stakeholder group. Participants should determine which stakeholder groups will undertake the preparation of relevant manuals (see annex 1). *Create an overall operational manual.* This needs to include manuals for all sub-functions and levels.
2. Insist on simplicity in procedures and rules, reduction of steps and intermediaries, and reduction of overlapping functions.
3. Disseminate the new roles and tasks through a well-designed communication strategy. This should involve the media as well as face-to-face training, as in the Gaoua case.
4. Facilitate learning by doing. Also facilitate interchange of experience of practitioners at each level, and between levels.

9.3 Providing incentives compatible with program objectives

This is required in any program, but more so in a program that aims to change mind-sets and institutions. Field-tested roll-out logistics can help unearth incentive issues, and help design an incentive-compatible operational manual. Some examples:

1. Managers and project staff should initially have incentives related to CDD outcomes rather than disbursement. In the initiation stage, the participatory process needs to focus on creating the right processes rather than disbursing quickly, and managerial incentives should be tailored accordingly. Once the processes are well established, disbursement will pick up, and their expansion should then become an objective and be monitored.⁴²

⁴¹ It is advisable to identify these stakeholder groups as early as possible by conducting thorough stakeholder and institutional analyses, focusing on how important they are for the success of the initiative and what degree of influence they can exert over it. In most cases primary stakeholders and other disempowered groups, such as local level bodies, are very important yet yield the least influence. Special care might then be necessary to ensure their real participation and empowerment.

⁴² World Bank. *Sourcebook for Community-Driven Development in Sub-Saharan Africa*, Washington D.C., June 2002.

2. Ownership is improved by requiring communities to make contributions, by involving them in the participatory process and PME. Matching grants provide incentives to local governments and communities to get resources based on what they themselves raise. A graduation program as in ZAMSIF, giving local governments additional resources and powers if they cross certain benchmarks, is a good incentive that stimulates competition between local governments.
3. Frontline staff (for primary education, primary health, agricultural extension) need to be made accountable to communities for performance. That provides better incentives than accountability to state/national capitals.⁴³
4. Local taxes and user charges need to be retained by communities/local governments and not passed on to national capitals. This provides a higher incentive for timely tax collection. User charges earmarked for O and M provide the right incentive.⁴⁴

10. ADAPTING TO THE LOCAL CONTEXT

The very fact that successful pilots have not automatically scaled up shows that, whatever their merits, they may require adaptation to succeed in different contexts. What appears to be best practice in one setting may be poor practice in another. While it is useful to draw lessons from successful experiments within a country and from global experience, project design must be adapted to the local context. The Indo-German Watershed Project (section 4) designed an approach that succeeded in many villages where social conditions were conducive to social inclusion, but deliberately steered clear of other villages with deep social divisions. Those problem villages will require a different approach.

The Swajal rural water supply project in Uttar Pradesh, India, (section 4) experienced much greater success in the Himalayan pilots than those in the flat Bundelkhand area. Perennial streams provided cheap, assured water in the former area, whereas the latter required expensive deep tubewells that quintupled water supply costs. Caste divisions posed much greater social obstacles in the Bundelkhand area than the Himalayan area. This illustrates how geography and sociology can yield very different results within the same state.

Swajal was not linked directly to local governments, which were weakly developed in Uttar Pradesh. But the next major Bank-supported project in this sector was launched in the state of Kerala, where the panchayat system is strong and supported by firm political commitment. Adapting to the new context, the Kerala project routed funds and technical assistance to communities through local governments.

11. FIELD TESTING MANUALS, TOOLKITS AND SCALING-UP LOGISTICS

The examples in the previous section demonstrate that pilots should be used in a wide variety of settings to field-test what works best in what situations. Such field-testing makes it possible to develop *operational manuals and toolkits, and instruments tailored to the local context*. That then sets the stage for scaling up.

Process monitoring and PME are vital to provide feedback that enables program designed to be improved continuously. In the Kerala Rural Water Supply and Sanitation project, the overall design provides for a roll-out in different communities in overlapping phases. Lessons learned from the early phases are being incorporated in subsequent ones. Evaluation is required throughout a project, not just at its end. The manuals in Kerala are field-tested, but are also living documents that are constantly modified in the light of experience. ASA in Bangladesh (see section 5) has used a similar approach very successfully.

⁴³ World Bank. Community Driven Development: a Vision of Poverty Reduction through Empowerment. Washington, D.C., Dec. 2000.

⁴⁴ Ibid.

Any scaling up exercise will have to tackle the huge logistical problem of training thousands of people, and managing thousands of community/local government accounts. Every program needs a **logistics management system**. This should be summed up in a **scaling-up manual**. This is different from the technical manuals, which are the responsibility of the relevant technical Ministries or organizations. The logistics management system needs to be based on **logistics field-testing**.

As in the Poni AIDS program, a pilot program should field-test a draft scaling-up manual in an entire district or province. The many problems that arise should be sorted out at the pilot stage, used to modify the draft manual, and convert it to a finished, field-tested manual.

The scaling-up manual needs to incorporate several components.

1. The logistical system to train all communities, associations and other co-producers.
2. The logistical systems for disbursements, financial accountability, and auditing system.
3. The logistical systems for contracting, procurement and distribution of goods and services for the program.
4. The training manuals, forms and other tools required for scaling up
5. The log framework and timetable for the scaling up effort
6. The templates for all the project preparation and monitoring documents, including those related to PME, and performance based contracts to be used in the scaling up effort
7. The processes for the recruitment and training of the training teams

12. SEQUENCING

Ideal conditions may not exist for scaling up in all countries. Some typical problems:

1. The top leadership is sometimes not interested in decentralization, or even in enhanced participation.
2. Decentralized structure should ideally be created on the principle of subsidiarity. This is often not the case.
3. Local leaders who manage funds need to be accountable to their own people. This is not always the case.
4. CDD works best where the investment climate allows local entrepreneurs to take up contracts. This is often not the case.
5. Technical capacity may be inadequate in many areas.
6. Major public sector reforms may be needed for scaling up. In many countries this process has not begun. Where it has, it may be a long and complex process.
7. Many countries suffer from deep social and gender divides, leading to elite capture and social exclusion. In some countries ethnic strife has escalated into civil war.

8. Gender discrimination may be widespread and entrenched.

In Section II we used an analytic framework to divide CDD into three stages: initiation, scaling up and consolidation. Each country needs to take stock of its current institutions and stage of development to view its current position through this three-stage framework, and decide how best to proceed. There can be no single blueprint: every country will need a separate action plan tailored to its circumstances.

Allowing lots of time upfront for careful preparation is a good practice; pressure for rapid disbursement is not. Sequencing should allow for participatory processes to be established and running before scaling up. Once the processes are in position, conditions will have been created for more rapid disbursement.

Process monitoring is all-important. Feedback is required from the field to know what is working and what is not, and improve program design accordingly.

A sufficient time horizon is essential for programs to be scaled up successfully. Many important processes will take time, including the initial social and stakeholder analysis, getting the participatory process right, strengthening the framework for decentralization, fostering political commitment, implementing and evaluating pilots in different social and geographical conditions, etc. In countries where there is little experience with decentralization and community development *a phased program spread over perhaps 10-15 years may be the best course*. This can be financed by an Adjustable Program Loan (APL). In Niger, for example, the World Bank has embarked on an APL spread over 15 years in four phases. Triggers have been devised for moving from one phase to the next. If trigger conditions are not fulfilled, the program will not be able to move to the next stage. The key feature of this model is that phasing over a long period gives time to develop the preconditions for full national scaling up.⁴⁵

13. PROGRAM DESIGN AND PROGRAM DIAGNOSTICS

Program design and diagnostics tools are needed at program preparation, but may well extend into program implementation, implementation support, and the restructuring of poorly performing programs. This will contribute to the continuing upgrading and consolidation of CDD programs.

Design teams can use Annex 1 **functions by levels** to guide their preparation activities and pre-testing in the field. For each level there are generally 12 functions, but some program may not require all 12 functions at each level. The table can be used to systematically ask the following five questions:

1. Have all functions been properly agreed-upon by key stakeholder groups at the different levels, and has their exact nature and collaborative arrangements been clarified in the initiative's participation action plan?
2. Do field-tested operational manuals exist for all functions and levels?
3. Have all administrative impediments that might thwart the proposed reorganization of functions been removed?
4. Have forms and other information management tools, including PME mechanisms, been devised to enable functions to be executed and feedback gathered at each level?
5. Do relevant training materials exist?

Annex 2 brings together the different design elements which have been found essential or helpful during our theoretical discussion and in the cases presented. It is divided into design elements at the community

⁴⁵ The World Bank. Project Appraisal Document on a Proposed Grant to the Republic of Niger for the Community Action Program. Jan 21, 2003.

level, scaling up tools, design elements for decentralization, and sector-specific/technical design elements. Project design teams can use these lists to enrich the set of options they build into their program design.

Diagnosis and design, for either scaling up or recasting failed programs, will include the following steps.

1. Having conducted the initial stakeholder and institutional analyses, host a participatory event (e.g. focus discussion group or workshop) with the potential or actual key stakeholders to determine which functions will have to be performed at which of the four levels, and remove the rows not needed from the table
2. Participants at this event should answer the five questions for each of the functions identified at each level.
3. Whether in the course of this participatory event or at a later time, whenever you find an administrative impediment contact the relevant stakeholders and in collaboration with them prepare an action plan on how to remove it.
4. For those functions and levels without an existing field-tested operational manual, forms, tools, or training materials, see whether any other organization in the country has such materials, and choose the best one available.
5. Hold a participatory workshop in which the additional manual is discussed with potential or actual key stakeholders , and make improvement based on these discussions.
6. Where no operational manual is being used by any organization within a country, do an international search to find a suitable field-tested manual, and continue as above. When in doubt about the suitability of foreign manuals, go to the field and work in collaboration with key stakeholders to develop a first draft.
7. Field-test the draft operational manual, and make improvements.
8. Incorporate the operational manual for each specific task and level into the manual for the entire program.

ANNEXES

Annex 1: Operational Functions and Manuals by Level

LEVELS FUNCTIONS	Community [micro]	Local [meso]	District [meso]	National [macro]
EXCLUSIVE NATIONAL FUNCTIONS				
Aid Mobilization/Coordination				AMC
Decentralization policy/management				DPM
Intergovernmental Fiscal System				IFS
Sector Program design/management.				SPD
MANAGEMENT AND COORDINATION				
Governance And Decision Making	CDM	LDM	DDM	NDM
Diagnostics, Priority Setting	CDP	LDP	DDP	NDP
Management Training	CMT	LMT	DMT	NMT
Monitoring And Evaluation (including PME)	CME	LME	DME	NME
RESOURCE MOBIL. AND MANAGEMENT				RMM manuals
Resource Mobilization	CRM	LRM	DRM	NRM
Participation of Primary and Other Key Stakeholders	CST	LST	DST	NST
Financial Management and Accountability	CFA	LFA	DFA	NFA
Procurement, Contract, Materials Management	CPM	LPM	DPM	NPM
TECHNICAL ISSUES				Technical Manuals
Technical Design And Management	CTM	LTM	DTM	NTM
Specialist Training/ Retraining	CST	LST	DST	NST
LOGISTICS				Logistics Manuals
Rollout Logistics	Not needed	LLO	DLO	NLO
Logistics Training		LLT	DLT	NLT

Annex 2: Design Elements and Tools for Large Scale CDD Programs

Table 2A: Community Design Elements and Tools

Design Element/Tool	Main Reason for use	Impact on Economic and/or Fiscal Cost-Effectiveness
1. At earliest opportunity conduct initial stakeholder/institutional analyses [these are periodically reviewed/upgraded by all key stakeholders]- for details see the World Bank's <u>Participation and Social Assessment: Tools and Techniques</u> .	Determine who are the operations' primary and key stakeholders, identify stakeholders' interests in, importance to, and influence over the operation; identify/assess institutions at local, regional, and national levels and processes upon which to build; provide a foundation and action plan/strategy for participation	Avoid faulty design and inefficient implementation by garnering local knowledge, skills and commitment; lower targeting costs, lower losses from mis-targeting
2. Participatory Planning and Appraisal (PP&A) includes such tools and participatory methodologies/techniques as: <ul style="list-style-type: none"> TEAM-UP/ZOPP approaches for participatory preparation of log frame Focus groups/participatory planning and PME workshops (e.g. Participatory Learning and Action [PLA], participatory strategic planning [ICA, AIC techniques]⁴⁶, social assessment, gender analysis, and so forth) 	Develop common information base, values and approaches; design a community development plan and list of immediate priorities plus PME mechanisms; builds ownership and common values necessary for sustainable partnerships among public and civil society stakeholders	Yields short and long-term gains via use of local knowledge, skills and commitment for planning, implementing, monitoring/ maintaining, and evaluating impacts of poverty reduction efforts.
3. Community Development Committee and Sub-Committees to manage community program and projects	Mobilize latent management and technical capacities, builds ownership and common values, approaches, in community, promotes empowerment of previously excluded groups	Reduces costs and improves effectiveness and efficiency of the operation by narrowing the gap between delivery of goods/services and decision-making / corrective action; maximizes volunteer labor and skills
See 2 above		
3. Money in the Hands of Communities	Empowerment, provide incentives for resource mobilization, for cost savings, accountability to members	Average 40 percent reduction in project costs

⁴⁶ The choice of participatory tools/techniques/methodologies will vary according to the specific needs of the initiative and the local availability or training needs in the country/region. Facilitators skilled in participatory approaches may or may not be available – the ideal is to team local facilitators with an international participatory development specialist to get the best of both perspectives. The approaches mentioned here which are by no means exhaustive include: TEAM-UP/ZOPP, the former was developed by the World Bank's Economic Development Institute based on ZOPP, the Objectives-Oriented Project Planning of GTZ; the Institute of Cultural Affairs (ICA) and the Appreciation-Influence-Control (AIC) methods; and Participatory Learning & Action (PLA, a.k.a. PRA, RRA). For further details, see the World Bank Participation Sourcebook, Participation and Social Assessment: Tools and Techniques, and Spencer, 1989.

4. Fungible grants to communities	Empowerment, ability to allocate money to priority projects, enhanced accountability	1. Economic gains from better alignment of choices with community preferences 2. Greater mobilization of community co-financing, latent capacities, volunteer efforts and labor
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5. Community co-finance and resource mobilization	Ownership and accountability, builds common values.	No impact on economic costs but reduction in fiscal costs
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See 1 above

7. Community contracting for technical services	Empowerment, Demand-driven, timeliness, accountability, quality, massive reduction in logistical problem of deploying advisory services, helps build common values and good practices	Reduced Technical Assistance costs, quality losses, and opportunity cost of delays; expands the local market for provision of good and services
8. Community Contracting of Community Specialists	Empowerment, demand-driven, timeliness, accountability, reduced logistics problems, transport costs	Same as above
9. Participatory M&E	Verifies that objectives and goals agreed upon during the design phase are indeed being met; Empowerment, Ownership, and immediate feedback, quality enhancement, strengthens common ground and values and helps build sustainable partnerships among public and civil society stakeholder groups	Reduced risk of mismanagement, lowers economic and fiscal costs due to errors / omissions in design or implementation by providing immediate feedback; maximizes synergies among various operational components

Table 2b: Scaling up design elements and tools

Design Element	Main Reason for use	Cost- Effectiveness
1. Use of field-tested operational manuals for all functions and levels [to be periodically updated at participatory forums]	Basis for program performance and timely implementation	Reduced management costs, opportunity cost of delays, inadequate coverage, mistakes in decisions, mismatch of resources, etc
2. Learning by Doing by all participants	Develop already present latent capacities, puts any formal training to immediate use, build common values.	Increased x-efficiency, reduced training costs
3. Learning by doing grants	Immediate mobilization of latent skills and application of skills learned in training, helps build common values	Enhanced x-efficiency gains, reduces opportunity cost of delays
4. Hosting periodic participatory forums at regional and national levels	Promote the exchange of innovations/good practices; foster the creation of networks among key stakeholders through personal contact – these networks may pave the way for later federation; improve visibility of program by updating regional and national media about progress made; updating of manuals as necessary	Short-term x-efficiency gains; long-term investment towards creation of social capital
5. Connecting all key stakeholders via provision of state-of-the art knowledge information technology	Enhanced empowerment/improved rapid access to information; modernized knowledge management tools, e.g. project/program planning, customized analysis, monitoring and evaluation; x-fertilization of best practices; access to state-of-the art technology	Enhanced x-efficiency gains, reduces opportunity cost of delays
4. Community to Community Extension,	Community appropriation of knowledge, reduced logistics problems, helps build common values, enhances empowerment	Fewer extension workers needed in Private, Public, or NGO sectors
5. Performance-based contracting by communities, other program participants	Timeliness, accountability Mobilizes latent technical skills in private, NGO sectors, helps build common values	Lower cost than public sector execution
6. Use of existing coordination and management structures, infrastructure, and transport facilities	Mobilizes latent capacities for management, buildings, transport services, reduces logistics problems	Reduced management, investment and transport costs
7. Financing only incremental costs	Avoid un-needed investments and/or enhances resource mobilization of key stakeholders	Reduced investment costs
8. Elimination of financial intermediaries	Empowerment, accountability of community and local leaders to primary stakeholders simplifies logistics.	Saves on transactions and transport costs, program overhead
9. Norm-based allocation of money	Improved transparency/accountability, Everybody knows their budget envelope, simplifies sub-project preparation, approval logistics	Reduced transactions costs for all, reduced management costs
10. Project proposals in the form of questionnaires	Simplification of sub-project preparation, lower entry barriers for poor communities, marginal groups, lower	Same as above

11. Locally recruited/contracted training teams	training costs, logistics problems Mobilize latent capacities, they know their area, language, culture, can adapt, translate training materials. Creates a resident cadre of trainers: can be mobilized for later program phases Reduced logistics problems, helps build common values.	Lower per diems, transport, communications, transactions costs. No need for permanent employees
12. Careful design and testing of Training and Disbursement logistics	Reduced program delays, frustrations, slippage in coverage	Saved opportunity cost of program delays, slippages

Table 3c: Decentralization Design Elements and Tools

Design Element	Main Reason for use	Cost Effectiveness
1. Application of the Subsidiarity Principle	Improved information, and decision making. Incentive compatibility; Reduced moral hazard. Greater empowerment and accountability, mobilization of latent capacities, greater local resource mobilization Helps build common values and vision	Multiple gains in transactions and management costs, reduced losses from moral hazard, opportunity cost of program delays, failures, greater x-efficiency and allocative efficiency, lower central fiscal cost
2. Local/District Development Committee/sub-committees	Basic instrument for program and project management, appraisal, supervision and PME. Mobilization of latent local capacities, reduction of logistics problems. Helps build common values	Greater allocative and x-efficiency, reduced travel, management costs, volunteer labor for management and coordination
3. Transferring sub-project identification, appraisal, approval, validation, supervision and PME activities to local/ district development committees and technicians	Use of latent local capacities, and local knowledge Only way to manage tens of thousands of sub-projects	Reduced transactions, communication, travel costs, greater x-efficiency, allocative efficiency
4. Strengthen and use technical leadership and supervisory roles of District technical specialist	Use and upgrading of local latent capacities, helps build common values and propagation of good practices	Reduced transactions, communication, travel costs, greater x-efficiency
5. Use of unconditional grants to local/district levels	Empowerment, congruence of program with local preferences, greater incentive to mobilize local co-financing Can be used for fiscal equalization for poverty reduction	Gains in allocative efficiency Greater local co-finance

Table 4d: Sector-Specific and Technical CDD tools

Design Element	Main Reason for use	Cost Effectiveness
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1. Knowledge upgrading and management system reaching all sector specialists) from Community Specialists) to District/Regional specialists	Ensure inclusive vertical/horizontal transmission of queries, answers, knowledge, technologies Empower all the lower level specialists with answers Helps build common values and propagate good practices among stakeholders at all levels	x-efficiency gains from quality improvements, timeliness; reduced opportunity costs of poor technology choices/practices
2. Technical Sourcebooks for different levels	Provide choice and quality design	Improved x-efficiency, saves TA costs, reduced sub-project failure rate
3. Technical M&E (including a PME component) at local and district level	Feedback to technical agencies, and technical program improvements	X-efficiency gains from Quality improvements

Insert Annex 3 : Steps 1, 2 and 3 of Stakeholder Analysis

Source: Participation and Social Assessment: Tools and Techniques , pp. 85-87

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