# WHY COMMUNITY EMPOWERMENT?

## The Vision

Poverty has remained stubbornly high in Africa for decades. Top-down plans and donor-driven investment programs have been less than successful. We need not just a new approach but a new vision: **a vision of prosperity through the empowerment of local communities.**

The starting point must be to empower communities by giving them more resources and authority to use these flexibly. But this process cannot depend forever on emergency funds or short-lived donor programs: it must at some point be embedded in a permanent institutional structure. This can be provided by local governments.

Past experience suggests that decentralization will not work without vibrant, participatory communities. And enhanced participation will at some point need a local government structure for sustainability. The two can evolve together dynamically, strengthening one another.

The new vision seeks to put local governments and rural and urban communities in the driver's seat, and give them a new set of powers, rights and obligations. These include:

- The right to be treated as people with capabilities, not objects of pity.
- The power to plan, implement and maintain projects to serve their felt needs.
- The right to hold politicians and officials accountable.
- The power to command local bureaucrats instead of being supplicants.
- The power to hire, pay and discipline all who provide them with frontline local services like education, health, municipal and agricultural services.
- The right to a share of central government revenue.
- The power to levy user charges and local taxes.
- The obligation to enable women, ethnic minorities, the poorest, and other long excluded groups to participate fully in economic development.
- The obligation to be accountable to local people, not just central governments or donors.

Every country will also need good macroeconomic and sectoral policies to accelerate economic growth, which is vital for reducing poverty. Many sectoral programs will continue to be carried out by national governments, especially those involving economies of scale and externalities. Community-driven development (CDD) will complement these other efforts.

Communities can be geographical entities (urban neighborhoods, villages) or groups with common interests ( water users associations, parent-teacher associations, herders, members of a microcredit society, women's groups). CDD can harness the considerable social capital in these communities.

Donors can support a country's efforts to decentralize but cannot impose it from outside. This is an attempt to move political, administrative and fiscal power from the top to the bottom. Such change will take time and effort - 10 to 15 years or more.

## What is Poverty?

Many people think of poverty as simply a 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.
- lack of good governance: people are worse off when officials are corrupt, unresponsive to local demands, and unaccountable.

Seen in this light, **local empowerment is a form of poverty reduction in its own right, quite independent of its income effects.**

**Box 1. Local Capacity Exists, But can Only be Harnessed by Empowerment**

*This is a major conclusion of a technical consultation organized in Rome in 1997 jointly by the World Bank, FAO, IFAD, and others. Some extracts:* Considerable institutional capacity already exists in local governments or communities. This capacity has been cloaked by a lack of local empowerment to use it. Any definition of capacity that focuses only on technical capacity will miss the huge potential that exists, Existing capacity is best defined as the ability to solve problems. People who have survived by trying to solve problems in difficult economic and political conditions have considerable capacity to put their experience and skills to work, once they are empowered.

What is perceived as a lack of local capacity is often a reflection of the fact that what local people want is different from what central planners want. Once it becomes clear that local people have the power to solve problems, they will at last have the incentive to organize, assess current ills, and work out solutions. The very act of wrestling with problems develops new skills. So the process of capacity creation can be described as learning by doing, learning by use of power, learning by solving problems, and learning by making mistakes. This dos not mean that skill development is not required. It means that skill development should be demand-driven, not imposed from above. General purpose capacity-building funds and training programs that support initiatives from below may be more effective than training funds or programs for specific sector. *Once local governments are in place, they will soon identify which skills are most needed and in what sequence. The best solution is to empower local governments and local communities, and then offer collaborative support as skills are upgraded.*

Agencies should not attempt to create skills in a vacuum, or as a pre-condition for empowering local governments. Local capacity cannot be created unless local governments are given resources that enable local people to experiment. If resources are provided first, capacity creation is likely to follow. The gaps in skill can be plugged as they appear. Loans should not be burdened with too many conditions. Flexibility of use, which allows local people to choose what they want to do, should be emphasized. Local capacity is necessarily multisectoral because local communities have to deal with a wide range of issues. Block grants may be more effective than schemes following the preconceived priorities of donors and/or central governments.

Sen lists five dimensions of poverty: political space, economic space, social space, transparency, and protective security. He views poverty as deficits along these five dimensions, which limit the ability of people to develop their capabilities and function as empowered persons. **Poverty reduction, broadly defined, requires processes that help people improve their capabilities and functioning, that enable people to take charge of local affairs instead of being supplicants before higher authorities.** CDD aims to create such processes, with safeguards to provide voice to groups traditionally excluded from the decision-making process such as women and ethnic or religious minorities.

Economists now accept that communities have considerable capacity to plan and implement programs, which has often been cloaked by a lack of empowerment (see Box1.) Vibrant community structures constitute social capital, a much-neglected asset that can yield high economic dividends. **CDD aims to build on social capital** by harnessing community participation, **and also to improve social capital** by strengthening incentives for participatory development.

Detailed studies the world over show that well-designed participation and decentralization can reduce poverty's many dimensions (see Annex). However, the current reality in Africa is very different.

## The Reality

Excluding South Africa, Sub-Saharan Africa has the greatest centralization of development administration in the world, the lowest per capita income , and high inequality. In a typical country the poorest 20% of households get only 4% of GDP, which is less than half the net aid received on average by African countries. Fiscal policies and public services do little to narrow the income gap: in both health and education, for every $1 that goes to the poorest quintile, $2.50 goes to the richest quintile. Extreme centralization and poor governance mean that little money gets through for intended purposes: prior to Uganda's recent reforms, only one-third of non-salary allocations to schools reached their intended destinations. Accountability is poor, and what little exists is upward to donors and central governments, not downward to local people. Besides, different donors use different channels for aiding community-based development. In many countries, this balkanizes foreign aid into multiple high-cost donor boutiques, each with limited geographical and sector coverage.

Community development and integrated rural development are ideas that have been tried in the past but with disappointing results. Recent research suggests that the problem lay in the inability of central government agencies and donors to respond to local priorities or take advantage of local skills. Funds were donor-driven, failed to generate local ownership or enthuse locals to maintain assets, and simply created a dependency syndrome. Instead of strengthening national institutions, donors raided their best staff to create parallel institutions, which could not be sustained when the donor programs ended. The result: poverty remained deep although countries of the region got some of the largest flows of net aid per capita in the world.

After falling in the 1980s, African incomes started growing again in the 1990s. Political change in many countries brought a new interest in decentralization and community participation , though the process has a long way to go.

Social funds and other similar funds were created to channel emergency money to needy communities. The immediate success rate of these schemes was high. They showed that participation by beneficiaries in projects meant for them improved project design, implementation and outcomes. However, such projects remain almost totally dependent on outside financial support, and this reduces local ownership as well as sustainability. A recent book on Latin American social funds (Tendler and Serrano, 1999) suggests that these have significant limitations.

In a recent internal analysis of World Bank projects in Africa, 75 percent of projects with some level of community participation were rated satisfactory against 60 percent for all African projects in 1994-97. So, **Africa has a comparative advantage in community-based projects .**

But while 75 percent of such projects were rated satisfactory, only one-fifth were rated sustainable. Why? Because they were almost totally donor-financed; they were

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**Box 1A. From Participation to Decentralization: North-East Brazil**

Brazil's North-eastern Region and Africa have some things in common: for decades, poverty and social indicators stubbornly defied remedial attempts using large-scale external assistance. But in the 1990s Brazil has shifted from its traditional top-down approach to a bottom-up approach, and registered remarkable successes in the north-east. Three different approaches were experimented with. In all three the local community had to provide 10% of subproject costs, and obtained matching grants. Communities had to devise cost-recovery strategies to ensure sustainable maintenance and operation.

The first approach was PAC (Programa de Apoio Comunitario). Rural communities submitted subproject proposals to the state government, which screened and approved them. This was the least decentralized of the three approaches. The second, more decentralized approach was FUMAC (Fundo Municipal de Apoio Comunitario). Here a municipal council (which included community and civil society groups) chose a bundle of subprojects, and obtained financing from a social fund run by municipalities. The third and most decentralized approach has recently been introduced in FUMAC II. Untied resources are made available directly to selected municipalities against an annual operating plan. Since the resources are untied to specific end-uses, the local communities have much grater flexibility in using them, and are more fully empowered. Local ownership, beneficiary participation and enthusiasm all have increased.

　Some major outcomes:
• Benefit-cost ratios were high, 3.0 or more. Social internal rates of return were as high as 50 %
• 95% of funds are reaching targeted beneficiaries, who are mostly landless.
• The cost of subprojects, executed by local contractors or communities, was 20-30 % less than hose executed by municipalities or government contractors.

The cost of PAC and FUMAC subprojects was similar, but FUMAC had on average 40 % more beneficiaries. So the greater decentralization of FUMAC meant a greater reach and lower cost per beneficiary. FUMAC is a more transparent setting than PAC for community debates and decision-making, and helps dampen political interference. FUMAC II now takes decentralization further, by providing untied funds directly to municipalities. This will further promote ownership, participation and sustainability.

temporary programs, not embedded in permanent institutions; their scale and geographical spread was very limited. While they provided for some beneficiary participation, they were typically earmarked for specific sectors and did not empower communities to set priorities or manage projects. This was a significant shortcoming: it deprived communities of the chance to exercise real choice and build skills through learning by doing. Communities and local governments had no guaranteed sources of revenue, and little or no power to raise local resources.

The lesson: much can be achieved through social and other funds, but the process needs to be taken further. Social funds-as designed in much of the 1990s-- represent community development without institutionally sustainable empowerment, and this limits its impact and sustainability. CDD aims to remove these limitations, and so improve on the success registered by social funds.

First, the impact of CDD can be enhanced by providing untied block grants to communities across entire countries. This will give resources as well as voice to people who have rarely enjoyed either. Second, complementing the participatory resource transfer, CDD aims to encourage accountable local governments which can support communities on a permanent basis. Creating strong communities in the initial stage should help create accountability norms and leadership patterns which in due course will help improve the quality of governance at the local level. And good local governments in turn will widen and deepen participatory processes. **CDD aims to help foster a mutually reinforcing process between community development and local government development.**

Accountable local governments, embedded in a coherent framework of inter-governmental relations, cannot be a precondition for community empowerment, but are an ultimate institutional. Recent experience in north-east Brazil shows how enhanced participation can evolve logically into greater decentralization. (see Box 1A).

# EMPOWERMENT: HOW TO DO IT

To embark on local empowerment, we need first to enunciate its key principles. We can then consider the main elements of a set of interventions to enhance participation and decentralization, tailored to the stage of development in each country.

## Key Principles of Community Empowerment

1. CDD **empowers communities by giving them untied funds which allow them to choose their own priorities** and implement their own programs . This will enable local skills to be created and improved through **learning by doing**. A **negative list** can be devised to avoid undesirable spending.

2. Where no decentralization or local funds exist, we need to **start small and grow gradually**, so experiments that fail will not be costly. Grants as small as $ 5,000-10,000 per community can kick-start the process.

3. The aim should be to **cover communities across entire countries within a short time**. Experience in Africa shows that this is feasible (see box 2).

4. Development must be **participatory and demand-driven.** To provide voice to the voiceless, it should have **safeguards against social exclusion and elite capture.**

5. Devolution to communities and local governments implies that the **direction of accountability should be downward to local people, not only upward to central governments and donors.**

6 . Basic skills garnered through learning by doing must be upgraded steadily with outside support. Local governments and communities must be able to get **technical and managerial support on demand.**

7. Development has too often been viewed as mainly about physical investment or hardware. CDD emphasizes **institutional change** and the **software of development**— empowering and sensitizing people, enhancing transparency, changing attitudes.

8. Decentralization should be based on the principle of **subsidiarity.** That is, responsibility for tasks should be devolved to the lowest level of government that can deal effectively with them. Each level should perform tasks according to its comparative advantage.

9. Even after decentralization, many tasks involving scale economies and externalities will remain with higher levels of government. Decentralization should not pit local governments against central governments or sectoral programs. It should be a **joint venture of different levels of government.**

10. Decentralization must give local governments a **predictable, transparent share of revenue** (including foreign aid).This will make them financially viable.

11. To promote local "ownership", **communities and local governments must contribute to project costs and operation and maintenance costs,** apart from helping with design, implementation, maintenance and monitoring.

12. **Targeted schemes** should be designed by donors and central governments for objectives which may not be given priority by communities (reaching the poor and the minorities, avoiding environmental damage, combating AIDS).

To translate the key principles of empowerment into an action plan, it is useful to consider the main dimensions of CDD.

| Box 2. Entire Countries Can Be Covered Quickly by CDD |
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Two years ago, Benin covered a little over half of the 500 villages in the Borgou region within six months with participatory appraisal, using resources already available in the region. This implied that entire countries could be covered with additional resources from outside.

More than 6,000 villages have now been covered in other African countries such as Burkina Faso, Cameroon, Cote d'Ivoire, Guinea, Madagascar, Malawi, Mali, and Uganda. Tanzania, Togo and Zambia are about to follow suit.

Lessons learned from these experiments are:

1. Start with a national exercise for harmonizing participatory appraisal of projects. In the past, the balkanization of donor efforts has been a major hurdle to national coverage. This can be overcome if donors and central government pull together.

2. The next step is to train the staff of the various agencies. Successful countries have used small but strong teams of national trainers at the regional (or district) level. The faster local agencies pool their resources, the faster national coverage can be achieved.

3. Start simultaneously in as many regions as possible: Madagascar has started pilot projects in all its 29 regions. Each region can then establish its own action plan to reach regional coverage, tailored to available resources.

## Dimensions of CDD

The five main dimensions of CDD are: *empowering communities, empowering local governments, re-aligning the center, improving accountability, and building capacity.*

### 1. Empowering communities

Experience in Africa shows 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. However, participatory processes will be discredited and atrophy unless communities are empowered with resources and authority. Social/other funds already provide matching grants to communities in many countries, but these are typically balkanized funds with a narrow focus tied to donor priorities. Communities will be truly empowered only if they get untied grants which enable them to decide their own priorities and hone their decision-making skills.

Experience shows that rules for participation can be designed to give voice to socially excluded groups like women and minority tribes (see Box 3)

Fiscal rewards and penalties can spur competition between communities and accelerate the learning process. Communities which make the best use of funds deserve increased grants. Those found guilty of embezzlement should suffer a suspension of grants till a new management team takes over.

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**Box 3.Social Inclusion of Women and Minorities**

If not handled well, women will refrain from mentioning AIDS because of fear, shame and denial. TANESA, a Tanzania based NGO, has developed many tools which encourage communities to discuss AIDS. One of these tools is "risk mapping": people make a map of their village and indicate where they are more at risk of contracting AIDS. Because the "risk mapping" takes place in different gender groups, women and men can express themselves more freely. Many women in Tanzania indicated water wells or woodlots as high-risk areas: they had experienced sexual aggression and rape while being away from the village to collect water or fuel-wood. In the light of this, priority was given in some village plans to improving stoves to diminish fuel-wood consumption (and hence the time women spent in collecting wood), and to digging village wells which made it unnecessary for women to wander afar for water. This is just one example of how the participatory methodology, if implemented well, can empower vulnerable groups.

In many West African countries, latent tension between semi-nomadic pastoralists and farmers creates conflicts that can turn violent. Farmers see their crops being destroyed by cattle, and herders feel that they cannot make use of the land for grazing.In countries such as Guinea, Benin, Mali or Burkina Faso, the participatory process has provided a platform for the farmers and herders to discuss these issues in a peaceful way, and to find common ground. Using mapping techniques, they demarcate grazing corridors and reach agreements on the rights and regulations for the use of the land. This is an example of how both majority and minority interests can be accommodated in a community framework.

## 2. Empowering Local Governments

Community empowerment is unsustainable if based on donor-driven funds. It needs to be embedded in a new institutional framework of local governments. Earlier attempts at decentralization the world over were hamstrung by a failure to harmonize the political, administrative and fiscal elements involved. So, harmonization is a top priority. This typically requires a high-powered task force backed by the head of government to work out new legal and constitutional arrangements. The political leadership in each country can decide how many tiers of government are appropriate and what powers each will enjoy. This is best done on the principle of subsidiarity. Arrangements for local elections can consider providing quotas for women and other socially excluded groups.

Administrative decentralization must keep pace with political decentralization. Central government staff for frontline services may need to be transferred to lower levels of government. Ultimately, each level of government should be able to hire and discipline staff in its jurisdiction. It should also have the administrative machinery to collect local taxes and user charges.

Fiscal decentralization has three elements: revenue generation, revenue sharing and matching grants. Local governments will need powers to levy taxes and user charges, once again on the basis of subsidiarity. Studies show that the greater the share of local revenue, the more productive local spending is likely to be. Municipal/local finances currently represent only 2 to 3 percent of national revenue in most countries, and so are not paid attention to by Ministries of Finance or macro-economists. Sustainable decentralization requires that local governments get an assured share of central revenue. This is typically based on a formula worked out by all stakeholders. Over and above this, the central government may give earmarked grants for areas which may be neglected by local governments such as combating AIDS, environmental damage and social exclusion.

Once local governments are up and running, donors can switch untied aid from social/other funds to budgetary support for central governments, conditional on binding arrangements to share central revenue (including foreign aid) with local governments. At that stage, local governments can take over from donors the task of providing matching grants to communities.

Local governments and municipalities often have limited capacity, and need to harness the local private sector to implement projects.

## 3. Realigning the Center

Decentralization implies a far-reaching change in the role of the center, as many responsibilities and resources will shift from the center to local governments. Management and control processes geared to supporting a monolithic hierarchy will need refashioning to support arms-length relationships between multiple centers of power.

Traditionally, central governments in Africa have followed the "blue collar" approach of operating all services. After decentralization, they will need to shift to a "white collar" approach. Instead of running services directly, they should focus on facilitating local government activities, setting standards, monitoring outcomes, pro-

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**Box 4. The Vision That Conquered Blindness**

The conquest of riverblindness in West Africa is one of the most successful multi-donor programs in the history of aid. This once-rampant disease causes severe skin problems before escalating into blindness. It has virtually been eliminated in subregions with a population of 34 million in 11 countries. It has saved the sight of 600,000 people and spared 15 million children the risk of infection. By removing the disease from 25 million hectares of arable land, it has opened up huge areas for spontaneous settlement and agriculture.

One reason for the program's success was **an appropriate division of labor between central governments and local communities.** 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 invermectin, 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 (aerial spraying plus arranging the import of medicines).

viding training to lower levels, and providing rewards and penalties to improve local government performance.

Reformers will come up against fears and resistance from civil servants and other powerful groups who believe they will lose from the change. The reform program needs to send the message that **decentralization does not mean the withering away of the center; it implies a joint venture between different levels of government,** each contributing on the basis of its comparative advantage. The conquest of riverblindness is an excellent example of a successful joint venture of this kind. (see Box 4)

Even after decentralization, large projects with scale economies will remain with the center. Strong sectoral policies and institutions will be needed even after decentralization to strengthen capacity building at local levels, set minimum standards for schools or health centers, devise procedures to ensure accountability, social inclusion and environmental safety. If decentralization succeeds in accelerating economic growth, this could ultimately mean increased resources for the center and all other levels of government. So CDD aims at **a win-win situation for central and local governments.**

### 4. Improving Accountability

Existing mechanisms have failed to provide adequate accountability. Almost all accountability is upward to donors and central governments, not downward to users of services. Even upward accountability is balkanized because different donors have different requirements and create parallel systems of accountability, which sap limited local resources. A plethora of documents and reports are often required in the language of donors, which may not be locally understood. This reduces transparency and participation, and helps elite capture of programs (only elites understand foreign languages).

The success of community driven projects in Africa shows that accountability exists as social capital in user groups. Social pressure and peer pressure create accountability within a community. The empowerment of communities and local governments will

enable this social capital to be harnessed, and provide downward accountability to users of frontline services.

Greater participation in all projects and programs will improve the voice of local people. Decentralization must go to the grassroots, as social capital works best in small groups. Rural local governments should cover no more than a few tens of thousands of people, increasing transparency and responsivity.

Fiscal rewards and penalties for communities and local governments can induce competition between them. Losers will be answerable to their constituents for being left behind in the race for matching grants. Such competition will improve accountability and performance.

Traditional forms of upward accountability also need to be strengthened. One way of doing so is to train communities to conduct monitoring and evaluation. Users of services are likely to provide more relevant, reliable and timely data than traditional government channels.

Donors need to reduce or end the balkanization of accountability. Ideally, they should help create a single line of accountability with all documents in the local language.

### 5. Building Capacity
Untied matching grants to communities will help develop their inherent capacity for problem-solving through learning by doing. As they take on more responsibilities, they will find they need to upgrade their skills. This can be facilitated by technical assistance from central governments and NGOs (see box 1).

Local governments will also develop skills initially through learning by doing, and later through technical assistance. The central government needs to upgrade its skills for carrying out large projects, for training local governments and communities, and more broadly for taking on its "white collar" planning, facilitation and regulatory roles.

CDD can play an important role in private sector development. Existing procurement procedures are often cumbersome and keep out local private sector suppliers on technical grounds. Programs of need to devise procurement procedures that enable local governments/communities to procure local materials and manpower without hassles. This will help develop the local private sector. AGETIPS in African countries started as independent agencies to fund and implement emergency works in crisis-hit countries. Today AGETIPS are confined to what they do best–delegated contract management and works execution-while the planning, cofinancing and maintenance of projects is left to local governments.

Based on these five dimensions, each country can consider how to design a CDD program adapted to its particular circumstances and stage of development.

## Designing CDD to Fit a Country's Circumstances
A program of local empowerment can start by consulting all sections of society on how to proceed in the light of the country's history and traditions, and by drawing on the most successful experiences in the country and in neighboring ones. Countries vary widely, so the approach to CDD will also vary widely.

Yet most will need a two-pronged approach. First, they will need an **immediate action plan** to empower communities with resources and authority. Second, they will need a **long-term plan** to enhance participation and decentralization. The immediate action plan can be a building block of the long-term plan.

Each country will have different ideas on what programs and services should be devolved to communities and local governments on the basis of subsidiarity. Each will have a different long-term vision for the share of total fiscal resources to ultimately be at the disposal of local governments and communities( 20-40 per cent would be a reasonable range for many African countries). A guiding framework for CDD can spell out how to get from the current reality to that target in phases.

Conditions vary greatly across countries: some have no community participation at all, others may already have functioning local governments. Each country needs to diagnose its particular problems and tailor solutions. In doing so, countries may find it conceptually useful to consider three stages of decentralization-initiation, scaling up and consolidation.

### Initiation

Many African countries today have little or no local participation, decentralization or local funds. Reformers in some of these countries are keen to initiate local empowerment. They could act simultaneously on three fronts: enhancing participation, targeting specific groups (notably people affected by AIDS/HIV) and starting a dialog with stakeholders on decentralization.

An important starting point is to harmonize and strengthen ongoing efforts in community participation. In many countries, a plethora of uncoordinated donor-driven funds already exist. Ideally, these should give way to a single local investment fund supported by all donors. The aim must be to get resources and the authority to spend these to as many communities as possible, as quickly as possible. By starting small and growing gradually, entire countries can be covered quickly. Many projects will continue to be executed by central agencies, and new procedures can make it mandatory, wherever feasible, to use potential beneficiaries to appraise, implement and monitor such projects. Reformers in this stage will typically give priority to empowering communities over targeted schemes to reach the socially excluded. But AIDS needs to be targeted from the very start. It is a major development challenge which is unlikely to be met by community action: it will need targeted central schemes from the outset.

Countries with weak or no local governments need to engage in a dialog with stakeholders and donors on the merits and feasibility of decentralization. Some countries may be convinced of the need to proceed quickly, and donors can assist them in drawing up a framework that harmonizes the political, administrative and fiscal aspects of decentralization.

Not all countries are convinced of the need for decentralization in the immediate future. In such cases reformers should keep the dialog on this topic going, and attempt to mobilize opinion in civil society groups too. While that dialog proceeds, the process can start of empowering communities with resources through social/other funds. Enhanced participation is in any case the first building block of CDD, and the foundation for this must be laid quickly even if the debate on the merits of local government goes on for a long time.

## Scaling Up

Many countries have crossed the initial stage and achieved some progress in participation and decentralization. The challenge they now face is to scale up operations.

Experience shows that community empowerment can be scaled up rapidly. Entire regions can be covered within months, and entire countries soon afterwards. Madagascar has embarked on 80 pilot projects in all 29 regions of the country simultaneously, and other countries have covered more than 6,000 villages quickly (see Box 2).

For late starters in decentralization, the dialog on decentralisation in the initiation stage can give way to concrete action in this stage. The legal and constitutional framework can be drawn up and implemented.

For early starters, which have already put local governments in place, the challenge will be to strengthen their capacity and accountability mechanisms. Successful community empowerment will typically create a good environment for effective local governments, and the two can evolve in a mutually reinforcing manner. In the scaling up stage, local governments can gradually assume full responsibility for frontline service delivery.

Communities in the initial stage typically rely on temporary funds from social/other funds financed by donors. Local governments could gradually take over this task in the case of early starters. This is being attempted in Zambia. Responsibilities are being transferred in stages from a social fund to local governments, and local governments which perform well are able to advance faster along the path to additional resources and responsibilities. This has proved is a good way to promote competition in good governance, accountability and capacity creation. It enhances community empowerment as well as local government empowerment, and helps both develop a mutually profitable interaction.

## Consolidation

Few African countries have gone beyond the scaling-up stage to consolidation, but that is the logical third stage. In this stage decentralization will be fully operational, but many glitches and problems will remain. This is the stage for fine-tuning political, administrative and fiscal arrangements, and for further upgrading local skills.

Where local governments are already functioning well, donors should consider a switch in strategy. They could switch progressively from funding communities directly to  providing budget support for central  governments, conditional on arrangements to channel an assured share of central government revenue to local governments, which in turn will support communities.

This stage may witness much greater emphasis on targeted schemes to fill gaps in social inclusion left by local governments. The local revenue base should increase substantially in this stage, and dependence on donors should decrease.

## Sequencing: Combine Immediate Action with the Long Term Agenda

These three stages represent an idealized conceptual framework: the reality will differ widely from country to country.  The framework for will vary accordingly: great diversity should be expected. Some countries could choose to begin by focusing on

strengthening community participation through social/other funds. Others could early on move aggressively to initiate or deepen decentralization.

Learning by doing is important for all actors; communities, local governments, the private sector, civil society, and donors. By empowering communities quickly with resources, a start can be made and momentum gained even in difficult environments, like post-conflict situations.

Since country ownership is essential, donors must pay due regard to the pace of change which countries think is suitable. A dialog is desirable on accelerating action where it seems feasible, but donors must resist the temptation to impose accelerated time-tables on reluctant governments. Throughout the process, the emphasis should be on creating and strengthening the potential synergy between community empowerment and gains in the capacities of local governments.

## Annex: Using Empowerment to Reduce Poverty: the Evidence..

Community development and decentralization are old ideas which in the past have yielded very mixed results. Many studies in the past have cast doubt on the ability of decentralization to improve service delivery or reach the poorest of the poor.

However, more recent studies have greatly strengthened the case for CDD. One strand of the literature now focuses on a broader approach to poverty that goes well beyond income effects. Another shows that participation and decentralization tend to succeed if well designed and fail if poorly designed.

### Broader Approach to Poverty

The new approach views poverty as not just a lack of income, education and health facilities, but also as a lack of voice, empowerment, good governance and security against shocks. Seen in this light, local empowerment is a form of poverty reduction in its own right, quite independent of its income effects.

WDR 2000/01 builds on the ideas of Amartya Sen (1999),who lists five dimensions of poverty: political, economic, social, lack of transparency, and lack of protective security. He views poverty as deficits in peoples' capabilities and functioning along these five dimensions. Poverty reduction, broadly defined, requires processes that improve the capabilities and functioning of people in these five ways.

Ostrom (1999) argues that intrinsic economic motivation is diminished by low levels of self-esteem and self-determination, which arise from lack of voice and empowerment.

The literature on social capital (Putnam et al 1993, Fukuyama 1995, Narayan and Prichett 1997) show that vibrant community structures have major economic externalities. The importance of local interaction to build capable, responsive and responsible institutions has been stressed by Douglas North(1990), Sola and Ebbe (1995), Burnside and Dollar (1997).

Sujai Shivkumar(2000), Li (1999) and McGinnis (1999a, 1999b) argue that development and institutional governance evolve from associational patterns, which are determined in communities.

### *Well Designed Decentralization and Participation Works*

A comparative study of decentralization in four countries ( Crook and Manor 1998) shows that it yields good results only if there is strong government ownership; appropriate legal, administrative and fiscal arrangements; actual empowerment of locals with local elections; sufficient and reliable funding; and substantial freedom for communities to choose projects. Not surprisingly in this regard, the evidence on the association between levels of decentralization and levels of corruption is mixed ( Gatti and Fisman 2000, Crook and Manor 1995, Huther and Shah 1998, Treisman 1998, Wei 2000).

WDR 2000/1 sees great promise in decentralization, but only if it is tailored to reach the poor and voiceless, receives adequate support as well as sufficient autonomy from the center, and if institutionalized mechanisms of wide and regular participation are put in place. Integrated rural development failed in north-east Brazil when imposed from above, but has registered remarkable success in a new, well-designed framework of decentralization  (Van Zyl et al 1995 ).

Decentralization can benefit poorer regions if a revenue-sharing formula between regions gives due weight to the needs of backward areas.

Sola and Ebbe (1994) find that in many cases of decentralization, communities have responsibilities but little authority or resources, and so achieve little. Social funds have positive outcomes but also shortcomings. Tendler (2000) shows that they have an important supply-driven component that undermines community empowerment, that they do not represent real decentralization, and have a limited impact on poverty reduction.

Wiens and Gudagni (1998) shows that demand-driven investment funds in several Latin American countries did not reach the very poorest. Manor (1999), Bardhan and Mookerjee (1999) and Kerr et al. (1998) 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), so central interventions may be needed to target them.

The importance of geographical clustering in promoting skills and productivity has been emphasized by Michael Porter (1998), Paul Krugman (1991,1999) and David Audretsch (1998). Porter(1995) argues that externalities from clustering can be used to increase incomes and reduce poverty in US inner cities. This logic can be extended to reducing poverty in communities in poor countries.

Learning by doing is an important way of creating capacity in communities and local governments (Fiszbein  1997, Foster and Rosenzweig 1995). Technical assistance schemes in the past often failed because they did not correspond to community needs and priorities. In fact communities have immense latent capabilities, shown by the way they cope in extraordinarily difficult situations including post-conflict ones. Once communities and local governments are given  the power and resources to choose and implement projects, the very act of wrestling with problems builds capacity, which can later be supplemented by training (FAO 1999).

Beneficiary participation has greatly improved economic outcomes and helped reduce poverty in Bolivia (Faguet 1997), 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. Water Users' associations have been a major success in Andhra Pradesh (India), Mexico and Turkey (Oblitas and Peter 1999). Community participation helped curb absenteeism among school teachers in El Salvador and India. (King and Orazem 1999, PROBE team 1999). Local participation has succeeded where centralized schemes failed in forestry, biodiversity and wildlife management (Caldecott and Lutz 1996). In South Africa's poverty reduction program , the cost of transferring one rand to a poor person more than halved when it was done solely by communities (Adato and others 1999). Collaboration between communities and donors also increased returns to aid (WDR 2000/01).

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