The Community Development Project in Bosnia Herzegovina—Citizen-Driven Decision-Making

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Executive Summary

Citizen-driven decision-making can be chaotic and time consuming. But if managed well, it can result in the effective installation and maintenance of municipal infrastructure while laying a foundation for effective self-governance.

In Bosnia and Herzegovina, where years of authoritarian rule had left citizens unaccustomed to a high degree of participation in governance, the Community Development Project (CDP) has helped citizens gain a voice in shaping municipal financing priorities for investments in water supply networks, central heating systems in schools, school playgrounds, sewage systems, youth centers, local roads, bus shelters, radio stations, and ambulatory facilities. Besides restoring important social services and infrastructure, the project’s success has deepened the institutional development of municipalities and strengthened ties between local governments and citizens of all ethnicities. It also has built inter-ethnic and inter-entity alliances at the citizens’ level by creating conditions for joint decision-making, dialogue, and negotiations within communities.

The immediate postwar Emergency Public Works Project in Bosnia and Herzegovina focused on emergency reconstruction and on providing temporary wage-earning opportunities. The follow-on CDP deepened the institutional development of municipalities and their linkages with citizens of all ethnicities in decision-making for municipal investments. The project narrowed the previous focus from nationwide coverage to those municipalities that remained hardest hit by conflict and underserved by development assistance and government financing.

A social fund, CDP finances non-revenue-generating social infrastructure projects through performance grants. It has fostered transparent and open financing decisions, as well as self-reliance, since communities and the municipalities contribute to the financing of the CDP-supported projects. Such financing can be as high as 80 percent of the project costs. But even if it is 10 percent, the expectation that communities will participate is a crucial element in creating a sense of ownership and involvement by citizens for the projects.

Social funds have the advantage of being adaptable to different emergency situations, a particularly important capacity in cases where a state’s ability to deliver has been reduced. They are especially well suited to postconflict situations, where the immediate needs are reconstruction of destroyed infrastructure, generation of employment, and infusion of stability and hope at the household, neighborhood, village, and town level. The features that enable social funds to play such a role include their procedures for identifying local needs; the manner in which they encourage participation of beneficiaries in decision-making; and their transparent processes for allocating resources. Social fund decision-making processes provide a framework and a forum for citizens to start participating again in decision making, which usually breaks down during conflict at the community level. They also provide for the repair of a sense of empowerment and stability.

CDP financing has a ceiling of $50,000 per project. Based on performance, municipalities can be eligible for additional financing. Each grant can either finance one investment or support several for which funding has been mobilized but is insufficient. The
project focuses on the poorest municipalities in the country. A major goal is to continue the
process of creating conditions for return by rebuilding roads and repairing infrastructure.

Observers of the process of discussion and negotiations within communities in
municipalities over “performance grants” say the most durable and lasting product of the project
is the decision-making process it has instituted, which they describe as democracy at its best, with
a high level of citizen participation. In a country that not long ago was bitterly and violently torn
by war and marked by the inability of citizens to resolve their differences, this is a tangible
development outcome.

Some of the lessons learned in the implementation of CDP were:

• Social funds are well suited to post-conflict situations, where the immediate needs are
  reconstruction of destroyed infrastructure, generation of employment, and infusion of
  stability and hope at the household, neighborhood, village and town level.

• Social fund decision-making processes provide a framework and a forum for citizens to again
  start participating in decision-making, following a period of conflict.

• Citizen-driven community development projects deepen the institutional development of
  municipalities and their linkages with citizens of all ethnicities, thus increasing social
  cohesion.
Program Description

The Community Development Project, began operations in April of 2001. It is managed under the umbrella of two quasi Government Development Foundations one in the Federation, Foundation for Sustainable Development and the other the Development and Employment Foundation of Republika Srpska. These two foundations were established to managed and implement a menu of programs and projects supported by the international community and the Government of Bosnia and Herzegovina. The Board of Trustees of both foundations include key ministries ad representatives from NGOs and the private sector. The linkage with the Government is a key feature for ensuring sustainability of institutional capacity building and transferring lessons of experience to the Government structures. The CDP is a follow on project to the Bank supported Emergency Public Works Project which was implemented following the end of the war. The CDP deepened the lessons learned under the first project of rebuilding social infrastructure in war torn Bosnia and focused in the second project on institutional development of municipalities and their linkages with citizens of all ethnicities in decision making for municipal investments. By emphasizing a citizen driven decision making process for the poorest municipal financing priorities, the CDP continued the process of creating conditions for return and for decreasing further out migrations by rebuilding roads and repairing infrastructure and provided a sense of hope and stability which is an un-quantifiable but necessary condition for peace and security. The CDP also focused on building interethnic alliances at the citizens level by creating conditions for joint decision making, dialogue and negotiations within communities.

Implementation Process

Through performance grants, the CDP supports the poorest and most under-served municipalities in Bosnia and Herzegovina, which cannot meet commercial credit-worthiness criteria. By targeting the poorest communities and municipalities who remain ineligible for commercial borrowing for public investments the project balances and is consistent with the development strategy in Bosnia. The identification of the poorest municipalities is based on a legislative classification of poor regions in the two entities of Bosnia and Herzegovina, the Republika Srpska (RS) and in the Federation through consultation with a wide range of stakeholders including civil society, government and international development and donor agencies operating in Bosnia and Herzegovina. In the Federation, 37 municipalities have been identified as the poorest. While in the RS, 39 municipalities are categorized as the poorest. The poorest communities tend to be located in the areas that were hardest hit by the war, and their social and infrastructure conditions need to be improved in order to facilitate the return of citizens.

The implementation of the CDP required a fundamental shift in the thinking of all the participants. Previously, municipal investments were made based on discussions between municipal officials and their financiers – namely, the government and the international community. Now, such decisions involved a broader group of people – the residents of the
affected municipalities. The CDP process requires that projects be identified based on local social assessments that are conducted by teams of citizens residing within the municipalities. Project implementation units provide these teams quick training on assessment techniques. The completed assessments then are presented at General Meetings in the municipalities, which are attended by representatives of citizens groups as well as any interested citizens.

Attendance at these general meetings can be high; sometimes more than 100 citizens packed into municipal halls, or crammed into local, smoke-filled cafes or bars to participate. The real effect of the project materializes at these gatherings, as people start exercising negotiation, discussion and listening skills. While this is very important anywhere, it is particularly valuable in post-conflict situations. First come the introductions, then the reading of the Social Assessment, then the shouting and accusations. The airing of all grievances. The chest thumping, the stomping out, the staying put. Then, the additions and deletions. And then the discussions on validity and reality check: what is the available municipal financing, what are the sources, what are the priorities and finally how best to use the performance grant funds and get more? Finally comes the nomination of a community action group or a working group. Depending on the size and number of communities in a municipality, citizens can nominate as many as 15 members for a community action group. After the presentation of the assessment and the listing of priorities in the local communities, a community action group is nominated by the General meeting participants.

The community action group is given the task of setting priorities among all the communities. It is the single group within the community that is nominated and tasked to chose among the different priorities and arrive at a negotiated agreement with all the represented communities. This decision-making involves reviewing the existing funds available to the municipality and reviewing which priorities already are to be financed and which require funds or have financing gaps. Working groups can agree on single projects, or they can offer up several badly needed sub projects which face financing gaps.
Citizen-Driven Decision-making Project Cycle

Much is to be gained by such a process of discussion and general meetings. It allows citizens to move beyond humanitarian assistance to taking a more long term view of resources and priorities. It allows for public debate and ownership of municipal decision-making on finance and resource mobilization. And it orients citizens and their elected representations towards planning.

The CDP requires that communities and the municipalities contribute towards the financing of projects. Such financing can be as high as 80% of the project costs. But even if the local contribution is just 10%, it is a crucial element in creating a sense of ownership and involvement by citizens. CDP financing of projects has a ceiling of US$50,000 per project. Successful completion of projects and a community’s level of participation sets the stage for a municipality to be eligible for additional financing, since financing is awarded on the basis of performance.

Impact Analysis

The performance grants although small US$50,00 each, when compared to other multi-lateral Bank or Government financed projects are a significant amount of immediately available and dependable financing for the poorest municipalities. While municipalities have allocated budgets from the Government, the allocated resources are not always immediately available. The incentive to follow procedures laid out by the CDP are high in these municipalities because the
performance grants have enabled the poorest municipalities to meet the priority needs of their citizens. Community Action Groups are formed and function in each of the eligible municipalities in the RS. An average of 50 to 60 citizens attend the community meetings but there have been cases where the number of citizens who attend has been as high as 100 as was the case in Srebencia. In these community meeting municipal investment decisions and issues are discussed and debated. A similar process is undertaken in the Federation where social assessments are available to the public for each of the eligible municipality. Over 70 projects have been completed and more are under discussion and debate. The concrete projects are slower to realize but the harder work of encouraging debate is flourishing. Observers to the process of discussion and negotiations amongst communities in municipalities over performance grants state that the real durable and lasting product of the project is the process it has instituted and that this in fact is democracy at its best with a high level of citizens participation. In a country which was not too long in the past bitterly and violently torn by war and the inability of citizens to resolve their differences and issues, this is a tangible development outcome.

Ensuring the institutionalization of citizens participation takes time. The impact of taking the time necessary to develop participation is that there is a high ownership in the resulting outcomes. Implementation of decisions by citizens on what for them constitutes priority programs or projects result in sustainable and meaningful services for the clients who use them. The impact is also that the processes that are put in place last beyond the finite financing and discreet timelines of the grants. For example, municipalities where the performance grants have been utilized successfully have now instituted the process as their routine budget and planning process. And although the municipalities where the performance grants are under implementation are the poorest in the RS, citizens action groups and the mayors of municipalities have co-financed projects up to 40% of total project costs because they have utilized the grant financing for completing priority projects for which other sources of funding were unavailable. The minimum required as co-financing from communities is 10% of project costs. The high level of co-financing from the citizens is a testimony of priority needs being targeted appropriately. However, in those cases where citizens have not been able to meet even the minimum requirement, it is the quality of participation and the willingness to work together that is recognized as contribution from citizens.

In almost 2 years of project implementation the CDP has completed over 60 projects most of which are water, sewerage and rural roads projects. The total number of beneficiaries is at least 250,000 people. Another 100 projects are under identification and implementation. A total of US$3.5 million in financing has been disbursed. The project will not be completed on the date envisaged at the design phase. This is because the project has grown in scope and taken a different timeline and process than one envisaged at its inception. While the project has grown in scope it is important to note that will not require more financing, only more time. This case study has tried to avoid focusing on numbers of completed concrete projects and focused more on the process as being the project. However, if each of the stages of the process were counted as a project i.e. the mobilization of citizens, the training in discussions, negotiations and arbitration, the training of mayors in participatory planning, the social assessment training of local consultants, the social assessments, the information sharing, the community action groups etc.
each of these was rightly considered as a goal achieved then the CDP has accomplished over a
thousand projects.

Many of the citizens, while aware of their immediate neighborhoods, were not aware of
the overall socio-economic picture in their municipalities which was obvious in the social
assessments. Knowledge is empowerment. Knowledge has impact. The impact of this has been
that issues have been aired publicly and been discussed and faced up to by citizens. This has
resulted in questions of co-existence and its direct co-relation to economic well being. A reality
that many citizens were not willing to face up to and were compelled to do so was that roads,
schools, sewerage, electrical and water systems can not function along ethnic lines. A clear result
is the recognition early on in the process that co-existence, cohabitation and cooperation is the
only way if citizens are going to continue to live where they do.

This realization led a few municipalities divided between the Federation and the RS to
cooperate with each other and implement joint projects. Therefore the number of projects
completed and funds disbursed do not signify development, quality, success or sustainability.
Hundreds of projects can be financed overnight, this does not mean mean that there are hundreds
of successful projects. Its critical therefore to focus on what happens, what develops within the
community six to 12 months after donor involvement ends. Does the process and the project that
came from the process continue to flourish. Durable success and institution building cannot be
measured by numbers of dollars spent and bricks and mortar expended but rather by who
participated and benefited and whether the services that resulted from this processes continue to
be delivered and developed in a satisfactory manner and that the decision making process that led
to this continues to grow.

Driving Factors

The design and implementation of the project requires that citizens play a central role in decision
making. In some cases, citizens have not been able to come to an agreement or have shown little
interest in moving forward. When that happens, the CDP project implementation unit has made it
clear that it will not make investments in a municipality until citizens themselves demonstrate
their willingness to cooperate with each other. Examples of other municipalities where such
cooperation has led to successive grants have created incentives and models for the laggard
municipalities to think differently.

Commitment and Political Economy for Change

Municipal governments are central to the CDP process. BiH based its first Poverty Reduction
Strategy, on extensive consultation with representatives of local communities and municipalities
throughout the country. The government in the RS has categorized municipalities according to
their development and level of poverty. In the Federation, the CDP has agreed with the
government on a list of municipalities that are the most undeveloped and in need of help in
reducing poverty.
Institutional Innovation

Performance-based grants create leverage that can lead to reform in decision making processes. The grants are conditional on a large number of citizens participating in all aspects of the process and on reaching an agreement. They allow for a focused approach to development strategy by making municipalities eligible for more than one project investment based on their performance in the project cycle. Because municipalities can help bridge finance many different projects – the Rudo municipality in Eastern Bosnia and in Republika Srpska financed six projects, for instance bus shelters; water supply, drainage; community center; an ambulatory, road rehabilitation– development assistance can be more intensive and meaningful than if funds were scattered among different projects. Performance-based grants also ensure ownership and a better conceived planning on the part of the implementers, operators and users.

Citizen involvement allows for the development of timely and accurate social assessments. Designed to fit each municipality individually, social assessments are carried out by residents who are selected by their fellow citizens and are trained by the project implementation unit on how to carry out an assessment. The completed SA is presented to the citizens in a town hall type meeting, where changes and additions are made.

Learning and Experimentation

The process of project identification, decision making and discussion on budgetary gaps within municipalities is leading to a more systematic approach to municipal financing and investment decisions. In the pilot phase of the CDP, the participatory approach was introduced in a few municipalities to determine whether it would work giving the conditions in Bosnia and Herzegovina. It was found that the participatory approach increased partnership, trust and cohesiveness between local governments, citizens, and community-based organizations. Based on experience gained in these initial municipalities, the approach was then expanded to the rest of the municipalities.

External Catalysts

The international community, by providing resources to leverage local resources both technical and financial and by providing a mediator’s role during discussions at the National Government and local level has played a key role in creating an enabling environment for reconstruction, return of refugees and development in post-war Bosnia and Herzegovina. The future however, requires that citizens of Bosnia create standards and processes based on transparency and good governance that will support their future membership into the European Union.

Lessons Learned

Projects such as the CDP have the advantage of being adaptable to different emergency situations, a particularly important capacity in cases where a state’s capacity to deliver has been reduced. Such projects are especially well suited to the special requirements of post-conflict
situations, where the immediate needs are reconstruction of destroyed infrastructure, generation of employment and infusion of stability and hope at the household, neighborhood, village and town level. The features that enables the CDP to play such a role included its procedures for identifying local needs; the manner in which it encouraged participation of beneficiaries in decision making; and its transparent processes for allocating resources. The CDP decision making processes provide a framework and a forum for citizens to start participating again in decision making, which broke down during conflict at the community level and at every other level. The CDP also provided for the opportunity to repair a sense of empowerment and stability.

The immediate post-war Emergency Public Works Project in Bosnia and Herzegovina focused very much on emergency reconstruction and on providing people temporary wage earning opportunities. The follow-on Community Development Project deepened the institutional development of municipalities and their linkages with citizens of all ethnicities in decision making for municipal investments. The project narrowed the previous focus from a nationwide coverage to those municipalities that remained hardest hit by conflict and underserved by development assistance and government financing.

References

Project Appraisal Document: Community Development Project, Bosnia and Herzegovina, May 29, 2001

Social Assessments in individual Municipalities: Available through the Project Implementation units

Project files including AM/BTOs and procurement files on each subproject: Available through the Task Team Leader (Maniza Naqvi, World Bank, Washington) or through the PIUs.

Training materials: Available through the Task Team Leader and the PIUs

Mid-Term Review: To be available in June 2004.