Faster, Smarter and Better Solutions

(Volume 2)

Building on Community Institutions: Managing Risks to Achieve Results

A New Paradigm for Fiduciary Support of CDD Projects
Building on Community Institutions: Managing Risks to Achieve Results
A new paradigm for fiduciary support of CDD Projects

This note summarizes the outcomes of a two-day workshop that focused on the development of a new paradigm for the design, implementation, and supervision of fiduciary arrangements in Bank-funded CDD Projects. The new paradigm, based on five key principles described in this note, is consistent with President Kim’s vision of creating a “solutions bank”, and with anticipated reforms in the Bank’s procurement function – including a more principles and performance-based approach. To implement this new paradigm will require strong leadership from within the Fiduciary Community of Practice, a more targeted knowledge and learning agenda, and the establishment of a joint CDD/Fiduciary staff Community of Practice.
Abbreviations and Acronyms

CDD  Community Driven Development  
CoP  Community of Practice  
CSO  Civil Society Organization  
FCS  Fragile and Conflict-Affected Situations  
GAC  Governance and Anti-Corruption  
ICT  Information and Communications Technology  
M&E  Monitoring and Evaluation  
PforR  Program for Results Lending Instrument  
PIU  Project Implementation Unit  
TAP  TAP Principals: Transparency, Accountability and Participation  
WDR  World Development Report

Acknowledgements

This note summarizes the outcomes of a two-day workshop, held on February 11-12, 2013 in Jakarta, Indonesia. The initial stimulus for the gathering came from a group of Task Team Leaders in the East Asia and Pacific Region who were concerned about the challenges they face in trying to abide by the Bank’s fiduciary policies and procedures – primarily on the procurement side – in the design, implementation and supervision of CDD (Community-Driven Development) Projects. The development of the workshop agenda was led by Enzo de Laurentiis (Regional Procurement Manager – EAP), in collaboration with Janmejay Singh (Head of the CDD Community of Practice in SDV), Richard Calkins (Consultant – OPCS), and Jan Weetjins and Susanne Holste (CDD Task Team Leaders in the Indonesia Country Office). The workshop itself was designed as a “peer learning event", with participants including Task Team Leaders and Procurement and Financial Management Specialists from across the Bank, including five countries in EAP and each of the other Regions. (A complete list of participants is shown in Annex I.) Funding and logistical support for the workshop was provided by the PNPM Support Facility of Indonesia’s flagship CDD project. The principal author of this note was Richard Calkins (Consultant), who also facilitated the workshop.
A Foreword

The idea to hold a Bank-wide peer learning event on fiduciary supervision in CDD projects was prompted by several converging events. First there was demand from TTLs in the EAP region to have an open discussion on common issues and, in particular, bottlenecks apparently caused by different interpretations of the Procurement Guidelines. A major inspiration came from the work of the PNPM team in Indonesia, which pushed my team and I to think outside the box. Perhaps most significantly, the need for training in this area intersected with a significant shift in the authorizing environment. We set out to organize this event energized by the most comprehensive review of procurement policy since the Guidelines were first adopted and a strong momentum to further integrate fiduciary functions by leveraging synergies and focusing on the common objective to facilitate implementation through more efficient and effective planning, contracting, and disbursing mechanisms.

Among the guiding principles of procurement modernization are the need to abandon a "one size does not fit all" model, a shift from procedural compliance to performance and results, and the emergence of key approaches such as “best fit”, “value for money”, and “principle-based decision making”. CDD projects are an ideal place to start implementing the procurement reform, even as the policy review and consultations continue, because there is already consensus that the current Guidelines afford almost unlimited flexibility in applying the new approaches. We should not only feel safe in utilizing this flexibility, but are also actively encouraged by Senior Management to help inform the new policy framework with innovation and documented result stories.

In parallel, another major simplification initiative has been inspired by the need to adapt our approach to the unique environments and challenges found in fragile and conflict-affected situations and in small island states. There is great synergy between these two initiatives. To begin with, CDD is one of the most effective development tools in FCS. In addition, in both cases, strengthening existing capacity, processes, and accountability mechanisms and devising new ways to address special challenges (geographic, market size, political economy) has proven to be the most effective approach. Conversely, applying prescriptively a "ring-fenced" model and importing solutions based on general good practice and standard guidance is generally ineffective and counterproductive. The latter model overwhelms the already limited capacity of those who are supposed to implement it and ultimately undermines the focus on results and even leads to non-transparent practices to bypass the Bank’s requirements.

Our CDD workshop not only morphed from training to a true peer learning event, but its results surpassed our expectations. We hope it will help define a new paradigm for fiduciary supervision in CDD, as well as projects in FCS and small island states. We expect it will contribute to launching a community of practice, which will follow the same free flowing, highly interactive format (aptly defined by a participant as a "guerrilla workshop") and utilize multiple opportunities to share ideas, tools, and approaches which have been successful in different environments. Finally, mindful that even in strong change management processes, "culture" often trumps strategy, we hope the planned follow-up activities will contribute, together with other initiatives, to change traditional attitudes toward fiduciary risk and stimulate more good ideas on how to better link procurement and financial management to development results.

Enzo de Laurentiis
Regional Procurement Manager, EAP
A Foreword

Community driven development (CDD) – an approach that gives control of development decisions and resources to community groups and local governments – has been a core operational strategy for the Bank for more than a decade. Having started out as a response to post-conflict and post-disaster emergency situations where there was a vacuum of functioning local institutions and a need to channel resources to the ground quickly, the CDD approach has now been mainstreamed across a range of applications across different sectors and contexts. Today, the Bank’s CDD portfolio comprises close to 400 active projects that use the approach, either wholly or in some components, in over 90 countries.

Moreover, while the first generation of CDD projects were often small-scale operations that worked outside formal government systems, the second and third generations of these programs that exist today have evolved into multi-billion dollar government-funded national programs. The need for developing smart, efficient, and context-sensitive systems for fiduciary management of these large scale-programs is, therefore, now greater than ever before.

This is what makes this initiative to establish a new paradigm for fiduciary support to CDD so exciting and necessary. At a point when the Bank is aiming to become a “Solutions Bank” that excels in the “science of delivery”, the motivation behind the Jakarta workshop and the vision laid out in this position paper of establishing a new paradigm built around simplicity, flexibility, community involvement and leveraging the potential of ICT and civil society organizations could not be better timed.

We in the CDD Community of Practice, which includes close to 600 staff from across the World Bank Group (WBG), therefore, look forward eagerly to the roll out of this new paradigm. We thank the East Asia Pacific Fiduciary Management team, in particular Enzo de Laurentiis, the Indonesia fiduciary and PNPM (Social Development) team, especially Ahsan Ali and Jan Weetjens, as well as OPCS Senior Management including Paul Birmingham, Denyse Morin, and especially Richard Calkins, for their help in putting this event together. The CDD CoP looks forward to partnering with OPCS and the fiduciary family in implementing this new paradigm in the coming years.

Janmejay Singh
Head of CDD Community of Practice, SDV
# Contents

## Building on Community Institutions: Managing Risks to Achieve Results

Executive Summary........................................................................................................................................... v

I. Introduction and background....................................................................................................................... 1  
   ❖ Origins of the workshop......................................................................................................................... 1  
   ❖ Connecting the dots – an emerging new paradigm............................................................................. 1  
   ❖ The nature of the challenge................................................................................................................... 3  

II. The New Paradigm: Five Key Principles.................................................................................................. 4  
   ❖ Keeping things simple............................................................................................................................ 4  
   ❖ The “flexibility rule” .............................................................................................................................. 5  
   ❖ Enhancing Community Empowerment................................................................................................. 7  
   ❖ Strengthening Civil Society Organizations (CSO’s)............................................................................. 8  
   ❖ Taking advantage of technology............................................................................................................ 10  

III. Special Cases: The Challenges of Country Context............................................................................... 11  
   ❖ Fragile and Conflict-Affected States.................................................................................................... 11  
   ❖ Remote Areas and Small Island States.................................................................................................. 12  

IV. Implementing the new paradigm: what will it take.................................................................................. 13  
   ❖ Leadership within the Fiduciary Community of Practice..................................................................... 14  
   ❖ A more targeted knowledge and learning agenda.............................................................................. 14  
   ❖ Development of a CDD/Fiduciary Community of Practice............................................................... 15  

V. Recommendations and next steps........................................................................................................... 16  

Text Boxes:  
Box 1. The Science of Delivery: The Next Frontier.................................................................................. 2  
Box 2. The Nature of the Challenge – Procurement Policies...................................................................... 4  
Box 3. Resolving (finally?) the “Three Quotations” Dilemma................................................................... 6  
Box 4. “The Toughest Development Challenge of our Era”..................................................................... 11  
Box 5. Communities of Practice – An Overview..................................................................................... 15  
Box 6. Procurement Guidelines for CDD Projects (Annex IV).................................................................. 25  

Annex I: List of Workshop Participants  
Annex II: Workshop Agenda  
Annex III: Problem Definition: Participants’ Views on Issues and Concerns  
Annex IV: Policy Provisions for Community-based Procurement  
Annex V: Workshop Evaluation
Executive Summary

Introduction and key outcomes

1. Procurement policy affords almost unlimited flexibility to adapt key principles to the specific needs and capacity of the communities. In a “best fit” procurement approach to CDD, the communities’ culture and traditions are intrinsically connected to both development outcomes and governance objectives. These observations are not new as practitioners across the Bank have been experimenting with them for years. However, the common approach described in the following paragraphs attempts to bring together and distill good practices and lessons learned with the objective to enhance efficiency and effectiveness in CDD, reduce frustration and conflict generated by perceived risk aversion and insensitivity to local conditions, and better support the shared vision of a “solutions Bank.” In this sense, and if consistently applied and supported by an active community of practice, this approach may contribute to an important paradigm shift in fiduciary support to CDD projects in the Bank and also help inform the discussion of similar issues in FCS and small island states.

3. Key aspects of this approach include a modern risk management culture which better fits these projects (e.g. relying on communities’ accountability mechanisms, civil society monitoring and advocacy, and strategic use of technology), abandoning unnecessary and counterproductive approaches (e.g. not automatically requiring traditional shopping procedures), better calibrating the Bank’s supervision (e.g. working with implementing CSOs on a true partnership basis), and refocusing capacity building efforts (e.g. strengthening communities’ institutions building on their own systems and traditions and empowering them.)

The “new” paradigm: five key principles

4. To respond to these concerns, the new paradigm is based on the following five principles:
   - Keeping things simple
   - The “flexibility rule”
   - Enhancing community empowerment
   - Strengthening civil society organizations (CSOs)
   - Taking advantage of technology

5. The need for simplicity arises from both the nature of CDD projects and the general lack of administrative capacity at the community level in most CDD project areas. The need for simplicity comes to the fore during “community facilitation” when facilitators need to communicate very clearly what the project is about and how it is supposed to work. Good practice examples include the use of one or two posters that capture that information and, posted in the village, serve as a constant reminder of how things are supposed to be done. Similarly, good practice guidance on technical aspects of sub-project design and construction includes a book of photos that show both good and poor examples of specific types of sub-projects.

6. The “flexibility rule” recognizes the need to better utilize the significant flexibility available within the Bank’s current policy for adapting procurement arrangements in CDD projects to actual conditions “on the ground”. Workshop’s organizers, for example, compiled wide-ranging complaints from TTLs about an insistence that communities obtain three quotations from suppliers – even when only one
supplier is available, or when this method is completely foreign to the community. During the Workshop, a “breakout group” that was asked to come up with a solution to this controversial “rule” unanimously concluded that it was (or should be) a non-issue: the requirement for the three quotations is set forth in the Guidelines for Shopping, but this method is not necessarily the most appropriate for all CDD projects.

7. In fact, there is no requirement in the Guidelines to mandate the use of Shopping in these projects and a number of alternative approaches have been used in practice which proved more effective as well as transparent, depending on local capacity and conditions. The constraint seems to have originated from the election of the simplest method available in other type of projects and perpetuated by standard practice without taking into account that often the Bank’s normal approach is too complex for some communities, or not practical, given the prevailing practices and market conditions in many areas. It is also possible that, in some cases, the requirements of Guidelines for procurement in CDD projects may have been misunderstood, or that risk aversion and the perceived authorizing environment may have stifled willingness to develop more tailored and appropriate approaches.

8. Enhancing community empowerment through engagement in the planning and implementation of sub-projects, including procurement arrangements, is central to the design concept of a CDD project. This is illustrated by the Bank’s experience with Indonesia’s national PNPM program that operates in 70,000 villages in 34 provinces with GOI budget funding of about $1.5 billion a year. Over the past ten years, this flagship CDD project has developed innovative features in governance and accountability, analytical work, technical assistance, and special initiatives in legal support for corruption cases, and ITC pilots. Similar examples of community empowerment from South Asia were presented and discussed at the Workshop. One of the main conclusions was that ensuring “value for money with integrity” in community-based procurement has to involve a more “upstream” set of concerns, including targeting the right beneficiaries and ensuring their participation in project planning, implementation and oversight, an approach consistent with President Kim’s vision for the development of a “science of delivery” (Box 1).

9. Civil Society Organizations can play a highly useful role in CDD projects, as demonstrated by experience from across the Bank. Local CSOs may already be working with targeted beneficiaries, and thus may be ideally placed to support both project design and implementation. Other CSOs may be able to provide community facilitation and implementation oversight. The challenge for the Bank is that many of these CSO have weak fiduciary and management capacity, and are generally too small for the Bank to be able to deal with efficiently. Under Indonesia’s PNPM, however, a pilot initiative (Peduli) is experimenting with new approaches designed to overcome these challenges – using a partnership rather than a contracting relationship, and working through larger CSOs as an intermediary to build capacity among smaller CSOs working at the community level. Previous requirements, based on standard Bank practices in traditional projects, have already been significantly simplified and essentially adapted to the CSOs’ own methods and practices. Results to date appear quite promising as CSOs understand and can use much better this streamlined approach and appreciate the Bank’s hands-on support to improve their existing procedures and capacity, rather than “ring-fencing” them with superimposed requirements. Many examples also exist in several regions of civil society actively monitoring procurement processes and advocating for holding public officials accountable, which can be drawn upon and adapted in CDDs.

10. One of the more exciting developments in Bank-funded investment projects has been the increasing application of ICT innovations in project design, implementation and supervision. ICT innovations have been especially important in CDD projects due to the wide dispersion of sub-projects, often in remote or insecure areas. A good example is the “geo-Tagging” initiative in the MRDP2 project in the Philippines. Geo-tagged objects (project sites, road tracks, reforestation areas, etc.) can be easily and
accurately located on a map, allowing confirmation of the status of project implementation, greater
generation of project beneficiaries and CSOs, and remote supervision through “virtual” site visits. The
spread of such innovations should be fostered through the Bank’s relevant communities of practice and
“south/south knowledge exchanges”.

Special Cases: The Challenges of Country Context

11. **Assistance to FCS countries** is one of the Bank’s highest strategic priorities, and CDD projects
    have proven effective in delivering basic services and infrastructure even in the face of their severe
capacity constraints. Implementation arrangements that go “around” government, however, may leave
the corresponding public sector institutions weak and unaccountable. While there may be no alternative in
the near term, donors should work on a “parallel track” basis to build the necessary public sector capacity
so that – over time – the government can assume full responsibility for program management. In
addition, the relevant sectors, including PREM, should coordinate a policy dialogue with key country
counterparts to ensure that innovative procurement and financial management approaches are
mainstreamed into national requirements and the gains become sustainable beyond Bank projects.

12. **A different set of challenges arise in the case of CDD projects in remote areas and in Small Island
    States** where geography has a profound effect on the challenges of project design, implementation
and supervision: transport costs are high; facilitators, suppliers and contractors may be few and far between,
delivery of goods by boat can take months, as can the flow of documentation needed for tranche releases,
and audits may be delayed if auditors can’t reach project sites on a timely basis. Provincial offices may be
able to help in “bundling” requirements and negotiating better prices, but Task Teams will need to reflect
these constraints in both cost estimates and project schedules.

Implementing the “new paradigm”

13. **Moving from the current “BAU” (Business As Usual) Paradigm to the proposed new paradigm
    will be neither simple nor easy.** What is needed is not a change in policy, but a change in culture and in
behavior – a shift from risk aversion, leading to strict compliance with rules and procedures, to a
responsible and informed approach to managing risks – an approach that “rebalances” the risk/results
equation, giving greater weight to results and helping communities improve their own systems for
managing those risks. This shift should not be seen in isolation from the larger challenge of improving the
Bank’s overall approach to the management of operational risks, which is part of the current reforms. It
should also benefit from the on-going procurement policy reforms which are expected to enhance the
“authorizing environment” for a more principles and performance-based approach to the management of
fiduciary risks in CDD projects.

14. **Workshop participants concluded, however, that a substantial change in culture and behavior
    will require at least three things:**
    - **Strong leadership from within the Fiduciary Community of Practice** – from OPCS and Regional
      Procurement and Financial Management Managers, supporting Task Teams in their effort to tailor
      fiduciary arrangements more effectively to local conditions and, more importantly, being there to
      help when (not if) various fiduciary risks actually materialize. This will be especially important in
      remote areas and FCS situations where risks are higher and opportunities to mitigate those risks
      may be constrained;
➢ A more targeted knowledge and learning effort – collecting, sharing and using the lessons of experience with fiduciary innovations in CDD projects more effectively (failures as well as successes), educating Task Teams about the principles (and the philosophy) behind the Bank’s procurement policy so they understand better what the real concerns are, and providing good practice examples as precedents – and to inspire others to emulate those good practices; and
➢ Development of a CDD/Fiduciary Community of Practice – including TTLs and Sector Specialists, and Procurement and Financial Management Specialists, providing a virtual forum for sharing knowledge and experience – especially between practice leaders and newer/less-experienced staff who, otherwise, may be less inclined to take the kinds of risks the new paradigm requires.

Next steps:

1. **Share this note with the Procurement and Financial Management Sector Boards and seek their endorsement** – to ensure that the Fiduciary Leadership Team “speaks with one voice” in support of the proposed new paradigm;
2. **Communicate the new paradigm** (and provide annual “updates on implementation”): to fiduciary staff, through Regional Procurement and Financial Management Managers; and to CDD TTLs and Sector Specialists, through communications from SDV’s CDD CoP;
3. **Identify an initial (modest) budget to support the proposed knowledge and learning agenda:**
   a. To fund 2-3 case studies on innovative fiduciary arrangements in CDD projects to be carried out in FY14; and
   b. To fund at least two additional “peer learning events” similar to the Jakarta workshop, one possibly in AFR – jointly sponsored by the Region and the CCSD Hub in Nairobi, and a second one as a follow-up workshop in EAP for those country teams that were unable to attend the February event – both to be held in the first half of FY14;
4. **Establish a joint CDD/Fiduciary staff Community of Practice, with “shared leadership” between OPCS and SDV**, incorporating the Group within existing practice group websites; and
5. **Incorporate the key elements of the new paradigm in relevant training programs** within the CDD and the Fiduciary Communities of Practice, including the CDD Core Skills Course and various “Sector Week” events by SDV and OPCS.
I. Introduction and Background

Origins of the Workshop

1. The idea for this workshop came from a request from several CDD Task Teams in EAP for a learning event on “how to deal with the fiduciary aspects of CDD projects”. Their interests were based in part on the challenges of applying the Bank’s procurement policies and procedures to the special conditions of CDD projects, and especially in difficult country contexts such as remote areas or fragile and conflict-affected situations. Their broader concern, however, was how to promote more strategic and creative fiduciary approaches that would help to achieve the desired results while avoiding some of the common problems that come from applying the Bank’s standard fiduciary approach: delays in project design and implementation, unreasonable accounting and information burdens on weak governmental systems, and the imposition of foreign/western-style approaches on communities that may already have effective mechanisms of their own for implementing community activities – including both procurement practices and accountability systems.

Connecting the dots: an emerging new paradigm

2. At the same time, the Bank’s new President has strongly endorsed and accelerated the institution-wide reform process whose strategic priorities and objectives relate very directly to this same set of issues:
   - To make faster and more measurable progress in the fight against poverty will require a sharper focus on results, specifically on the delivery of basic social and infrastructure services;
   - A sharper focus on results will require, in turn, a sharper focus on the risks to achieving those results – finding better ways to mitigate and manage those risks;
   - Improving the management of risks will require, among other things, moving from a reliance on “Bank rules for Bank money” to the “bigger win”: strengthening country systems that will help our clients manage the risks of achieving results within their overall development programs.

3. To tackle the challenges of service delivery, President Kim has called for a new “science of delivery” (see Box 1), and a new strategic identity: “We must grow from being a ‘knowledge bank’ to being a ‘solutions bank’.” This new approach, a “bottom up” approach to learning, will fundamentally change our relationships with our borrowing member countries and with the poor. The Bank and its clients have been growing from a traditional relationship of lender and borrower, towards a true partnership in implementation and learning, where we link our skills to pursue evidence-based action around common goals. The science of delivery is a catalyst that will speed this shift.

4. On a parallel track, the Bank has launched a first-ever review of its procurement policy, including both internal and external consultations on the way forward. The anticipated outcome is a movement away from a rules-based/transactions-oriented approach toward a more principles and performance-based approach, with an emphasis on “value for money” in the use of development funds and partnering with implementing institutions to enhance their effectiveness. Such an approach would clearly be aligned with the objectives of the CDD Task Teams in EAP. Other areas of common interest and alignment include a focus on better management of operational risks, strengthening country systems, and a knowledge and learning program tailored to the unique challenges of designing, implementing and supervising CDD projects under even the most challenging of country conditions.
Finally, there have been a number of exciting innovations in the design, implementation, and supervision of CDD projects in EAP and elsewhere in three key areas:

- **Enhancing community empowerment** – understanding and building upon the culture, practices, and existing accountability mechanisms of participating communities;

- **Strengthening CSOs (Civil Society Organizations)** – where the idea is to strengthen the capacity of existing community organizations in the areas of implementation management, monitoring and evaluation; and

- **Taking advantage of technology** – especially ICT innovations such as geo-mapping and social media applications that can facilitate greater transparency, accountability and participation at the community, project and national levels. Important additional work is underway to develop appropriate M&E capability, including on procurement, to help shift focus from individual transactions to overall program performance and to focus more effectively on both supervision and capacity building efforts.

---

**Box 1: The Science of Delivery: The Next Frontier**

The new “science of delivery” is a field that will collect and distribute practical knowledge that countries can use to get delivery right in their unique contexts. As it develops, four key features will influence the shape of this new field:

1. **Delivery is about problem-solving.** It is a practical brand of knowledge that looks for the most effective means to achieve a defined end. It is also highly “context-sensitive: solutions are determined by the needs and opportunities of a specific time and place. As a result, what works in one place may not work in another – due to contextual factors beyond the implementers’ direct control. One task of the new science, therefore, will be to identify strategies that may be able to relieve these external constraints, or at least limit their impact on program performance.

2. **Delivery is often concerned with complex systems** – especially when they involve social goals. To achieve any social aim will require the engagement of multiple natural and human-made systems that mutually influence each other. Fortunately, the Bank excels in helping countries design and operate systems to deliver on social goals. We can analyze a delivery system, pinpoint capacity gaps and bottlenecks, and identify intervention points. These are the issues we’ll be tackling, bringing to bear our existing systems knowledge and applying it in new ways.

3. **To encompass the complexity of delivery challenges, a delivery science will have to be multidisciplinary from the outset** – drawing on the natural sciences, the social sciences; engineering and applied mathematics; the business disciplines; and the humanities -- history and ethics. One of the World Bank Group’s strengths is our ability to combine depth of knowledge in key development fields with multidisciplinary breadth. We can mobilize in-house expertise across a wide span of disciplines. And through our convening power and networks, we can connect our clients to an even wider array of international expertise beyond our own institution.

4. **Delivery knowledge is interactive and evolving** – reflecting inevitable changes in the context in which it occurs. Delivery principles emerge in collaboration and communication, as people and institutions problem-solve together. As a result, delivery knowledge is “social” knowledge in a way that traditional forms of scientific knowledge have not always been. An important consequence of the interactive nature of delivery knowledge is that the quality of our knowledge depends on the inclusiveness of the debate. Excluding stakeholders from the conversation deprives us of critical data. If grassroots community voices aren’t heard, our understanding of delivery processes will be distorted and incomplete. It will be critical, therefore, to reinforce the participation of beneficiary communities in all facets of program design, implementation, monitoring and evaluation.

*From President Kim’s keynote address to the World Knowledge Forum, October 9, 2012.*
6. Connecting the dots between these various developments gave rise to idea of a new paradigm for the fiduciary support of Bank-funded CDD projects. These developments were reflected in the following objectives that guided the overall design of the proposed “peer-learning” event:  
   - To promote more strategic and creative fiduciary approaches to the design, implementation, and supervision of CDD projects, taking advantage of the flexibility that exists for adaptation to local conditions, while avoiding some of the common problems of traditional approaches;
   - To link this initiative to President Kim’s vision of creating a “solutions bank”: achieving results by better management of risks, while building country systems and institutions; and
   - To build on some of the exciting innovations already occurring within CDD projects across the Bank, especially in the area of ICT (information and communications technology).

The nature of the challenge

7. The need for a new paradigm was clearly reflected in the opening exercise of the Workshop which sought to identify the problems and challenges, as well as missed opportunities, that Task Teams encounter under the current “BAU”(business as usual) Paradigm. Participants were asked to use “post-it” notes to describe specific issues and concerns – on the Bank’s side, the government’s side, and at the community level. The results are shown in Annex III, and encompass the following six areas:
   - Risk management issues – including risk aversion, insufficient innovation, the need to adapt normal risk-management approaches to the special nature of CDD projects, the need for a more risk-based approach to project supervision, and the need to focus more on results and outcomes and less on inputs, processes and procedures;
   - Governance and corruption issues – including elite capture, fraud and corruption, the diversion or misappropriation of funds, the need for adequate assurance in the appropriate use of funds, as well as feedback mechanisms/complaints handling systems;
   - Procedural issues – including a variety of concerns about the need to simplify Bank procurement procedures and requirements, greater flexibility in the application of those requirements, better understanding of local conditions and capacity, and a perceived tendency of following the rules rather than helping the project to achieve its objectives;
   - Procurement policy issues – including a major concern with the perception that communities must follow a mandatory requirement of obtaining three quotations, or request a “no-objection” waiver from the Bank if local conditions make it difficult to obtain three quotations (see Box 2), and other concerns about the need to tailor the Bank’s procurement policy and procedures more effectively to local conditions;
   - Community-related concerns – including a combination of lack of understanding by the Bank of actual conditions on the ground leading to a lack of trust in community systems and practices, the general lack of understanding of those communities of the Bank’s fiduciary requirements, and – as a result – missed opportunities to build on existing institutions and good practices already in existence at the community level; and
   - Government-related concerns –including the importance of working with government to strengthen their systems and their capacity to implement those systems, while recognizing that many governments may not be willing to use loan funds for the Technical Assistance needed to strengthen government systems and institutions. Specifically regarding procurement laws and regulations, participants noted that many countries did not have specific provisions covering community procurement, and that, therefore, may be an area of useful Bank support.

---

1 The Workshop Agenda is shown in Annex II.
II. The New Paradigm: Five Key Principles

8. During their deliberations over the two-day workshop, participants defined a new paradigm for fiduciary support of CDD projects based on the following five key principles, as discussed further below:

- Keeping things simple
- The “flexibility rule”
- Enhancing community empowerment
- Strengthening civil society organizations (CSOs)
- Taking advantage of technology

Keeping Things Simple

9. The need for simplicity arises from both the nature of CDD projects and the general lack of administrative capacity at the community level in most CDD project areas. Unlike normal projects, and especially major infrastructure projects, which require more sophisticated technical solutions and elaborate project management processes, CDD projects involve a large number of relatively small and unsophisticated sub-projects, many of which will be implemented by the community itself. Simplicity will be especially important in the case of remote areas and in fragile or conflict-affected situations. In FCS cases, there may be a profound lack of capacity not just at the community level but at all levels of government. In such cases, simplicity is required not just in project design but also in the administrative burden the project imposes on government systems (central and local) and on communities. The need for simplicity comes to the fore during the “community facilitation” process, when project facilitators need to communicate clearly what the project is all about, and how it is supposed to work. Indeed, the first and most critical element of community participation is the transparency of the process itself. Access to information about the project – at all stages of the project cycle – is the “currency” of both participation and accountability.

Box 2: “The Nature of the Challenge – Procurement Policies*

Issues and concerns raised by workshop participants regarding the Bank’s procurement policies as they apply to CDD projects included:

- Ineffectiveness of requiring “three quotations” as part of Bank requirements – doesn’t “add value” in achieving the principles of good procurement practices
- Difficult to get three quotations in remote areas in order to comply with the manual
- Lack of suppliers in remote areas
- Need special treatment and rules for remote areas
- (Fiduciary) approaches not sufficiently tailored to realities on the ground
- Community procurement needs to be simplified and local practices recognized
- CDD procurement is not clearly guided in the Bank’s procurement guidelines
- Bank needs to provide clear policy and procedures to the staff on CDD operations (plus training)
- Applying procurement rule for the sake of compliance doesn’t add value!
10. **The standards by which to judge simplicity will be context-specific**, and the first requirement is that both the concept of the project and the corresponding systems and procedures must be able to be understood by all of the affected parties – from the Bank’s project team to the government’s project implementation staff to the beneficiaries and other affected people at the community level. Experience clearly suggests that an operations manual (or related procurement and financial management manuals) that run to 250 pages or more, even if translated from English into the local language, does not meet the standard of simplicity for those at the community level. Indeed, good practice examples in some of the Bank’s larger CDD projects demonstrate that it is possible to convey the essence of project concepts, policies and procedures in a just one or two “posters”. Prominently displayed at the community level, these posters serve as a constant reminder of how things are supposed to be done. Similarly, good practice examples of communicating sound sub-project design concepts involve a book of standard photos showing what a properly constructed culvert or latrine looks like, and what a poorly constructed culvert or latrine looks like – a picture being worth the proverbial “thousand words”, few of which then need to be translated into the local language.

**The “Flexibility Rule”**

11. **The seeming oxymoron of a rule that requires staff to exercise flexibility – the antithesis of compliance with specific, highly prescribed procedures – simply reflects the reality and the power of the Bank’s culture with regard to the procurement function.** The need for such a “rule”, however, is clearly illustrated in the comments made by workshop participants regarding the Bank’s current procurement policies (see Box 2, above). In reality, current policy allows for enormous flexibility in the design and implementation of a CDD project’s procurement arrangements. Indeed, the procurement guidelines for CDD projects specifically encourage staff to tailor procurement arrangements to the requirements of the project, the capacity of the community, and to other local conditions – including potential market constraints arising from a lack of supplies and contractors. Judging from the comments of workshop participants, and from other EAP TTLs not present who had asked for this event in no small measure because of their frustration with how those guidelines are actually being implemented, we have not been taking advantage of the flexibility that is already clearly available.

12. **The call for flexibility should in no way be interpreted as an abandonment of prudence in the fiduciary arrangements for Bank-funded projects, or a lack of concern with the integrity with which project funds are employed.** It simply recognizes that the key principles of the Bank’s procurement policy – transparency, efficiency, and cost-effectiveness – may not be served by the blind application of procedures that don’t make sense under the prevailing local conditions. Requiring the community to collect three quotations in connection with the purchase of construction materials, for example, where there is only one potential supplier, meets none of those principles. At the same time, requiring three quotations when there are a multitude of suppliers, and where everyone in the village knows the price of a bag of cement, does not add value to the implementation process.

13. **In view of the level of frustration expressed, the “three quotations” dilemma was made the focus of one of the Workshop “breakout groups.”** As noted in Box 3, below, the group essentially concluded that this was – or should be – a non-issue, as different options are available to deal with situations in which obtaining three quotations makes no sense or is counterproductive, as the communities are not used to this method and are more likely to try to find non-transparent ways to comply with the requirements. (For further details, see Annex IV on Policy Provisions for Community Procurement.)
Box 3: Resolving (finally?) the “Three Quotations” Dilemma

Due to the unique nature of CDD projects, special procedures have been incorporated in OP 11.00 for sub-project implementation under the provisions for “community participation in procurement” (para. 3.19). While “shopping” is one of the methods mentioned, and while this method normally calls for obtaining quotations from at least three qualified suppliers, a number of different approaches may be adopted in the event that obtaining three quotations is either not possible, or would not be the most efficient and effective method. Ideally, any approach selected, including shopping, should build on existing processes and accountability mechanisms the community is familiar with, to be strengthened as needed.

It is useful to recognize upfront when communities carrying out subprojects in remote areas may not have access to more than one supplier, and thus deal with the issue within project design and decide in advance that fewer than three quotations will be acceptable. This decision can then be incorporated into the PAD, the Loan Agreement, and the project implementation documents ( manuals.)

Within para. 3.19, four other procurement methods are mentioned, including local bidding for goods and works, direct contracting, off-the-shelf purchases, and community force account. Direct contracting may be used when there is only one source available — a not-uncommon phenomenon in remote areas, in emergencies — a justification which has elements in common with the prevailing conditions in fragile states and many CDD projects , the need to adopt a certain technology, or a repeat order. Prices, of course, should be in line with local market rates. Purchasing used goods, either competitively, or on a direct contracting basis, may also be an appropriate option, depending on the circumstances.

In some cases, communities are familiar with and normally use local bidding procedures included in the national law (e.g. reverse auctions in person – not electronic - in the case of projects in the North-East of Brazil.) In others, the use of existing, or specially set up framework agreements may be a sensible solution. Yet in others, procurement by community members could follow commercial practices utilizing informal quotes, or other established approaches. In some cases, none of the above may work well, and the best option may be to rely on tribal customs and accountability mechanisms, no matter how different they appear from traditional procurement practices. In this sense, social sciences, such as cultural anthropology, may be more useful than procurement knowledge to help define the approach.

It is important to assess the capacity and culture of the communities in the early stages of project preparation, and understand both the processes and procedures they are most familiar with and how the local market functions. Superimposing a "foreign" procedure only makes project implementation more complex and potentially leads to non-transparent practices (e.g. many cases of "fraud" in CDD projects are actually misguided attempts to comply with the three quotation "rule" by fabricating one or more offers.)

A "quick and dirty" market analysis is sufficient to understand what reasonable unit prices for the items to be procured are and use them to benchmark estimated prices for the goods or construction anticipated under the sub-projects. Reference rates (at the central or local levels) are useful, but should not be mandatory and in some cases are not appropriate, such as is the case with Economic Activity Groups formed for agriculture-based activities. A workable system for helping communities develop realistic cost estimates and plan activities should be available within the project and could include sample specification for the simple works and goods typically procured, or constructed under sub-projects. Following this up-stream work (definition of the most appropriate procurement method, based on the community’s existing practices, and technical assistance in preparing the sub-projects) an "output-based" approach could be adopted where payments are based on verification of assets without the need to further review procurement processes and focusing instead on building capacity appropriate for the participating communities.
Enhancing Community Empowerment

14. Community engagement in the planning and implementation of sub-projects – including in decisions regarding the procurement of goods, consulting and contracting services – is central to the design concept of a CDD project. The development and evolution of Indonesia’s flagship CDD program (PNPM), which grew out of the earlier Kecematan Development Project (KDP), is a classic example of the potential for community empowerment. PNPM was a critical element of the rapid transition, following the Soeharto era, from a highly centralized, authoritarian state to democracy and decentralization. In addition to empowering communities after years of state control, PNPM provided simplified and transparent transfers of resources directly to communities to finance priority development projects, which in turn provided tangible services in the context of large-scale institutional change.

15. PNPM is now a national program comprised of five core programs, covering nearly 70,000 villages, operating in every Province in Indonesia, and with an annual GOI budget allocation of US$1.5 billion. It is supported by a major donor-sponsored Trust Fund (the PNPM Support Facility – PSF) which provides grant funding to support PNPM implementation. Over the years, PNPM has developed a number of highly innovative features in the areas of:

- **Governance and accountability**: focused on local controls (village oversight and competition) that depend on a combination of effective participation and tapping into cultural heritage; internal controls (internal audit and MIS); external controls (external audit, engagement with the press and CSOs, and incorporation of research results); and “recourse” (a robust complaints handling system, an ethics code, and sanctions, including suspension of facilitators or locations);

- **Analytical work and technical assistance**: focused on technical evaluations (design, budget, community procurement, quality of construction, O&M, utilization, safeguards, etc.) that revealed relatively high (81%) success rates (high to moderately high satisfaction); Local level governance reviews (which revealed a risk of “systems erosion” due to “participation fatigue” in the aftermath of a massive scale-up, with remedial actions at the core of subsequent Bank-GOI PNPM loan negotiations); and a national level governance review (including a review of systemic management and governance issues with senior government officials); and

- **Special Initiatives**: focused on legal support to communities and to project management (to follow up more effectively on cases); support to communities to take cases through the judicial system, and basic steps for “investigative audits”); revisiting PNPM experience with revolving funds (which have encountered a number of governance and corruption issues); and ICT initiatives (including greater transparency in budget allocation and execution, strengthening complaints handling and follow-up, and “geo-stories” to document each project “on line”).

16. In addition to PNPM, workshop participants were provided with examples of community empowerment in the case of “community-based procurement” in CDD projects in the South Asia Region. Studies have shown that community-based procurement through CDD projects in India have yielded savings between 12-56% compared with normal government investments in similar types of sub-projects, as well as significant savings in the time required for implementation – from 40-50%. Additional examples of the outcomes of community empowerment included:

- **Effective formation of “Self Help Groups” in a CDD project in Tamil Nadu**, where the target population were the most indigent and marginalized groups within the poor – the disabled; the entry point, was the facilitation through village-based camps of identity cards which enabled their access to many existing government services, helping them to become self-reliant; these SHGs then became the main social mobilizers for ultra-poor women around livelihood programs;
- In a CDD project in Madhya Pradesh in India, a community of 90 Dalit households used community contracting to build a causeway that has brought them not just livelihoods but a lifeline to the broader economy; the community was mobilized into an executive group and was guided to bring in local technical resources for construction; the villages themselves built the causeway with a cost saving of nearly 33% compared with the engineer’s estimate;
- In a CDD project in the Indian state of Assam, early experience with ICB-based procurement of water pumps was beset by problems, including complaints about low priced but poor quality pumps, unsupported, unfamiliar to the farmers, and generally quite unpopular; in 2010, the strategy changed to permit community-based procurement – allowing farmers to buy from a pre-selected list of products drawn up through a state-wide selection process based on an analysis of popular irrigation pumps in the state. Pre-selected suppliers committed to offering lower prices to reflect the potential size of the market, and a robust quality verification system (10% of all sets) was established; as a result, the number of installed pumps “took off.”

17. Issues related to “enhancing community empowerment” were subsequently discussed by a “Breakout Group”. One of that main conclusions of that discussion was that ensuring “value for money with integrity” in community-based procurement goes well beyond a concern with procurement and financial management functions and actually involves a more “upstream” set of concerns: how to target the right beneficiaries; how to ensure they participate in identifying and deciding their needs; how inclusion is ensured in procurement as well as in other areas of project planning and implementation; and how the sub-project itself is implemented and maintained over the project period and beyond. These concerns call for better project preparation by the Task Team in the identification of potential project beneficiaries and in ensuring their involvement in decisions about what should be done under the project and how it should be done.

Strengthening Civil Society Organizations (CSOs)

18. In principle, civil society organizations (CSOs) can play a very useful role in the design, implementation, and oversight of CDD projects. Participants noted three specific elements of the Bank/CSO relationship related to procurement: (a) procurement of CSOs under Bank-funded projects; (b) procurement by CSOs thus engaged in Bank-funded projects; and (c) the involvement of CSOs in procurement monitoring – either informally, as part of “community oversight” or more formally as “3rd party monitors”. The reality is that CSOs may be uniquely situated to interact with intended project beneficiaries because they are already working with those same target groups within the proposed project areas. The challenges for the Bank in working with such CSOs, however, arise from two primary concerns: the first relates to the lack of administrative (and especially fiduciary) capacity of many of these CSOs, and thus their inability to measure up to the Bank’s normal standards of performance; and the second arises from the often quite small size of many local CSOs – which makes it difficult for the Bank to work with them directly on the scale normally involved in Bank-financed projects. Recognizing these challenges, the Bank, in collaboration with the Government of Indonesia, has established a unique new program for working with CSOs under PNPM’s Peduli Program – which targets marginalized groups.

19. The Peduli CSO initiative is a “principles-based approach” to working with CSOs and is intended to develop a new business model for the Bank – reducing administrative ‘red tape’ while maintaining Bank standards in financial management, procurement, safeguards and anti-corruption, and strengthening CSO’s own systems rather than training them to simply “comply” with the Bank’s guidelines. Key features of the Peduli CSO initiative include:
Strengthening the capacities of Indonesian CSOs to reach and empower marginalized groups to improve their socio-economic conditions;

Grants are awarded to national CSO partnerships which then pass those grants on to local CSOs;

Grant partnerships provide direct support for activities as well as support to the CSOs to strengthen their management capacities;

In its pilot phase the program has reached more than 12,000 marginalized individuals across 231 villages in 24 provinces through partnerships with 72 Indonesian CSOs.

Experience to date also suggests a number of important lessons for the future in working with CSOs. Challenges include: the difficulty of communications and monitoring and evaluation of CSOs located in remote areas; the sometimes meager staff education levels: a lack of specific technical skills (e.g., in accounting and financial management): and a high level of staff turnover. The success of capacity building seems to depend very much on the CSO’s motivation and willingness to learn, the stage of the CSOs development and its capacity to change and adapt, the level of investment made in capacity building (including its duration); and making sure that those investments are relevant and appropriate. Key elements of successful capacity building include:

- A partnership and participatory approach: external assessments complement CSO self-assessments;
- Relevant support that is practical beyond the immediate needs of the project (for sustainability);
- A suitable mode of delivery: avoid too many training events in favor of hands-on mentoring, on-the-job training, and other structured learning opportunities;
- Peer learning: mechanisms and opportunities that promote leaning and network-building among and between CSOs themselves.
- Simple documentation in the local language consistent with the CSOs’ capacity (description of administrative procedures in the project manual was reduced from over 60 pages to 6 pages using a simple language which can be understood by CSO staff.)

A “principles-based approach” to capacity building seems to work especially well, both for the Bank and the CSOs. It allows for an assessment of CSO capacity based on the principles of good governance and accountability, as well as the principles of transparency, efficiency and cost-effectiveness in procurement practices. It also provides a basis for strengthening CSO’s existing systems rather than imposing a new set of rules based on the Bank’s standard practices. As a result, it promotes good practice, not just “compliance”. To achieve these objectives, however, the Bank needs to understand the environment in which CSOs operate, keep information simple and accessible (e.g., development of a “guidebook for dummies”), and strengthen its own capacity to provide support for these important players at the community level. The payoff comes in the form of a reduced direct role for the Bank in areas where CSOs are able to operate far more effectively due to their location, their relationships with the target beneficiaries, and their established motivation for serving those groups.

Issues related to strengthening CSOs were subsequently discussed by a “Breakout Group”. One of the key points arising from that discussion was the importance of a partnership between the Bank and the CSOs with which it is trying to work – as opposed to the normal “contractual” relationship. Indeed, participants suggested that this might be a justification for “sole-source” procurement.

In addition to Indonesia’s Peduli Program, other examples of CSO involvement in project monitoring and oversight include the “Check My School” program in the Philippines, “Integrity Watch” in Afghanistan, and “Procurement Partnership” in Mongolia.
providing that it is a genuine partnership. A second point is the challenge for the Bank of “working at scale”, especially when CSOs at the community level may be really quite small and the number involved in a sizable CDD program would make it difficult for the Bank to deal with them directly. The solution to this issue being used under the Peduli initiative involves dealing only with larger CSOs operating at the national or at least provincial level that serve as both the direct conduit for passing grant funds down to local NGOs and as a partner in helping to build the capacity of those smaller, community-based CSOs. Workshop participants clearly recognized the potential value of CSOs to improving the effectiveness of CDD project design, implementation, and oversight – especially, as noted below, in the case of fragile and conflict-affected situations – and thus very much welcomed the lessons of the Peduli initiative.

Taking Advantage of Technology

23. **One of the more exciting developments in Bank-funded investment projects has been the increasing application of ICT (information and communications technology) innovations in project design, implementation, and supervision.** ICT innovations have been especially important in CDD projects due to the wide dispersion of sub-projects, often in remote or insecure areas. A good example, presented at the Workshop, is the Geo-Tagging initiative in the Philippines. The impetus for this initiative came from concerns about the absence of effective monitoring and evaluation systems for a CDD project operating in widely dispersed areas, including both remote locations and conflict-affected areas where security concerns prevented Bank supervision missions from visiting project sites. To overcome these challenges, the Bank’s Task Team recommended the use of GPS technology and a web-based mapping application to aid project supervision.

24. **Geo-Tagging is the process of attaching location-specific GPS pictures, points and tracks to facilitate centralized access to localized information about the project.** This allows geo-tagged objects to be easily and accurately located on a map, within a geographical context – for example, to identify the location and implementation status of civil works projects, the tracks of farm-to-market roads, or the area of reforestation/marine sanctuary rehabilitation/irrigation schemes, as well point-specific livelihood initiatives. This information can be integrated with the government’s procurement system (Philippine Government Electronic Procurement System – PhilGEPS) thus permitting bidders and CSOs virtual site visits as part of the bidding process, as well as allowing “virtual visits” to project sites by the Bank’s Task Team as a part of its supervision work. Geo-tagging and geo-mapping also permits greater engagement of project beneficiaries and CSOs, and it can help to inform the Bank and project management of gaps and over-laps in coverage. First initiated under the MRDP2 project in Mindanao, it subsequently came the favorable attention of the President of the Philippines. As a result, geo-tagging has been expanded to cover a range of other country-wide programs, and will shortly be adopted as an integral part of the new US$500 million PRDP – a country-wide CDD operation.

25. **In addition to Geo-tagging in the Philippines, two case studies from Brazil were presented that emphasized the importance of data collection and analysis for effective monitoring and evaluation of results.** The first involved the management of voluntary fiscal transfers from national to sub-national governments, and the second was a case of “supply chain management” in the Brazilian state of Minas Gerais. In both instances, the need was for data collection that was reliable, timely, and “granular”. In both cases: data entry was decentralized while data management and analysis was centralized; the

---

3 Geo-Tagging requires only a GPS-enabled cell phone and access-free internet-based applications (Google Earth and Picasa).
control point was the entry into the system of data on contracts; and the data collected was integrated with other relevant national or state-level data systems. As a result of having this data, managers can remotely monitor implementation and spot problems and issues that need to be corrected, auditors can use the data for better risk management and oversight, and scholars/think-tanks/government analysts can carry out analytical work that may lead to further system improvements. In the case of Minas Gerais, an integrated supply chain management system was developed that covered the full project cycle – from planning, budgeting and bidding to contract management and the payment of invoices. The data collected allows for an evaluation of key performance indicators which, subsequently, can inform policy making leading to cost savings, faster implementation, and more effective outcomes.

26. Issues related to “taking advantage of technology” were subsequently discussed by a “Breakout Group”. One of key points raised was the importance of ICT for improving access to information – especially for project-affected communities, but also for improved project management and more effective supervision by Bank Task Teams. Issues of cost and the location and management of GPS-related information were also raised, as well as performance-related issues: availability; reliability; and user-friendliness. It was also noted that the use of ICT as part of a grievance resolution or complaints-handing system needs to take into account the availability and effectiveness of follow up: if community members submit complaints or allegations of “irregularities” during project implementation, and there is little or no response from project management, then they will not bother submitting future complaints or allegations. On a more positive note, examples such as the Philippines Geo-tagging initiative are prime candidates for knowledge sharing – not just within the Bank’s CDD Community of Practice, but with other countries as well as part of a South/South Knowledge Exchange.

III. Special Cases: The Challenges of Country Context

Fragile and Conflict-Affected Situations

27. The Bank has been struggling for more than a decade to figure out how best to assist this group of low income countries – those suffering from especially poor governance, often complicated by internal strife. Described by President Kim as “the toughest development challenge of our era” (see Box 3), there is growing concern within the international development community about the failure of these countries to meet the Millennium Development Goals, and about the “spill-over effects” they may have on other countries. These concerns are reflected in the Bank’s strategic priorities, reinforced under the IDA 16 agreements, and highlighted in the 2011 WDR (“Conflict, Security and Development). They also feature prominently in the Africa Regional Strategy, since 18 of the 33 countries are located in that Region. Preliminary indications are that the FCS countries will feature even more prominently in IDA 17. Globally, one-third of all aid is currently devoted to FCS countries.

28. For countries emerging from conflict, time is of the essence. Many things need to come together quickly to consolidate peace, establish political stability, make progress on justice and reconciliation, and launch a socio-economic development program. The risks, and the costs, of failure are high: a failure in any one of these areas risks a failure in all, and may result in a return to conflict. For this reason, the government and the donor community face a number of difficult but unavoidable tradeoffs. For donors, one of the most critical tradeoffs is between restoring the delivery of essential services in the short term (as part of the “peace dividend”) and building capable and accountable public sector institutions that have earned the trust of the communities they serve – a longer-term effort.
Experience shows that CDD projects are able to operate effectively even in the face of severe capacity constraints, thus becoming the “instrument of choice” in FCS situations. In such circumstances, the role of CSOs in project implementation may be absolutely critical. Participants emphasized, therefore, the importance of developing more effective ways of working with CSOs, such as the partnership arrangements being developed under the Peduli CSO initiative. How these projects are implemented, however, may have serious implications for the longer-term objective of building capable and accountable public sector institutions. A common practice among donors, for example, is the establishment of separate implementation arrangements for their projects. These project management units (PMUs) are justified by the need to achieve timely results and protect donor funds in the face of weak public sector capacity and a propensity for corruption. However, they often hire the best local talent, at salaries well above public sector wage rates, leaving the corresponding public sector agencies bereft of resources and competent staff and thus destined to remain weak and unaccountable.

In some cases, there may be no choice but to establish separate implementation arrangements to get things moving in the right direction. In that event, donors should develop a “parallel track” approach for capacity building within the relevant agencies so that, over time, they can assume responsibility for program management. This would be consistent with donor commitments made in Paris, Accra, and Busan to rely increasingly on country systems. At the macro-level this will require the development of sound public financial management systems – likely to require a sustained commitment of resources and patience. Progress is unlikely to be “linear”, but gains are being made in a number of Bank member countries, with support from the FCS Hub in Nairobi. Further progress will require that Bank staff understand better how existing systems work, agree within the Country Team on the priority to be given to capacity building (and incorporate this in the CAS), collaborate with other donors, and agree with governments on specific capacity-building plans. The objectives should be modest. The Hub’s overall aim, for example, is for “incremental but sustained progress”.

Remote Areas and Small Island States

A different set of challenges arise in the case of CDD projects operating in remote areas and in Small Island States. Among these countries, geography has a profound effect on the challenges of project design, implementation, and supervision. On the logistics side, the costs of transport are likely to be high. There are generally few – if any – planes, and boats may arrive only once every six months. Suppliers may be few and far between, and limited competition results in higher costs – on top of the higher costs of transport. As in fragile states, local markets are seriously underdeveloped, foreign suppliers often not interested, and capacity severely constrained. These issues are generally
compounded by related governance and political economic challenges. A Bank-wide working group is tackling these challenges and a major initiative is underway in the Pacific sub-region of EAP to simplify Bank requirements and develop a capacity building approach better suited to the unique challenges to the sub-region. Different solutions to the market constraints are being explored for some of the islands, including “out of the box” possibilities, such as joining existing framework agreement in Australia or New Zealand, or sharing commercial agents who would “bundle” the requirements of several islands/remote areas, and negotiate better prices with suppliers.

32. In addition to higher costs, the timing of implementation is likely to be longer than in more accessible project areas. In Indonesia, for example, what might take only a year to accomplish on the main Island of Java could take two years in the Province of Papua – which may require special budgeting provisions given GOI’s one-year budget cycle. Other modalities of project implementation, such as the availability of community facilitators, the capacity of local contractors, and the ease of communications between project sites and the nearest PMU representative, will also be negatively affected. Documentation needed for the release of the next tranche may not be available on a timely basis if it has to be sent by boat. And audits may be delayed in the event that auditors cannot reach the project sites on a timely basis. All of these conditions will need to be factored into the project’s cost estimates and implementation schedule.

IV. Implementing the New Paradigm: What will it take?

33. Moving from the current “BAU” (Business As Usual) Paradigm to the proposed new paradigm for fiduciary support of CDD projects will be neither simple nor easy. As highlighted during the Workshop, what we need is not a change in policy, but a change in culture and in behavior. We need a shift in how Bank staff deals with risk: from risk aversion, leading to strict compliance with rules and procedures, to a responsible and informed approach to managing risks – an approach that “rebalances” the risk/results equation, giving greater weight to the desired results and helping our clients (at the community and local government levels) improve their own systems for managing those risks. We need a similar shift in the orientation of Task Teams from supervision (that focuses mainly on compliance issues) to implementation support (that focuses on capacity-building and results). This includes intense hand holding and practical help in implementing certain portions of the procurement cycle (e.g. planning and cost estimates, documents preparation, and contract management.)

34. Improving the management of fiduciary risks in CDD projects should not be seen in isolation from the larger challenge of improving how the Bank manages operational risks overall. Progress at the institutional level will help to set the stage for progress within the fiduciary functions. At the same time, the on-going procurement policy reform exercise, to the extent that it leads to a more “principles and performance-based approach”, will strengthen the authorizing environment for improving the management of procurement risks in CDD projects. But even that will not be enough to change the culture and the ingrained habits of risk aversion that – as noted above – seem to be driving the current paradigm. In discussing these issues during the Workshop, participants concluded that a substantial change in behavior will require a profound change of culture within the CDD/Fiduciary Community of Practice, which – in turn – will require at least three things:

4 For a discussion of that topic, see “Building the Solutions Bank”: Connecting the Dots to the GAC in Operations Agenda”, D. Morin and R. Calkins, OPSOR (GAC in Operations Team), 2013.
Leadership from within the Fiduciary Community of Practice

34. **The changes in culture and behavior needed to implement the proposed new paradigm must start from the top.** Assuming “buy-in” by the Sector Boards, the next step will be to communicate the changes the leadership would like to see. It will be an important to “get the word out” to fiduciary staff about the proposed new paradigm. To overcome anxiety and potential concerns with a more flexible approach, it will also be necessary to stress the principles of the Bank’s fiduciary approach (and the philosophy behind those principles) so that there is greater appreciation within the project team for the real concerns are, and why the proposed approached is a more effective way to address them.

35. **At the same time, however, exhortations to “be flexible” must be supported by concrete examples of what has been achieved through greater flexibility in CDD projects across the Bank.** In addition to “getting the word out” about the new paradigm, therefore, it will also be necessary to publicize “good practice” examples, both to build up a set of precedents and to inspire others to emulate those good practices. Recognizing and rewarding additional examples of good practice will help to align the incentives structure for staff in favor of the proposed new paradigm.

36. **It will also be important, however, to provide timely support and encouragement to Task Teams when – not if – various fiduciary risks actually materialize.** The response of management at that critical junction will send the most powerful message possible regarding the Bank’s new approach to the management of fiduciary risks. The challenge of providing timely support will need to be shared with sector and country managers as well – which, as noted above, is part of the Bank’s broader reform agenda. This will be especially important for staff working on CDD projects in fragile and conflict-affected situations where fiduciary risks are higher and the opportunities for mitigating those risks may be constrained by the need to maintain political stability and to deal with the “drivers of stress”.  

A more targeted knowledge and learning agenda

37. **To move the new paradigm forward will require an effort to extract the lessons of experience – what works and what doesn’t – in fiduciary arrangements for CDD projects across the Bank, and make those lessons available to the Community of Practice.** It would be especially useful to concentrate on cases that illustrate the key principles of the new paradigm. Given their importance in the Bank’s fight against absolute poverty, it would also be useful to develop case studies of CDD projects in FCS countries. In every case, it will be critical to learn from failure – to understand what didn’t work, and why. Funding to support the development of case studies and lessons learned notes, however, is likely to be issues since these tasks, at present, are generally not funded. Resources will also need to be allocated for staff training – including peer learning events such as the present workshop.

---

38. In addition to sharing cases studies and lessons learned within the Bank’s CDD/Fiduciary Community of Practice, they should also be shared among and between our clients. Indeed, one of the best ways to ensure the spread of good practice fiduciary approaches is through a South/South knowledge exchange, building on exchanges that have already occurred in a number of cases (between Indonesia and Afghanistan and between India and Indonesia, to cite just two successful examples).

**Development of a CDD/Fiduciary Community of Practice**

39. To fully mobilize practitioners, and to sustain progress in implementing the proposed new paradigm, will require the development of a CDD/Fiduciary staff Community of Practice (see Box 5). The more than fifty participants in this Workshop provide an initial quorum for such a community, and there was a strong interest among the participants both to continue the dialogue and to continue sharing information and experience across the group. The proposed CoP would represent an intersection between TTLs and Sector Specialists who are already members of SDV’s CDD CoP and Procurement and Financial Management Specialists who are members of their respective practice groups. (There would be another overlap, of course, with staff specializing in FCS issues, represented by the CCSD Hub in Nairobi and their “Hive” group.)

---

**Box 5: Communities of Practice – An Overview***

**Communities of practice** (CoPs) are groups of people who share a concern or a passion for something they do, and learn how to do it better as they interact regularly. Three characteristics are crucial:

- **The domain**: the identity of the group is defined by a shared domain of interest; membership implies a commitment to the domain, and thus a shared competence that distinguishes the members from other people. They value their collective competence and learn from each other;

- **The community**: in pursuing their interest, members engage in joint activities and discussions, help each other, and share information – interactions essential to making them a community of practice;

- **The practice**: Members of a CoP are practitioners; they develop a shared portfolio of resources – experiences, cases, tools, and ways of addressing recurring problems – in short, a shared practice.

The ways in which a community interacts strengthens the value of the community to its members, and the value of its members to the community: through joint problem solving; requests for information; seeking the experience of others; documenting new stories/case studies; discussing new developments; mapping the community’s existing knowledge, identifying gaps, and seeking to fill them; and networking among members. As a peer learning network, information exchange is critical, and increasingly relies on electronic knowledge and learning platforms, as well as on “social media” for making “virtual” connections among its members.

Through these interactions, the CoP is able to exchange not just explicit knowledge, but tacit knowledge as well, in many cases capturing, writing down and codifying such knowledge – making it explicit.

*Based on “Communities of Practice: a brief introduction” by Etienne Wenger, June, 2006.*
The ability of fiduciary staff to respond “flexibly” to local conditions requires a certain degree of confidence in one’s judgment, and that generally comes only with experience. The support of more experienced colleagues, therefore, can be especially helpful for less-experienced staff, especially newer Bank staff located in country offices. A well-organized CoP can help to provide that support through:

- The identification of the Bank’s “practice leaders” on fiduciary arrangements in CDD projects who would be obvious candidates to carry out “peer reviews” at the project concept stage, and to serve as mentors for less experienced staff;
- The establishment of “space” within the web-sites for both SDV’s CDD CoP and the Procurement and Financial Management practice groups for sharing case studies, lessons learned notes, guidance/“how to” notes, etc., – making them easily available across Regions and sectors; and
- Providing a forum within which individual staff can raise questions or seek advice on specific issues they may be facing in their work, and receive timely suggestions and advice.

V. Next Steps

1. **Share this note with the Procurement and Financial Management Sector Boards and seek their endorsement** – to ensure that the Fiduciary Leadership Team “speaks with one voice” in support of the proposed new paradigm;

2. **Communicate the new paradigm** (and provide annual “updates on implementation”):
   a. To fiduciary staff, through Regional Procurement and Financial Management Managers, and ensure that Hub Leaders are both aware of this initiative and are “on board”; and
   b. To CDD TTLs and Sector Specialists, through communications from SDV’s CDD CoP;

3. **Identify an initial (modest) budget to support the proposed knowledge and learning agenda**:
   a. To fund 2-3 case studies on innovative fiduciary arrangements in CDD projects to be carried out in FY14; and
   b. To fund at least two additional “peer learning events” similar to the Jakarta workshop, one possibly in AFR – jointly sponsored by the Region and the CCSD Hub in Nairobi, and a second one as a follow-up workshop in EAP for those country teams that were unable to attend the February event – both to be held in the first half of FY14;

4. **Establish a joint CDD/Fiduciary staff Community of Practice, with “shared leadership” between OPCS and SDV**, incorporating the Group within existing practice group websites; and

5. **Incorporate the key elements of the new paradigm in relevant training programs** within the CDD and the Fiduciary Communities of Practice, including the CDD Core Skills Course and various “Sector Week” events by SDV and OPCS.

---

6 See OPCS, 2012. Community-Driven Development Projects: A Review of Governance Issues. Among the lessons learned: Task Managing a CDD project is “not a job for amateurs”. The same can be said for the role of fiduciary staff on CDD projects, especially in FCS situations: younger, less experienced staff tend to be highly risk averse, loading the project up with safeguards to avoid, subsequently, being “second-guessed” about issues of transactional integrity. On the other hand, older, more experienced staff may also be more “set in their ways”. What’s needed is a proper balance of experience, confidence and a willingness to be flexible and to innovate.
Annex I

List of Participants

Sponsors/Facilitators
1. Enzo de Laurentiis (EAP – RPM)
2. Janmejay Singh (SDV-CDD CoP)
3. Richard Calkins (Consultant – OPSOR)
4. Marcela Rozo (WBI)
5. Gisella Lokopessy (PSF)

East Asia and Pacific Region

China
6. Guoping Yu (PR)
7. Yuan Wang (PR)

Indonesia (TTLs/Sector Specialists)
8. Ahsan Ali (Procurement Lead)
9. Rajat Narula (FM Lead)
10. Jana Uno (Ops. Officer)
11. Yogana Prasta (Ops. Advisor)
12. Susanne Holste (TTL)
13. Scott Guggenheim (AusAid/former Bank TTL)
15. Charles Brigham (Ops. Officer)
16. Alexandre Borges de Oliveira
17. Natasha Hayward (Soc. Dev. Spec.)
18. Felicity Pascoe (Soc. Dev. Spec.)
19. Sentot Satria (Soc. Dev. Spec.)
20. Robert Wrobel (TTL)
21. Sonja Litz (Sr. Counsel)
22. Harry Sudewa (ETC)
23. Kusumo Nugroho (Cons)
24. Yasmeen Tabbaa (YPP)
25. Sri Kuntari (Soc. Dev. Spec.)

Laos
26. Khamphet Chanvongnaraz (PR)
27. Siriphone Vanitsaveth (FM)

Thailand
28. Sirirat Sirijaratwong (PR)

Philippines
29. Noel Sta. Ines (PR)
Contributors from other Regions

AFR/Nairobi CCSD Hub
30. Richard Olowo (PR – Nairobi Hub: GCCSD)
31. Donald Mphande (FM – Nairobi Hub: GCCSD)

MNA
32. Mohamed Medouar (TTL)

ECA
33. Nagaraju Duthaluri (PR)

SAR
34. Kalesh Kumar (PR)
35. Manvinder Mamak (FM)
36. Suraiya Zannath (FM)
37. Rehan Hyder (PR)

Other Contributors

INT
38. David Bernstein (INT)

Controllers
39. Chau-Ching Shen (CTRLN - FM)

Indonesia Office Fiduciary Staff
40. Achmad Zacky Wasaraka (PR)
41. Yash Gupta (PR)
42. Indrajit Kartorejo (PR)
43. Budi Permana (PR)
44. Enggar Prasetyaningsih (PR)
45. Widya Wijayanti (PR)
46. Lydia Kurniawan (PR)
47. Zulfi Novriandi (PR)
48. Unggul Suprayitno (FM)
49. Christina I. Donna (FM)
50. Arip Syaman Sholeh
51. Aswin Hidayat (FM)
52. Novira Asra (FM)
53. Patricia Y. Sonata (FM)
Workshop Agenda

Building on Community Institutions:
Managing Risks to Achieve Results: Agenda and Schedule
Location: Jakarta, Indonesia
Date: February 11-12, 2013

February 11

8:30 am Workshop Registration

9:00 am Introduction and Course Overview
- Welcome [Stefan and Enzo]
- Introduction of Participants, Presenters and Facilitators [Janmejay]
- Overview of Workshop Agenda and Ground Rules [Dick]

9:30 am Initial Perspectives Exercise: Where does the shoe pinch? Where can we do better? Where are we “missing the boat”? [Dick]

10:00 am Coffee Break

10:15 am Enhancing Community Empowerment: Introduction
- Concepts of Community Accountability [Scott Guggenheim]
- Example: Indonesia’s PNPM [Sentot Satria]
- Example: Community-based Procurement in India [Kalesh Kumar]
- Open Discussion/Sharing of Experience

12:00 – 1:15 pm Buffet Luncheon

1:30 pm Strengthening CSOs (Civil Society Organizations): Introduction
- Concepts of Capacity-building for CSOs [Marcela Rozo]
- Example – Indonesia’s Peduli Program [Felicity Pascoe]
- Examples – Civil Society Engagement and Roles [Marcela Rozo]
- Open Discussion/Sharing of Experience
3:00 pm Coffee Break

3:15 pm Taking Advantage of Technology: Introduction
• Concepts of ICT for Accountability [Charles Brigham]
• Example: Transparency through Geo-tagging/Geo-mapping [Noel Sta. Ines]
• Example: Managing Data for Results [Alexandre Borges de Oliveira]
• Open Discussion/Sharing of Experience

4:45 pm Wrap Up: “Take Aways” from today’s discussion/Plans for tomorrow

5:00 pm Adjournment

**************

February 12

9:00 am Welcome and Plans for the Day

9:15 am Experiences From Across the Bank (Panel Discussion)
• From MNA [Mohamed Medouar]
• From SAR [Manvinder Mamak/Suraiy Zannath]
• From AFR [Richard Olowo]
• From ECA [Nagaraju Duthaluri]

10:30 am Coffee Break

10:45 am The Challenges of Country Context
• Fragility and Conflict [Donald Mphande]
• Small Island States and Remote Areas [Susanne Holste]
• Open Discussion/Sharing of Experience

12:00 – 1:15 pm Buffet Luncheon

1:30 pm Break-out Sessions (three separate groups) Focus on “What would it take?”
• Enhancing Community Empowerment
• Strengthening Civil Society Organizations
• Taking Advantage of Technology

2:45 pm Coffee Break

3:00 pm Reporting Out
• Each Group Reports on its results
• Open Discussion: “What will it take”
4:00 pm  Panel Discussion: Toward a New Paradigm for Fiduciary Support of CDDs
[Enzo and Janmejay]
- What are the key elements of that paradigm?
- What would it take to implement it?
- Is there a basis here for staff learning (e.g., workshops in other Regions)?

5:00 pm  Wrap up and Course Evaluation
- Revisiting our Objectives
- What could we do better next time

5:30 pm  ADJOURNMENT
Annex III

Problem Definition: Participants’ Views on Issues and Concerns

Better management of risks/results:
Risk aversion
Fear of risk is holding back innovation
Adapt the normal Bank procedures and manage risks right from the design stage
Traditional approach to risk and fiduciary management do not work for CDD, (so) Bank should promote specialized knowledge and expertise
Need more risk-based supervision with clearer feedback loops both within the Bank and within the project so that corrections are made
Focus more on results and outcomes, less on inputs, processes and procedures
Reliance on Donor Trust Fund for overseeing large CDD programs (such as PNPM)

Governance and Corruption Issues:
Potential for elite capture due to culture
Lack of understanding of governance issues
Dealing with fraud and corruption/misappropriation of funds/elite capture
Adequate assurance if Bank funds are used for the purposes intended for CDD projects
Feedback mechanisms/complaints may not work
INT by-passing TTLs and Inappropriate sanctions (need greater flexibility)

Procedural Issues and Concerns
Need more working together in teams – from the start
“The long-distance screw-driver” (trying to fix things from afar, when a local presence is what’s needed)
Slow prior reviews of documents
Over-specification of TOR
Bank regulations are too rigid
Simplify procedures!
Ability to simplify, while maintaining commitment to principles
Need greater flexibility, coordination and support across the Bank – PR/FM/Legal/Ops/etc.
Need better understanding of local contexts and constraints, and ability to respond to those factors
Procurement focuses only on meeting its objectives to comply with guidelines without trying to understand the needs of the project
Fiduciary team’s attitude not helping the project to proceed, but rather to save its own rules

Procurement Policy Issues and Concerns
Ineffectiveness of requiring “three quotations” as part of Bank requirements – doesn’t “add value”
Getting “three bids” in remote areas
Difficult to get three quotations in remote areas in order to comply with the (procurement) manual
Lack of suppliers in remote areas
Need special treatment and rules for remote areas
(Fiduciary) approaches not sufficiently tailored to realities on the ground
Community procurement needs to be simplified and local practices recognized
CDD procurement is not clearly guided in the Bank’s procurement guidelines
Bank needs to provide clear policy and procedures to the staff on CDD operations (plus training)
Procurement for procurement’s sake doesn’t add value!

**Community-related Issues**
Now is too much controls – distrust to community; need to change the paradigm to trust more on community, with reasonable controls
Insufficient opportunities (and time) for fiduciary staff to spend time in the field understanding the issues/challenges/ability/resourcefulness of communities
Community understanding of Bank policies and procedures is limited
Good fiduciary management should not be responsibility only of PR/FM staff, but needs ownership, participation and accountability from the community

**Government-related Issues**
Government may not want to borrow for TA to strengthen community institutions
Need good record-keeping (administration) and regular (every six months) training for government staff
The Bank doesn’t help client to strengthen its own procurement procedures
Policy Provisions for Community Procurement

1. For CDD Projects, procurement arrangements should be tailored to the requirements of the project, to the capacity of the community, and to other local conditions – including potential market constraints in terms of the availability of suppliers, contractors and consultants. The applicable principles are transparency, efficiency, and cost-effectiveness. Project requirements will depend on the nature of project activities which, in turn, determine the nature of eligible expenditures and the type of procurement procedures that should apply. The procurement procedures are spelled out in the PAD and incorporated into the project’s Operational Manual. At the PIU level, the Bank’s normal procurement procedures would apply (e.g. for the purchase of computers, vehicles, and fuel, for staff training, engagement of NGOs to support project implementation, etc.). Under these procedures, the Bank finances actual expenditures, and the Bank’s standard procurement policies and procedures.

2. For sub-project activities carried out at the community level, there are two options available: (a) financing actual costs, as above; and (b) financing on a lump-sum basis. For reasons of efficiency and cost-effectiveness, financing on a lump-sum basis is clearly the preferred option. A description of the proposed sub-project is incorporated in the Financing Agreement between the PIU and the community, so planned expenditures and estimated costs are known in advance. These constitute the project’s procurement plan. Disbursements are made in pre-determined tranches based on the physical progress of implementation (e.g., 40%/40%/20%). Incentives for economy and efficiency are reinforced, since any savings that occur can be applied to additional eligible activities. Actual payments are based on progress reports prepared by the Community Finance Committee or the Community Treasurer and submitted to the local representative of the PIU. Receipts for actual expenditures, however, remain at the community level, for audit by Community Auditors and, on a sample basis, by external auditors.

3. Because of the unique features of CDD projects, special procedures have been incorporated in OP 11.00 for sub-project implementation under the provisions for “community participation in procurement” (paragraph 3.19). These provisions provide for both simpler procedures and greater flexibility, in line with the Bank’s overall concern for transparency, efficiency and cost-effectiveness. These procedures are spelled out in an annex to the Financing Agreement and include the five procurement methods described in Box 7, below. These provisions apply only for goods, works and non-consulting services. Most communities, however, will also need assistance in preparing and implementing their sub-project, which is usually provided by consultants, NGOs or government staff within the relevant sector(s). In some cases, therefore, the PIU will enter into contracts with a roster of such experts, from which communities can contact the consultant or NGO of their choice.

4. In CDD projects (or project components) that support revolving funds (based on savings groups that first mobilize their own capital and then, with the addition of project grant funds, make loans to members for income-generating activities), the assumption is that the interests of the project are consistent with the self-interests of the participants. Thus the recommended procurement method is simply “commercial practices” – combined with whatever technical assistance may be provided under the project with regard to the appropriateness of various business opportunities.

---

7 An exception would be a CDD project for urban communities where the size of subprojects (e.g., water treatment facilities), and uncertainties about the actual cost of construction, might make “actual expenditures” appropriate.
5. In addition to whatever provisions may be needed for PIU procurement staffing and staff training, it will be critical to ensure that the community facilitators are thoroughly grounded in the project’s procurement policies and procedures, and that these policies and procedures are presented in a simplified manner to the communities so that they are understood by all. Additional training may be needed for members of the Community Development Committee, and of the Procurement Committee. As a matter of transparency and accountability, these rules should be posted within the community to encourage community monitoring and oversight. As suggested below, information should also be posted regarding the procedures for reporting allegations of non-compliance.

6. Here also, as with the financial management arrangements, the Procurement Specialist will need to work closely with the rest of the Task Team and with government counterparts to come up with arrangements appropriately tailored to local conditions, adaptable to changes in those conditions over time, simple, clear and understood by all of the relevant actors – down to the community level.

---

**Box 6: Procurement Guidelines for CDD Projects**

Special procedures for “Community Participation in Procurement” include the following five procurement methods:

- **Shopping for Goods, Works, and Non-Consulting Services**: This procedure requires that quotations be obtained from at least three qualified suppliers, service providers or contractors;
- **Local Bidding for Goods and Works**: To enhance economy, fairness and equal opportunity for suppliers and contractors, communities may wish to use open tendering procedures, with advertising limited to local media, posting of notices in strategic locations, circulating them and/or reading them out in community meetings or other public gatherings. The request for bids spells out the works or goods required, criteria for selection, and deadline for bid submission. Bids are opened in a public ceremony and then examined to determine whether they meet the qualifications. Those that do are further evaluated, and the one that meets the requirements and offers the lowest bid is selected. The winning bidder, and the amount of the contract, are then announced to all bidders;
- **Direct Contracting**: Direct contracting allows for a supplier or contractor to be selected without applying the competitive methods described above, but must be approved in advance by the Community Development Committee. This method may be used when there is only one source available – a not-uncommon phenomenon in remote areas. Other possible justifications include urgency, the need to adopt a certain technology, or a repeat order. Prices should be in line with local market rates or established estimates provided under a “unit cost data-base” maintained by the PMU;
- **Off the Shelf Purchases**: Off the shelf purchases are another form of direct contracting, but are used when very low quantities and low overall value of goods or supplies are required. Provisions for this method should be spelled out in the Operations Manual, including monetary thresholds; and
- **Community Force Account**: Under this method, the community implements the sub-project using its own resources (skilled and unskilled labor, materials, equipment, etc). It may also sub-contract part of the project. The main advantages to this approach include the creation of employment opportunities for members of the community, the likelihood of greater efficiencies (including the possibility of voluntary contributions or the provision of inputs below market costs), and greater community ownership of the resulting investment – which may be important for sustainability.

*See Guidance Note for Design and management of Procurement Responsibilities in Community-Driven Development Projects (World Bank, 2012).*
Overall Results

During the “wrap-up” session at the end of Day 2, we conducted a brief evaluation of the Workshop. This consisted of first asking the participants to complete a standard (WBI) “Level I Evaluation Questionnaire for Staff Learning”. While the form is targeted more to a training course than a “peer learning event” such as this workshop, we used the form to solicit feedback on what worked well, and what could have been done better. This was followed by a brief discussion, during which participants were generally positive about their experience, and had relatively few suggestions for improvement.

Results on specific aspects

In terms of course evaluation ratings, we calculated the scores for ten questions, based on a seven-point scale where 1 was “poor”, “not at all”, or strongly disagree, while 7 was “very good”, “very much”, or “strongly agree”. The overall average rating for the ten questions was 6.1. The rating of individual questions, ranked by score from highest to lowest, was as follows:

- Usefulness of the workshop: 6.4
- Quality of the workshop: 6.3
- Applicability to participants jobs: 6.3
- Relevance to the Bank’s mission: 6.1
- Participant’s knowledge increased: 6.0
- Content of the workshop: 6.0
- Order of concepts presented: 6.0
- Quality of materials: 6.0
- Extent to which learning needs met: 5.9
- Extent to which workshop met its objectives: 5.8

Participants were satisfied with the balance achieved between attention to theoretical and practical content, time for “instructors” presentations versus time for comments by participants, and with the pace of the event – with 23 perfect scores / 7 off by one step on one item/and 4 off by more than one step in more than one item.

In terms of “what worked best”, participants clearly appreciated the shortness of the presentations, which allowed more time for discussion; the concrete examples presented under the various themes and topics; the sharing of experiences – and especially the opportunity to learn from the experience of other Regions; the search for a solution to the “three quotations” dilemma; the gathering together of both TTLs/Sector Specialists and Fiduciary (Procurement and Financial Management) Specialists; the small group discussions on specific themes/topics; the active engagement of all of the participants; and the opportunity to network within (essentially) a CDD/Fiduciary community of practice.

“Opportunities for improvement” included: hold similar workshops in other Regions; more discussion of best practices in other Regions; more examples; annual learning events for updates; involve counterparts, representatives of CSOs/project beneficiaries; make it 3 days/make the field visit part of workshop; more participants; and bring more examples of “problems to be solved” – and solve them!
EASOS
EAST ASIA AND PACIFIC OPERATIONS SERVICES
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A
http://intranet.worldbank.org/WBSITE/INTRANET/INTCOUNTRIES/