Working Paper

Community-driven approaches to restoring livelihoods in fragile and conflict-affected places

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Key messages

- Institutional arrangements structure the room for manoeuvre in community-driven development programmes.
- The structuring of central management systems requires significant investment in the design of roles and responsibilities.
- The decision on whether to locate the community-driven development programme within, next to or outside government requires weighing trade-offs.
- The nature of the conflict will influence, sometimes significantly, decisions on implementing systems.
- Selection of local organisational partners necessitates assessing both the national and the local enabling environment.

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 the Sri Lanka Reawakening (RaP).

This note is focused primarily on institutional issues at the national rather than the district or local levels.

1 Introduction

The design and implementation of CDD programmes requires an effective central management system and an accountable agency responsible for oversight of the work at community level. Immediate structural decisions need to be made with regard to whether the central agency is within a government ministry, is a specialised government agency or is an independent organisation established with the specific task of managing the overall operations of the programme.

The FCS context should have a significant determining role with regard to the institutional structure. This means a clear conflict analysis is required, as is recognition that there will likely be political pressure from within the country as well as, potentially, from donors in terms of the institutional arrangements.

Depending on the context and the goals of the CDD fund, the degree of engagement by different agencies of the national government will be variable. At one end of the spectrum, the government is in the leadership position, through either a ministry or a specialised agency. Thus, a government ministry could be the main executing agency and carry forward the CDD fund and keep open channels of communication with other government agencies. At the other end of the spectrum are separate agencies, used because some governments lack the capacity or the legitimacy to take on the direct management task. There are political issues here in terms of the government's goals and the pressure to present a governmental 'face' for greater political legitimacy. Different donors will also have views on the conflict context and trends within the country, and ensuring alignment may entail significant negotiations.

Acknowledgement of the realities of this situation can be a good platform to use to commence planning with the relevant government agency or agencies. In some instances, where the government is seen as predatory to its own population, for example, or lacks legitimacy, which is common in FCS, government ownership may not be possible or desirable. Global reviews of CDD programmes as well as pooled funds show a range of experiences in practice, with both positive and negative results in different contexts with different goals.

The international recommendations are clear that government ownership, and use of government systems, is best practice and thus should form part of the overall strategy of the fund, even where it cannot be implemented at the initial stages. An intermediate step may be to design CDD agency funds in ways that provide shadow alignment with government systems.

An effective government agency requires:

- Organisational and institutional capacity (to make and enforce policies and ensure the implementation of state-sponsored programmes);
- Internal incentives to implement the programmes, as well as external transparency;
- Political processes to manage expectations (the compact between a state and its citizens); and
- Access to citizen engagement, which may be feasible only through local government in some settings.

CDD programmes face a number of risks, including capture by political interests within government, capture by elites at the community level, misallocation or mismanagement of resources and conflict between different political groups over geographic or identity priorities. Several basic concepts can frame the trade-offs in FCS and institutional design, the following of which are particularly salient here:

1. Note that 'risk' is always relative. When working in conflict-affected contexts, there are no safe options. The issue entails assessing the relative risks of different courses of institutional structure and putting in mitigating measures where possible. Thus, risk is always a relative concept – so the risk of one course of action must be compared with the counterfactuals, including not starting a CDD programme.
2. Assess different types of threats against opportunities. When designing any sort of institutional structure, the risks incurred must be weighed against the benefits if the programme is successful.
3. Determine risk likelihood from severity. It is important to distinguish between the likelihood of a risk (the probability that it will come to pass) and the severity of a risk (the consequences if it comes to pass).
4. How does the context affect risk? Risks cannot be viewed as theoretical statistical entities independent of their environment; rather, they are deeply embedded in the context they inhabit.
5. Who is at risk? Consider on whom the risk falls, whether the donor, the fund manager, the government or the intended recipients of the aid. Different entities may have different tolerances for risk.

2 Institutional modalities

Where government involvement is possible, it is important to ensure it is involved centrally rather than marginally to the planning of the approach. Planning processes are time-consuming but can be a highly effective way of increasing the government's participation, as well as public transparency and institutional ownership.

Implementation modalities should reflect the context and be able to adapt to changing needs over time. It is important not to 'lock in' one rigid mode or approach. In some contexts where the government is not the fund manager or a contract signatory, it may be appropriate for government to set policy and standards and be involved in monitoring and evaluation (M&E).

In establishing the arrangements for the institutional agency, there are several factors to be considered:

Current capacity, including geographic reach, of government: During implementation of Pakistan's PPAF, government staff were involved primarily in a supervisory role or through steering committee meetings. PPAF therefore has a high level of autonomy from the government, which means it is able to avoid many of the bureaucratic and 'red-tape' requirements.

In Sri Lanka, it was possible to implement RaP through government as the breakdown of state institutions and the economy that sometimes results from FCS dynamics did not hold in this case.[1] Although the economy in the north and east did suffer tremendously, government public institutions continued to conduct daily business, provide access to services and carry out its welfare programmes in the otherwise Liberation Tigers of Tamil Eelam (LTTE)-controlled areas.

The nature of the conflict itself, in terms of regional, ethnic, religious, political party and other factors that may affect trust by type of community or region: The relationship between the agency and the national government is more than a technical or administrative decision. It is 'political' in several ways:

- It reflects a decision on the capacity of the government to administer the funds, but also on the relative ability of the government to prevent corruption.
- It reflects the ability of the government to manage the resources and will be interpreted as the view of the donor(s) on the government.
- It reflects an assessment by the donor on the relative 'balance' within the government between different political, ethnic and religious interests.

It also reflects the trust of target communities in the government and its agencies.

Planning requires identifying and outlining trade-offs, including those between setting up parallel systems for rapid delivery and working through existing government institutions, with their implications for short-term delivery of infrastructure and services as against national ownership and state-building objectives. These trade-offs were highlighted by the Afghanistan AREDP team:

The institutional arrangements of AREDP are a 'balancing act' – whether to build the capacity of the government, or ensure the delivery of services. It will likely take another 10 years for this capacity to be built. AREDP was not designed to build capacity but the new design will include some responsibilities for the government to take over (with the overall objective of the ministry taking over core technical functions in the Programme Implementation Unit) (World Bank representative).

2.1 Establish a conflict-sensitive governance structure/board

- Determine what type of structure is required at the national level in terms of financial reporting, operational oversight and relations with other government bodies.
- Design the type of representation and oversight that will provide maximum institutional accountability to other government agencies, local communities, national civil society organisations and relevant donors.
- Assess how the board will balance different political parties, ethnic and religious groups and other interests.

Effective oversight of the CDD implementing agency requires a clear system of operating rules along with designated authority, mechanisms for accountability and transparency. The oversight structure requires systems designed in ways appropriate to the context, including in relation to the membership and function of the overall board or steering committee as well as the management of the fund. The structure must have flexibility to allow CDD implementation to continue to function in diverse contexts and with changing external variables over the lifetime of the programme. For example, this may result in changes that expand the government's involvement in some districts or regions or at the national level when it becomes appropriate.[2]

The role of the board or steering committee requires clear delineation on where different responsibilities are managed, as well as on whether there is adequate capacity for dealing with trade-offs and risk. The composition of the board or steering committee may be important in terms of

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1. World Bank (2015) 'Three Credits in the Amount of SDR 82.5 Million (US $124.7 Million Equivalent) to the Democratic Socialist Republic of Sri Lanka for the Community Livelihoods in Conflict-Affected Areas (Re-awakening)'. Document ICR00003417. Washington, DC: World Bank.

2. This is a proverbial 'two-edged sword', as decentralisation and diverse processes risk both lack of oversight and weakened technical support.

the type of potential breadth of political, geographical or identity representation and open decision-making processes that can reduce the influence of more powerful interests.

The composition of the board requires care with regard to the relative authority and responsibility of the individuals in their own organisations. Part of the governance structure would include a thorough midterm review that provides guidance on all levels of the fund, from governance to fund manager to implementation, or specific sectoral goals and targets.

2.2 Effective lines of decision-making in FCS contexts

The lines of authority/decision making are vital. This is the case not only at the level of the national government but also for regional or local governments. Clarity in the authority of the agency if it is separate should be legislative as well as administrative. If the agency is established within an existing ministry, the 'room for manoeuvre' of the agency should be clearly outlined in legislative as well as administrative form.

Once the agency has been established, whether within or outside of government ministries, the lines of authority need to be clearly structured and agreed on by the donor(s), the government and the governing body. Key questions here include:

- What are the lines of authority? Explicit and transparent governance rules and procedures can enable different agencies to understand their own roles and those of others.
- What are the systems of communication? Inclusive processes for establishing district/locational and programmatic priorities can reduce the opportunity for misaligned funding priorities.
- Is a memorandum of understanding necessary with other agencies?
- What are the relationships between the implementing agency or local partner organisations (POs), and either local government authorities or the local representatives of specific ministries (Agriculture, Public Works, Finance, etc.)?
- What are the relationships between the local POs and other programmes in the area (non-governmental organisations, the UN, bilateral funders)?

The current political settlement, the requirements of donors and the necessary compromises between different political groups are as important because the case study programmes have adopted a variety of approaches, including being a separate entity.

3 Key principles for institutional development

Be flexible in the project approach and able to adapt to a changing context:

In the aftermath of conflict, the nature of markets and viable livelihood opportunities is likely to change. Market and livelihood analysis, then, is crucial, not just at the outset of the programme but as a continuous process. A major task is to identify organisations or partners with the technical ability to undertake these analyses. It should not be assumed that experience and ability exist, as this presents difficulties in terms of adapting to context, especially in an FCS. Binding constraints to building livelihoods, as identified during the design phase, such as lack of credit, may no longer be the case later on in implementation, for instance as financial institutions move into an area post-conflict. Pakistan's FATA–RLCIP and PPAF subsequently added a vocational training component during implementation, realising this was an important activity for building livelihoods.

Initially keep it simple.

There are frequently pressures from donors to have 'quick wins' and 'show success' in ways that are not feasible in the specific FCS context. Furthermore, these tend to be outputs, not more difficult outcomes, which results in a double distraction from the design of effective institutions that can support CDD outcomes. Thus, it is important to think in phases 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 project activities and to implement these well. Afghanistan's AREDP, following restructuring, has adopted a clear focus on enterprise and entrepreneur development. Initially (from 2000 to 2005), Pakistan's PPAF focused on microcredit outreach and community infrastructure. From 2005 to 2009 it then went multi-sector at scale. From 2010, it added a livelihood component and worked on strengthening organisations for poor people.

Setting clear processes and 'rules of the game':

For the sake of clarity and ease of operation, the CDD programme agency should either establish or adhere to a single, well-understood set of community programme rules that, as far as possible, align the priorities of the relevant national government agency, donors, local government and communities. These processes and rules, which should provide for adaptation to context, are essential for clarity of operation and for both communities and local governments to cooperate as necessary.

The key principle is that the communities and their institutions (e.g. savings and credit groups, livelihood groups, village development committees) themselves take the decisions on use of expenditure. The ideal would be to allow them a full range of options as to expenditure, based on the assumption that the villagers themselves will best understand their own needs. In practice, this can be difficult, because people's perceptions of options will be limited, and the identification of the poor and vulnerable households may exclude certain groups, such as ethnic minorities or people with disabilities.

The programme should be even-handed in resource distribution; any individual should be able to understand why their community has received a certain amount of expenditure against a simple set of criteria, whether based on a per capita distribution or whether the programme is designed to redress imbalances according to carefully delineated criteria.

Disbursement should take place on the condition that accounts are published in accessible places at the local level and are reported back to the centre.

Complementarity with other programmes and levels of government:

Community-level programmes should be able to communicate with vertical programmes (microcredit, agriculture) so that mechanisms will need to be designed to ensure this is possible. Where community block grants are used, there exists immense potential to link the programme to other programmes that seek to compensate particular individuals or groups.

Configuring linkages appropriately with other levels of government – district, province and centre – is important to ensure the programme is aligned with the relevant policy and legal frameworks and that duplication or gaps in responsibilities between levels of government as a result of the programme structure do not arise.

Types of M&E:

M&E over time is vital to the success of a programme, particularly in a fluid context. Often, issues of capacity or staffing, or of competing priorities for the staff of the implementing organisation, need to be considered in the design of the programme. An auditing approach to evaluation may tick the right 'due diligence' boxes but is unlikely to result in improvements. If the programmes are ineffective and there are ways to alter them, it is a false economy not to put sufficient funds into M&E, provided the results feed back into the programme (M&E that has no impact does not represent value for money).

It is important to think about M&E from the design phase of the CDD programme as it may affect the choice of implementing agency and PO, or the way the fund is designed. POs may not have security access to monitor a number of the places where the CDD is being implemented. Local security conditions and ability to monitor implementation remotely should be considered from the start.

Modality for selection of and working with POs:

Institutionally, the selection of POs to implement at the community level is a vital part of the framework of the CDD programme. The selection process itself is important but it also requires a structure that encourages communication and connections between local offices and central government or the independent agency. Because no government is homogenous, inter-departmental or inter-agency communication is particularly important.

The implementing institution needs both horizontal and vertical mechanisms for coordination and for feedback on the CDD programmes at the community level

Selection criteria:

Experience at community level:

- Develop baseline information on the experiences of different POs at the community level;
- Determine what is known about the quality of their programmes;
- Identify any surveys that provide community feedback on the PO;
- Determine capacity to provide appropriate technical

PO and local government:

- Assess the relationship between the PO and local government agencies;
- Assess the relationships between the PO and local staff of different government entities;
- Determine if any decentralisation processes relate to POs.
- National government and POs:
- Identify and evaluate the policies and roles of different relevant sectoral ministries in relation to the PO;
- Assess how various regulations and the legal system affect the roles of POs.

Policy environment:

- Determine the stability and reliability of the legal and policy environment of POs;
- Identify areas where the relationships between POs and government agencies are characterised by ambivalence, blurred boundaries or vested interests against change.

Regulation:

- In most countries, regulation by government exists mainly on paper, is mainly of entry and inputs rather than quality and is usually repressive.
- Generally, it has been found in FCS that governments' information on and capacity to regulate POs are weak.
- There are cases of effective (pro-service) regulation by government but the general lessons are that government regulation frequently needs to be slimmed down and redirected from entry and inputs to outputs. In addition, alternatives should be developed where possible in voluntary accreditation, self-regulation, citizen input and feedback.

Contracting:

- Formal contracts by government (as principal) of POs (as agent) are often inadequately specified or may be undermined by lack of political support, legal uncertainty and incapacity of government to monitor performance.
- They are difficult to manage where the contractor is not legally constituted.
- Unclear rules and incomplete contracts lead to conflict and extractive relationships.
- There are some cases of effective contracting-out to POs, but the lessons need to be better understood and documented.
- Successful hierarchic contracting is likelier for measurable services, to financially dependent contractors, and where the PO does not compete with a government service.

Disclaimer

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