



# ENVIRONMENT DEPARTMENT DISSEMINATION NOTES

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## Participation in Social Funds

*The newest Bank supported social funds are designed explicitly to increase the participation of beneficiaries in identifying and managing microprojects, with the aim of making project activities more relevant and sustainable. Features which support participation are built into the design of the funds' management structure and of the microproject cycle. Additional time, management and training resources are needed to assess and build the necessary capacity of local organizations; and special measures may be required to enable the most marginalized groups to participate.*

Social funds have spread rapidly in developing countries since the well known Bolivia Emergency Social Fund was launched in 1987. The first large scale funds were designed as temporary institutions to mitigate the adverse impact of structural adjustment by creating employment and delivering emergency social programs. As objectives have evolved over time, funds are now also used more generally to support development in the social sectors and poverty reduction at the local level.

Social funds are typically set up as autonomous institutions, to provide funding to local organizations (community based organizations, NGOs or local governments) in a more rapid, flexible and transparent manner than line ministries. The funds do not themselves identify or implement microprojects; instead, they respond to requests generated by local groups, appraise projects for funding, supervise implementation of projects and monitor their effectiveness.

Because most social funds have been temporary, and because they have not provided for recurrent costs, fund managers have often faced difficulties in sustaining large numbers of dispersed microprojects. Strategies to involve beneficiaries in cost sharing were developed initially in response to these difficulties. Currently the World Bank is funding about thirty projects to support social funds and the newest of these – including the Gambia Social Recovery Fund and

the Ethiopia Social Rehabilitation Fund – are designed explicitly to increase beneficiary participation in microproject identification and management as well as costs.

### Benefits

The involvement of beneficiaries in consultation, cost sharing and decision making can improve the outcomes of Bank supported social funds by ensuring that the microproject is relevant to beneficiary needs, and by generating commitment to sustaining project activities and benefits beyond the life of the fund.

Increasingly, beneficiary participation is also sought as an end. There are main two reasons. First, when communities are given the responsibility and capacity to identify, implement and supervise microprojects, they are better prepared to involve themselves in future development activities. Second, social funds can serve as models for participatory processes, demonstrating to governments and other intermediaries the feasibility and utility of participatory approaches.

### Costs

Promoting participation in social funds involves costs as well as benefits. Building the capacity of beneficiaries to assume responsibilities throughout

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*Dissemination Notes represent the views of their authors and are not official publications of the World Bank.*

**Box 1**  
**Flexibility at the Regional Level - Mexico**

The National Indigenous Institute of Mexico (INI) and its regional Indigenous Coordinating Centers (CCI) which are located in remote zones, launched the Funds for the Development of Indigenous Peoples (FRS) in 1990.

CCIs requested that each indigenous organization or community interested in receiving funds send representatives to regional assemblies organized throughout the country. At these assemblies, the organizations elected five to nine member leadership councils, which in turn were formed into subcommissions to oversee the administrative, financial and technical aspects of the funds.

Once formed, INI transferred funds to the FRS, which then received, appraised and approved loan requests from indigenous organizations for productive projects which these organizations designed and their members implemented.

the microproject cycle can increase management and training costs as more staff and equipment are needed to reach beneficiaries and to build organizational capacity. Some of these expenses can be absorbed by the microproject, but it is likely that some will have to be covered by the social fund.

In addition, social fund managers face two potential conflicts. First is the conflict between the need for rapid microproject implementation and the time required for consultation and capacity building. Second, since demand is expressed first by communities with the skills necessary to prepare proposals and gain access to the fund, the demand driven nature of social funds may have to be supplemented by special measures to

enable the poorest and most marginalized among intended beneficiaries to participate.

Because the implications of these trade-offs are so important, fund designers must clarify and integrate priorities from the outset.

**Building Participation into  
Fund Design**

**Stakeholder Groups**

The participation of all stakeholder groups in social fund design—central and sectoral ministries, the NGO community, municipalities and local governments, as well as community based organizations and beneficiaries—builds ownership and commitment to beneficiary participation among all parties on whom implementation will depend.

In preparing the Armenia Social Investment Fund, efforts to cultivate wider government support included conducting seminars for senior government officials, taking them to the field to observe beneficiary participation first hand, involving them in targeting selection, and sharing reports with them. To support consensus building, national debates involving parliaments, the press and NGO communities, were promoted prior to establishing social funds in Zambia, Guatemala and Honduras. In Albania and Armenia, pilot phases were used to introduce and demonstrate the concept of participation.

Appropriate tactics for disseminating information on social funds are outlined in Box 2.

**Box 2**  
**Tips for a Successful Social Fund Media Campaign**

Media campaigns should be designed to increase the awareness of the population and the direct beneficiaries of the social fund; to sensitize and encourage community participation; to enhance a continuous dialogue with beneficiaries; and to maintain the flow of information about the running of the social fund. Tactics which have proven successful include:

- Consulting government agencies and NGOs which have run media campaigns to determine the optimal strategy to reach the bulk of the population. Use of written media, like newspapers and leaflets, reaches mainly the literate, who may be a minority of the population.
- Using visual media like posters and stickers to promote themes similar to those broadcast on radio or in other media.
- Disseminating information through institutions, individuals and avenues (such as traditional singers and dramas) that are accepted and integrated into daily cultural practices; this will reduce the potential mistrust of the messages communicated.
- Using radio spots on popular music radio stations to reach urban youth who tend to lose interest in more traditional channels.
- Linking themes among different outlets to reinforce messages.
- Enabling communities to express their own ideas, as through radio phone-in programs.

## Institutional Structures

When the fund is intended to be a temporary institution, design must incorporate mechanisms for transferring the participatory elements to regular government ministries. The Bolivia Emergency Social Fund developed a program for training ministry staff in management information and cost control systems during microproject appraisal and execution, and this training will be extended to cover appraisal and monitoring procedures. Similarly, the Ethiopian Social Rehabilitation Fund is training local government staff to work with communities in a participatory way.

Decentralization of fund management to regional offices encourages managers to pay greater attention to participation related issues, although it may also expose them to local political pressure. Regional offices have been established or are planned for fund management in eight countries (including Mexico, Box 1), sometimes for purely logistical reasons, but sometimes to decentralize responsibility for consulting with communities and for contracts with local organizations.

Beneficiary participation in project activities is best promoted by assigning full time staff to multidisciplinary teams. In Guyana, for example, a multidisciplinary team is able to integrate services needed by the community, while continuity is ensured by having the same team appraise, supervise and evaluate a microproject.

## The Microproject Cycle

At every stage of the microproject cycle, strategies can be employed to enhance participation. For example, in the identification of target groups, participatory data collection techniques (including beneficiary assessment and participatory rural appraisal) have been used to enable communities themselves to identify the neediest.

Piloting can help point to adjustments needed in promotional strategies. In Ethiopia, it was learned in the pilot phase that cultural and time constraints and illiteracy had prevented women's groups from submitting proposals; as a result, in the next phase of the fund, promotional activities will target more women's groups, and preference will be given to females in hiring community organizers.

### Box 3

#### Zambia: Beneficiary Assessment in a Social Fund

Phase II of the beneficiary assessment conducted for Zambia's Social Recovery Fund employed conversational interviews, participant observations and focus groups discussions. The combination of these research tools with a multidisciplinary research team from the Rural Development Studies Bureau of the University of Zambia helped to remove biases, strengthen the quantitative database, and obtain qualitative information.

The specific objectives of the study were to identify, examine and assess the factors affecting project implementation and community participation. Such factors included: the allocation of responsibility for maintenance; the perceived impacts and benefits of projects; the views of beneficiaries and project committee managers on the performance of the Microprojects Unit (MPU) and regional office; and governance issues such as transparency and accountability.

Key findings on community and intermediary organizations were as follows:

- In a minority of cases, communities had no say in the selection of the project committee.
- The average female representation on project committees was less than 20 percent. Among the factors explaining this were social attitudes and women's lack of time due to other duties.
- Factors constraining community participation included:
  - lack of transparency and accountability (54 percent of projects);
  - domination of the committee by one or two individuals or an NGO (16.7 percent);
  - other agencies doing the work, the committee being ornamental (7.5%);
  - contracting builders from outside rather than within the project area.
- Mobilization was constrained by suspected misuse of funds and materials.
- In three projects, donor funds discouraged cash and labor contributions as it was felt that donor funding was sufficient and that sacrifices should not be made by the poverty stricken community.

The findings of this assessment led to specific recommendations and actions to improve fund administration and enhance community participation. Actions included: improvements in accountability procedures; development of a bookkeeping module for the project committee training manual; confirmation of community cash and kind contributions as mandatory conditions for MPU support; strengthening of regional offices to speed communication and disbursement; simplification of application forms; and initiation of project launch workshops in communities to ensure information dissemination.

Clear and well publicized microproject selection criteria which "measure" participation can be used to signal to all stakeholders the fund's commitment to beneficiary participation. Such an approach, prioritizing microproject selection according to intensity of participation, is planned in the Gambia.

When beneficiaries, especially marginalized groups, are to take responsibility for preparing projects, documents can be simplified and funding provided for technical assistance to help community groups prepare proposals and carry out technical feasibility studies. In addition to training, one of the ways to prepare beneficiaries for a role in microproject implementation or supervision is to ensure that they are involved from the earliest stages of the microproject cycle, enabling them to learn about the technical aspects of the project. In particular, project design needs to take account of the technical capabilities of the community.

Various approaches have been used by managers both to monitor and evaluate microprojects in a participatory manner and to monitor participation itself. The Zambia Social Recovery Fund has conducted three beneficiary assessments to date (Box 3), using participatory research tools to gather qualitative and quantitative data. The beneficiary assessment can be integrated as a permanent mechanism by, for example, assessing ten percent of completed microprojects every year. In Guatemala, annual monitoring procedures stipulate that interviews be carried out in communities which have not submitted proposals as well as those which have, in order to identify problems in communicating fund goals, and to ascertain how and by whom decisions are reached.

### **Intermediary and Community Organizations**

Because of the important roles delegated to intermediary organizations, it is becoming common to allocate resources at the initial stages of a social fund for assessing and strengthening their capacities—in terms of both development effectiveness and beneficiary representation. Implementing agencies are evaluated during regular appraisal of a microproject, on the basis of selection criteria (Box 4) which also serve to

highlight where training is needed for capacity building. In addition, assessment after the fact during impact assessment studies or annual and midterm evaluations is designed to yield lessons for future fund strategy and mechanisms.

The capacity of community organizations may be assessed as early as the targeting stage, as in Bolivia; more often this is done at the time of microproject appraisal. Providing training for community organizations can empower beneficiaries to identify and prioritize their needs and to develop strategies to meet them. The key to such training is to make it community centered rather than project centered, avoiding a top-down, expert approach and respecting indigenous knowledge.

#### **Box 4 Characteristics of Intermediaries that Successfully Support Participation**

- Participation is an institutional objective.
- Field presence.
- Staff incentives and training which support participation.
- Iterative planning in consultation with local communities.
- Bottom-up accountability mechanisms.
- Contribution of cash, labor, raw material or local facilities by local communities which makes the communities clients of the intermediary.
- Horizontal and vertical linkages to other institutions.
- The agency has prior experience in the community where the microproject is to be implemented and is aware of local conditions.
- The community/beneficiaries have a positive perception of the agency.
- The agency and its personnel have keen understanding of and sensitivity to issues concerning women and minorities and towards the environment.
- The philosophy of the agency on community participation is reflected in other microprojects it has undertaken, and the strategy for participation in the present proposal is in line with the fund's strategy.

