



# Using community driven development in FCS to support public and private goods

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## Key messages

- Ideally, community-driven development programmes should ‘keep it simple’ and focus on the delivery of private or public goods rather than combining the two.
- If working to build public and private goods is necessary in a particular fragile and conflict situation, then investments in one should support and strengthen the other.
- Combining private and public goods is about joint planning as much as it is about joint operations.

This note is an output of the project ‘Rebuilding and Restoring Livelihoods through Community-Driven Development (CDD) Approaches in Fragile and Conflict Situations (FCS) in South Asia’. It draws on a literature review and research in four countries and for five case study CDD programmes: the Afghanistan Rural Enterprise Development Programme (AREDP); the Pakistan Poverty Alleviation Programme (PPAF); Pakistan’s Federally Administered Tribal Areas Rural Livelihoods and Community Infrastructure Project (FATA-RLCIP); the Nepal Poverty Alleviation Programme (PAF); and Sri Lanka’s Reawakening (RaP).

## 1 Introduction

CDD approaches are initially rooted in the provision of public goods, particularly of community-level infrastructure including rural roads, irrigation facilities, water and sanitation infrastructure and education and health services. When used to build public goods, they involve (i) a community- or institution-building and planning component, usually including the election of local community councils; and (ii) a block grant for a project, or ‘asset investment component’.<sup>1</sup> Using CDD approaches in building public goods involves community committees playing a pivotal role in prioritising; planning and managing investments; and subsequent operation and maintenance – including through drawing up community, village and higher-level plans.

The rationale for using a CDD approach is that (i) local communities are in a better position to identify their needs and corresponding actions than external actors; and (ii) given appropriate support systems and resources, local communities are best placed to implement a select range of projects.

Increasingly, CDD approaches are being used to build private goods as well as, or instead of, public goods. Private goods include improving access to microcredit in order to develop microenterprises, as well as the provision of livestock, productive assets and skills training. This raises two main broad sets of questions: (i) are CDD approaches appropriate for building private goods in a particular FCS context; and (ii) how can, and should, the delivery of public and private goods be combined within the same programme?

The particular focus of this thematic note is on the second question. In this discussion, it is important to **distinguish between two types of public goods – those that aim to enhance livelihoods directly (e.g. storage facilities, water supply systems and rural roads) through addressing constraints around inputs or marketing; and those that are concerned with the delivery of wider social services**

(e.g. the construction of education and health facilities or community centres).

## 2 Why combine the two, and why not?

Particularly in FCS, given the vast need for investments in a wide range of goods and services, there can be political pressures (from both governments and donors) to implement an ambitious programme covering a wide range of activities and interventions. Such wide-range investments will then demonstrate a full commitment to restore and revive an area post-conflict and so, it is then argued, to work towards preventing a future relapse into conflict. The perceived links by programme staff between youth unemployment and the exacerbation of conflict is a key reason why each of the case study programmes introduced a component, during implementation, to develop skills through vocational training.

There can be complementarities between investments in private and public goods, particularly when the public goods are those specifically intended to support livelihoods. Returns to microenterprises, for instance, can be increased through road construction and repair, reducing the time and cost of taking produce to markets; returns to agriculture can be increased through improved storage facilities and investments in livestock protected through the construction of shelters.

It is also recognised that some private goods may be necessary if the programme objectives include targeting specific vulnerable groups (e.g. conflict victims, widows, the ultra-poor), which, from a social and political perspective, may also build trust and legitimacy.

Meanwhile, household-level private investments are viewed as necessary, in addition to those at the community level, in order to achieve meaningful and sustainable changes in lives and livelihoods and to reduce poverty. In other words, an integrated and coordinated approach combining investments in public and private goods is required to meet programme objectives around poverty reduction and economic reconstruction. However, this integration and coordination could be achieved across two programmes (one to build private goods and the other to build public goods), rather than having to be combined in the two.

The frequent need to rebuild both public and private goods in an FCS context does not mean one CDD programme should necessarily be used to deliver both public and private goods. AREDP in Afghanistan, which was officially rolled out from 2010, was driven by the need for a national programme to increase rural employment and income-generating activities. Within particular communities, AREDP follows on from the National Solidarity Programme (NSP), which started in 2003 and builds public goods through community-driven projects

1. King, E. (2013) ‘A Critical Review of Community-Driven Development Programmes in Conflict-Affected Contexts’. Geneva and London: International Rescue Committee and UKAid.

and institutions. The new programme was designed to fill the gap in support for private goods, in particular livelihood promotion through access to financial services, training, markets and employment.

The World Bank's recent stocktaking cautions against mixing private and public goods, as this increases management complexity and adds to governance risks.<sup>2</sup> Particularly when operating in FCS, it is important to keep it simple. There are frequently pressures from donors and governments to have 'quick wins' and 'show success' in ways that are not feasible in the specific FCS context. It is important to think in sequences and not to try and do everything at once. After gaining initial experience and understanding, programmes can then evolve to become more comprehensive. When working in FCS contexts, where implementation capacity is often low and understanding of the context is incomplete, it is important to start with a few activities and to implement these well.

In particular, the provision of private goods, as opposed to public goods, may necessitate different approaches and involve different actors. However, this is a question that often recurs at key stages of the project cycle. For example, there are currently discussions over whether a subsequent phase of AREDP, which is focused on the provision of private goods, should merge with NSP, the national flagship CDD programme, to build public goods. However, the two programmes adopt very different approaches and involve different actors. In particular, AREDP uses a market-based approach for the implementation of activities, whereby staff are paid on the basis of deliverables rather than a fixed salary for time worked, and heavily involves the private sector, particularly for training (see Box 1). NSP, in contrast, involves community-level grants to build infrastructure using the expertise of local government and line departments, with it being the responsibility and role of government to provide and restore public goods. Adopting these two approaches within one programme is likely to lead to incoherence.

### 3 Approaches to combining public and private goods

With the exception of AREDP, each of the five case study programmes does combine the delivery of public and private goods, the amount to be invested in each being estimated at the design phase (see Box 2). However, the nature of a CDD approach, whereby community committees prioritise investments, means the allocation of funds across public and private goods needs to be flexible and, in the case of Nepal's PAF, has varied dramatically from what was envisaged.

In practice, different programmes are exploring synergies and sequencing of private and public goods

#### Box 1: Market-based approaches to deliver private goods

During implementation, AREDP has adopted a stronger reliance on private sector providers to contribute to the sustainability as well as the efficiency of business development services. AREDP has also piloted the model of Business Development Service Providers to assess whether paying staff for work delivered rather than time spent on services would increase the efficiency of providing training and services to the villages. Under this pilot, BDSP productivity increased by 27% and the plan is for more staff at the national and provincial level to be converted into BDSP.\*

\* AREDP Quarterly Report July-September, 2014.

in different ways, building on previous experiences. Considerations at different stages of a CDD project when combining the two include that:

#### Investments in public goods should support those in private goods and vice versa

There are several different ways in which programmes are attempting to make their investments complementary:

- For infrastructure schemes approved under Pakistan's FATA-RLCIP, there is a focus on repairing and constructing infrastructure to promote agricultural and livestock livelihoods, such as irrigation facilities –the same livelihoods initially supported by the programme through Common Interest Groups.
- PAF in Pakistan sees joint planning at union council, village and household levels as key to successfully combining investments in public and private goods. For instance, development plans at the union council level are used to identify sectors the area may have a comparative advantage in, thus in which investments in public goods should be made. This analysis then feeds down into the selection of livelihood activities at the household level. Those household-level investments, which are made in a supportive ecosystem, will have a greater likelihood of being viable and profitable.
- Nepal's PAF is implementing the 'pocket area development approach', which involves working with development partners to strengthen synergies between programmes to alleviate poverty and empower communities. Community and village organisations together focus on a more aggregate level of market interaction (interviews with PAF, Nepal). For instance, a certain number of community organisations can come

2. World Bank (2013) 'Designing Community-Driven Development Operations in Fragile and Conflict-Affected Situations: Lessons from a Stocktaking'. Washington, DC: Social Development Department, World Bank.

## Box 2: The combination of private and public goods

AREDP does not include an infrastructure component. Instead, it operates in villages where NSP, a CDD programme that focuses on community-level infrastructure, has already worked.

FATA–RLCIP: The majority of funds are spent on infrastructure.

PAF: In the design it was envisaged that on average 70% of funds would be spent on livelihoods and 30% on infrastructure.

PPAF III: Over twice as much is spent on livelihood support when compared with money for basic services and infrastructure (compared with earlier phases).

RaP: 50% of the village fund is spent on livelihoods and 40% on infrastructure, although the community has discretionary power to alter this allocation. The remaining 10% of funds is allocated to build the capacity of village organisations.

together to invest in pig-raising, pooling infrastructure money for water and shelter.

In each of these instances, then, combining public and private goods is not so much about combining money and groups; rather, joint planning is key.

### **Enabling community committees to decide the balance between private and public goods has implications for their inclusivity and the level of fiduciary risk**

Under both Nepal's PAF and Sri Lanka's RaP, programme designers anticipated a certain proportion of the funds given to each village would go to building private goods and be spent on public goods (see Box 2). In reality, this allocation changed according to demand identified by community committees.

In particular, for Nepal's PAF, it was envisaged that the majority of funding would go to public goods construction; in practice, the opposite has been the case, because of high demand for livelihood interventions. This means that, although the design had 70% of funds earmarked for infrastructure and 30% for livelihoods, this reversed in practice. This raises three sets of question: (i) are community-committees best placed to decide on the balance between public and private goods, or does this further exclude the excluded? Related to this, to what extent should community committees be empowered to change the allocation, given that human nature is likely to prioritise an immediate household-level investment over a longer-term investment in community infrastructure where individual benefits are unclear? Whether livelihood investment is through grants, matching grants or loans also affects these choices. (ii) How can the programme best monitor the spending of funds? And (iii) on what basis is the original allocation between public and private goods made in the programme design?

### **It may not be appropriate to use the same organisations to build both public and private goods**

Particularly when implementing through Partner Organisations (POs), it may be that the same organisation does not have the skills to engage communities; provide technical assistance around the development of public goods; and also to undertake livelihoods and market analysis and subsequently provide technical support for the development of livelihood activities. The case study programmes are addressing this in two ways:

1. Pakistan's PPAF uses specialist livelihood-focused organisations and the private sector (including hotel chains and local employers) to provide support for livelihoods in particular programme areas. This includes through mentoring and delivering vocational training. Its POs then focus on community engagement and the construction of public goods.
2. Nepal's PAF is aiming to sequence the involvement of its POs. Initially, it contracted POs with the capacity, ability and legitimacy to engage with communities during a period of conflict. It now intends to re-tender its PO contracts with a focus on contracting organisations with technical skills around livelihoods and market analysis and support for livelihoods activities, for example to deliver training and provide households with guidance around livelihood options. In addition to the skills required for technical assistance, monitoring the outcomes of private and public goods also requires different approaches.

In addition, local government organisations often have an important role in the planning and delivery of infrastructure, but not usually any direct function in livelihoods and enterprise development.

### **Sequencing public and private goods**

All five case study programmes show the importance of community engagement taking place before activities that create public and private goods. With community dynamics

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changing as a result of conflict, community engagement is a necessary starting point to (re)-establish community-level development institutions and to gain acceptance for the programme. Community engagement, and in particular speaking individually with a range of elites and community gatekeepers, is also seen as important to minimise subsequent elite capture when funds for public and private goods are disbursed.

Subsequent to community engagement, though, there is no consistent experience, across the five case studies, that would determine the sequencing of activities to build public and private goods, although a number of considerations do emerge:

- Implementing public goods components, particularly those designed specifically to support livelihoods, before building private goods is important to ensure the basic infrastructure is in place to support livelihood activities – for example to transport produce to market.
- The programme should be able to adapt the allocation between public and private goods depending on community priorities. Nepal's PAF, for instance, was not able to build public goods first because of high demand for private goods from communities. In practice, then, the programme initially focused on private goods, with demand for public goods arising when a situation developed where there was insufficient demand for products in the local market and so there would be a requirement for a road to link the community with other markets, for instance.
- Needs assessments, including Post-Conflict Needs Assessments, can inform the sequencing of public and private goods and help set programme priorities.
- If the same community-level institutions are to prioritise and monitor investments in both public and private goods, then an overlap in terms of the timing of delivering public and private goods can be useful. The experience of RaP in Sri Lanka highlights how village organisations can weaken, and sometimes dissolve, once committee members have completed their role in allocating and spending investments in infrastructure. This meant those same committees were unable to fulfil their role in prioritising and monitoring household-level livelihood investments.
- There should be an iterative process when developing household-level Livelihood Investment Plans (LIPs), Village Development Plans (VDPs) and Development Plans at higher administrative unit levels, for example Union Council Development Plans (UCDPs) in Pakistan. Initially, Pakistan's PPAF adopted a sequential process whereby LIPs were followed by VDPs (which were a federation of Community Development Plans and LIPs) and VDPs were then federated to form the UCDP. However, staff now realise the value of having a quick-and-dirty outward-looking economic UCDP that is not dependent on individual LIPs. For instance, the broader economic opportunities identified in the UCDP can then be used to motivate individuals during the development of LIPs. This means a bottom-up approach to developing plans is often combined with a top-down approach. The aim is that household-level livelihoods are developed within a supportive ecosystem and so there is an iterative process whereby activities and interventions at the levels of households, villages and union councils support and enhance each other.

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