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Community-Driven Development in Local Government Capacity Building Projects: Emerging Approaches in Africa

This note is part of a series that considers the linkages between CDD and urban operations. We would welcome your feedback.

Introduction

This note discusses the interface between community-driven development (CDD) and decentralization. In particular, it focuses on the aspects of decentralization programs related to local government capacity building, where the practical application of CDD principles becomes meaningful. The note considers how the principles of CDD are being incorporated into local government capacity building projects, particularly those falling within the World Bank's Urban Development portfolio, and examines where potential limitations may exist. It does not intend to be a comprehensive review of either CDD or decentralization but rather to use a few examples, especially in projects under preparation or implementation in Africa, as illustrative of this emerging approach.

Background: The Interface of CDD and Decentralization

The World Bank together with client countries promotes CDD as the empowerment of communities and local governments, often phasing in empowerment by starting with communities. Decentralization is also aimed at promoting empowerment at a local level, but is generally focused on empowerment of the local government structure through devolution of

Box 1. What is CDD?

CDD is broadly defined as giving control of decisions and resources to community groups. With a view to sustainable and wide-ranging impacts, CDD operations and regional strategies have increasingly embraced two important pillars of sustainability and scale: linking communities to the private sector and to local governments. The Africa region's vision of effective CDD encompasses five pillars:

- empowerment of communities by providing them with fungible resources
- empowerment of local government
- re-alignment of central ministries and service delivery
- accountability
- learning-by-doing

Box 2. What is Decentralization?

Decentralization encompasses a wide range of elements but evidence suggests that three conditions must be met to effectively improve governance:

- significant responsibilities and powers for local service delivery should be devolved to democratically elected local authorities (local governments) in line with their capacities and potential, based on a principle of subsidiarity (political decentralization)
- Resources, through own revenues (especially local taxes) and grants from higher-level governments, sufficient to meet these responsibilities should be devolved to local governments (fiscal decentralization)
- Proper channels to encourage strong accountability between elected representatives and local bureaucrats and between elected representatives and their electorates (institutional decentralization) [Manor, 1999]

political, administrative and financial authority. Both CDD and decentralization programs argue that local rather than national decision-making in respect to resource allocation results in greater allocative efficiency and productive efficiency through the better matching of local preferences to service delivery and offers greater potential for accountability¹.

CDD and decentralization can have an important mutually reinforcing tendency. On the one hand, successful decentralization requires some degree of local participation. On the other hand, the process of decentralization itself can enhance opportunities for participation. In countries such as Cambodia, Malawi and Zambia, capacity building and resource devolution to communities in the form of Social Fund Projects, have contributed to laying foundations for more effective and rapid political devolution. In others, such as Uganda, Mozambique and Rwanda, the governments have chosen local government capacity building as their basis for further functional and budgetary devolution, and possibly even political devolution in the case of Mozambique's yet to be elected rural authorities.

While there is much synergy inherent in the objectives of decentralization and CDD programs, in practice there are often divergent tendencies. The World Bank has supported CDD in many forms but it is often associated with Social Funds and other Rural Development programs. These have, however, frequently resulted in structures outside of local government that, while responsive to community demands, have had limited (or negative) influence on the capacity building of local government to support sustainable service delivery in the future, within the local space.

On the other hand, decentralization has had mixed effects on public service delivery. Decentralization reforms are generally gradual and erratic, often with political or functional devolution of powers, but without the necessary fiscal devolution and capacity building to enable local governments to effectively carry out their new mandates. In a recent study of decentralization in Africa, the degree of fiscal decentralization across the continent is revealed by the fact that in 19 of the 30 countries analyzed to be undergoing some

form of decentralization, local governments control less than 5% of public expenditure (versus approximately 14% in other developing countries). Fiscal decentralization lags significantly behind political and administrative decentralization. (Ndegwa, 2002). Lessons learned from analysis and experience to date clearly show that effective decentralization requires a conducive broader institutional environment as well as effective channels for local accountability and oversight. (PREM Note No. 55).

Even where all these elements are present, however, local government capacity building is a long process and the ability of local governments to rapidly address local needs can be limited. Policy makers therefore must recognize the challenge of meeting immediate demand while simultaneously building, rather than weakening, sustainable organizations and institutions to deliver services into the future. Finding flexible and innovative approaches to integrating CDD and decentralization is one path that various World Bank projects are now pursuing. This is done within the clear understanding that development impact requires sustained and embedded organizations and institutions of local "governance".

Bringing CDD into Decentralization Projects: Implications for Design

Earlier CDD projects generally required community control and management of investment funds (Malawi Social Fund I, Zambia Social Fund I, Mauritania Community Based Rural Development Project I, NE Brazil Rural Poverty Alleviation Program). The approach to local planning was limited, usually focusing on a community's selection of projects from a menu supported by each fund. In Malawi and Zambia, for example, about 3/4 of funds were allocated to primary schools. While this reflected a clear demand within communities, the process did not substitute for local planning that would elucidate the range of community development needs and establish the basis both for government budgeting and for leveraging other sources of funding in a coherent and complementary way.

Local governments should be able to prepare their own plans, often called District Development Plans (DDPs), in a strategic, participatory and coordinated fashion, across multiple sectors and geographically distinct communities, and within a capital constraint. This generally implies limitations in the control over resources by communities and an emphasis on strengthening local government procedures and capacity to plan, budget and manage funds effectively. Despite the complexity of the task, local governments are learning from social funds on how to interact with communities in the processes of planning, budgeting and accountable plan implementationⁱⁱ.

There are also lessons being learned in respect to what types of projects and contexts are more appropriate for community control, those more appropriate for strong partnerships between local government, the private sector and communities, and those which require higher levels of government involvementⁱⁱⁱ. There is therefore a trajectory of control that ranges from community control over development funds to government control, with a number of emerging combinations depending on the scope and nature of the investments concerned. (See Box 3)

A number of more recent projects are trying to take a more hybrid approach, learning from earlier experiences (particularly in-country) and attempting to strengthen local governance in a more holistic way. Projects that are taking this approach include the Uganda Local Government Development project, the Zimbabwe Local Capital Development Project^v, the Rwanda Decentralization and Community Development Project and Mozambique Decentralized Planning and Finance Project.

Operational Experience: An Emerging Approach in Decentralization Projects in Africa

In the local government development projects in Uganda, Mozambique, Zimbabwe and Rwanda (among others), the World Bank's points of entry are mainly in financing fiscal transfers, providing advice on intergovernmental relations and providing technical assistance for local government capacity building. Under most

Box 3. Areas where community control and management have higher success rates for goods and services that are small in scale and not complex

- where public goods do not span many communities and do not require complex systems that are often better provided by local or central government or the private sector
- where there are strong, socially inclusive community-based organizations with linkages with formal institutions
- demand-based planning to articulate priorities defined by the people themselves
- financial viability through community contributions and/or local and central budget inscription
- effective communication programs to ensure transparency, voice and accountability

projects, local governments are eligible to receive funding up to a ceiling by district or per capita, sometimes with poverty incidence included. Over time, performance-based criteria determine ceilings. Most financial and contract management is done by civil servants strengthened by technical assistance, in order to promote learning-by-doing, but in many poorer areas, community groups may also have financial management responsibilities for sub-projects, often supported by NGOs.

In the Mozambique Decentralized Finance and Planning Program, based on a pilot financed by UNCDF, the Government is rolling out a hybrid approach in the four central provinces. At the heart of the program is the establishment of institutions and mechanisms to support districts in developing comprehensive DDPs and annual investment plans. The plans are multi-sectoral and require alignment with the various sector directorates at sub-national levels to ensure that recurrent costs and sector standards are accommodated. The plans are the basis for mobilizing funds through the governments budgeting process as well as from other possible partners, including donors, NGOs and communities themselves. Most notable, however, is that the Government has published guidelines

on participation in district planning, setting out “the rules of the game” for community involvement and representation at a district level (districts tend to cover a large number of communities). These guidelines promote the establishment of “local consultative councils” or forums of local governance where community representatives and local administrations debate and approve priorities for the DDP and its consequent annual investment plans^v. The formation or strengthening of such local forums is supported under the project.

Under the World Bank supported project, there are two windows of financing that require different types of CDD. For larger scale infrastructure investments (covering a number of communities and which are more complex), the emphasis is on strengthening the government’s capacity to plan, budget, finance, procure and manage contracts (most often with local private contractors). Planning, oversight and monitoring functions, however, are to be undertaken by the Local Consultative Councils. There is, however, another window of funds for smaller investments in communities where local artisans and other community contractors will be implementing agencies. In neither case is a community committee managing the funds, but rather making decisions as to which activities to include in annual plans and to monitor plan implementation. While many lessons have been learned from the past, the program is relatively new in Mozambique and entrenching a process of learning-by-doing will be a key determinant of success.

In Uganda, lessons from a variety of previous projects were incorporated into project design for the Local Government Development Project I (LGDP I). A thorough Community Participation Review showed that previous failures had resulted from “top-down” or “parallel” structures, a lack of community consultation and ownership, unsustainable investments and inadequate capacity of the government to manage investment contracts. In the LGDP I Project, therefore, the “model” provided unconditional grants to local governments that promote downward accountability. Successful implementation depends on the strong ownership of both the

government, local communities and identification of the most appropriate, affordable and cost-effective solutions taking into account both capital and maintenance costs, proper design, effective oversight and realistic provisions for operations and maintenance.

Under the first project in Uganda, approximately Ush. 30 billion was spent in over 4,500 projects in the areas of education (30%), roads (25%), health (10%), sanitation/drainage (10%) and water (14%). Of Tranche 1 projects, 77% were rated satisfactory or highly satisfactory and this rose to 92% in Tranche 2. LGDP II, in the process of being finalized, is now multi-donor and encompasses over \$140 million.

In Rwanda, where the National Assembly approved a fiscal decentralization policy in May 2001, a national Common Development Fund was established to provide grant support for the local development budgets of districts, towns and the City of Kigali. The Government of Rwanda requested support from the World Bank through a second Decentralization and Community Development Project. The project supports better organization of development planning through a bottom-up approach which involves communities throughout the project cycle from identification and evaluation of sub-project feasibility, to decisions on financing. Consultants will be employed to inform and mobilize local populations and districts regarding projects and help districts formulate DDPs and action plans. However, financial management for larger sub-projects will be done by the district administrations, with considerable institutional and capacity building at local levels to reinforce the functional framework of decentralization. This is consistent with the Government’s anti-poverty strategy to empower local government to provide economic and social services to local communities, while at the same time empowering communities to demand such services from their government.

Conclusions and Emerging Approaches:

There are clear lessons emerging indicating where CDD principles can be applied to increase the effectiveness of decentralization programs, and even accelerate them. Recommendations for design largely target components related to the national policy and institutional environment as well as capacity building for both community organizations and local government. The key is to assist governments in establishing appropriate “rules of the game” for effective participation and accountable plan implementation at a local level.

These “rules of the game” include:

- establishing an enabling environment through relevant institutional and policy reforms (devolution of functions and finances), sound sector policies and clear institutional arrangements at all levels of government
- ensuring that investments are responsive to informed demand
- allocating financial management responsibility according to the scale and nature of the investments and requirements for sustainability
- establishing participatory mechanisms for community control (ranging from control of funds to oversight linked to disbursement)
- promoting social and gender inclusion
- supporting capacity building of CBOs as well as local governments
- facilitating community access to information
- instituting rules and strong incentives that are well known and supported by M&E
- maintaining flexibility in design of arrangements and learning-by-doing
- designing for scaling up within the national intergovernmental fiscal system

The World Bank and its clients are increasingly finding innovative and flexible approaches to improving the effectiveness of decentralization. Integrating the lessons learned from CDD programs has been increasingly important in this process of learning-by-doing. In the study on Africa, it is significant to note that “ in no country

was the claim to centralization as a preferred organizational model made or implied, nor was decentralization considered undesirable, only difficult to effect and sustain.” (Ndegwa 2002). It therefore comes down to a combination of national government, local government and community commitment to implementing and incrementally improving the “rules of the game”/regulatory framework for as long as it takes to build sustainable service delivery at a local level.

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ⁱ There is also some evidence that corruption is less pronounced at local than at higher levels. (e.g. Uganda and Philippines)

ⁱⁱ At the same time there is also increasing convergence with local government procedures and budgets being achieved through improvements in design of some social funds e.g. Zambia Social Fund, Mauritania Community Based Rural Development Project, Madhya Pradesh District Poverty Initiative Program.

ⁱⁱⁱ See a good discussion of the conditions for voice and influence by Andrews and Shah.

^{iv} The project was prepared but never obtained Board Approval as Zimbabwe was suspended due to arrears to the IMF and the World Bank.

^v Social and gender inclusion representation required in guidelines for establishing Councils