Participation in Social Funds

Mary Schmidt
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July 1995
## Environment Department Papers
### Participation Series

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Social Policy and Resettlement Division

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Acronyms and Abbreviations

AGETIP  Agence d'Execution des Travaux d'Infrastructures Publiques
ESRF   Ethiopia Social Rehabilitation Fund
FIS    El Salvador Social Investment Fund
FONCODES  National Fund for Social Compensation and Development
GTZ    Deutsche Gesellschaft für Technische Zusammenarbeit
NGO    Nongovernmental Organization
O&M   Operation & Maintenance
SIF    Social Investment Fund
TM    Task Manager
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This is one of a series of papers written as inputs to the World Bank's Participation Sourcebook. These papers were themselves produced in a participatory way. Topics were selected by a technical committee chaired by Bhuvan Bhatnagar; and this paper was guided by a steering committee, convened by Alexandre Marc and consisting of participation practitioners with a knowledge of social funds.

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Executive Summary

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

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

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

Because most social funds have been temporary institutions, and because they have not provided for recurrent costs, fund managers have faced difficulties in sustaining large numbers of dispersed microprojects. Strategies to increase the involvement of beneficiaries were developed initially in response to these difficulties. Currently the World Bank is funding about thirty projects to support social funds and the newest of these are designed explicitly to increase beneficiary participation in microproject identification and management as well as cost sharing.

Benefits and Costs of Participation

The involvement of beneficiaries in consultation, cost sharing and decision making can improve the outcomes of Bank supported social funds in two ways:

- by ensuring that the microproject is relevant to beneficiary needs, and
- by generating commitment to sustaining project activities and benefits beyond the life of the fund.

Increasingly, beneficiary participation is also sought as an end, for two reasons:

- when communities are given the responsibility and capacity to identify, implement and supervise microprojects, they are better prepared to involve themselves in future development activities; and
- social funds can serve as models for participatory processes, demonstrating to governments and other intermediaries the feasibility and utility of participatory approaches.
However, promoting participation in social funds involves costs as well as benefits. Building the capacity of beneficiaries to assume responsibilities throughout the microproject cycle can increase management and training costs as more staff and equipment are needed to interact with beneficiaries and to build organizational capacity. Some of these expenses can be absorbed by the microproject but it is likely that some will have to be covered by the social fund.

In addition, social fund managers face two potential conflicts. First is the conflict between the need to meet urgent needs through rapid microproject implementation and the time required for consultation and capacity building. Second, the demand driven nature of a social fund may have to be supplemented with special measures to enable the poorest and most marginalized among intended beneficiaries to participate. This is true since demand is expressed first by communities with the skills necessary to prepare proposals and gain access to the fund.

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

Building Participation into Fund Design

Four key elements are distinguished in the design of participatory social funds: broadening stakeholder involvement; designing the microproject cycle to support participation; ensuring that institutional and management structures support participation; and building organizational capacity.

Bringing all Stakeholders into Design Discussions

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

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

Designing Institutional and Management Structures which Support Participation

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

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

Designing the Microproject Cycle to Support Participation

In identification of target groups, in the dissemination of information, and at every stage of the microproject cycle, strategies can be employed to enhance participation. Participatory data collection techniques, including beneficiary assessment and participatory rural appraisal, have been used to enable communities themselves to identify the neediest. Piloting can help point to adjustments needed in promotional strategy. And clear, well publicized microproject selection criteria which "measure" participation can be used to signal to all stakeholders the fund's commitment to beneficiary participation.

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

Managers are making efforts both to monitor and evaluate microprojects in a participatory manner and to monitor participation itself. The beneficiary assessment can be integrated as a permanent mechanism by, for example, assessing ten percent of completed microprojects every year. Interviews can be carried out in communities which have not submitted proposals as well as those which have, in order to identify problems in communicating fund goals, and to ascertain how and by whom decisions are reached.

Ensuring that Intermediary and Community Organizations Support Participation

Because of the important roles delegated to intermediary organizations, it is becoming common to allocate resources at the initial stages of a social fund for assessing and strengthening their capacities, in terms of both development effectiveness and beneficiary representation. Implementing agencies are evaluated during regular appraisal of a microproject, on the basis of selection criteria which also serve to highlight where training is needed for capacity building. In addition, assessment after the fact—during impact assessment studies or annual and midterm evaluations—is designed to yield lessons for future fund strategy and mechanisms.

The capacity of community organizations is sometimes assessed as early as the targeting stage; more often this is done at the time of microproject appraisal. Providing training for community organizations can empower beneficiaries to identify and prioritize their needs and to develop strategies to meet them.
1. A Participatory Approach to Social Fund Design

Social funds, also known as social investment funds or socioeconomic development funds, have spread rapidly in developing countries since the well known Bolivia Emergency Social Fund was launched in 1987. Currently, the World Bank is funding about thirty projects to support social funds (see Annex 1). This paper presents strategies, most of which are based on the experience of Bank-supported social funds, to integrate beneficiary participation into the design of social funds and to support participation at each stage of the microproject cycle. In a few cases, lessons are derived from other Bank-supported activities, or social funds other than those supported by the Bank.

Social funds are designed to provide funding to local organizations, such as community based groups, nongovernmental organizations (NGOs), and local governments, in a flexible, transparent, and rapid manner. They are "demand-driven funding mechanisms," an economic metaphor used to express the fact that they do not identify projects but respond to requests generated by local organizations. Social funds do not implement projects. Instead, they promote specific activities, appraise projects for funding using strict criteria, supervise implementation of projects, and monitor their effectiveness.

Social funds typically are set up as autonomous institutions to enable them to be transparent, to have flexible funding, procurement and disbursement procedures, and to avoid political interference. In many cases, a social fund is an autonomous governmental structure reporting directly to the president or prime minister. In some cases, such as Agence d'Execution des Travaux d’Infrastructures Publiques (AGETIP) in Senegal, it is a private association contracted by the government.

The first large-scale social funds were developed in Latin America to mitigate the negative impact of economic reforms. Their primary objectives were to create employment rapidly for unskilled and semi-skilled workers, and to support the delivery of emergency social programs. A common characteristic of the first generation of social funds was that they were temporary institutions which were supposed to disappear once the crises resulting from structural adjustment were overcome. Social fund objectives have evolved over time, however, and though many still respond to the social costs of adjustment, others are used to support development activities in the social sectors and poverty reduction efforts at the local level. NGOs and local community organizations are also assuming increasing responsibilities for the preparation and implementation of microprojects, as their flexibility and understanding of local situations enables them to target the poor and support participation.

The purpose of this paper is to assist Bank task managers in designing participatory social funds; funds which enable intended beneficiaries to have greater influence and decision-making power over microprojects supported by social funds in their communities.

The Participatory Approach

Adopting participatory approaches in the design and implementation of social funds is a recent development for the World Bank.
Strategies to involve beneficiaries initially grew out of difficulties faced by fund managers in sustaining large numbers of dispersed microprojects. Because social funds did not provide for recurrent costs, and because in most cases they were temporary institutions, fund managers sought beneficiary participation as a means to improve sustainability.

To improve outcomes of Bank-supported activities, beneficiary participation in the form of cost sharing, consultation and microproject management during the microproject cycle was also used as an indicator of the project's relevance to the needs of beneficiaries.

Participation also can be an end. This is demonstrated by a number of newer funds which seek to build the capacities of local organizations so that they can support participation in community development. When communities are given the responsibility and acquire the capacity to manage, implement and supervise microprojects, they are better prepared to involve themselves in future activities initiated by the government or others. Social funds also can serve as models for participatory approaches and as means of familiarizing governments and other intermediaries with the characteristics and utility of such approaches.

In this paper, "participation" refers to beneficiary or popular participation; specifically, to participation of the poor and the disadvantaged, who often lack information and power, and tend to be excluded from the development process. Participation means more than just cost sharing or consultation, although these are important in a participatory process. Here, emphasis is placed on beneficiary decision-making over the microproject supported by the social fund, including beneficiary influence over the decisions of others regarding the microproject.

On one hand, enabling beneficiaries to participate throughout the microproject cycle and building their capacity to assume responsibilities takes greater time. On the other hand, failure to provide beneficiaries with opportunities to influence and make decisions undermines their sense of ownership and self-reliance. Consequently, sustainability can be jeopardized.

Second, the ability to reach the poorest and most marginalized among intended beneficiaries often must be balanced against the demand driven nature of a social fund. Demand is expressed first by communities that have skills necessary to prepare proposals and gain access to the social fund. Since, the social fund has a finite amount of resources to invest in the preparation of microprojects, it cannot help everyone. To enable the most disadvantaged to participate in a competitive environment, special measures must be taken.

Third, beneficiary participation during the microproject cycle can increase management costs as more staff and equipment are likely to be needed to interact with beneficiaries. Additional expense can come from capacity building of beneficiary and intermediary organizations. Some of these expenses can be absorbed by microprojects, but it is likely that some expenses will have to be covered by the social fund.

Because the implications of these trade-offs for participation are extremely important, planners must address these issues in the design of the fund. There are typically three central components that go into the design of a social fund, and task managers must consider how they affect participation. These include:

- The institutional set up of the social fund (organization, management, and staffing) which is expressed in the legal documents that create it. The institutional set up determines the level of autonomy of the social fund and its relations with other institutions.
• The microproject cycle, which covers targeting, promotion, identification, preparation, appraisal, approval, implementation, supervision, monitoring, and evaluation. The microproject cycle is the process by which a social fund works.

• Intermediary and community based organizations that work with the social fund. “Intermediaries” refers to those institutions or groups that forge links between beneficiaries and the social fund. Typically intermediaries are local governments, NGOs, and community organizations. Community organizations are local grassroots groups that engage in some joint development activity as an expression of their collective interest.

The prominent roles intermediaries play in a social fund often include supporting beneficiaries in identification and preparation of microprojects, and implementing microprojects on their behalf. Local intermediaries are positioned to interact directly with the intended beneficiaries and support beneficiary participation. Intermediaries are also stakeholders, and should be involved during design stages of microproject cycles.

The key roles of community based organizations and intermediary organizations in social funds merit special attention. Fund managers have paid little attention to these organizations but, as they are involved increasingly in social funds, their capabilities, objectives, and willingness to collaborate with social funds have had increasing ramifications on beneficiary participation.

Involving All Stakeholders

Social funds should involve interested parties or stakeholders from the beginning. Stakeholders include central and sectoral ministries, the NGO community, municipalities and local governments, community based organizations, beneficiaries, and other interested groups. Stakeholder participation during design of a social fund can be advantageous because parties that have worked with the poor for years can offer valuable insights. Furthermore, stakeholder participation builds critical ownership; unless stakeholders are committed to beneficiary participation, it may not take place.

The Bank’s most immediate clients are governments, including members of development ministries, agency officials and local administrators. These are important stakeholders because they define sectoral strategies and provide support for recurrent costs and maintenance of microproject works. Respecting their prerogatives and creating complimentary relationships between the objectives of the autonomous social fund and those of line agencies is critical, since ministries have to frame activities and programs within long-term plans while social funds are likely to have shorter time frames. Though their policies and mandates are often very different, mechanisms are needed by which a range of government agencies can benefit from the knowledge and experience accumulated through the social fund, and by which participatory techniques can be shared. Jealousy from government agencies may result in inefficiencies in implementation and can even destroy social funds.

Government agencies interact with a range of primary and secondary stakeholders. Most important among the primary stakeholders in social funds are the ultimate beneficiaries, who are often the poor. The poor are not a static or homogenous group. Their diversity complicates the selection of representatives for, and thus the design of, social funds.

Secondary stakeholders are institutions and individuals with an interest in the social fund, including NGOs, local governments, public interest groups, private sector businesses, and technical and professional bodies. Some secondary stakeholders can act in the interest of disadvantaged groups and, as intermediaries, secondary stakeholders often can help foster processes which allow beneficiaries to become involved directly, in the design and implementation of social funds.

There is no guarantee that stakeholder participation will result in consensus or a more
Participation in Social Funds

In Bangladesh and Guatemala, for example, discussions among NGOs and between NGOs and government went on for a long time without resulting in an agreement on the project design. These discussions did, however, foster a dialogue between government and the NGO community that might not otherwise have taken place.

Recurring questions in designing a social fund include:

- How can stakeholders be brought into design discussions to cultivate their commitment and develop processes conducive to beneficiary participation?
- How can various stakeholders be provided voice in social fund design?

In answering these questions regarding participation, the applicability of the following four strategies should be considered.

**Include senior representatives of government when designing the participatory process.** To cultivate wider governmental support, conduct seminars for government officials to explain the purpose and progress of the fund, and take officials to the field to observe beneficiary participation firsthand. Follow up these activities by including government officials during targeting selection and sharing interim and final reports with them. These efforts are undertaken in the preparation of the Armenia Social Investment Fund.

**Institutionalize representation of high government officials in the social fund.** Representation on the social fund board offers the potential to incorporate regular liaison between the social fund and government. However, there can be a danger in this approach, as it can create circumstances in which stakeholder and beneficiary participation are suppressed.

**Support consensus building.** Promote national debates involving parliaments, the press, and NGO communities. Such debates were held prior to establishing social funds in Zambia, Guatemala, and Honduras. Although this approach does not ensure that ultimate beneficiaries will be given a voice, it is more participatory than decreeing a social fund without consulting potential actors.

**Test the participatory process during a pilot phase.** A pilot phase allows the concept of participation to be introduced and demonstrated to stakeholders and social fund staff, and permits the participatory process to be tested. Actors also are given time to learn how to work with each other in a participatory mode. A pilot phase can take one of two forms. It can be the initial stage of an approved project or a project in itself. Pilots are sometimes funded by a grant, after which a determination is made whether or not to proceed with a larger project.
2. Institutional Set Up, Organization, Management, and Staffing

Social funds vary in their administrative structures and delegation of management responsibilities. Since social funds are supposed to respond to local level priorities, management responsibilities must be arranged accordingly. Procedures and regulations must reflect the capacities of actors at the local level, and the fund must be insulated from political interference to protect its integrity as a nonpartisan entity that responds to requests from the local level. Appropriate skills, training, incentives, and orientation must also be in place.

Social funds also need flexible procurement and disbursement procedures that respond to the strategic objectives of the social fund (which usually include speed and efficiency). The procedures also must be devised with an awareness of the many limitations of actors at the local level.

Critical questions for Bank task managers include:

- How much autonomy is critical for the social fund?
- If it is designed as a temporary institution, how should a social fund be set up so that its participatory elements can be transferred to regular government ministries?
- How can social fund management be decentralized to support participation?
- How can information be shared with stakeholders to maintain their commitment to participation?
- What kinds of skills, orientation, training, and incentives to support participation are needed among social fund management and staff?
- How can flexible, simple, and transparent funding mechanisms, which permit small disbursements of funds over long periods of time, be designed?

**Autonomy of Social Funds**

Autonomy is one of the overriding institutional characteristics of a social fund and has implications for a participatory process. Administrative, financial, and political autonomy of a social fund is important for three reasons.

- It avoids the political interference which can undermine the trust of beneficiaries and intermediaries in the social fund and weaken their commitment to microprojects. The social fund also must be able to withstand adverse political situations and changes of government.
- It facilitates the adoption of the flexible and transparent procedures for procurement, disbursement and monitoring (that most ministries do not have) that are needed to manage small amounts of money and work with small institutions in participatory ways.
- It permits decisions to be made quickly and to be responsive to problems that arise at the local level. Bureaucratic delays can undermine trust between the social fund and beneficiaries.
Participation in Social Funds

It is impossible to quantify the appropriate degree of autonomy for a social fund; task managers must use their best judgment. Essentially, the fund must have autonomy that allows it freedom to carry out its mandate as agreed to in its bylaws.

Transferring Participatory Approaches to Government Agencies

Familiarize public institution staff with participatory mechanisms. The Bolivia Emergency Social Fund developed a program for training ministry staff to use management information and cost control systems during microproject appraisal and execution. The program will next be expanded to include training in procedures appropriate to participatory appraisal and monitoring. The Ethiopia Social Rehabilitation Fund (ESRF) is also training local government staff to work with communities in a participatory way so that they can support the social fund and integrate participatory methods into their work.

Decentralized Management

Establish regional offices. Regional offices have been established or are planned for funds in Madagascar, Ecuador, Egypt, Eritrea, Mexico (see Box 1), Peru, Zambia, and Ethiopia. The impact of regional offices will depend in part on the amount of responsibility delegated. Some regional offices are established for purely logistical reasons. Others decentralize responsibility for entering into discussions and contracts with communities and local organizations. Fund managers may have to contend with local political pressure on regional offices.

Regional offices should be able to facilitate communication between the social fund and beneficiaries through more personal contact between the social fund staff and intended beneficiaries. This has potential for greater trust and understanding of each others’ limitations, strengths, and priorities. Fund managers should also be able to design mechanisms that are responsive to local conditions and beneficiary expectations. Regional offices also have the potential to respond better to regional variations in language, ethnic group, income, and literacy of beneficiaries, and to identify and deal more closely with community and intermediary organizations or networks.

The link between regional offices and participation has been analyzed systematically in the Zambia beneficiary assessment (see Box 2). Among other things, this assessment found that microproject management committees pay greater attention to participation related issues because they feel accountable to regional offices.

**Box 1**

**Flexibility at the Regional Level - Mexico**

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

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

Once formed, INI transferred funds to the FRS, which then received, appraised and approved loan requests from indigenous organizations for productive projects which these organizations designed and their members implemented.
Accord high-level status to managers overseeing participatory activities. In Burkina Faso’s Public Works and Employment Project, which is among the latest generation of AGETIPs, a community promotion officer who is a trained sociologist is accorded the same standing as the technical and financial directors, reports directly to the director general, and recruits staff as needed. The officer’s elevated status gives prominence to participation. As a consequence, according to the task manager, municipal officials have been sensitized to the importance of consulting constituents prior to work commencement, and in some cases there has been greater constituent involvement during implementation.

Assign staff full-time to promote project activities. In the ESRF, subunits have been established in three pilot regions with a three person, multidisciplinary team responsible for promotion and preparation assistance to community organizations as well as for appraisal, supervision, monitoring, and evaluation. During the next phase of the ESRF, community facilitators will be hired to do promotion work and to assist communities in preparation of microproject proposals.

While social fund staff in Bolivia work in teams divided according to task (a multidisciplinary team will do only appraisal or only supervision), in Guyana teams are divided according to community (the same team appraises, supervises and evaluates a microproject). The task manager for Guyana perceives this approach as advantageous because it enables team members to establish a continuous relationship with the community. Members of the multidisciplinary team are also positioned better to integrate services needed by the community.

Sharing Information with Stakeholders

Establish transparent management procedures. To support this strategy it may be useful to:

- Circulate financial and activity reports to all stakeholders so it is clear where funds are flowing. In Honduras, approved projects are published in the press and via television. The executive director of the Honduras Social Investment Fund travels throughout the country, largely for promotional work, but this also reinforces trust and collaboration between stakeholders;

- Develop a strong management information system that tracks specifics about microprojects to facilitate greater dissemination of information to all stakeholders; and

- Bring stakeholders together every six months to facilitate collective problem-solving by discussing shortcomings in social fund management and procedures.

Encourage NGO representation on social fund boards. It is important that the selected NGOs are proponents of beneficiary participation. Involving NGOs in board meetings can facilitate relations between government and NGOs, and contribute to greater understanding of the strengths and limitations of intermediary and community groups. If intermediaries cannot be represented on the board of the social fund, then an advisory committee can be established with advocates of participation, including NGOs.

Orientation, Skills, Training and Incentives

Create alliances with supporters of participation. These supporters must have significant technical and political influence, and must support bottom-up approaches. Creating the alliances is not enough; governments must be encouraged to bring these alliances into the social fund structure. This was done in Nepal when the government embarked on a program to promote private sector irrigation development by shifting management of irrigation away from the public sector toward indigenous farmer irrigation associations; it can also be used in a social fund.
Recruit staff with participation skills. Seeking people who have worked with beneficiaries, such as religious leaders, cooperative workers, and NGO workers has paid off for managers, as they have demonstrated a people orientation and familiarity with the local milieu. Empathy toward the disadvantaged, an ability to relate to the poor on their terms (including an ability to speak their language), and skills with which to listen and respond to beneficiaries are advantageous.

The executive director of Ethiopia’s Social Rehabilitation Fund, a strong advocate of popular participation, gave greater weight to professional experience in community development work and project appraisal, monitoring, and preparation than to applicants’ degrees when recruiting project officers for the ESRF. Candidates who worked with NGOs also were given preference. The director also sought individuals with experience working with the poor and who possessed orientations and attitudes consistent with his own. Aware of the ESRF’s limited ability to reach women’s groups under the pilot phase of the fund, he has sought more female recruits to better respond to cultural sensitivities and traditions surrounding women’s roles and participation.

Train staff in participatory techniques. In the initial phase of Albania’s Poverty Alleviation Project it was evident that microprojects did not always reflect the priorities of villagers. In response, infrastructure field inspectors were to receive training in participatory intervention methods to enable them to be more responsive to villagers’ prioritization of their needs.

The first operations manual of the Bolivian Social Investment Fund (SIF) explicitly stated that microproject selection and evaluation criteria were to include community participation through direct interviews by staff with intended beneficiaries. However, the midterm evaluation found that community assessments conducted during appraisal were "mechanical," and recommended staff be trained by social scientists and communication specialists to strengthen interactions with communities.

Reinforcing recruitment and training with an incentive structure that rewards staff for adhering to participatory procedures and discourages nonparticipatory stances is the next step. Because social funds typically hire staff on annual contracts, their managers have greater influence over the employee incentive structure than government ministries.

Sometimes staff skilled in participatory skills need to be given appropriate technical training. While “listening to the people” is important, technical expertise can help people choose courses of actions best suited to their needs and aspirations. Technical expertise is also necessary to interpret and translate needs into the appropriate forms.

Establish mechanisms for community procurement and disbursement. Procurement and disbursement mechanisms should be flexible, with clear and transparent accountability mechanisms. Guidance on appropriate adaptations of Bank policies to support community participation, and on mechanisms to ensure accountability, can be found in a report by Gita Gopal and Alexandre Marc, “Study of Procurement and Disbursement Issues in Projects with Community Participation”, issued by the Africa Technical Department of the World Bank in April 1994 (Technical Note No.17).
3. The Microproject Cycle

A common feature of all social funds is the microproject cycle which parallels the donor’s project cycle. Strategies can be employed at every stage of the microproject cycle to cultivate participation and to build upon previous interactions with ultimate beneficiaries.

**Targeting**

Because social funds are designed to mitigate the costs of structural adjustment or to reduce poverty, they typically have a clearly delineated target group of intended beneficiaries and seek to meet the most urgent needs of these groups. Identifying these groups and their priority needs is one of the aims of the targeting mechanism. Targeting failures can result in the majority of funds for microprojects going to better off communities and the financing of low priority microprojects.

Targeting mechanisms often rely on outdated or unreliable data associated with poverty mapping. This undermines a fund’s ability to reach intended beneficiaries. Improved targeting requires socioeconomic profiles of potential beneficiary communities, which are not available in some countries.

Social funds face limitations in targeting resources to the neediest groups because of their demand driven nature. The fund does not identify potential microprojects but responds to proposals generated by beneficiaries or intermediaries. Thus, those groups with the greatest ability to generate proposals are better positioned to benefit from social funds, though typically they are not the neediest. Fund managers must find ways to reconcile the discrepancies between demand and need.

Recurring questions for targeting strategists are:

- How can data about targeted communities, including the neediest, be collected in a participatory way?
- How can targeting and promotion be linked to respond to the disadvantaged?

Strategies that begin to respond to these questions are as follows.

**Use beneficiary assessments.** A beneficiary assessment is designed to identify potential beneficiaries by gender, income group, neighborhood or village group, and other precise details. Availability of this type of information enables fund managers to target intended beneficiaries more precisely and to pinpoint the characteristics of least advantaged groups. As a result, better strategies can be devised to reach these groups and to bring them into the participatory process. Beneficiary assessments can be time consuming (extending to six to eight months); therefore, early preparation is needed.

**Enable communities to identify the neediest.** Phase III of Zambia’s beneficiary assessment will incorporate problem ranking, priority ranking, and institutional diagramming by a sample of communities to determine their priorities regarding community based projects. The objective of the ranking exercise is to learn how the fund is doing in meeting the expressed, versus actual, needs of a community.

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

A total of 1,121 respondents were contacted, including twenty-four community project committees. A percentage of the sample came from the following communities: (i) those with no microproject implemented; (ii) those which recently applied for funds; (iii) those where microprojects were recently initiated; (iv) those in which microprojects are in progress; and (v) those in which microprojects have been completed. The specific objectives of the study were to examine, assess and identify factors affecting project implementation and community participation, including: who is responsible for maintenance; what are the perceived impacts and benefits of projects; views of beneficiaries and project committee managers of the performance of the Microprojects Unit and regional office; and transparency, accountability and other governance issues.

Key findings on community and intermediary organizations were as follows.

- In a minority of cases communities members had no say in the selection of the project committee.
- The average female representation on project committees was 19.5 percent.
- Reasons to explain this included lack of time due to women’s other duties and social attitudes.
- Factors that reduced community participation included:
  - lack of transparency and accountability (54 percent of projects);
  - one or two individuals (or an NGO) dominate and “bulldoze the rest of the committee” (16.7 percent);
  - committees are ornamental; other agencies do the work (7.5 percent);
  - contracting of people from outside the project area as builders rather than employing from within.
- Suspected misuse of funds and materials constrained mobilization.
- Donor funds in three projects discouraged cash and labor contributions as it was felt that donor funding was sufficient and the poverty-stricken community should not be made to sacrifice.

See Annex 2 for a synopsis of the findings, recommendations and actions taken.
Promotion

The first objective of the promotions department is to create demand in the target area. This department is responsible for increasing awareness among intended beneficiaries of the availability of funds, specific menu of microprojects, and selection criteria and procedures that must be followed in order to obtain funds. Failure to disseminate this information accurately to beneficiaries and other actors can have damaging effects on participation, as was apparent in the Zambia Social Recovery Fund. When beneficiaries were not informed adequately about the purpose and sources of funds and the expectations of other stakeholders, uncertainty and misinformation led to mistrust. This contributed to unrealized expectations and diminished beneficiary participation.

A major shortcoming of promotion procedures is that there can be a bias against remote communities, which, as mentioned earlier, are often the neediest and the most disadvantaged in their institutional capabilities to elaborate sound project proposals.

Another important issue for fund managers is to determine the potential scope of existing communications networks. When coordinating institutional analysis of intermediaries and community-based organizations (see Section 4), it is important that the assessment notes the technologies used by organizations to communicate with members and to network with each other. Analysis should also cover the constraints limiting communication in remote areas. There are several recurring questions for fund managers.

- To increase participation, who should be the target of the promotional campaign, intermediary organizations, community organizations, or ultimate beneficiaries?
- What techniques are available to promotional staff to reach intended beneficiaries? Can these ensure information flows to the neediest and enables them to participate?

The strategies presented below focus on ways to share information with intermediaries and beneficiaries.

Use national media. In the Gambia Public Works and Employment Project, a community participation program is being developed that uses the national media in its promotional campaign. Taking into account literacy, language, scope, timing, and selection of themes sensitive to age, gender, and ethnicity is necessary so that the social fund staff convey information to intended beneficiaries in their own terms. A clear and comprehensive flow of information is necessary for creating an environment conducive to beneficiary participation.

Use existing networks. Local networks include mayors, indigenous leaders (such as chiefs), and religious organizations. In Honduras, disseminating information to mayors provided access to villages. In El Salvador, workshops were held with local officials (both government supporters and the opposition), NGOs, and ministry staff to encourage them to submit proposals. In the poorest and most war-damaged parts of the country, where it was feared that projects might not be forthcoming, the FIS provided money to local governments to hire people to carry out needs surveys. FIS also trained these surveyors. The Zambia Social Recovery Fund also uses existing networks to good effect.

Promotion through existing networks is also important in maintaining stakeholder commitment. If the social fund is to be integrated into a line agency later on, then involving these officials proactively is extremely important. When existing networks of NGOs reach intended beneficiaries, messages in the national media can be reinforced. Forming partnerships with entities that have long histories of working with the poor can lessen beneficiary suspicion of messages. Ethiopia uses NGOs and individual volunteers to conduct seminars on the ESRF for members of urban dweller associations.
Participation in Social Funds

Create incentives for promoters. In Peru, any person or public or private entity familiar with the National Fund for Social Compensation and Development (FONCODES) and willing to inform and organize a community and assist in project preparation, may act as a promoter. Typically, promoters are young engineers who on their own initiative travel from village to village to “sell” a microproject in meetings with formal and informal community leaders, municipal authorities and NGOs. FONCODES finances project preparation costs retroactively for approved projects, including the promoter’s fees, up to a maximum of five percent of total costs.

Disseminate information through projects. Community nutrition agents working with NGOs in Madagascar’s Food Security and Nutrition Project refer women to Madagascar’s other social fund programs.

Provide direct contact by social fund staff. In Guatemala, field staff who speak the local dialect and have a cultural background necessary to interact with the communities are recruited. Materials are also printed in local languages.

Hire promoters. ESRF plans to hire community facilitators to do promotion work and to assist communities in preparation of microproject proposals. Some of these facilitators will be female, improving the fund’s access to women’s groups. It is hoped these new recruits will free up social fund personnel for other tasks, and create employment opportunities for unemployed graduates of secondary schools in rural areas who are not qualified for other ESRF positions but possess the skills and grassroots knowledge to engage beneficiaries.

Distribute informational brochures. This is a feature in the promotion programs of Ecuador, Mexico and Madagascar. The publication must be produced in local languages and designed to be sensitive to literacy levels.

Identification

The purpose of identification is to establish the need for the proposed project and the

Box 3
Tips for a Successful Social Fund Media Campaign

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

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

community's potential for implementing and sustaining its use. The core of participatory project identification is to change the perspective from problems to solutions, and to initiate a dialogue which, instead of recording only leadership opinions, will involve everyone in a discussion of problems and solutions. One question which should be considered about participation and project identification is:

- How can a social fund ensure that beneficiaries are involved in the identification of microprojects?

Even though it is not directly responsible for identifying microprojects, a social fund can take four approaches to ensure that identification is conducted in a participatory way.

**Use participatory data collection approaches.** Participatory methods of data collection were used in the self-assessment diagnosis in Bolivia, the ranking exercises in Zambia, and use of community facilitators in Ethiopia. Another approach is taken in the Gambia and Chad, where minutes of the community assembly (during which the identification of the microproject is carried out) must be submitted with the proposal application. Ecuador is using a "community witness" to verify that the community accepts the microproject. This witness is supposed to be a member of the beneficiary community that also signs the microproject contract.

**Be sensitive to gender issues in needs identification.** In Tanzania's Village Development Programs, the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) found that meetings attended only by women were of key importance. Despite the fact that men seemed to make all the decisions, project proposals that met with good support in women only meetings had a significantly higher chance of succeeding than those in which women had little or no interest.

**Select participatory partners.** Select intermediaries such as NGOs and cooperate with them to assist beneficiaries during identification. Academicians and others can be consulted in order to identify organizations experienced in participation. If necessary, training can be provided to these intermediaries on how to manage a participatory process prior to identification.

**Require participation in the operational manual.** Ensure that the project operational manual requires that identification be done in a participatory way with communities and that the project correspond to the requests of all members. ESRF, for instance, has done this.

**Preparation**

The midterm review of the ESRF found that in most instances communities were able to identify and explain their problems and needs very well, but they had limited capacity to formulate project proposals and implement or supervise infrastructure projects. Consequently, greater time demands were placed on staff, especially at the regional level where project officers spent much of their time supporting communities by translating project ideas into feasible project documents. Whether social fund staff or intermediaries work with communities in preparation of microproject proposals, additional time will be needed to ensure that they reflect beneficiaries' priorities accurately.

Preparation of microproject proposals also may require funds and technical know-how that are not always available to disadvantaged communities or groups, inhibiting their ability to put forward proposals in competitive programs.

Under the circumstances the following questions must be asked:

- How can a social fund compensate for financial, administrative, and technical weaknesses among local communities?
- How can preparation procedures be simplified and less inhibiting to beneficiaries?
- How can a social fund ensure that all intended beneficiaries, especially marginalized groups, have influence on the operational plan of the microproject?
Box 4
Tips for a Successful Participatory Survey

The intended outcome of a participatory survey is to identify the priority needs of the local population, and to identify the capacity of the local population to maintain microprojects.

Because the targeted population will not be a homogeneous entity, the sample should be divided into leaders (both traditional and governmental) and ordinary men, women and youth. This facilitates identification of possible conflicts between representatives of the power structure and others.

Some keys to success:
- Use an open-ended sampling method (based on group discussions and semistructured interview guides) such as Participatory Rapid Appraisal, rather than rigid questionnaires.
- Present the philosophy of the survey to beneficiaries in order to avoid creating mistrust and misunderstanding; use culturally appropriate illustrative material for this purpose to acknowledge those who are illiterate.
- Have surveyors and target group members take walks in communities, identifying possible areas of intervention to link oral dialogue with visual observation.
- Train surveyors in participatory methods.
- Train surveyors in gender awareness.
- Translate questionnaires into local languages.
- Communicate survey results to government and NGOs; inform beneficiaries through local meetings and media.
- Be sensitive to the least intrusive time to engage beneficiaries.


Provide technical assistance to communities that lack the means to prepare proposals.
Hands-on instruction in the mechanics of proposal preparation can come from NGOs or contractors. Managers should be wary of providing this assistance from the social fund itself because it is likely to require a very large staff to meet demand.

Fund feasibility studies for microprojects. This aids the poorest communities, which lack the know-how and funds to prepare studies themselves, and allows them to adhere to proposal procedures. In El Salvador’s Social Investment Fund, while the cost of preparation often is borne by the contractor (in the hope of being hired by the project), the cost is included as part of the beneficiaries’ 10 percent counterpart funding if the sponsoring organization bears the cost of project preparation. Funds in Peru and Honduras also take this approach. In Bolivia, subcontracting third parties for feasibility studies has not compensated for weak organizations; it is not clear that projects prepared with outside assistance reflect community needs and aspirations.

Provide simplified proposal documents. Very often, documents and other requirements that communities must complete are cumbersome and complex. Simplified documents for preparation of microprojects, contracting local artisans, and which artisans can use to bid on and complete work, facilitate the participation of beneficiaries. The Comoros and Zambia operations manuals include sample documents.

Form microproject management committees. This has been done in Zambia, Comoros, Peru, Eritrea, Ethiopia, and the Gambia. A committee may enter into a contract with the social fund, open a special account to handle social fund and community contributions, or hire contractors for implementation and supervision. In
some social funds the operations manual stipulates how the committee should be selected (for example, in open assembly rather than appointed) and that the committee should be inclusive of disadvantaged members. In Ethiopia, microproject committees must have at least one female member, and higher priority is accorded to microprojects with greater female representation. In the Eritrea Community Rehabilitation Fund, project committees are separated into three sub-committees: one to manage funds, one to hire contractors and mobilize local labor, and one to supervise the work. This arrangement enables a clear delineation of responsibilities and accountability for linkage between beneficiaries and the social fund.

**Appraisal**

Tools for appraising microprojects in participatory ways are available to project managers. Because social funds must respond rapidly to hundreds (or thousands) of individual requests, developing appraisal procedures that meet the objectives of speed, efficiency, and participation can be complicated and delicate.

A recurring question for social funds is how to ensure the sustainability of many small, dispersed projects, where they do not fund recurrent costs. This leads to another question: how to provide for operation and maintenance (O&M) of interventions. It is apparent that appraisal activities must seek to verify that there is enough local commitment and capacity to sustain the microproject. Some of the essential questions are:

- How can the participatory nature of microprojects be appraised rapidly and effectively?
- What are the indicators for assessing the participatory nature of microprojects?
- How can appraisal be done in a participatory way and still be done quickly?

**Provide training in participatory appraisal techniques to social fund staff.** Ideally this should be done prior to initiating disbursement of funds, so that skills acquired can be applied throughout the microproject cycle. As mentioned earlier, the experiences of Albania and Bolivia indicate that the failure to train staff in participatory techniques left personnel ill equipped for participatory interaction with communities. Madagascar’s community nutrition program will send regional information, education and communication and nutrition coordinators to Burkina Faso to study community organization and participatory training methods.

**Contract out appraisal responsibilities to parties experienced in participatory appraisal.** In Peru’s FONCODES, appraisal responsibilities can be contracted out to experienced parties. Although in this case the operations manual does not specify that such parties should be experienced in participatory techniques, establishing such a requirement would be an appropriate step in a country that has NGOs and other parties with participatory appraisal experience. In situations when capacity and experience in participatory appraisal are little or unknown, fund managers can consult indigenous academics, research institutes, and NGOs to ascertain their interest and experience in participatory appraisal.

**Include the views of marginalized groups.** In addition to the members of the microproject management committee, who are often local elites, discussions should be held with women, the elderly and youth during field appraisal. Further, criteria which are priorities for targeted beneficiaries can be given attention.

**Approval**

Some social funds allow for beneficiary representatives to sit on microproject approval committees. A number of funds delegate some approval authority to regional offices. While their involvement is useful in moving the project forward more rapidly, it is also likely to have implications for participation. Unfortunately, the infancy of a number of these social funds, and the lack of systematic analysis...
surrounding these issues, means there is little concrete evidence from which to gain insight. Still, managers are testing various approaches to find answers to the following questions:

- How does the membership of a microproject approval committee affect participation?
- How should beneficiary representatives be selected?
- How does approval authority at the regional level enhance beneficiary participation?

Approaches designed to address, in particular, the issue of the selection of beneficiary representatives include:

**Appoint representatives of beneficiaries to the approval committee.** Often this is done by the president or a top minister, which is obviously a top-down approach to selecting beneficiary representatives. When the leader is a strong advocate of a participatory approach it is likely that appointees will hold views consistent with participation. However, it is also a situation ripe for other biases to be exhibited, such as support or hostility toward NGOs, local government, municipalities, or particular regions of the country.

**Let NGOs and community organizations select members of the approval committee.** Comoros has a vibrant associative life with strong community activities and resource mobilization at the community level. Regional Committees made up of two regional officials and six other members, elected by representatives from the best known regional associations (including women, Parent-Teacher Associations, and environmental and professional associations), are to be granted approval rights over microprojects for amounts less than $30,000. This approach does not guarantee that the ultimate beneficiaries will be represented on the approval committee, as the NGOs or organizations selected are likely to have their own agendas and represent the views of particular constituencies. It also can be anticipated that the strongest NGOs and those in favor with the government are likely to be included, while others are excluded. Still, this approach is a step toward improving relations and cooperation between government and the NGO community. As mentioned earlier, the members of leadership councils in Mexico’s Indigenous Fund were elected by indigenous organizations.

**Enable beneficiaries to select approval committee members.** In Albania’s Rural Development Fund (RDF), Village Credit Committees act as agents for promoting, appraising, approving, and supervising loans to individuals and groups of villagers. Villagers elect three to five representatives to sit on the committee. They are joined by a staff member of the fund’s credit department, and a representative of the Rural Commercial Bank.

Village representatives are trained in the criteria and techniques for credit funds. The village committees decide on credit allocations, define collateral, and control the repayment of loans, while the rural bank keeps accounts and handles money, assuming the risk of lending. Initially representatives acted as volunteers, but in realization of demands on their time, some remuneration for expenses was needed.

Though the credit program is still in its infancy, putting the loan decision at the village level seems to work well as neighbors know potential creditors personally and are in a position to exert social pressure for timely repayment. Furthermore, a second mechanism of security has been added by having the fund halt all new commitments in a community if there is even one default.

**Implementation**

Overall, the experience of social funds with participation during implementation of projects is manifested most widely in cost sharing of labor, financial and in kind contributions. From the Bank’s experience, however, it is known
that cost sharing alone cannot always be taken as a reliable indicator of beneficiary commitment to an external intervention. One question specific to implementation, then, is:

- How can limited beneficiary participation, such as cost sharing, be built upon to stimulate greater participation during implementation?

Some strategies that may help foster greater beneficiary involvement in implementation are:

**Delegate greater responsibilities to beneficiaries during implementation.** These responsibilities include hiring contractors, managing funds, collection of user fees, and overseeing supervision. This is being done in Peru, Ethiopia, Eritrea, Burundi, Comoros, and El Salvador by microproject management committees.

**Build the management capacity of microproject management committees.** Training in management and basic accounting, with assistance from government agencies, NGOs, fund staff, and other donors, is an important step toward overcoming managerial weaknesses of beneficiaries and preparing them for implementation responsibilities. The Zambia Social Recovery Fund has experience with this strategy.

**Provide staff presence in communities that gives beneficiaries easy access to the center.** In the Aga Khan Rural Development Support Program in Pakistan, social organizers were placed in the field so that they could reach villages by motorbike. They became the principal point of contact between beneficiaries and technical services. This approach can be applied to a social fund. One of the lessons from this experience is that maintaining a field presence requires financial and human resources to sustain a large number of dispersed microprojects over time. This program is still evolving toward the point when a regular field presence is no longer needed and responsibilities for O&M and supervision can be handed over to village organizations.

An alternative to the fund assuming the cost of a field presence is to have communities hire their own facilitators. This is being done in Sri Lanka, where farmers irrigation associations are encouraged to select individuals to act as links between the associations and technical services. However, it is only the strongest farmer associations which have resources adequate to do so.

Still another alternative is to utilize extension or other program workers in the vicinity. This requires cooperation and commitment among the social fund and other government agencies. When governments lack resources to provide personnel with logistical and supporting services to remote areas, this is not practical.

**Supervision**

Ensuring that beneficiary participation evolves from the earliest stages of the microproject cycle is important for stimulating beneficiary ownership of the microproject and willingness to see it maintained (which are important underpinnings of beneficiary participation in supervision). Still, other efforts often are needed to strengthen beneficiary capacity to assume supervision responsibilities and to provide mechanisms by which beneficiaries have access to assisting agencies (like the social fund central office, supporting technical services, or private consulting firms). There are at least three obstacles to this: weak community organizations; inefficient or poorly staffed ministries and agencies responsible for providing services; and a history of top-down development that did not encourage beneficiary feedback. Task managers must consider, then:

- How can beneficiaries be involved in supervision of microprojects?

- What kind of assistance should be provided to beneficiaries for this task?

Approaches conducive to beneficiary involvement in supervision include the following.

**Delegate greater supervision responsibilities to communities.** Eritrea and Albania enable communities to supervise microprojects themselves or hire contractors for supervision work.
Include community members during design and keep technical design simple. One of the ways to prepare beneficiaries for supervision is to ensure that designated beneficiaries or committee members responsible for supervision are physically present during design and implementation stages so they can learn about basic technical aspects of the intervention. This presumes that the management committee was formed early on, during preparation, and that design was done with the greatest attention to the technical capabilities of the community.

Monitoring and Evaluation

There are two elements to monitoring a social fund: how to monitor microprojects in a participatory manner, and how to monitor participation. The objective of a monitoring and evaluation system should be to provide not just quantitative reports on the activities of microprojects, but a qualitative picture of the impact of microprojects on the community, particularly on women, youth, and the poorest of the poor. It also is important to track who is or is not participating, the intensity of participation by different actors, and factors that facilitate or inhibit participation by actors. This allows social fund managers to adapt their approaches and mechanisms so that greater participation is encouraged.

To deal with both of these issues, social funds must obtain feedback from beneficiaries and other actors. Therefore, approaches are needed to allow the views of beneficiaries to be expressed. When designing a monitoring system for a social fund, task managers need to consider some pertinent questions, such as:

- How can technical and financial monitoring processes of a social fund be made more participatory?
- How can monitoring participation be incorporated into efficient technical and financial social fund monitoring processes?
- How can an iterative design process be institutionalized?

Some approaches used by managers are:

Use participatory appraisal techniques to monitor participation. The Zambia Social Recovery Fund has conducted three beneficiary assessments to date, using participatory research tools to gather qualitative and quantitative data. It is important to integrate the beneficiary assessment as a permanent mechanism. For example, every year 10 percent of completed microprojects could be assessed.

Madagascar’s participatory poverty assessment was designed by the Bank to complement the statistical, macroeconomic and public expenditure facets of the poverty assessment. Indigenous human resources were employed to gather, analyze, and share data with government, while the poor were encouraged to speak for themselves.

In Guatemala, the terms of reference for a monitoring study that is part of the annual review stipulate that interviews should be carried out of twenty communities that submitted proposals and of ten communities which were visited by promoters but which did not submit proposals. The objective is to ascertain how the villagers decided upon their microproject proposals, what groups were involved in making the decisions, whether or not there were problems communicating the goals of the SIF, and, for cases in which microproject proposals were not submitted, the reasons why.

Use Bank supervision missions to go to the field and interact with intended beneficiaries. Given the constraints on Bank staff time, it may be practical to assign this role to one mission person trained in participatory techniques, though there are limitations to what can be learned and reapplied from such a limited engagement.

Incorporate participatory monitoring techniques into the regular microproject cycle. Since this task falls on the shoulders of social fund staff, it is imperative that they be trained in participatory appraisal techniques in order to learn from the perspectives of different beneficiaries and other actors. In Peru, monitoring of participation is designed to be done prior to closure of a microproject by way of discussions.
with community members. These discussions ascertain community satisfaction with the quality of the work performed, frequency of use and whether or not the microproject did what the community asked.

Employ community facilitators as the links between internal and external monitoring and evaluation. Community facilitators used during identification, preparation, and implementation are positioned well to monitor participation as well as other aspects of microprojects. Technical specialists can prepare checklists of indicators that the community facilitator monitors on a weekly basis, between monthly visits by technical personnel.

Monitor how well the social fund delivers what it promises. The German GTZ learned from experience with small projects in its German Appropriate Technology Exchange (GATE) program, that the application processing period for successful projects had been short, and those of failed projects conspicuously longer. While delays took place because of the fund, conditions for project feasibility frequently diminished, and communities faced quite different needs and priorities. In response, the GATE program designed a self critical monitoring process (with a computer program) by which it could monitor how well it performed its functions and delivered services as agreed.

This monitoring process is explained in a user manual "Helping Small Project from the Distance," by Thomas Kuby (access through e-mail). The manual comes with a 5.25" diskette and takes a step-by-step approach to installing and using the software.

### Box 5

**Tips for Including Communities in Monitoring and Evaluation**

A participatory monitoring exercise seeks to involve local communities in understanding and evaluating their own lives, and creating structures that allow for their grassroots knowledge to be reported upward. Participatory monitoring complements information derived from traditional techniques. Usually a small number of communities is selected, each community is treated as a unique self contained case study, and changes are monitored over time. The process should be managed and monitored by a multidisciplinary team involving, when possible, a sociologist, economist, and sectoral specialists.

**Phase One: Community collection**
- Explain the purpose of the monitoring operation to the community at an early stage.
- Enable communities to participate in choosing indicators to be monitored.
- Ensure that the community level indicators are easy for communities to collect and interpret.
- Ask communities to select a local committee to undertake supervision of community monitoring. Committees may require training.

**Phase Two: Periodic assessment**
- Provide for the multidisciplinary team to spend two to three days in each community every three months to review and discuss with community members information they have collected.
- Use techniques of participatory appraisal such as maps, transect and farm sketches, and other visual tools.
- Conduct semistructured interviews with representatives of local government, members of the community, and people external to the community.

**Phase Three: Feedback to government**
- Prepare a brief three-month report about the changes in the living conditions observed during field visits and major issues identified by communities.
- Try to identify the origin of changes within the community. These may include economic reform, climatic changes, the development project.
4. Intermediary and Community Based Organizations

Social funds delegate important roles to intermediary and community based organizations. Their roles depend on the strategic objectives of the social fund, the government’s predisposition, policies involving these institutions, and capacity of parties capable of fulfilling different roles. Fund managers have paid insufficient attention in the initial stages of a social fund to the institutional shortcomings of weaker intermediary and community based organizations because of pressure to distribute funds rapidly. However, allocating resources for assessing their activities and strengthening their capacities is becoming more common.

Fund managers must concern themselves with the capacities of these organizations in terms of both development effectiveness and beneficiary representation. They must identify these organizations, learn who is doing what, and enter into dialogue with them to discover how the fund can work with and complement their existing capabilities. They also must weigh the costs and benefits of strengthening those parties that are positioned well and intend to work with or represent beneficiaries, but lack managerial, administrative or other skills and resources to do so.

Capacity recognition requires a means for assessing the NGO community, local government and other potential intermediary partners as well as community based organizations. It presumes that criteria are in place to discern which institutions are genuine in terms of community association initiative and which are not. It also requires mechanisms to provide for their capacity building.

Ideally the selection of an intermediary agency should be based on an assessment of its capacity to fulfill the specific roles spelled out in the microproject contract, including those related to participation. Training should aim at filling the gaps, and reviews and evaluations should be focused on how well expectations are fulfilled.

Social funds also must be prepared to work with local organizations, many of which are very weak, poorly organized, and least supported by intermediary organizations. Microproject management committees are a subset of community based organizations with which fund managers should be particularly concerned. Greater reflection on the following questions relevant to intermediary and community organizations is needed by social fund managers:

- How do intermediary and community organizations support beneficiary participation?
- What characteristics make such organizations good partners in a social fund?
- At what stage of the social fund is it essential to assess their strengths and weaknesses?
- How can their capacities as potential conduits of participation be assessed?
- How can members of the microproject management committee be made more accountable to other members of the community?
What forms of assistance are effective in strengthening the capacity of these organizations to support participation?

The following approaches are being attempted in social funds to respond to recurring issues:

**Institutional Analysis in Intermediary Organizations**

*Evaluate intermediary organizations during regular appraisal of a microproject.* General criteria outlined in Ethiopia’s Social Rehabilitation Fund (ESRF) apply in the selection of implementing agencies, whatever their legal status. These criteria are provided for use not only in selection but also to appraise and highlight the strengths and weaknesses of participating agencies to determine the type of training required for capacity building.

*Evaluate the capacity of intermediaries during impact assessment studies or annual and midterm evaluations.* This approach does not parallel the microproject cycle, which for the microprojects typically funded by social funds averages three to six months. Still, intermediaries often are involved in more than one microproject, prolonging their relationships with the social fund. This after-the-fact approach allows for lessons learned to be reapplied in successive years, and for monitoring of the evolution of intermediaries relative to participation within the life of a social fund. When taking this approach, the Bank must ensure that lessons are introduced in the social fund strategy and mechanisms. A beneficiary assessment can be used for this approach. In Zambia, Phase III of the beneficiary assessment will provide an impact assessment of completed microprojects as well as an institutional assessment of partner intermediaries.

**Institutional Strengthening in Intermediary Organizations**

*Provide assistance and training in participatory techniques to intermediaries.* The ESRF provides for any community group or NGO which has identified a need for a specific kind of training to present a proposal to be considered in the same manner as other microprojects. Training for local government officials and local NGO staff is designed to enable them to promote and facilitate community development and, in particular, to assist communities with microproject identification, preparation,

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**Box 6**

**Characteristics of Intermediaries that Support Participation**

- Participation is an institutional objective.
- Field presence.
- Staff incentives and training which support participation.
- Iterative planning in consultation with local communities.
- Bottom-up accountability mechanisms.
- Contribution of cash, labor, raw material or local facilities by local communities which makes the communities clients of the intermediary.
- Horizontal and vertical linkages to other institutions.
- The agency has prior experience in the community where the microproject is to be implemented and is aware of local conditions.
- The community/beneficiaries have a positive perception of the agency.
- The agency and its personnel have keen understanding of and sensitivity to issues concerning women and minorities and towards the environment.
- The philosophy of the agency on community participation is reflected in other microprojects it has undertaken, and the strategy for participation in the present proposal is in line with the fund’s strategy.
Participation in Social Funds and implementation in a participatory way. These groups will be sensitized to the importance of including all groups, and will be trained in group dynamics and participatory techniques to effect their interaction with ultimate beneficiaries. The ESRF has appointed a training and promotion officer, under the promotion and appraisal manager, who handles all matters related to training, both for fund staff and in terms of proposals originating from potential intermediaries.

Build capacities through networking and information sharing among intermediaries. This enables potential intermediaries to pool their specializations or strengths and to learn from each other. This option is especially viable in countries with vibrant NGO communities which also are linked through an apex NGO or umbrella organization. The same concept can apply to municipalities or local government, which communicate through formal or informal linkages and can exchange experiences, technology, and resources (such as engineers, agriculturists, and other technical service personnel).

Institutional Assessment in Community Organizations

Evaluate the characteristics of community organizations early in the microproject cycle. The Albania Poverty Alleviation Program is attempting to evaluate the characteristics of community organizations, particularly in relation to their abilities to represent intended beneficiaries, during the regular appraisal stage of the microproject cycle. The Bolivia SIF seeks to do so even earlier, during the targeting stage, as part of an institutional capacity evaluation. FONCODES in Peru seeks to assess the characteristics of community organizations during appraisal and beneficiary assessment. At the time of appraisal, FONCODES staff talk with villagers during site visits to verify that general assemblies were held in which members of the microproject management committee were selected by the community.

Institutional Strengthening in Community Organizations

Some indicators of organizational capacity in community organizations in Ecuador’s Social Investment Fund are:

- Internal process and regularity of leadership renewal.
- The degree to which members control and audit use of funds.
- The degree of physical participation of members in the communal activity.
- The degree to which members participate in organizational decisions.
- The administrative capabilities of the organization (bookkeeping, audits).
- Technical capacity of the organization (education level, special courses, or training of leadership and members).
- The degree to which members are able to handle required technology by themselves.

Produce training for community organizations. Training can empower local communities to identify and prioritize their needs and to develop strategies to meet them. It also can enable beneficiaries to manage microprojects in ways that make them viable in the long term. The objectives of the training must be made clear to the beneficiaries and be related closely to their perceived needs.

The first phase of the beneficiary assessment in Zambia provided overwhelming evidence of mismanagement of funds by microproject committees, in part due to the lack of basic accounting skills. Hence, fund managers prepared a training manual on basic accounting for microproject committees. A bookkeeping module is under way.

Environment Department Papers
In Ethiopia, training will be provided to local community leaders and project committee members with a special emphasis on women. The objective is to empower local communities to identify and prioritize their needs and benefits from ESRF and other agencies. Training will be provided in the areas of local planning and needs prioritization, microproject preparation and supervision, management of microproject funds, and accounting. Training will emphasize participation of all members of the community in these activities.

Training can be done by ESRF staff or be subcontracted to other parties such as NGOs. An officer has been hired to coordinate training and maintain a database of potential trainers who can be contracted to fulfill training requests. Identification of the training needs of communities is expected to come from ESRF staff during their interaction with communities, from NGOs based on their long-term interactions with communities, or from community beneficiaries themselves. Requests for training are submitted and considered according to the same procedures as other microproject proposals.

Putting responsibility for training on the shoulder of social fund staff can be extremely time consuming and expensive. Two other approaches to provide training in social funds are:

- **Transferring funds directly to organizations.** For instance, Mexico’s Indigenous Fund could transfer funds directly to the leadership councils to enable them to contract their own technical services from NGO service organizations. Many of these provide technical services and training to indigenous communities in agricultural, forestry, and artisan production and commercialization, and in areas such as basic accounting, management, and project design and evaluation. In some states, leadership councils which experienced poor quality technical assistance from the Fund or other government agencies used membership funds to contract their own technical services to help prepare projects financed under the program.

- **Contracting NGOs.** NGOs can provide training to other NGOs and beneficiary organizations. The Bank’s initiative in Togo, designed to build the capacities of NGOs by working through an umbrella NGO, is instructive to task managers. A lack of trust and cohesion among various NGOs and between the NGO community and government, and a perception among some NGOs that the initiative was not in their best interest, undermined initial efforts. Government-NGO relations, as well as relations among various NGOs which differ in their priorities and objectives, are delicate matters.

**Take a participatory approach to training.** The methodology employed for training sends a powerful message to trainees. A top down, expert to student approach reinforces the old, nonparticipatory approach. Respecting indigenous knowledge and problem solving potential is key. Training can create cohesion in the community and promote forms of participatory leadership that help the members discuss existing problems, establish priorities and organize for action. In essence, make training community centered, not project centered.
5. Lessons

The following eight lessons are not additions to what has been written, but issues that deserve reiteration as task managers design participatory social funds.

1. **Be very clear about the objectives of a social fund, and the centrality of participation in realizing objectives.** When a social fund promotes sustainable development it must consider how participation can be integrated from the very beginning into the design of the social fund and the microproject cycle. This generates the ownership that underlies sustainability. Designers also must debate the trade-offs between the objectives of rapid disbursement and capacity building of beneficiary and intermediary organizations, between quality of work and participation, and between competition and participation by marginalized groups.

2. Two of the most important signals fund management can send to intended beneficiaries, intermediaries, and other stakeholders as an indication of the fund's commitment to participation, are to **refuse to fund nonparticipatory microprojects** and to **prioritize selection of microprojects according to the intensity of participation.**

This approach, which requires clear criteria for "measuring" participation, is planned for the Gambia Public Works and Capacity Building Project. Among other criteria, microprojects will be selected according to the degree to which beneficiaries participate in microproject identification and will participate during implementation, supervision and monitoring. Those with community involvement in identification will receive a certain ranking. If the community also has organized itself and selected a managing committee with responsibility for O&M, it will be ranked higher. If, in addition, the community puts forward a financial contribution, it will be given even greater consideration. Such rankings should be spelled out clearly in the operations manual and be announced during promotion activities.

3. **Encourage or mandate establishment of microproject management committees.** Emphasize the importance of taking an inclusive rather than exclusive approach to the selection of committee members by mandating, in the operations manual, the participation and representation of women and other marginalized groups.

4. **Provide for comprehensive, systematic monitoring of microprojects by applying participatory data collection techniques** (like participatory rural appraisal and beneficiary assessment) regularly. Recruit or train indigenous resources to do these studies. Although fund managers have only recent experience in this, efforts should be made to make self assessment by beneficiaries a permanent, annual monitoring mechanism. It should not be conducted as a limited engagement directed by Bank staff. Assessing ten percent of microprojects each year may be a good target.
5. Provide for capacity building of intermediary and community organizations (including microproject management committees) as early as possible. Rather than create new institutions, collaborate with existing institutions that want to be strengthened. Time-bound social fund projects can use organizations built by previous efforts and can build new ones for subsequent projects.

6. Develop a pilot phase in which participatory mechanisms can be tested, the concept of participation can be introduced, and actors are given time to learn. Expand incrementally according to the capabilities of social fund staff, intermediaries and community organizations. Do not expect to proceed from a centralized, top-down mode to a full fledged bottom-up approach immediately.

7. Design procurement and disbursement procedures that are flexible and encourage self initiative and self reliance while having necessary transparency and accountability features.

8. Deliver what has been promised. Delays in processing community proposals and failing to deliver services on time as agreed in contracts undermines participation. Develop a process through which the social fund can monitor self critically how well it delivers promised support and services to communities.
## Annex 1  List of Projects Covered in this Study

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Country/Region</th>
<th>Year</th>
<th>Code</th>
<th>Principal Investigator(s)</th>
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<tr>
<td>Albania Rural Poverty Alleviation, 1993, SAR</td>
<td>Albania</td>
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<td>Bolivia Social Investment Fund I, 1990, #8248; II, 1993, #11927; Constance Corbett, TM</td>
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<td>Burundi Social Action, 1993, #11167; Amolo Ng’Weno, TM</td>
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<td>Chad Public Works and Capacity Building, 1993, #12535</td>
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<td>Grace Yabrudy, TM</td>
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<td>Comoros Population and Human Resources, 1993, #11788</td>
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<td>Eritrea Community Rehabilitation Fund, component of Recovery and Rehabilitation — Project for Eritrea, 1993, #P-5985</td>
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<td>Mexico Decentralization and Regional Development, 1991, #8786; Abel Mateus, TM</td>
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<td>Sao Tome and Principe Multi-sector I, 1989, II, 1991, #9581; Alan Carroll, TM</td>
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<td>Togo Grassroots Development Initiatives, 1989, #P-4956; Jean Paul Dailly, TM</td>
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<td>Zambia Social Recovery, 1991, #9471; Steen Jorgensen, TM</td>
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## Annex 2  Zambia Beneficiary Assessment: Social Recovery Project

<table>
<thead>
<tr>
<th>FINDINGS</th>
<th>RECOMMENDATIONS</th>
<th>ACTION TAKEN</th>
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<tbody>
<tr>
<td>Participation by community in form of community contribution increases sense of ownership.</td>
<td>Contribution should continue to be mandatory.</td>
<td>Cash and kind contributions remain conditions for MPU support.</td>
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<tr>
<td>Beneficiaries perceive many community based project committees to be unaccountable. 30% of projects funds claimed to have been mismanaged.</td>
<td>SRF should provide basic accounting training to project committees, monitor performance more closely, and take action where project funds were misused.</td>
<td>Criminal proceedings clause added to SRF forms. Book-keeping module under development for project committee training manual. Accountability improvement procedures, such as standard for signatory on project accounts, under review.</td>
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<td>Trade-offs between quality of workmanship and participation apparent in evaluation of performance of different intermediary institutions.</td>
<td>Actively encourage participatory approaches and ensure contracting of skilled labor.</td>
<td>Stipulation of requirement for quantity surveyor/skilled labor for construction/rehabilitation.</td>
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<td>Beneficiary communities uninformed about project and its implications (maintenance) by committee.</td>
<td>SRF and implementing agencies should ensure information is disseminated.</td>
<td>Project Launch Workshops in communities initiated.</td>
</tr>
<tr>
<td>Beneficiaries request closer supervision by SRF.</td>
<td>Need for closer and more frequent monitoring of projects.</td>
<td>Regional office established in each province.</td>
</tr>
</tbody>
</table>
## Participation in Social Funds

### FINDINGS

| SRF bypassing local government; need for closer involvement of same. | Closer involvement should be sought of District and Provincial line departments in project cycle. |
| Format of some questions in application form unclear (transportation costs). | Clarify and simplify application forms. |
| Cases of delays in notification and fund disbursement from SRF noted. | Speed communication and disbursement in SRF administration. |
| Regional officers frequent field visits necessitate backup at offices. | MPU should increase staff at regional Offices. |

### RECOMMENDATIONS

### ACTION TAKEN

- District Councils and Provincial Planning Units requested to carry out one monitoring visit to each project per quarter. District Development Coordinating Committees to plan identification and monitoring of local projects.
- Completed.
- Establishment of regional offices has led to quicker response and implementation.
- Assistants being hired.

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Prepared by Dan Owen, February 20, 1994
References


