

Community Driven Development Programs for Poverty Reduction: Experiences, Issues, and Lessons

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Abstract

Programs against poverty have often bypassed and ignored community participation. While national programs for poverty alleviation are essential, they often are not effective in reaching the poor people. In spite of the numerous promises of involvement of the poor in the decision-making process, many countries' and development agencies' poverty programs unfortunately still exclude the involvement of communities in the processes of decision-making. As a result the poor still remain marginalized and the decentralization programs have not been effectively implemented.

This paper analyses a number of experiences, issues, and lessons from community-based projects in poverty alleviation across the world, particularly focusing on World Bank's CDD projects and programs for poverty alleviation. Through analyzing a number of experiences across the world, this study tries to identify the actions required to tap the tremendous potential of communities' energies and resources for poverty alleviation. The lessons drawn from these experiences can strengthen community-based initiatives' outcomes, help in formulation of a more effective approach to poverty reduction, and identify actions that need to be taken by bilateral and multilateral development agencies to ensure more positive outcome from community development projects.

This paper shows that although community-based initiatives are increasingly having more impact on World Bank's operational work, by fostering inclusion, ownership, and accountability, attributes shown to improve project outcomes, issues remain on how to operationalize effectively these community's initiatives through concrete and monitorable poverty reduction programs. In addition for all its potential benefits, CDD presents also several risks discussed in the paper that if not appropriately addressed, could for instance crowd out local government or be subject to manipulation by vested interests.

With growing awareness of issues and lessons from experiences with CDD's programs, discussed in this paper, more successful poverty reduction approaches that are more demand-oriented could be framed and the role as well as the impact of international development agencies in poverty alleviation could be greatly strengthened.

I. Introduction

Poverty reduction programs have indeed acquired a special relevance in the world today. This task is no longer driven merely by a sense of moral obligation. Confronting poverty has become not only a moral imperative, social and economic necessity, but also a central concern for everyone striving for national and global security for peace. Given the paramount importance of poverty alleviation, it would be very much pertinent to examine various techniques which can, in this regard, prove effective.

In spite of the numerous promises of involvement of the poor in the decision-making process, many countries' and development agencies' poverty programs unfortunately still exclude the involvement of communities in the processes of decision-making. As a result the poor still remain marginalized and the decentralization programs have not been effectively implemented.

1. Limitations of Standard Development Projects:

Development practice for several decades adopted an approach which was essentially top-down. Donors and central national authorities dominated the process. This non-participatory model did not yield optimal results. Disenchantment with performance of the state dramatically increased. Some thought that remedy could be found in pressing into service market forces. However, this approach had also severe limitations in the context of most of developing countries' environment. Thus many development professionals and academic economists therefore started looking increasingly to communities' participation as an escape from two dimensional universe of state and market.

This change in thinking found expression during last ten years in World Bank and other development agencies advocating projects with a different approach – one that emphasizes community participation. It was realized that there was tremendous potential for tapping local energies and resources for development, if central governments and states seek to interact more synergistically with communities in the development process. Practical experiences have shown that letting poor people manage service delivery at the basic levels lower costs,

increases targeting and improves the reach and the efficiency of these services. Community based organizations (CBOs) have shown to have a competitive advantage for a wide variety of poverty alleviation projects namely micro-credit schemes, irrigations systems, water supply systems, and education programs. Effective participation of CBOs, in the identification, implementation, monitoring and evaluation of projects has been instrumental in the success of several poverty alleviation projects. Practical experiences show that Community driven development (CDD) projects for poverty alleviation have proven broadly successful and now command broad consensus that virtually all programs involving direct service delivery to the poor should have some form of community involvement.

2. Focus of Paper:

This paper analyses a number of experiences, issues, and lessons from community-based projects in poverty alleviation across the world, particularly focusing on World Bank's CDD projects and programs for poverty alleviation. Through analyzing a number of experiences across the world, this study tries to identify the actions required to tap the tremendous potential of communities' energies and resources for poverty alleviation. The lessons drawn from these experiences can strengthen community-based initiatives' outcomes, help in formulation of a more effective approach to poverty reduction, and identify actions that need to be taken by bilateral and multilateral development agencies to ensure more positive outcome from community development projects.

II. Community's empowerment

1. Definition of Poverty:

Poverty is often perceived as simply lack of income. Others extend the concept to lack of education and health facilities. However, as highlighted in the 2000 World Development Report, Attacking Poverty, economists like Nobel prize-winner Amartya Sen now emphasize a much broader approach. Poverty is also:

- Lack of voice: people need avenues to express their needs or obtain redress.

- Lack of empowerment: people need the resources and authority to take charge of programs meant for their benefit.

2. Empowerment as Poverty Reduction:

Seen in this light, local empowerment is a form of poverty reduction in its own right, quite independent of its income effects. CDD aims to provide voice to groups traditionally excluded from the decision-making process such as women and ethnic or religious minorities. These communities could be geographical entities (poor urban neighborhoods), or groups with common interests (members of a microcredit society or poor women's groups). It means putting poor men and women in charge of their own development, by driving the process and giving them control over decisions and allocations of resources. World Bank's President James Wolfensohn admirably captures their feeling:

“The poor reply when asked what might make the greatest difference in their lives? They say, organizations of their own so that they may negotiate with government, with traders and with non-governmental organizations. Direct assistance through community driven programs so they may shape their own destinies.” (Narayan and Deepa (2000))

There are many definitions of empowerment, so as to include participation, voice, and inclusion. In this paper we adopt the 2000 World Development Report's broad definition, where empowerment is taken to mean all of these, particularly the ability to manage assets, influence decisions, enter into contracts, and raise financial resources.

3. Inadequate Degree of Community Empowerment:

Although there has been much talk of the need for local participation and ownership, this has not been carried to its logical culmination through empowering local communities. Poverty alleviation programs are still mostly either donor or central government-driven. Communities seldom identify themselves with programs that are designed and provided by the government. In many cases, community participation is not even solicited in planning and implementation, which leads to misdirected funds, lack of maintenance and low sus-

tainability. Hence, many communities tend to view government initiatives with a sense of distrust and feel that they do not “own” such programs.

III. Why Community Driven Development?

1. *Reality of Poverty:*

There is unanimity now on the centrality of poverty reduction. The challenge is indeed stupendous. An estimated 1.2 billion people live under \$1 a day, nearly 2.8 billion on less than \$2 (Tables 1 &2). Progress in poverty reduction has been uneven across countries and regions and had not been fast enough to meet the international development goals of halving extreme poverty by 2015. These sobering and alarming numbers have led to much soul-searching in the development community.

**Table 1: Number of people living on less than \$1 per day
(in millions and in %) by region in 1998**

	number of people	%
East Asia and the Pacific (excluding China)	278.3 65.1	15.3 11.3
Eastern Europe and Central Asia	24.0	5.1
Latin America and the Caribbean	78.2	15.6
Middle East and North Africa	5.5	1.9
South Asia	522.0	40.0
Sub-Saharan Africa	290.9	46.3
Total	1,198.9	24.0
(excluding China)	985.7	26.2

Source: World Bank, Global Economic Prospects 2000

**Table 2: Number of people living on less than \$2 per day
(in millions and in %) by region in 1998**

	number of people	%
East Asia and the Pacific	892.2	49.1
(excluding China)	260.1	45.0
Eastern Europe and Central Asia	92.9	19.9
Latin America and the Caribbean	182.9	36.4
Middle East and North Africa	62.4	21.9
South Asia	1,095.9	84.0
Sub-Saharan Africa	474.8	75.6
Total	2,801.0	56.0
(excluding China)	2,168.9	57.6

Source: World Bank, Global Economic Prospects 2000

2. From Trickle Down to Empowerment:

The strategy for poverty alleviation has over the years changed focus from “trickle-down” approach to the empowerment paradigm. Whereas the “trickle-down” approach was based on the assumption that the poor would benefit largely from the mere phenomenon of economic growth, the “empowerment” paradigm envisages moving away from an exclusive focus on economic growth implicitly to quality of growth and attention in particular to those at the lowest rung of the ladder. In this context, it is now recognized that the poor in society can best be helped by getting them increasingly involved in designing and implementing development activities. Of course, growth is recognized as the critically “necessary” condition for poverty reduction but not a “sufficient” condition. The new paradigm seeks to put the poor at the center of the stage.

With growing awareness of the limitations of traditional “top-down” approaches for poverty reduction, interest has increasingly shifted to the potentially powerful role of the participation of communities in the planning and management of public sector service delivery at the local level. CDD’s initiatives are increasingly having more impact on the World Bank’s operational work, leading to fostering of inclusion, ownership, and accountability.

3. Country and Community Ownership:

There is increasingly significant experimentation at the World Bank with CDD's projects on how can community involvement be more effectively used to get better design, implementation, and alignment with the interests of the poor. In this regard, many improvements are underway at the World Bank in strengthening country ownership¹ along with poverty programs that are more strongly rooted in the communities they serve-through greater stakeholder input and empowerment, considering for instance poor women's needs, and decentralizing responsibilities to local communities. This would hopefully entail a meaningful devolution of power that places communities in the driver's seat, and gives them a new sense of confidence and powers, and a new framework of obligations.

4. Analysis of Community Based Projects:

The World Bank's Operations Evaluation Department (OED) analysis of 48 CDD's projects completed between 1988 and 1998 shows that the outcomes of 81 per cent of CDD's projects were rated as satisfactory, as against 76 percent for non-CDD's projects, indicating that CDD's projects were better performing (Table 3). Of these 21 were social funds projects, 9 were slum upgrading and 18 classified as others. The last category covered those projects that had component aimed at a particular community participation or involvement.

¹ The focus of the World Bank on poverty has sharpened over the last several years, and is at the core of the holistic development paradigm known as Comprehensive Development Framework (CDF). The CDF, introduced in January 1999, pulls together many strands of thought and practice within few overarching themes of country ownership of the policy agenda, partnership with all stakeholders, taking long-term and holistic approach built on national consultations, treating social and structural concerns equally with macroeconomic and financial issues.

Project types	No. of Projects	Satisfactory Outcomes	Sustainable	Substantial Institutional Development Impact
Social Funds	21	90	33	57
Slum	9	78	30	22
Upgrading				
Other	18	74	41	41
Community-driven projects				
All Community-driven projects	48	81	35	40
All Bank projects	2.667	76	47	30

Source: World Bank several sources.

CDD’s programs have greatly improved economic outcomes and helped reduce poverty for example in Bolivia, and in several African countries such as Benin, Zambia, Guinea, Malawi and Uganda. Community management of medicines has played a key role in the conquest of river-blindness in West Africa (Owen and Van Domelen (1998)). Water Users communities have been a major success in Andhra Pradesh (India), Mexico and Turkey (Obliatas and Peter 1999).

The results of another World Bank’s study for CDD’s African projects was even rosier and may suggest that Africa has a comparative advantage in CDD’s projects. Indeed, 75 percent of the projects with some level of community participation were rated satisfactory against 60 percent for all African projects in 1994-97.

Several other studies have also found strong evidence of pover-

ty reduction productivity gains associated with involving committees in projects or programs involving direct service delivery to the poor [(Hirshman (1994), Ostrom and Walker (1997), Owen and van Domelen (1998), and The World Bank (2000a and 2000b)].

Experience with CDD projects in Africa has shown that communities can be organized quickly and productively to diagnose local problems, come up with solutions, lay down priorities, elaborate action plans, and strengthen community organizations and accountability.

Some countries have been able to achieve far better outcomes for the poor than others with comparable incomes, by displaying a strong political commitment to develop community-based poverty reduction programs that aim to put local communities in the driver's seat, harness their talent capabilities, and accelerate their empowerment. Communities may be better at verifying that activities related to poverty reduction effectively. A good example relates to the provision of education. An outsider will have difficulty in monitoring teacher's performance; a teacher could just put on a good performance on those occasions when an inspector is present. By contrast, parents of children attending school will have better information on the activities of teachers. Community participation helped curb absenteeism among school teachers in El Salvador and India (King and Orazem 1999).

Similarly, in Ceara, northern *Brazil*, Tandler (1997) describes how the state tried to overcome problems in service delivery by forming an alliance with local workers and communities. It thereby brought pressure on local municipalities from above and below, to improve their performance in areas such as public health, agricultural extension, drought relief and building infrastructure such as schools. The state recruited and trained a fresh cadre of grassroots workers to provide these services, and motivated them highly by publicizing their work and offering much official recognition for their services:

“Simply by virtue of working in these programs, they were told, they stood above the rest as leaders, and this placed a special burden on them to behave responsibly. All this contributed to a new respect for these workers by the public — remarkable in a time of widespread contempt for government.”(Tandler 1997)

A publicity blitz served as a multi-pronged weapon in this strategy. It helped reinforce respect for the workers. At the same time, it encouraged people to have high expectations of the program and hold workers accountable for their performance. It also informed people of what services they should receive, so that they could pressurize local government to provide them if the services were not forthcoming. This publicity campaign helped galvanize communities into collective action, with technical support where necessary.

IV. Obstacles and Issues in CDD Programs

The strong evidence that poverty alleviation programs are more likely to succeed, when communities are involved in the design and implementation, has increasingly led development institutions and governments to shown preference for CDD poverty reduction strategies. However, while moving forward with such an approach, it would be helpful to address some important issues and examine certain obstacles which have been encountered. These include:

1. Question of Mind-Set:

More effective service delivery for CDD's programs will require a change in the mind-set and institutional culture in government agencies and donors. Many central governments' or development institutions' officials are still accustomed to responding mainly to internal organizational dynamics and not to demands from beneficiaries. Communities know better their local conditions and can therefore more appropriately decide upon what their priority problems are. Despite this, too often actors external to the community (donors-, NGOs, government agencies, etc.) attempt to decide what the priority development objectives should be at the local level.

Donors have often used various kinds of incentives to encourage communities to choose projects which conform more to external priorities than to the community's priorities, thus limiting true community identification and ownership.

It has been well established that people must feel empowered to assert themselves. Crook and Manor (1995) compared four early experiments in rural decentralization in the late 1980s in four places - Cote d'Ivoire, Ghana, Bangladesh, and the state of Karnataka in India. Surveys eliciting the opinions of villagers indicated that decentralization had worked well in Karnataka, but not in the other three cases. In Karnataka, which has long enjoyed democratic traditions, the shift of power to local councilors was accepted readily by both bureaucrats and villagers. But the other three places had no tradition of democracy, and villagers were accustomed to a servant-master relationship with higher authorities and bureaucrats. The social distance between rulers and the ruled was so great that villagers were afraid to complain to the new councils about absenteeism or corruption on the part of officials.

2. Operational Issues for CDD Programs:

These operational issues include how to reform donor procedures related to procurement, audit, etc. so as to give more voice and power to communities and at the same time make a CDD's initiatives more practical. Several operational approaches in the World Bank's projects which are attempting to decentralize control over resources to communities, are still being tested. For instance, the Mexican experience with Fondo Municipal Solidaridad and the Brazilian experience with the Programa de Apoio Comunitario reveal that the simplicity and flexibility introduced by direct contracting was one of the main reasons for the projects' success.

3. Limitations Of Individual Projects:

No doubt targeted CDD's projects are very important for addressing the basic needs of the poor. However, there are significant limitations to what individual projects can achieve. In isolation they are often too small to make a significant dent on the scale or depth of poverty. Policy and institutional environment can dilute the impact of individual projects and even totally nullify what has been sought to be achieved. Benefits that flow from one project may only be realized if there are complementary efforts in other areas, such as supporting the

institutional framework and building synergies among lending programs. Thus there is a need to integrate community-based approaches into the wider country's strategies, so as to ensure that institutional and policy environments are conducive for success and efficiency gains are realized where scale issues are involved.

4. Government Obstacles To Community's Empowerment:

At times, governments can inadvertently discourage communities from fully participating in projects. Such hurdles, for instance, include legal requirement for registration (often involving cumbersome procedures) for communities to organize and obtain legal status through registration. Development schemes conceived by the central government often contain detailed conditionalities based on the implicit assumption that communities lack capacity and therefore cannot be trusted to use funds wisely. Hence, they must be constantly guided to do the right thing. In the same vein, central governments' interventions at times inadvertently delay pace of implementation by introducing rigid constraints such as limiting the cost of projects' sub-components.

Another obstacle for community's empowerment comprises a rigid condition for communities to contribute money rather than in kind to project investments. This approach poses a risk that project benefits will be oriented toward the higher strata of the community or priorities that will be established would not reflect the needs of the poorest segments. Difficulties of managing in-kind contributions, given the modalities of public bidding, incline project managers of CDD's projects to avoid such contributions, thus depriving many communities of the project's development benefits. In this regard, CDD's loan agreements signed with the World Bank generally have often cumbersome procurement procedures which keep out local private sector suppliers on technical grounds as well as they do not encourage in kind contributions. CDD's programs therefore need to devise procurement procedures that enable local communities to procure local materials, in kind contributions, and manpower without hassles.

5. Lack Of Sustainability:

Community empowerment approaches have relatively neglected the issue of sustainability of programs. Communities often had no guaranteed sources of revenue, and little or no power to raise local resources. It can not be emphasized enough that sustainability of activities taken at the community-level is critical for the success of the poverty alleviation CDD's projects. As shown in Table 3, in terms of the likelihood of project sustainability, only 35 percent of the CDD's projects were rated as likely to provide sustainable benefit streams (in comparison to all Bank projects which was calculated at 47 percent). This finding raises a serious concern for the future design and implementation of CDD's projects.

6. Elite Capture:

The risks of the elite capture and social exclusion also poses major issues in CDD's projects. In the absence of proper safeguards, funds originally intended for vulnerable groups can be captured by local elites. This has been empirically validated by Manor (1999), Bardhan and Mookerjee (1999) and Kerr et al. (1998) who find that elite capture and social exclusion may prevent the benefits of CDD from reaching the most vulnerable (minority groups, women, the poorest of the poor). Therefore, special care needs to be taken to ensure that benefits of CDD interventions really reach the target groups.

7. Gender Imbalance:

Despite emphasis placed by the development institutions on assigning a proper role to women and apparent endorsement of this proposition by most of the national governments, their participation in a large number of CDD projects remain inadequate. This is due to several factors such as types of projects (e.g., natural resource projects which target landowners, who are almost exclusively men), difficulties (or lack of will) in recruiting and training women in the project management unit and lack of motivation among women themselves to assume a more proactive role.

8. High Immediate Cost To Beneficiaries:

Innovative community-based initiatives have at times entailed a high cost to beneficiaries. However the question of cost should be seen in proper perspective. The effectiveness could have a compensatory effect. In this regard, it would be relevant to refer to a growing number of World Bank's projects involving small community-based rural development, in West Africa, which tend to have a high cost when expressed on a beneficiary basis but the lasting benefits for the poor have generally outweighed the immediate costs. On the other hand, studies by Lam (1998) and Tang (1992) of CDD's irrigation projects in Asia, for example, have repeatedly found that systems constructed and operated by the farmers themselves, often without much external assistance, generate a higher level of agricultural productivity than more modern systems constructed by government agencies with substantial external assistance.

V. Achieving Better Outcomes in CDD Programs

Drawing upon lessons learnt from the stocktaking past and ongoing CDD's initiatives, one can recommend a number of measures for achieving better outcomes in CDD programs. These are set out below:

1. Capacity Building:

Most of CDD programs have now come to recognize the importance of capacity building. As a consequence, such programs often include a component aiming at improving the local community's ability to articulate needs, establish genuine priorities and effectively monitor service delivery. Communities do not often have the resources as well as even the basic capacity to manage finances. In this regard, the World Bank's study "Voices of the Poor" by Narayan and Deepa (2000) shows that what the poor primarily need most is not resources for safety nets but rather resources to build their own organizational capacity. In Malawi, for example, communities expressed a strong interest in more technical assistance regarding matters such as recruit-

ing and managing contractors rather than money for actual projects. Although this capacity building requires time and resources, the lasting benefits to the poor generally outweigh the immediate costs. Without the capacity for planning, implementation, and monitoring, communities can not be really empowered to take actions that improve their well-being.

2. Better Poverty Targeting:

While fighting poverty, an important test of effectiveness is the ability to make resources available to the poorest in the society. It has been proved that efficiency of the process is greatly improved in CDD's projects. In the State of Ceara in Brazil, for example, there are two CDD's projects where poor rural communities decide and implement their own priorities, i.e. (a) the Rural Poverty Alleviation Project (*Projeto Sao Jose*); and (b) the market-based Land Reform Project (*Projeto Reforma Agraria Solidaria*), both financed by the World Bank and guaranteed by the Federal Government of Brazil. Under these projects, around 93% of the funds get to the poor communities (versus previous World Bank's programs in Brazil where only 20-40% reached poor communities with the difference going for administrative costs).

In the same vein, community participation often reduces the likelihood of adverse selection problems. Consider a public works project in which a daily wage payment is made. Involvement by the community in the hiring of labor may increase the likelihood that the 'deserving poor' receive employment, and that those with a propensity to shirk, are excluded.

3. Efficiency Gains:

Central governments in developing countries usually play a major role in the allocation resources in educational sector. Such a centralized structure might make it easier to regulate and administer large systems uniformly; but it may also lead to ineffectiveness and high cost when school needs differ widely across communities. In 1991, El Salvador's Ministry of Education, supported by aid agencies such as the World Bank, decided to use a CDD's approach as the principal

method of expanding education in rural areas. Subsequent studies concluded that there were visible efficiency gains from community-based involvement in education in El Salvador, including in reducing teacher absenteeism which is a chronic problem in the public schools of many developing countries. In a decentralized setting, parents are better able and motivated to monitor teacher behavior. Teachers would thus miss fewer days, which in turn implies, fewer days missed by the students due to teacher absences.

4. A Joint Venture between the Central Government and Communities:

Even after decentralization, many tasks involving scale economies and externalities will rightly remain with the higher levels of government and sectoral ministries. For instance, CDD's programs are not substitutes for well-designed central government's safety nets that can respond quickly and effectively in times of crises. For decentralization to be successful and have a positive impact on pro-poor outcomes, it requires a combination of strong central authority and pro-poor ideology (Crook and Manor (1999)). On the other hand, decentralization in situations where the relationship between local and central government is weak or conflict-ridden can be problematic. In Ghana, a Bank-supported primary education community project floundered due to lack of confidence of central government in local stakeholders, fearing that decentralized interventions can lead to generations of greater disparities and inefficiencies in the provision of basic education.

Decentralization should be therefore a joint venture between different levels of government. Several analyses show that poverty alleviation programs have more positive outcome if the highly complementary strengths of communities and that of the central government are blended, by combining local strengths in information and monitoring capacity with technical and other inputs from the higher levels of government. For instance, in case of the successful South Korean canal irrigation system the central government drew up the broad irrigation policy, while routine operation and maintenance were

carried out by people with direct stakes in the end-user community. Again, in case of the school program in Himachal Pradesh effort was made to blend the technical skills of higher levels of government in designing curricula and textbooks, with community-level monitoring of schools.

Similarly, the conquest of riverblindness in West Africa is one of the most successful joint ventures between the central government and communities in Africa. This once-rampant disease causes severe skin problems and eventually leading to blindness. One reason for the program's success was an appropriate division of labor between central governments and local communities. Governments through the aerial spraying of environmentally safe insecticides controlled transmission of the disease by blackflies. The local communities on their part managed the supply and dosage of ivermectin, a drug that has 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 do (aerial spraying plus arranging the import medicines). The outcome of this joint venture was highly rewarding.

Crook and Manor (1995) compared four early experiments in rural decentralization in the late 1980s in four places - Cote d'Ivoire, Ghana, Bangladesh, and the state of Karnataka in India. Surveys eliciting the opinions of villagers indicated that decentralization had worked well in Karnataka, but not in the other three cases. The main lessons from the comparative study were that decentralization works best where the central government is committed to the concept and provides the appropriate legal and administrative framework. In Karnataka, the government was serious about devolving power, and villagers there found local councilors and bureaucrats responsive to their needs. In the other three cases the government attitude was far ambiguous, central authorities did not really want to relinquish much control, and this was reflected in fiscal, administrative and legal arrangements. Villagers in Cote d'Ivoire and Ghana said they found bureaucrats and local councilors unresponsive.

Even after decentralization, central governments have often continued their involvement in monitoring how funds are disbursed by communities. In addition, given the fact that communities' demands can be overwhelming, central governments in several cases have been conducting negotiations between communities as well as determining trade-offs among programs. These are legitimate functions to be performed by the central authorities. Care has to be exercised, however, that this does not in any way adversely affect local initiative and diminish their sense of responsibility.

5. Empowerment Through Broad-Based Organizations:

The most successful community organizations tend to be broad-based using participatory methods in order to encourage people's active involvement. Poverty programs should, therefore, focus more on building community organizations to directly express people's needs and priorities. Experience confirms that, once afforded the opportunity, communities can quickly build their own organizations and develop their own leaders.

As community based organizations (CBOs) rely on volunteer efforts, which can dissipate at critical stages or can lack continuity, an important component of any capacity-building activity is to institutionalize the leadership function in CBOs. Another important feature highlighted by Krishna (2000) relates to the lack of information which has been found to be a very significant limitation on CBOs' capacity to play a part in the development enterprise. CBOs in particular need information on market opportunities, on what support resources are available, and on how to use these resources productively and efficiently.

6. Ownership and Sustainability:

Community empowerment approaches should also give more attention to plans on how to enhance sustainability. Apart from helping with design, implementation, maintenance and monitoring, communities must raise revenue and contribute to project costs. Practical experiences suggest that to be successful CBO's should include within its ranks individuals with exceptional qualities in mobilizing resources.

There is a need to reduce aid dependence and increase the self-reliance of community. The plans could be kick-started with aid, but must not convert communities into dependencies.

The concept of cost-sharing or matching grants implies that communities will contribute a part of the of project costs. This cost-sharing system is essential to promote local ownership and is now more often mandated in CDD's projects. Community's contributions in the form of labour, cash and/or materials promote ownership and project sustainability eventually. In several cases, communities have provided furniture and in-kind contributions to repair primary schools. A good example is that of Zambia when community-based projects, particularly those for rehabilitation and improvement of existing infrastructure and social service delivery included a requirement that communities' members contribute 15% the total project cost, though there have been instances where a lower contribution has been accepted for very poor and vulnerable communities. The contribution is usually in the form of burnt bricks, building sand, river sand, stones and of course their own labor. Similarly, in the case of Ghana Community Water Sanitation Project initiated by the World Bank in 1994, communities contribute 5 percent of the cost of water systems in cash up-front and assume 100 percent of the cost of the operation and maintenance.

As communities become richer, the cash element is likely to grow in importance. In Brazil, for example, community associations contribute a minimum of 10% of total sub-project costs, but the contribution can be higher for infrastructure projects (15%) and productive projects (20%). In Mexico, the minimum contribution is set at 20%. It reaches 30% for road paving and 40% for leisure facilities. These levels of cost-sharing provide communities with incentives for choosing investments with higher public good value, while calling for greater contribution for private goods value.

7. Accountability:

Decentralization without effective local accountability to a electorate, is less likely to establish pro-poor policies or successfully execute projects. The presence of democratically elected community's

representatives is crucial to foster credibility and accountability. If CDD poverty reduction programs are to succeed, community organizations must be held accountable both to the central government for the funds allocated to them and to its constituents for how they use them. Rewards and penalties should be devised to induce improved behavior. Successful communities should be rewarded by being allocated more resources by the state. For example in South Korea and China, CDD's programs have often used a variety of rewards and sanctions (Whang (1981)) . Where workers could be outsiders, as in Brazil, communities were exhorted to monitor their workers. In the same vein, where workers are from the community, the potential sanctions for non-performance were especially strong as the workers had long-run interest in good relations with their community. An effective strategy was having their salary and/or job renewal dependent on community opinion. In the village community:

“Everyone is watching everyone. Gossip about one’s misconduct is circulated by word of mouth faster than any other means of communication. In such an environment a significant cost would be incurred to a person who would violate a contract with a fellow villager, since not only would he lose benefits from the present contract but the resulting bad reputation would deprive him of future opportunities to enter into contracts with other villagers as well.” (See Hayami and Keijiro (1993)).

While placing due emphasis on decentralizations and accountability it would be appropriate to underline the responsibility of the national government to give to communities a predictable, transparent share of revenue (including foreign aid), making them financially independent and viable. Participatory processes will be discredited unless communities are empowered with adequate resources and authority.

8. Safeguards:

It is most essential to broaden the distribution of power within communities, in order to facilitate collective action and reduce the potential for local capture. The danger of elite capture is indeed very real. A well known example in this context was provided by Hartmann

and Boyce (1983) in their description of how rich local farmers in Bangladesh were able to capture a publicly provided (World Bank funded) local irrigation facility intended for poor farmers. Concerns about local capture have sometimes influenced the design of anti-poverty programs; for example, Tendler (1997) describes how drought-relief operations in the state of Ceara in Brazil included requirements for broad local participation in allocating relief efforts. In the same vein, in Guinea, Benin, Mali and Burkina Faso, the participatory process has accommodated the needs of both farmers (the majority) and semi-nomadic pastoralists (minorities).

These safeguards need to be considerably strengthened. Each country's CDD's program must incorporate clear safeguards against the capture of funds by local elites and exclusion of low-status groups (like women, ethnic and religious minorities). These safeguards must be designed to increase the leverage and voice of these traditionally vulnerable groups. Bypass mechanisms were designed into many of CDD's projects so that dissatisfied communities could appeal to higher levels (but not without penalty if claims were not justified).

9. Mainstreaming Gender in CDD's Projects:

The success of CDD's projects has often been jeopardized by the gender inequality. Gender inequality contributes to poverty, slows economic growth and reduces human well-being, hence the manifest need to reduce the gender inequality as part of the fight against poverty. Since women have less say in community decisions than men in most countries, gender mainstreaming in CDD's projects means that special provisions are made to ensure that women have a voice in decisions about development actions. Projects that fail to take into account distinct roles, powers, needs and specific interests of females often are rendered less effective or less efficient as a result.² For example, in countries where half or more of all farming is done by women, ignor-

² A 1997 OED evaluation found that "projects with gender-related actions achieved their overall objectives more often than similar projects without gender actions" (Josette Murphy, 1997, *Mainstreaming Gender in World Bank Lending: An Update*. Washington, DC: The World Bank, Operations Evaluation Department, p. xi).

ing the needs of female farmers in rural development programs has been shown to reduce total agricultural outputs by as much as one-fifth (Blackden and Chitra (1999)). Project designs must therefore include specific measures, activities, and budgetary support to ensure the effective and significant inclusion of women.

10. Learning By Doing:

No community should be excluded from participation on the ground of inadequate capacity. Learning by doing in this regard, is an important way of creating capacity in communities and local governments (Fiszbein 1997, Foster and Rosenzweig 1995). Where local capacities seem low, grant sizes can be very small, and scaled up later as capacity and revenue streams improve. Hence the need to start small and grow gradually. Grants as low as \$ 5,000-10,000 per community have been used to strengthen the process of the learning-by-doing, so experiments that fail will not be costly.

Even in difficult institutional/policy environments, tightly targeted projects with good communication, supervision and in-built flexibility can work. In some cases they can also lay the basis for future, larger-scale operations. Decentralization is a complex, long-term process and not a quick or easy solution. The process is generally improved by learning by doing. For instance, the Ghana Community Water Sanitation Project initiated by the World Bank in 1994 though implemented in a less than perfect institutional policy environment stimulated subsequent institutional evolution and change.

11. Simple Projects' Design:

The projects' design should be kept simple to enable community implementation, since many communities, especially in rural areas, despite their genuine interests, lack technical skills and capacity to implement and sustain programs. Care should be taken to ensure that project interventions are kept simple so that the communities can manage them on their own. Program components should be expanded only when the capacity of the participating communities has been adequately strengthened. In Kenya an ambitious but complex cross-

toral World Bank's project designed to alleviate the impact of drought in arid and semi-arid areas had a positive and long-lasting impact according to community's representatives mainly because it was implemented via smaller and more tightly targeted relief components – livestock, water, and local drought management.

12. Need for a Tailored Approach:

Different financing packages and arrangements might be needed for taking into account local specific communities even within the same country when there are differences in communities' capacities, organizations, and methods of decision making. Brazil has successfully dealt with this aspect by offering different communities different financing packages depending on their capacities to implement sub-projects. Existing procurement procedures for standard World Bank's projects are also often cumbersome and keep out local private sector suppliers on technical grounds. International agencies CDD's programs need to devise procurement procedures that enable local communities to procure local materials and manpower without hassles.

VI. Promoting Further CDD's Initiatives

World Bank's Role

1. Dilemmas and Concerns:

There is increasingly significant interest and experimentation at the World Bank with CDD's projects. It is estimated that in financial year 2001, CDD's portfolio flows amount to \$1.5 billion. Nevertheless, there are many experts within the World Bank who believe that the Bank's approach to CDD would require a "retail" approach and customized different from the Bank's wholesale approach for poverty reduction given the usually sizable magnitude of its operations.

In this regard, the World Bank has taken in recent years a variety of initiatives for local empowerment, but not in an integrated manner and not as a central focus of its strategy. In addition, several World Bank economists believe that empowerment poses a great challenge

for the Bank in terms of operationalization. In particular, many developing countries are concerned that if empowerment means making the voices of the poor heard, the question remained as to how the Bank would operationalize the idea without creating conflicts in the host governments by raising the pressure of opposite groups to the government from the civil society. The World Bank in its dealing with CDD's projects faces the dilemma of being perceived as bypassing and undermining the central government. This is why there is more awareness that initiating a dialogue with countries on CDD can be a complex and long process which has to be gradual process. The level and speed will differ widely from country to country, depending on its initial conditions and readiness.

2. Issue of Sustainability:

The low likelihood of sustainability for CDD's projects also raises a serious concern. In terms of the likelihood of project sustainability, only 35 percent of the World Bank CDD's projects (Table 3) were rated as likely to provide sustainable benefit streams (in comparison to 67 percent for all Bank projects). In another World Bank's study for African CDD's projects, only one-fifth were rated sustainable. One way to address this is, through cost-sharing or matching grants. This cost-sharing system is essential to promote local ownership and is now more often mandated in CDD's projects. In this regard, a water supply study by Sara and Katz (1997) of 1,875 households in rural communities in six countries (Benin, Bolivia, Honduras, Indonesia, Pakistan, Uganda) suggests that water system sustainability is significantly higher when communities pay part of the investment costs.

3. Quality of Supervision:

Another challenge for the World Bank and international agencies is that the review of large number of CDD's projects status reports shows a generally poor and uneven quality of supervision. In the same vein, participating communities are not given the opportunity for feedback as the resources provided to task teams for supervision of CDD's

projects do not allow them to visit the localities covered by their projects. Special attention should be paid to establishing a basis for monitoring success in reaching poor beneficiaries. Monitoring and periodic reviews are needed to check whether the safeguards are really working and changes should be promptly made where necessary. Short-term indicators should also be tracked to provide feedback on the impact of the program on the poor. Likewise, there is a need for a smaller number of clear and measurable performance targets for CDD's projects which are set more realistically and faithfully adhered to.

4. Scaling up Approaches:

An important issue is how the World Bank can scale up successful CDD's approaches. The long-term agenda is certainly huge. This is why the World Bank can not make much progress alone and therefore has to work with others development agencies and deepen the dialog on CDD among all development partners—national governments, other donors, NGOs, community groups. Since the CDD's approach is still relatively at an experimentation stage all players need to start with the feeling that they can learn from the field experiences of one another. This in turn will mean that donor agencies will accommodate diversity in their CDD's approaches to procurement, design, supervision etc, with a view to accumulating more field experience which in turn can be used as the basis for harmonization.

5. Dissemination of Best Practices:

A concerted effort is also needed by the World Bank and the Development Agencies to disseminate best CDD's practices , including through translation of key documents on specific successful experiences on CDD to several languages, to enable communities to learn from and capitalize on this knowledge. Most CDD's projects identify implementation problems but fail to report on the solutions identified. More importantly, status reports tend more to elaborate on problems than on successful situations and the factors associated with good performance.

6. Network of Resource Persons:

Last but not least, there is urgent need to form within countries and in international financial organizations, networks of resource persons (academics, social scientists, community development specialists etc). There a also need to introduce CDD's training modules in higher education and specialized training institutions, to prepare future development managers for application of this approach.

VII. Conclusion

Although many improvements are underway today in the formulation and implementation of poverty reduction programs participatory process, much more needs to be done to improve outcomes. This can be achieved, inter alia, by rooting programs more securely, more strongly in the communities they serve-through greater stakeholder input and empowerment, and decentralizing responsibilities and vesting authority in local communities.

Real progress in poverty alleviation can be claimed only when the poor and the marginalized become the producers of their own bounty and welfare, not the recipients of charity or the beneficiaries of aid. Moreover, experiences from CDD's programs show that the participatory approach and mechanisms at the community level have also indirectly paved the way for quicker and more sustainable democratization and social cohesion at the country level. Other achievements of CDD programs are: adapted targeting, integration of the grassroots into development activities, cost effectiveness, viability, efficiency of investments, and increased responsibility of beneficiaries for maintaining implemented works.

In the recent years, the World Bank has been focusing more and more on serving the client. It is now fully recognized that high quality client service should aim at empowering the poor through grassroots participatory decision-making. Many World Bank's projects now try to reach the poor more directly and take a more demand-oriented approach. There is increasingly significant experimentation at the World Bank on how can community involvement be more effectively used to get better design, accountability, implementation, and align-

ment with the interests of the poor and the excluded.

Although community-based initiatives are increasingly having more impact on World Bank's operational work , by fostering inclusion, ownership, and accountability, attributes shown to improve project outcomes, issues remain on how to operationalize effectively these community's initiatives though concrete and monitorable poverty reduction programs. In addition as discussed above, for all its potential benefits, CDD presents also several risks that if not appropriately addressed, could for instance crowd out local government or be subject to manipulation by vested interests.

With growing awareness of issues and lessons from experiences with CDD's programs, discussed in this paper, more successful poverty reduction approaches that are more demand-oriented could be framed and the role as well as the impact of international development agencies in poverty alleviation could be greatly strengthened.

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