khanya-aicdd
African Institute for Community-Driven Development

An investigation into the funding of communities: Volume 1 Lessons And Best Practice

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We are very grateful to the Southern Africa Trust for funding the project. This will help us to take forward a community-driven development agenda in the region, for which direct funding of communities is a key part. Already as a result of this work as submission has been made for amendment to South African legislation to express a commitment to Funding Communities.

Volume 1 is the main report of the study, with summaries of the case studies. Volume 2 has the detailed reports on the case studies.

Rashnee Parhanse 30 April 2007

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The report is available from www.khanya-aicdd.org

Contents

Glossary

AGM	Annual General Meeting
AIDS	Acquired Immunodeficiency Syndrome
AKRSP	Aga Khan Rural Support Programme (Pakistan)
ART	anti-retroviral therapy
Campfire	Communal Areas Management Programme for Indigenous Resources (Zimbabwe)
CASS	Centre for Applied Social Studies (Zimbabwe)
CBNRM	community-based natural resource management
CBO	community-based organisation
CBP	community-based planning
CECT	Chobe Enclave Conservation Trust (Botswana)
CHA	Controlled Hunting Area
CISANET	Civil Society Agricultural Network (Malawi)
CSR	corporate social responsibility
CWW	Concern Worldwide
DA	District Administrator
DIFD	Department for International Development (UK)
DWNP	Department of Wildlife and National Parks (Zimbabwe)
ECDC	Eastern Cape Development Corporation (South Africa)
FACT	Food and Cash Transfer Project (Malawi)
FSA	Financial Services Association (South Africa)
GDF	Gemi Diriya Foundation (Sri Lanka)
GoM	Government of Malawi
GRCF	Greater Rustenburg Community Foundation (South Africa)
GoSL	Government of Sri Lanka
HBC	Home-based care
HIV	Human Immunodeficiency Virus
IDA	International Development Association
IDP	Integrated Development Plan
IFAD	International Fund for Agricultural Development
JVA	Joint venture agreement
LSP	Livelihoods Security Programme (Malawi)
M&E	Monitoring and evaluation
MAICC	Mponela AIDS Information and Counselling Centre (Malawi)
MALEZA	Malawi Enterprise Development Zone
MCDSS	Ministry of Community Development and Social Services (Zambia)
MDG	Millenium Development Goals
MGR	Madikwe Game Reserve (South Africa)
MI	Madikwe Initiative (South Africa)
MUCPP	Mangaung University-Community Partnership Programme (South Africa)
MVAC	Malawi Vulnerability Assessment Committee
NGO	Non-government organisation
MNDP	Mayibuye Ndlovu Development Programme (South Africa)
NPO	non-profit organisation
NRC	Natural Resources Committees (Zimbabwe)
NRM	Natural resource management
NWNVAW	North West Network on Violence Against Women (South Africa)
NWPB	North West Parks and Tourism Board (South Africa)
OTP	Outpatient Therapeutic Programme (Malawi)
OVC	Orphans and vulnerable children
PRA	Participatory rural appraisal

PWAS	Department of Social Welfare's Public Welfare Assistance Scheme (Zambia)
PWP	Public Works Programme
RDCs	Rural district councils
RFM	Rural Forestry Management cc (South Africa)
RTUF	Ready-to-use therapeutic foods
SAGA	South African Grantmaker's Association
SANParks	South African National Parks
SLAG	Settlement/Land Acquisition Grant
SMME	Small, medium and micro enterprise
TA	Tribal Authority
UFS	University of the Free State (South Africa)
USAID	United States Agency for International Development
VDF	Village development fund
VIDCOs	Village Development Committees (Malawi, Zimbabwe)
VO	village organisation
VLSP	Village Livelihood Security Planning
VSHLI	Village Self-Help Learning Initiative (Sri Lanka)
V/WOs	Village/women's organisations
WADCO	Ward Development Committee (Zimbabwe)
WDR	World Development Report
WO	Women's organisation

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Executive summary

1 Introduction

1.1 Decentralisation and participatory approaches are now part of established development practice. Khanya-aicdd has been using such approaches as part of a community-driven development (CDD) approach. CDD implies that communities are able to make decisions and implement activities to take forward their own development. Key to this is funding communities. A wide range of approaches have been used to fund communities, ranging from community investment funds to foundations. This report is part of a review of experience in a range of case studies in Africa, and was funded by the Southern Africa Trust. Partners in the project include Khanya-aicdd, Concern Malawi and Practical Action Zimbabwe.

1.2 The **purpose** of the project is that good practice in funding of communities in ways which respond to the needs of poor people is identified and shared in the region.

1.3 The research primarily used secondary data with a trawl of relevant initiatives, and 14 case studies. Volume 1 is the synthesis report, analysing the results from the various case studies and their implications. Volume 2 has the detailed case studies..

2 Development approaches that involve funding communities

2.1 Significant challenges are to be overcome if the MDGs are to be achieved by 2015, particularly in sub-Saharan Africa where many poor households are trapped in long-term, chronic poverty (DFID 2005, World Bank 2006). The 2006 World Development Report (WDR) indicates that greater access to capital and more effective developmental assistance are both requirements for realising the MDGs.

2.2 Decentralisation is being promoted as one of the main ways of improving governance. One of the challenges that have emerged is that often reform processes focus on the local government and not sufficiently on the link between local governments and the community. Work carried out by Khanya in 1999-2000 on Institutional Support required to implement a Sustainable Livelihoods Approach pointed to the weakness of the links between local governments and the communities they are supposed to serve (Khanya-mrc, 2000).

2.3 In community-driven development (CDD) processes communities have control over planning of activities, project resources and implementation of projects in their community. If CDD approaches are to be widespread, local government as the lowest level of government has a key role to play. However the effective use of CDD approaches in Southern Africa is limited. *"Community participation …remains wedged at the level of consultation during planning, and subsequent involvement in the running and maintenance of projects. It seems to be only a few central government programmes that have moved in the direction of CDD; provincial and local government, and even NGOs, are not yet using this approach… Government agencies at all levels are reluctant to 'let go' and transfer control to communities, particularly true of the project identification function. (Everatt and Gwagwa, 2004).*

3 Different types of mechanisms for funding communities

3.1/2 A 'funding mechanism', for the purpose of this study, is defined as a process by which *funds are transferred from funding institutions to recipient communities, the mechanisms they use to spend those funds and to account for them*. These can be in the form of grants, cash transfers, revenue sharing or loans. Some different mechanisms include:

Table 1: Funding mechanisms

Type	Project definition
Community investment fund (CIF)	Funds provided to communities to empower local communities through the financing of sub-projects identified, implemented, managed, operated and maintained by the communities. In case of Zambia Social Investment Fund (ZAMSIF) there was gradual devolution of project cycle activities to local governments according to the capacity created to support the community based project (Ed Mwale, 2007). Another example is in community-based planning (CBP) where communities develop their plan and can choose what to spend their fund on, or specific, where communities apply for support for specific projects.
Community foundations	Foundations are fiscal and accountable entities governed by a local board of trustees which receive funds from a wide array of sources, often create some form of endowment to support their activities, and generally use the income to make grants within the communities they serve, (World Bank 2007)
Community trusts	A legal community organisation that raises funds and distributes them to local organisations/agencies or community type developmental projects, in many cases directly undertaking activities (World Bank 2007)
Community-based natural resource management (CBNRM)	This arises when communities have legal rights to revenues arising from the use of natural resource. The natural resources are managed under a detailed plan developed and agreed to by all relevant stakeholders. They also have the local institutions and the economic incentives to take substantial responsibility for sustained use of these resources. Often a Trust is the legal body representing the community and holding the funds.
Community banks	A village bank can receive capital from donors, and makes loans to its members, guaranteeing the loans and relying on peer pressure and support among members to help ensure repayment. Members' savings are held by the village bank as an internal account and forms capital that the bank can lend or otherwise invest to increase its resource base (GDRC 2006).
Social transfers	Resources distributed directly to individual households or persons that meet certain eligibility criteria. This includes social cash transfers which are permanent programmes, emergency cash transfers that are only designed for temporary assistance, and in some cases direct assistance in kind eg of food. Cash transfers for community investment are thus primarily social cash transfers (GTZ 2005). These can include government transfers e.g. pensions, child grants.

4 Overview of case studies

Community investment funds

4.1 **Zambia Social Investment Fund** (ZamSIF) aimed to contribute to the improved, expanded and sustainable use of services provided in a governance system where local governments and communities are mutually accountable. ZAMSIF had three closely linked components: (1) community investment funds which empowered local communities through the financing of sub-projects (2) district investment funds which supported the process of strengthening the capacity of local government and administrations and their accountability vis-à-vis local communities (district capital projects, which benefit more than one community and managed by the district council, were also supported) and (3) poverty monitoring and analysis. ZAMSIF made very remarkable achievements in terms of community demand driven initiatives that were funded, the capacity building of communities and districts to carry out development activities, decentralisation of functions and funds disbursed and forging important partnerships which ensured wider adoption of the successful approaches. Much of this was been due to ZAMSIF's willingness to learn from their previous experience, learning by doing.

4.2 **Mangaung Community-Based Planning** (CBP) Project, South Africa demonstrated wards planning for their area using a set of participatory learning for action (PLA) tools, and providing $7000 of discretionary funding to wards to spend on implementing their plan. This resulted in widespread community action, funds were spent appropriately, and this was a successful pilot which has eventually led to CBP becoming national policy in South Africa.

4.3 **Concern's Livelihood Support Programme** (LSP) in Malawi aimed to increase and diversify household food production and improve household food resource management, working through community structures and with the government of Malawi (GoM) at district and sub-district levels. Money was made available to communities in the form of grants to selected beneficiaries to demonstrate new technologies, and for revolving loans which were used to catalyse community action by providing start-up capital for agricultural initiatives. These funds were managed by Concern Committees at a community level. The programme impacted positively on communities and the provision of a combination of training and funds allowed communities to improve and diversify their agricultural production.

4.4 **Gemi Diriya Village Organisations** in Sri Lanka programme aims to improve community access to social and economic infrastructure and services for productive activities. It also aims to facilitate the development of systems, policies and procedures that allow government to transfer funds directly to the communities and provide them with technical support. The programme illustrates that large scale funding of communities within a country is possible and potentially beneficial if managed effectively and supported by the national government.

Community investment funds/village banks

4.5 **Aga Khan Rural Support Programme** (AKRSP) in Pakistan was designed to benefit the small, subsistence-orientated farmers living in the mountain regions of Northern Pakistan through making credit available to a large number of small farmers. Its primary funding mechanism is a community investment Fund (CIF) which involves village banks. AKRSP credit officers and social organisers took cash to disburse loans and accept savings and loan recoveries where branches of scheduled banks were not easily accessible to village/women's organisations. The short-term production loans financed by AKRSP were guaranteed by the Habib Bank and the number of loan requests began increasing. The project has had a massive impact on rural communities in Pakistan particularly where the residents are generally poor. Land under cultivation has dramatically increased and average household income almost doubled in real terms during the programme implementation period.

4.6 Village Banks enables poor communities to establish their own credit and saving associations. The bank holds members' savings in an internal account and forms capital that the bank can lend or invest to increase its internal resource base. The **Village Bank Project** in South Africa started with three pilot banks located in North West Province as a possible mechanism for rural communities to access a range of financial services and gain access to credit. As a result of the village banks communities have access to banking facilities, and at more affordable rates than the big institutions, and generally found it easy to open accounts. It was also found that households using village banks had been those without access to any financial services

Community foundations

4.7 **Greater Rustenburg Community Foundation** (GRCF) is a community-owned grant-maker used to fund local communities. The GRCF serves the Bojanala District in North West

Province, South Africa. Direct funding is provided to local non-profit organisations (NPOs) and other development agents through an endowment fund and also by providing services to these agents to improve their capacities. The GRCF is essentially a community-driven initiative and the Board is made up of community members. This ensures that the actions of the Foundation are reflective of the community interests. GCRF believes that a greater number of small grants is more advantageous than fewer larger grants and generally provides between R10,000 and R25,000. It is difficult to assess the actual impact on the ground because benefits are imparted through the actions of the NPOs, funded by the Foundation.

Community-based natural resource management/community trusts

4.8 The **Communal Areas Management Programme for Indigenous Resources** (Campfire) in Zimbabwe is an example of CBNRM revenue-sharing mechanisms used to fund local communities. The objectives of the Programme are to link conservation and sustainable livelihoods in rural areas, where there are a few or no alternative sources of income. Community rights over natural resource use have created opportunities for sustainable economic development in Campfire areas. This allows benefits accruing from wildlife and other indigenous resources to be retained by local communities and enables communities to choose how to spend their money, including both cash dividends and decisions to embark on infrastructural development projects. The gross revenue from income generating activities is disbursed amongst the major stakeholders in the programme. The Campfire movement led to increased awareness of entitlements and rights at a community level. The money received by the communities as had an impact on livelihoods of communities and provides a sustainable means to monitor and protect local wildlife resources.

4.9 **Mayibuye Ndlovu Development Programme** (Addo Elephant National Park), South Africa is a CBNRM revenue-sharing type partnership between the Nomathasanqa community and South African National Parks (SANParks) and in particular the Addo Elephant National Park. With the expansion of the Park additional communities were included in the programme and the relationship was formalised through the creation of a community trust to represent the surrounding communities, which aimed to acquire and maintain the commercial rights for the betterment of the beneficiaries than simply employment. The actual lack of significant impact primarily highlights the need for a more equal relationship between community structures, government and other actors.

4.10 **CBNRM Support Programme, Botswana** is a revenue-sharing programme which primarily uses joint venture agreements to fund local communities, using a form of trust mechanism. In the programme communities are represented through legally established CBOs which allow them to enter into Joint Venture Agreement (JVAs) with private enterprises. Most of these companies were/are involved in safari hunting, safaris and photographic safaris. In general, JVA companies bring critical and scarce resources. The case study shows that, if well managed, CBNRM projects are valuable and can provide a recipe for community empowerment over the use of their natural resources. However, greater thought needs to be given to resolving differences between the communities and the enterprises entering into the JVAs with them.

4.11 **Madikwe Initiative**, South Africa is another CBNRM revenue-sharing funding mechanism aimed to promote and enhance rural development in the three villages surrounding the Madikwe Game Reserve (MGR), Supingstad, Lekgophung and Molatedi. This was done by giving the respective communities commercial rights within the reserve. In order to take advantage of this opportunity the local communities needed to form legal structures, namely community trusts, which would represent their interests. The whole initiative is controlled through a steering committee. However there have been a number of challenges with the programme due to the lack of immediate benefits for the communities. This is largely due to the limited profits being yielded by the Reserve at this point.

Community trusts

4.12 **Umzimkhulu Private Sector-Community Forestry Partnership**, South Africa is a Public Private Partnership (PPP) formed between Mondi (a large paper manufacturing company in South Africa) and communities in the Umzimkhulu region. Through an initial land reform grant local communities in the region initiated forestry projects and the benefited from employment generated through the scheme and also through the sale of timber when the trees have reach maturity. The partnership was complex and required the establishment of community management institutions to facilitate and oversee the process and to maintain relationships between the stakeholders

4.13 The **Mangaung University-Community Partnership Programme** (MUCPP) was established in 1991 through a Public Private Partnership (PPP) between the Kellog Foundation the University of the Free State (UFS) and the Mangaung community through a linked community trust. MUCPP acts as a facilitator between the community and external donors and administers funds to smaller projects within the community. MUCPP undertakes many activities in the community including HIV/AIDS programmes, agricultural programmes, training etc, often using skills from the University. This highlights the difference between a Trust and a Foundation, with the Trust often an active development facilitator, where a Foundation may be just a grant-maker. A key lesson from this project was the importance of community participation from the onset of the project. In addition the Trust shows how a partnership between a range of local actors and the community can harness local skills to benefit the community

Cash transfers

4.14 Concern's **Food and Cash Transfer** (FACT) project is an example of a cash transfer scheme used to fund communities. The aim of the project was to protect beneficiary households from the impacts of the food security crisis, particularly malnutrition and distress sale of assets. The combined food and cash transfer package was designed to meet 50% of household food needs. These transfers were split equally in the form of food and cash. Given the food crisis, the expectation was that the food rations would be consumed in its entirety and that the majority of the cash component would also be used toward the purchase of food. However, other acceptable usages were for school fees, health car and agricultural inputs. The transfers did benefit beneficiaries**,** reducing their vulnerability and improving their livelihoods, and there were only minimal instances of the transfers being used in an inappropriate manner.

4.15 The **Kalomo District Pilot Social Cash Transfer Scheme** was initiated by the Government of Zambia (GoZ) in November 2003 with support from the German Government. The primary funding mechanism was accordingly cash transfers. Each of the 1,027 targeted households initially received a monthly cash transfer of ZmK 30,000 (equivalent to US$6), enough to buy a 50kg bag of maize. However, the transfer was inadequate to meet basic needs and was increased subsequently to ZmK 40,000 (US$8) for households with children. The cash transfers benefited communities in a number of ways including poverty reduction, dietary diversification and access to services.

5 Emerging lessons across the case studies

5.1 The different funding mechanisms highlighted in the report have demonstrated **impacts** upon household's assets (physical, socio-cultural, natural, human and financial assets) in different ways:

Table 3: How mechanisms affect livelihoods

Funding Mechanism	Support for livelihoods
CIFs	Can strengthen any of the assets. Often focus on infrastructure so physical assets, but can be on natural (eg gulley reclamation), human (eg building skills and improving nutrition). As it is focused on community should improve social assets.
Village banks	Primarily promoted the upgrading of community financial assets due to the availability of financial services and loans to community members and to a lesser degree socio-cultural assets and human assets by promoting local institutions at a community level and by improving local knowledge on finance.
Foundation	The example of the Greater Rustenburg **Community Foundation** illustrated that this mechanism significantly improves socio-cultural assets. However, the capacity and the programmes run by the NPOs may also lead to increase accumulation of natural, financial and human assets although the contributions of each will differ depending on the programme implemented by the NPOs.
Community Trusts	Can focus on any area of assets – in addition impact on community social capital by creating and strengthening its own structures
CBNRM	Focuses quite specifically on exploiting the natural assets of communities which in turn leads to improvement in financial assets. Again community structures are strengthened so developing socio-cultural assets.
Cash Transfers	Focuses directly improving financial assets by providing direct capital to communities, which can be transformed into different assets (school fees, ie human), food (human), health charges (human) investment eg for agricultural inputs (financial).

5.2 Different types of **targeting** were used. **Community assets mapping** and **community triangulation** were common targeting techniques used in the LSP, FACT, CBNRM and Foundation examples. Where projects target **households** the funds are either directed towards specific development priorities eg Concern's LSP programme which targets rural subsistence agricultural producers, or marginalised groups such as youth, disabled, women-headed household, orphans etc. The drawbacks of such targeting are that it leads to exclusion of other vulnerable groups and could lead to undesirable intentions for possible inclusion. Where finances are targeting **community-based targets** they tend serve the community interests and direct the money towards community priorities as is the case of most funding mechanisms except possibly cash transfers. **Entrepreneur targeting** involves targeting different kinds of start up and established businesses where low income people have the most to gain eg in the AKRSP. Where finances are also targeting **geographical targets**, funds are directed to support communities in areas who are exposed to extreme climatic conditions that impact on food security, nutrition and agricultural production eg the four districts in Malawi LSP, in the AKRSP and CBNRM initiatives.

5.3. **Planning processes** varied according to the nature of the funding mechanisms used. Evidence suggests that community participation was used in the planning process in a number of the projects although the nature of this process and extent of the participation is not well documented in the case studies and therefore it is extremely difficult to determine how involved communities are in planning. Many used a range of participatory PRA/PLA tools to develop the plans, eg in CBP.

5.4 **Implementation** in all the projects is carried out by the project implementers and in most cases community or intermediate structures (eg village committees), or a combination of two, assist in this regard. The degree of community involvement varied in the case studies between communities actually implementing their own projects and/or being agents of government. Unfortunately a lack of detailed information on this subject makes it almost impossible to determine or to measure the actual importance on community involvement within the impmenation process. In this regard more effective monitoring and evaluating systems may enable more concrete evidence to emerge. There are distinct advantages from community involvement because it actively engages communities enhancing their capacities and ensuring their commitment to the process and alignment of project objectives with community needs.

5.5.1 In order for funding to be used effectively appropriate **institutional arrangements** have to be developed and implemented, including the range of organisations, systems, structures and networks through which funding and implementation can be co-ordinated, managed and monitored. One of the major reasons for implementation failure is the non-existence of, or malfunctioning of such institutions and the lack of clearly defined roles and responsibilities.

5.5.2 The main structures involved in funding communities are **project implementers and community-based structures**. Project implementers include national or local government structures, regional and international developmental institutions and even private businesses, illustrating that a wide array of institutions can initiate funding projects. There are numerous types of community-based structures such as community trusts, village organisations and community foundations. While the dynamics differ they all tend to perform a number of similar functions such as legal representation, decision-making, facilitation, relationship-building and project management. While not doing a thorough cost-benefit analysis, it appears that community-based structures do give communities the capacity to influence their own developmental outcomes directly, a desired outcome in terms of decentralisation and community participation.

5.5.3 The extent and level of **government involvement** also varied considerably. Government participation, or at least support, is essential in large funding schemes and can also be beneficial in smaller schemes. Government was a key partner in some projects eg CBP but not in others, and there were many examples where projects had very similar objectives to local government departments yet there was little or no interaction, integration and/or alignment with communities. This can result in duplication and does not allow for mutually reinforcing activities. The CBNRM case studies all showed very unequal partnerships, where communities were often overshadowed by the government partner. In others Apart from integration between government and community, there are challenges in integration across government.

5.6 The **decision-making or managerial structures** differs in the case studies according to the different types of funding models used. CIFs, CBNRM, Village Banks, CBP and Community Foundations generally tend to utilise or make use of community structures such as NPOs, trusts or local saving institutions etc. As with planning, the devolution of decision-making, allows communities to make choices about how to utilise the available funds. This is common to the CIF models, Trusts and Foundations.

5.7 **Accountability** can be upward accountability to funders, downward to the communities, or horizontally to peers. In projects where vast sums of money are being invested accountability is a critical issue and its' lack can severely undermine credibility and effectiveness. Levels of upward accountability were generally high and in most cases funding recipients, either individuals or community structures, were held accountable for their expenditure. In some cases implementing agents assisted them in this regard. The experiences of downward accountability were mixed and there were examples of where this was not achieved and transparency about the funding process and the roles of the various structures was lacking. In some initiatives, this lack of downward accountability resulted in evident conflict between the implementers and the communities.

6 Impact of the different funding mechanisms

6.1 Limited information was available regarding **monitoring and evaluation** (M&E) procedures. M&E of the impact and efficiency of funding mechanisms is critical to success and ongoing learning around funding initiatives and further attention needs to be paid to the subject because without detailed information on effectiveness, it is difficult to judge what systems and structures could be replicated. Effective M&E may lead to higher levels of accountability within the projects. M&E should be a prerequisite for funding schemes as the primary tensions exhibited within the cases was due to a lack of transparency.

6.2 In terms of **community-level impacts**, funding models have the capacity to impart benefits to communities by enabling them to accumulate assets, whether physical, natural, financial, and social and/or human. The majority of the projects, apart from the cash transfers which were primarily directed towards individuals within the community, tended to develop human and socio-cultural assets within communities and the use of local community structures in the implementation, planning and decision-making processes built social capital, leaving communities with the capacity to plan, manage and account. This knowledge and skill should allow communities to continue to take forward local development more effectively, even without the direct assistance of a funding scheme (see Table 9).

6.3 There is considerable variation in impacts on **livelihoods at beneficiary level** (see table 9). Some had large impacts, such as the Gemi Diriya Project which positively affected approximately 1,000 village communities. The village banks benefited local beneficiaries by making banking and credit facilities accessible to them. Some projects do not appear to have had impacts at scale eg the Madikwe Initiative, Umzimkhulu Private Forestry Partnership and the Mayibuye Ndlovu Development Programme. In each of these, there were evident tensions in the communities as members failed to see the immediate benefit of their participation in such schemes.

Table 9: Evidence of effective implementation, impact on communities and beneficiaries

Type	Project	Evidence of impact on communities	Evidence of impact on individual beneficiaries
CIF	Concern Worldwide's Livelihood Security Programme, Malawi	Over 300 villages and 10,000 participants engaged in training on group dynamics, planning and conflict resolution. Along with the implemented projects this had a big impact. Significant improvements in community infrastructure also achieved.	The project had significant positive impacts on individual and household food security.
	Mangaung CBP	Strengthened voice of communities and influence on local development plan	No evidence of benefits to individuals or households was collected
	Gemi Diriya - Village Organisations	Expected to impact on approximately 1,000 village communities	Project is relatively new so too early to measure its impact.
	Aga Khan	Significant training capacity and infrastructure	Average household income appears to have almost doubled through the programme; access to credit and agricultural output increased
Cash transfer	CWW's Food and Cash Transfer project, Malawi	Not really impacted on community capacity but led to an increase in employment of casual labour.	Increased meals eaten per day, dietary diversification and improved coping mechanisms. Benefits for HIV sufferers.
	Kalomo Social Cash Transfer Scheme		Reduced household poverty, increased dietary diversific-ation, access to services and enhanced local spending patterns.
Foundation	Greater Rustenburg Community Foundation	Positive impact on NPO capacity by providing funds, and building their capacity, who extend services and infrastructure in return; including training to surrounding communities.	Benefits achieved through NPOs and, as such, hard to measure. Projects had mixed results.
CBNRM/ community trust	Zimbabwe Campfire	Communities effectively manage their own natural resources, having developed their own mechanisms to achieve this. Extremely beneficial at a community level. Funds also regularly directed towards community infrastructure.	Positive impact in terms for conservation and revenue-generation.
	Madikwe Initiative	Employment created by the Reserve. Infrastructure planned once funding is acquired	Minimal impact on beneficiaries thus far.
	Mayibuye Ndlovu Development Programme	Minimal impact thus far. The communities only received R5,000 gate money for 2005/6. Community infrastructure planned for when sufficient funds have been received.	
Community Trust	Umzimkhulu Community Forestry Partnership	Community infrastructure planned for when sufficient funds have been received.	No impact yet. Forests still need to reach maturity.

Type	Project	Evidence of impact on communities	Evidence of impact on individual beneficiaries
	MUCPP		Approx 300 people a day visit the funded clinic. Support and training provided to emerging farmers, SMMEs and youth groups
Village banks	Village Banks	Positive impact by making banking facilities available to more communities, leading to increased savings; effectively making them less vulnerable.	Beneficial for individuals to have access to local banking facilities and to alternate funding.

7. Emerging Lessons for funding communities

7.1 There are **generic features** that were identified in the case studies which did influence the impact of the funding mechanism:

- Extensive **community participation** is central to disbursing funds but participation is often limited to the just the implementation phase and therefore not all the cases used participatory tools for planning and decision making. Where communities did participate, it promoted more ownership of some assets;
- Funding is primarily directed to **community structures** or individuals in the case of cash transfers. These community structures took managerial responsibilities in most projects. This involvement promotes and enhances decentralisation as well as community participation. These cases show that this is possible;
- The **target groups** in most projects were marginalised communities, and more specifically disadvantaged groups in these communities. Targeting specific communities can be done in a number of ways although the majority of the case studies used community inputs to inform this process.
- Upward, downward and horizontal **accountability** needs to be achieved to make the funding process fully transparent to both the funder and participating communities. Individuals and community structures also need to be held accountable to ensure that the money is spent in accordance with community priorities. Effective monitoring and evaluation techniques will assist in this regard.
- **Leadership** also plays an important role and the drive and passion of individuals may make the difference between success and failure. For example, despite community foundations appearing to have the potential to be a relatively sustainable form of funding communities, only two of the original 10 foundations established in South Africa remain. The GRCF's continued success can be attributed largely to the commitment and capacity of their staff members.

7.2 The nature of the **funding environment** was not the focus of the study but warrants some attention because it does influence the way in which the various mechanisms work and can be applied:

- Funding is still focused increasingly on the activities **rather than overall purpose and process**;
- The funding is also **influenced** by the funder and their developmental agenda and can be reactive, interventionist or compensatory. There were a wide variety of sources ranging from government, international or local development institutions to private businesses;
- The **highly competitive nature** of some current funding programs erode partnerships and collaboration;
- **Funding for fixed terms**: Funders often to do not commit themselves to a particular contribution for more than three years;

- Community-based structures often experience acute **human and financial resource** problems;
- The **accountability mechanisms** are often highly skewed in favour of funders and can be highly bureaucratic and time consuming, often reducing capacity of government institutions and accountability to them;
- **Appraisal and approval** process are long drawn-out processes during which time the objective of funding would have little relevance to problems that are exacerbated by conditions beyond the control of communities;
- **Measuring impact** is still uncharted territory. In the case studies there is very little evidence of extensive monitoring and evaluation and results about impact; and
- Funders still expect that projects will be **sustained** by the recipient organisations such as NGOs and communities.

7.3 This mechanisms for funding communities in this study illustrate the potential to empower communities to take forward their own development. Some of these mechanisms have had a major impact at scale and can be an effective way to address poverty and inequality, such as ZamSIF, LSP, and other CDD programmes. A critical success factor is the relationship between communities, civil society, government and donors which requires effective partnerships. As in the quote from section 2.3 on the limited implementation of CDD systems in South Africa "**We have to move beyond the distrust of communities, a paternalistic approach, and one that creates dependency on the state, towards a process of liberating the energy of our people's, putting in the catalyst which releases local energy to change people's lives".** The models we have covered show some mechanisms that can be applied widely across Africa – the challenge is now to see how these can be applied and institutionalised.

1 Introduction

1.1 Background

Participatory approaches to development are now main-stream, as is decentralisation, and development of local capacity. The World Bank in particular has been driving approaches to community-driven development, with the funding of communities a key component. Different mechanisms have been used to fund communities, including community foundations, community funds or trusts, public-private partnerships, social transfers, community investment funds, community banks and community-based planning.

Since 1998 Khanya-African Institute for Community-Driven Development (Khanya-aicdd) has been instrumental in promoting a community-driven agenda in Africa. Khanya-aicdd has been working with its partners in South Africa, Zimbabwe, Ghana and Uganda in developing a practical approach for promoting the expression of the **voices of the poor**, and their incorporation in formal planning processes, the **community-based planning** approach. In South Africa this included municipalities providing each ward with R25-50 000 ($3500-7000) to spend on their plan. Evaluations conducted in 2002 and in 2005 confirmed that this approach had resulted in improved participation of the disadvantaged, the priorities of the poor being included in the local government plans and programmes, and in some cases of improved services. The CBP project also involved funding of communities to implement their plans. In this project we are seeking to provide a broader perspective on ways that communities can be funded to take forward their own development processes, which we and others can then seek to include in approaches across the region.

A variety of funding approaches have been used in across the continent including:

- Social Investment Funds, eg ZamSIF in Zambia and Malawi Social Action Fund (MASAF) in Malawi
- Funding of community plans, eg community-based planning in South Africa
- Communities retaining local revenue generation, eg CAMPFIRE in Zimbabwe, or the Graduated Tax in Uganda
- Cash transfer systems, eg Kalomo Project in Zambia
- The use of Community Trusts or Foundations, eg Greater Rustenberg Community Foundation (GRCF).

In 2006 the Southern Africa Trust agreed to fund a research project by Khanya-aicdd and its partners to specifically look at best practice in the funding of communities, focusing on Africa. The idea was to learn from this experience, share this policy-makers and practitioners to see how such approaches could be taken forward in Africa, contributing to improved livelihoods, greater opportunities and reduced vulnerabilities.

Partners in the project include Khanya-aicdd, Concern Malawi and Practical Action Zimbabwe, all of whom are involved in related work in the region.

1.2 Objectives and main components

The **purpose** of the project is that good practice in funding of communities in ways which respond to the needs of poor people is identified and shared in the region.

The direct **target groups** of the project are policy-makers and development practitioners including government and non-government. The ultimate beneficiaries should be poor communities who wish to influence development in their area

The **outputs** of the project are:

1 Lessons of different approaches to directly funding communities identified
2 Lessons discussed and disseminated widely in the region
3 Network created around CDD

1.3 Research Methodology

The main methodological elements included:

- a **desktop scan** of possible case studies primarily in South and East Africa, as well as a few interesting examples from South East Asia (Sri Lanka and Pakistan). Government and non government networks of development practitioners were requested to forward any documentation and/or contact people/organizations with examples of such approaches;.
- A **database** of these approaches was developed and is available on the Khanya-aicdd website;
- Selection of case studies primarily focused on transfers to broader community groups rather than individual or small numbers of households. Fourteen case studies (4 detailed and 10 short case studies) were drawn predominantly from Africa, with a few international projects with important lessons included. These are available in Volume 2 of the report.
- Analysis of secondary data on the case studies, from documents available on the web, project documents etc;;
- Primary data collection for a few that were accessible, such as the Rustenburg Community Foundation in South Africa..
- Consultations with experts in the field and policy implementers were consulted about their experience of funding communities.

Our search for innovative approaches to funding communities where communities have managed their own funds encompassed a range of funding examples (eg cash transfers, community investment funds, community trusts and foundations) reflecting a variety of funding institutions (government and non-government) and their diverse interests. This report looks at a variety of these models, and reflects on the lessons for promoting community empowerment and investment, and the potential role of civil society and policy in such processes.

Volume 1 is the synthesis report, analysing the results from the various case studies and their implications. Volume 2 has the detailed case studies..

2 Development approaches that involve funding communities

2.1 Introduction

The Millennium Development Goals (MDGs) were agreed upon at the United Nations Millennium Summit in 2000 to encourage national governments and the international community to join forces to make a significant impact on poverty in the developing world. The eight MDGs aim to:

- Eradicate extreme poverty and hunger;
- Achieve universal primary education;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve mental health;
- Combat HIV/AIDS, malaria and other diseases;
- Ensure environmental sustainability;
- Develop a global partnership for development (DFID 2006).

Significant challenges are to be overcome if the MDGs are to be achieved by 2015, particularly in sub-Saharan Africa where many poor households are trapped in long-term, chronic poverty (DFID 2005, World Bank 2006). The 2006 World Development Report (WDR) indicates that greater access to capital and more effective developmental assistance are both requirements for realising the MDGs.

This capital can be provided at a number of levels:

- National level (macro);
- Local government or provincial levels (meso) eg through decentralisation;
- Community level (micro).

2.2 Decentralisation

Decentralisation involves democratisation and involving people in their own development. “The ultimate objective of decentralisation is to transform people’s lives and to eradicate poverty by devolving political, administrative, and financial powers to the people so that they can effectively control their own destiny and thus render the whole process sustainable” (Maina 2004). The objective of decentralisation is to give people the power to influence their own developmental outcomes.

Decentralisation is being promoted as one of the main ways of improving governance. There are different aspects to this including administrative, political and fiscal decentralisation (eg see Goldman 1998). Many of the approaches to decentralisation include the provision of integrated development grants at local government level (eg in Uganda, Zimbabwe), as District Development Fund. In most cases this goes directly to the local government. One of the challenges that have emerged from the work being carried out on decentralisation is that often reform processes focus on the local government and not sufficiently on the link between local governments and the community. Work carried out by Khanya in 1999-2000 on Institutional support required to implement a sustainable livelihoods approach pointed to the weakness of the links between local governments and the communities they are supposed to serve (Khanya-mrc, 2000). There have been attempts to link decentralisation more effectively with citizens. These include:

- The Zambia Social Investment Fund, which took a successful community funding model and linked this with local governments
- A variety of similar initiatives funded by the World Bank using a CDD model, eg in Malawi, Burkina Faso, Cameroon, Guinee
- Community-Based Planning, where Khanya working with partners in Ghana, Zimbabwe, Uganda and South Africa developed a model for participatory planning, linked to the local government planning system (now national policy in South Africa and Uganda)

However more work is needed to upscale good practice from these approaches in the region.

2.3 Community Driven Development (CDD)

CDD promotes that people who are the beneficiaries of development should have control over their development. It aims to build capacity in the process of implementation rather than just delivering a product. "Studies have documented that communities that engage their citizens and partners deeply in the work of community development raise more resources, achieve more results, and develop in a more holistic and—ultimately—more beneficial way" (Reid 2000)…….

Key to implementing CDD is building on institutions at community level, which can be government established (eg ward committees or village development committees), traditional, or some new structure such as a trust. Generally community structures are used for the following reasons:

- They are the closest to the communities;
- Have experience and understanding of community needs and therefore can represent them most effectively;
- Have the appropriate cultural understanding;
- Once capacity is built it stays within the community (unless people leave);
- Provide the institutional basis for testing new methodologies for community participation; and
- They can develop the capacity of communities.

The closest form of government to the people, local government co-ordinates and lessens the complexities of funding from donors, taxes and the private sector. In South Africa for example the Integrated Development Plan is supposed to be informed by community needs and the appropriate budgeting is allocated by the state to meet these needs. The voice of the people, through participation and association, enhances government responsiveness to local development. South Africa's Municipal Systems Act provides for communities to participate in the affairs of local government. Therefore decentralisation can elevate the position of communities to make their choices about their own development.

A review of CDD in South Africa was conducted for the World Bank in 2004 by David Everatt and Lulu Gwagwa. This is quoted from at some length (Pages 1-2) to illustrate some of the challenges for the region.

a. *Community-based development remains far more widespread than community-driven development (CDD), in which communities have control over project identification, project resources and implementation. Community participation as a result remains wedged at the level of consultation during planning, and subsequent involvement in the running and maintenance of projects. It seems to be only a few central government* *programmes that have moved in the direction of CDD; provincial and local government, and even NGOs, are not yet using this approach.*

b. *Reasons for this disconnect between intentions and institutional preparation on the one hand and reality on the other include:*

- *Local governments use ward committees to involve communities, but their status is not yet well defined and their functionality far from even. They often operate as extensions of local government, rather than independent community structures.*
- *There are no budgets for ward level initiatives, such as a community fund.*
- *The National Development Agency is too centralised and sets very high barriers for NGOs and communities to receive any funding.*
- *As a consequence there are therefore few options for communities to receive small amounts of money and start building capacity via a learning-by-doing process.*
- *Monies from the equitable share grant could be used for this purpose, but are not.*
- *Government agencies at all levels are reluctant to 'let go' and transfer control to communities, particularly true of the project identification function.*
- *Local development is linked to a very elaborate three year development planning process, in which communities are supposed to play an important role. Neither local governments nor communities have the capacity for such elaborate planning and therefore rarely overcome the hurdles to accessing funds. The planning and project identification process has become consultant-driven, rather than community-driven. This reflects international experience that decentralisation alone cannot lead to a systematic bottom-up planning process, which is then abandoned; annual budgets are the primary planning tool at local levels, and incentives and guidelines are used to bring those in line with national priorities.*
- *Efforts to ensure accountability are focused on upwards accountability, rather than horizontal and downwards accountability.*
- *Reflecting and reinforcing this upward emphasis, the disbursement and auditing rules of the South African state have not yet adapted to a decentralised and community-driven mode of operation. As a consequence, accounting officers behave in a very risk averse way.*
- *NGOs, surprisingly, are also not using the CDD approach, and are stuck in a service delivery model which disempowers the communities they are supposed to serve. That may also be a consequence of the onerous rules and planning requirements which govern access to funding.*

c. *The paper concludes that there is too much emphasis on onerous planning and upward accountability; on capacity building preceding action; no substantive opportunities exist for learning by doing; and there seems little willingness to let go of the critical identification and implementation functions, as well as control over money, to communities. Despite this, the case studies on the whole find positive outcomes for the CDD approach, and no instances of financial mismanagement. The paper recommends broader use of CDD, tempered by the reminder that CDD is not a blueprint but an option to be assessed in situ.*

This illustrates the challenges facing us if we are to empower communities effectively. Key to this is the ability of communities to decide on their own priorities, act on those priorities locally, as well as holding other institutions to account, including different levels of government. For this to happen effective mechanisms are needed for communities to take forward their own development using funds provided to them, as well as funds they raise. The rest of this report explores these modalities and draws out some emerging lessons and good practice.

3 Different types of mechanisms for funding communities

3.1 Funding mechanisms and type of funds

A 'funding mechanism', for the purpose of this study, is defined as a process by which *funds are transferred from funding institutions to recipient communities, the mechanisms they use to spend those funds and to account for them*. Mechanisms differ from the type of funds provided, levels of community participation and decentralisation, decision making process, planning and implementation systems. Table 1 below differentiates some key funding mechanisms. The earlier mechanisms are focused on the community as a whole, while latter such as social transfers tend to be provided to individual households.

Table 2: Funding mechanisms

Type	Project definition
Community investment fund (CIF)	Funds provided to communities to empower local communities through the financing of sub-projects identified, implemented, managed, operated and maintained by the communities. In case of Zambia Social Investment Fund (ZAMSIF) there was gradual devolution of project cycle activities to local governments according to the capacity created to support the community based project (Ed Mwale, 2007). Another example is in community-based planning (CBP) where communities develop their plan and can choose what to spend their fund on, or specific, where communities apply for support for specific projects.
Community foundations	Foundations are fiscal and accountable entities governed by a local board of trustees which receive funds from a wide array of sources, often create some form of endowment to support their activities, and generally use the income to make grants within the communities they serve, (World Bank 2007)
Community trusts	A legal community organisation that raises funds and distributes them to local organisations/agencies or community type developmental projects, in many cases directly undertaking activities (World Bank 2007)
Community-based natural resource management (CBNRM)	This arises when communities have legal rights to revenues arising from the use of natural resource. The natural resources are managed under a detailed plan developed and agreed to by all relevant stakeholders. They also have the local institutions and the economic incentives to take substantial responsibility for sustained use of these resources. Often a Trust is the legal body representing the community and holding the funds.
Community banks	A village bank can receive capital from donors, and makes loans to its members, guaranteeing the loans and relying on peer pressure and support among members to help ensure repayment. Members' savings are held by the village bank as an internal account and forms capital that the bank can lend or otherwise invest to increase its resource base (GDRC 2006).
Social transfers	Resources distributed directly to individual households or persons that meet certain eligibility criteria. This includes social cash transfers which are permanent programmes, emergency cash transfers that are only designed for temporary assistance, and in some cases direct assistance in kind eg of food. Cash transfers for community investment are thus primarily social cash transfers (GTZ 2005). These can include government transfers e.g. pensions, child grants.

There are only four recognised types of funds which could be provided, namely: loans, grants, cash transfers and revenue sharing. A wider range of funding mechanisms may be used to disburse these funds.

- **Grants** provide communities and CBOs with funds without any repayment conditions, although there are sometimes conditions about what the funds must be used for.
- **Cash transfers** are direct cash payments made to individuals or households. There are conditional and unconditional cash transfers. In the latter, recipients can direct the funding received to their individual needs, although there are sometimes checks put in place to ensure the funds are not abused.
- **Revenue sharing** is based on the premise that communities can enter into agreements either with private business or the state and receive a share of the revenue generated through a particular activity in which they participate.
- Providing **loans** has the capacity to stimulate development if the major constraint is access to finance.

3.2 Mechanisms used in the case studies

Table 2 uses these categories to indicate which mechanisms were used in each of the case studies and the type and amount of funds which were provided.

Table 3: Type of funding mechanisms used in the different case studies

Type of funding mechanism	Case study (numbered as per section 4)		Type of funding	Amount (US$, million)
Community investment fund	4.1	Zambia Social Investment Fund	Grants	
	4.2	Mangaung CBP	Grants	0.3
	4.3	Concern Worldwide Livelihood Security Programme, Malawi	Grants and loans	
	4.4	Gemi Diriya - village organisations	Grants	51
CIF/village banks	4.5	Aga Khan Rural Support Programme	Loans	6 pa
Village bank	4.6	Village Banks	Loans	
Community foundation	4.7	Greater Rustenburg Community Foundation	Grants through an endowment fund	0.31
CBNRM	4.8	Zimbabwe Campfire	Revenue sharing	10
	4.9	Mayibuye Ndlovu Development Programme	Revenue sharing	
	4.10	CBNRM Support Programme in Botswana	Revenue sharing	
	4.11	Madikwe Initiative	Revenue sharing	
Community trusts	4.12	Umzimkhulu Private-Sector Community Forestry Partnership	Loans	0.28
	4.13	Mangaung-University Community Partnership Programme	Grants	
Cash transfers	4.14	Concern World Wide's Food and Cash Transfer project in Malawi	Cash transfers	
	4.15	Pilot Social Cash Transfer Scheme, Kalomo District – Zambia	Cash transfers	

4 Overview of case studies

Community investment funds

4.1 Zambia Social Investment Fund

The overall objective of ZAMSIF was to contribute to the government's strategy for poverty reduction by improving the welfare and the living conditions of many poor and vulnerable communities all over Zambia. The ZAMSIF goal was to contribute to the improved, expanded and sustainable use of services provided in a governance system where local governments and communities are mutually accountable.

The objectives of ZAMSIF were being pursued through three closely linked components. These components were:

- **Community Investment Fund (CIF),** which empowered local communities through the financing of sub-projects identified, implemented, managed, operated and maintained by the communities. There was gradual devolution of project cycle activities to local governments according to the capacity created to support the community based project cycle.
- **District Investment Fund (DIF)**, which supported the process of strengthening the capacity of local government and administrations and their accountability vis-à-vis local communities. District capital projects, which benefit more than one community and managed by the district council, were also be supported.
- **Poverty Monitoring and Analysis Component** provided a framework for poverty monitoring and analysis activities and enhanced the linkages of these activities to policy making.

ZAMSIF was supported by a US$64.7 million credit from the World Bank for a period of 5 years from July 2000. The ZAMSIF closed in December 2005. The major activity on which the social funds spend the bulk of this money is on community based development initiatives in education, health, roads, water and sanitation, gender and women, natural resources management and the environment, HIV/AIDS, orphans and vulnerable children (OVC) and capacity building at community, district and provincial levels.

The community initiatives supported through the CIF component were aimed at improving the service delivery from sectors, i.e., health, education, food security, water and sanitation. A total of **US$39.2million** was used to fund **555** community projects throughout Zambia.

A total of **62** projects were completed as at the end of December 2005, under the DIF Component with a value of **US$6.6million**. The projects provided infrastructure such as health facilities at district level; district water supply projects; markets; township roads; bus stations and community police posts.

An amount of **US$9.5million** was spent on training and capacity building of communities, district and provincial line department staff while **US$3.6million** was spent on the PMA Component.

During ZAMSIF, the situation tremendously changed over time from one in which the social fund operated in isolation to one in which all the levels of government, starting with central government through the National Steering Committee through the provinces and districts right down to the communities, were involved.

The ZAMSIF supported the bottom-up community based participatory approaches to development. This was very much unlike other development initiatives, which follow the traditional top down approaches which do not empower communities and lower levels of government. Bottom-up approaches, on the other hand do empower lower levels of government and the people whose poverty government programmes intend to reduce. This is one lesson which all development agencies, including government, NGOs and external partners will do well to emulate.

In summary, therefore, ZAMSIF managed to make very remarkable achievements in terms of community demand driven initiatives that were funded, the capacity building of communities and districts to carry out development activities, decentralisation of functions and funds disbursed and forging important partnerships which ensured wider adoption of the successful approaches. Much of this was been due to ZAMSIF's willingness to learn from their previous experience, learning by doing.

4.2 Mangaung Community-Based Planning Project, South Africa

CBP is a method where individual communities within a municipality, in this case wards,, draw up development plans allowing the ward committees and the constituents within the ward to identify their own developmental priorities. Funding is then allocated per ward to spend on their identified activities. Projects which could not be funded through the allocated funds can then be incorporated and funded through the municipal development plan.

Mangaung was the first municipality in South Africa to implement CBP and it was implemented in all 43 wards between September 2001 and March 2002. An amount of R50,000 (US$7 000) was made available for each of the 43 wards in Mangaung local municipality for the CBP process.

The funding was not a substantial amount and could not in itself make drastic improvements in terms of job creation and poverty alleviation. With these small amounts the key was it supported voluntary action in the community eg funding meals for a clean-up campaign, computers to schools, speed humps etc. However, the **decentralised mechanism** adopted in the process allowed communities to come together and take action for the future of their respective wards, catalysed by the participatory planning and the funding. In South Africa this type of fund is called a **discretionary fund** where communities can make their own decisions as to the use of the funds, with a negative screening applied (ie proposals accepted unless they contravene some form of policy).

How the money would be spent was decided in the ward plans and this was discussed in community meetings where the ward plan was fed back to the broader community. The ward committee was then able to request funding from the municipality for these terms and had to report back on how it was spent.

A number of important points emerged from the study including:

- Participatory approaches appear to be an effective means to target communities' needs;
- R50,000 per ward to address critical issues is insufficient to make major impacts in terms of unemployment and poverty. However the participatory planning process brought communities together to plan and take action and the funding was a catalyst for this. The benefits are often intangible, making it difficult to assess impact

- In some municipalities such as eThekwini larger amounts are being used to support projects (eg R 200 000 approximately $28 000). This will provide evidence of the possible benefits of greater levels of funding.

CBP is currently being scaled-up in South Africa and it will be interesting to see if the discretionary fund model is realigned.

4.3 Concern's Livelihood Support Programme (LSP)

Rural people in Malawi are heavily reliant on agricultural production as their primary livelihood strategy. In 2002 there was an emerging food security crisis resulting from a poor harvest and unfavourable macro economic conditions. An initial emergency relief programme was initiated in 2002, after which Concern World Wide decided to formulate a longer-term development strategy to strengthen local community institutions and mobilise communities to improve their livelihoods.

The Livelihood Support Programme was started in 2003, and aimed to increase and diversify household food production and improve household food resource management, working through community structures and with the government of Malawi (GoM) at district and sub-district levels. The LSP aimed to improve food security through an integrated funding mechanism and extensive agricultural training to promote the agricultural livelihoods of rural subsistence agricultural producers in the four central districts of Lilongwe, Mchinji, Dowa and Nkhotakota, the worst affected regions in the food crisis of 2002.

Money was made available to communities in the form of **grants** to selected beneficiaries to demonstrate new technologies, and for revolving **loans** which were used to catalyse community action by providing start-up capital for agricultural initiatives. These funds were managed by Concern Committees at a community level although at a later stage within the project some of these functions were given to the newly created Village Development Committees (VIDCOs), which were part of the GoM attempts to promote decentralization within the country.

In terms of the planning and the actual usage of the available funding CWW promoted and facilitated a participatory planning process so that projects were selected by the communities in collaboration with CWW field staff, whilst government extension workers were able to analyse the problems facing communities and to discuss individual possible short and long term solutions. One interesting factor of the project was that only able-bodied beneficiaries were targeted, essentially excluding disadvantaged community members from benefiting directly from the programme. This was done as it was felt that able-bodied beneficiaries would have a greater impact in stimulating local agricultural activities. However despite only targeting direct beneficiaries (which was done through a community triangulation method) there were numerous indirect beneficiaries who benefited from employment opportunities etc.

The programme impacted positively on communities and the provision of a combination of training and funds allowed communities to improve and diversify their agricultural production. The development of VIDCOs and work of the Concern Committees also improved and enhanced community structures and their capabilities.

4.4 Gemi Diriya Village Organisations, Sri Lanka

The program is a community-driven development model and at its heart is the village-based organisation (VO), a membership-based organisation registered as a 'peoples' company under the Sri Lankan Companies Act. The programme aims to improve community access to social and economic infrastructure and services for productive activities. It also aims to facilitate the development of systems, policies and procedures that allow government to transfer funds directly to the communities and provide them with technical support.

The first phase of the project aimed to provide support for a four-year period and was supported by a US$51m grant. It focuses primarily on the Uva and Southern provinces and aims to reach 1,000 village communities. Phase 2 and 3 will then be dependent on a number of 'performance triggers' linked to the earlier phases: eg for phase 2, 60% of the VOs established in the first phase have managed to acquire village development funds (VDFs) whilst still complying with the various criteria required by the bank.

The primary investment mechanism is through the establishment of VOs and they select investments needed in terms of infrastructure and promoting local livelihoods. The VOs have access to a village development fund (VDF) for this purpose. The actual funds for the VDF are generated from the donor funding.

The project is run by the Gemi Diriya Foundation (GDF), a registered company headed by a CEO and a Board of Directors and they are responsible for the overall operation and coordination of the individual VOs and VDFs.

The project is relatively new and thus measuring the current impact of the project was not possible. However, the programme illustrates that large scale funding of communities within a country is possible and potentially beneficial if managed effectively and supported by the national government.

Community investment funds/village banks

4.5 Aga Khan Rural Support Programme, Pakistan

The AKRSP's was designed to benefit the small, subsistence-orientated farmers living in the mountain regions of Northern Pakistan. AKRSP aims to improve the quality of life of the people in the programme area through institutional development at grassroots level. The initial objective of the programme was to make credit available to a large number of small farmers who were bypassed by most institutional creditors because of the high administrative costs in advancing and then recovering thousands of small loans.

Its primary funding mechanism is a community investment Fund (CIF) which involves village banks. AKRSP fostered a framework of grassroots institutions, bringing small farmers into the fold of village/women's organisations (V/WOs). AKRSP credit officers and social organisers took cash to disburse loans and accept savings and loan recoveries where branches of scheduled banks were not easily accessible to V/WOs. The short-term production loans financed by AKRSP were guaranteed by the Habib Bank and the number of loan requests began increasing.

Under the terms of partnership between AKRSP and the communities, each V/WO member is required to contribute at each meeting to the collective savings according to his/her financial capacity. The savings are deposited in an account at the nearest branch of a scheduled bank in the name of the V/WO, jointly operated by the office bearers. These savings serve as collateral for obtaining credit for the members. Generation of capital by the small farmer is a prerequisite for AKRSP's support in terms of funding large infrastructural projects.

The project has had a massive impact on rural communities in Pakistan particularly where the residents are generally poor, uneducated and the villages themselves are poorly served by government and lack basic infrastructure. Land under cultivation has dramatically increased and average household income almost doubled in real terms during the programme implementation period.

The programme itself provides a number of pertinent lessons.

- The method of strengthening local institutional capacity via the creation of Village organisations has been central to the success of the project.
- Supports the view that where states are the primary development agents the most effective implementing bodies are autonomous yet accountable parastatal organisations.

4.6 Village Banks, South Africa

This model enables poor communities to establish their own credit and saving associations. The Village Bank Project in South Africa started with three pilot banks located in North West Province. These were to pilot the concept of a village bank and to determine its viability and impact in rural areas of southern Africa as they were seen as a possible mechanism for rural communities to access a range of financial services and gain access to credit. The concept was soon extended to other regions and a large number of banks were established.

The sponsoring agency makes a loan to a village bank which then makes loans to its members and relies on peer pressure and support among members to ensure repayment. The bank holds members' savings in an internal account and forms capital that the bank can lend or invest to increase its internal resource base.

During the pilot study it was evident that there was a need for a governing body to provide centralised support for the newly created entities and two regulatory bodies were created to manage the village banks, viz. the Financial Services Association (FSA) and Finasol. These were recognised by the Registrar of Banks as regulatory bodies.

Studies conducted on the village banks found that members were appreciative of having access to banking facilities, and at more affordable rates than the big institutions, and generally found it easy to open accounts. It was also found that households using village banks had been those without access to any financial services. Unfortunately both of the regulatory higher savings rates bodies collapsed which also resulted in a number village banks collapsing. However, despite this a number of the village banks have survived and some have even expanded their client base indicating that the model itself can work in rural areas.

Community foundations

4.7 Greater Rustenburg Community Foundation (GRCF)

A community foundation is a community-owned grant-maker used to fund local communities. The GRCF serves the Bonjanala District in North West Province, South Africa. GRCF was initiated as one of ten pilot foundations initially identified by the Southern African Grantmakers' Association (SAGA) to participate in its Community Foundation Pilot Programme. GRCF aims to stimulate development in the Bonjanala District though direct funding of local NPOs and other development agents through an endowment fund and also by providing services to these agents to improve their capacities. The GRCF is essentially a community-driven initiative and the Board is made up of community members. This ensures that the actions of the Foundation are reflective of the community interests.

The foundation's target groups are all developmental groups and NPOs in the Bonjanala District and they makes yearly grants to theses groups through the management of their endowment fund. The breakdown of the actual fund and its usage is shown below:

- **Unrestricted funds**, which the Foundation can use as it deems appropriate;
- **Designated funds**, which are donations received from a specific person/entity to fund a specific institution of their choice;
- **Field of interest funds**, where a donor identifies a broad field of interest such as health, and leaves the GCRF to distribute the funds as they see fit to organisations working in that field;
- **Donor-named funds**, which are named after a specific group/individual and can be donated either to a specific group or left to the GCRF to distribute;
- **Specific-purpose funds**, which often pass through funds which donors make available to specific groups through the GCRF. In this regard the Foundation acts as a mechanism to monitor the funding;
- **Organisational fund**, covering the expenses of the daily running of the Foundation.

In order to receive funds individual NPOs need to apply for funding from the Foundation. The Foundation's grant-making sub-committee of the Board decides which applications will receive funding and how much. GCRF believes that a greater number of small grants is more advantageous than fewer larger grants and generally provides between R10,000 and R25,000. It is difficult to assess the actual impact on the ground because benefits are imparted through the actions of the NPOs, funded by the Foundation.

Community-based natural resource management/community trusts

4.8 The Communal Areas Management Programme for Indigenous Resources (Campfire), Zimbabwe

The programme is an example of **CBNRM revenue-sharing** mechanisms used to fund local communities.

The objectives of the Communal Areas Management Programme for Indigenous Resources (Campfire), programme are to link conservation and sustainable livelihoods in rural areas, where there are a few or no alternative sources of income. Community rights over natural resource use are an important precondition in the implementation of community-based conservation. The Parks and Wildlife Act of Zimbabwe (1975) conferred proprietorship of wildlife utilisation and management across land tenure categories through the granting of 'appropriate authority' to resource users or producer communities. These rights have created opportunities for sustainable economic development in Campfire areas, through the management of wildlife and other natural resources for the direct benefit of the local residents. Many wards are not sufficiently rich in game to support separate viable hunting concessions and thus the Act provides for the designation of RDCs, who administer communal areas, as the appropriate authority.

This allows benefits accruing from wildlife and other indigenous resources to be retained by local communities and enables communities to choose how to spend their money, including both cash dividends and decisions to embark on infrastructural development projects.

The gross revenue from income generating activities is disbursed amongst the major stakeholders in the programme (the majority being distributed to the producer communities) and is disbursed according to the following guidelines:

- Producer communities to receive not less than 55% of gross revenue;
- Management activities: Rural District Councils (RDCs) may receive a maximum of 26% of gross revenue;
- RDC Levy - RDCs to receive a maximum of 15% of gross revenue;
- Campfire Association to receive 4% of gross revenue.

As shown above the key planning institution for the implementation of the Campfire Programme at grassroots level are the RDCs who administer communal areas, as the appropriate authority and interact with both the Campfire Association and producer communities. This is the legal basis of Campfire, which makes RDCs an integral part of the programme. However, producer communities decide on the actual utilization of the funds received. Being a CBNRM programme Campfire specifically targets rural communities living on communal land where there are significant wildlife resources.

The Campfire movement and its support structures have led to increased awareness of entitlements and rights at a community level. The money received by the communities has been very significant in some districts and has also has an impact on their livelihoods and provides a sustainable means to monitor and protect local wildlife resources.

4.9 Mayibuye Ndlovu Development Programme (Addo Elephant National Park), South Africa

The Mayibuye Ndlovu scheme was established in 1993 as a **CBNRM Revenue Sharing** type development programme between the Nomathasanqa community and South African National Parks (SANParks) and in particular the Addo Elephant National Park. Its creation was largely fuelled by poor relations and tensions between the Park's management and the surrounding communities. With the expansion of the Park additional communities were included in the programme and the relationship was formalised through the creation of a **community trust** to represent the surrounding communities, which aimed to acquire and maintain the commercial rights for the betterment of the beneficiaries.

The project aimed to ensure that the communities surrounding the Park should acquire more benefits from the Park than simply employment. Five income-generating activities were identified as possible avenues:

- Investment in the Gorah Elephant Park and Nguni River Safari Lodge (greater than 25% share);
- Receiving 2% of gate fees for community LED projects from Matyholweni Gate (new gate);
- Receiving 2% of annual income from game culls and auctions;
- Access to use various natural plants for local markets;
- The promotion of cultural tourism linked to the park

Thus primary funding comes through the established partnership with SANParks, an arrangement indicative of CBNRM-type initiatives. However, there are also other proposed mechanisms that the Trust hopes to use to generate socio-economic benefits for the communities, such as linking up with the Eastern Cape Development Corporation (ECDC) and government structures to promote their interests.

Unfortunately the actual benefits to the communities did not result in major improvements in their livelihoods. For example in terms of actual revenue received in 2005/06 the Community Trust only acquired R5,000 from gate receipts. However, improvements and alterations have been made in the partnership and the Trust is expected to start receiving greater financial benefits which can then be directed towards community LED projects.

The actual lack of impact primarily highlights the need for a more equal relationship between community structures, government and other actors. SANParks needs to recognise communities as an important partner and engage them as equals. The Forum has limited capacity and formal powers. It is also important that there is open communication between partners in such a relationship, so that it is a genuine working partnership.

4.10 CBNRM Support Programme, Botswana

The Botswana **CBNRM** programme is a **Revenue Sharing** programme which primarily uses joint venture agreements to fund local communities, using a form of **trust** mechanism. CBNRM processes are relatively new in Botswana and the Natural Resources Management Project (NRMP) being implemented by the Department of National Parks are key. The NRMP emphasised the establishment of CBNRM projects and provided support during their implementation.

In the programme communities are represented through legally established CBOs which allow them to enter into Joint Venture Agreement (JVAs) with private enterprises. Most of these companies were/are involved in safari hunting, safaris and photographic safaris. In general, JVA companies bring critical and scarce resources. .

JVAs do provide some revenue as well as tourism and enterprise skills, access to markets and funding sources. In some cases private companies pay substantial amounts to communities and many also deliver community funds or social responsibility programmes. However the link between companies and communities is often unsatisfactory due to differences in strategies and lack of understanding of the other's motives and strategies.

CBNRM is one of the few sectors in Botswana that continues to attract financial and technical assistance from donors. The case study shows that, if well managed, CBNRM projects are valuable and can provide a recipe for community empowerment over the use of their natural resources. However, greater thought needs to be given to resolving differences between the communities and the enterprises entering into the JVAs with them. Some other key points to emerge from the study were that:

- Management authority and rights to benefit should be devolved to the lowest possible level to have the maximum effect on behaviour change. Transparency and accountability are easier to achieve with smaller units and there are also logistical efficiencies;
- CBNRM structures should develop their own plans for integrated rural development;
- Participatory planning processes are important as they foster stakeholder co-ordination and a sense of ownership.

4.11 Madikwe Initiative, South Africa

The Madikwe initiative is another CBNRM revenue sharing funding mechanism. The primary aim of the Madikwe Initiative is to promote and enhance rural development in the three villages surrounding the Madikwe Game Reserve (MGR), Supingstad, Lekgophung and Molatedi. This was done by giving the respective communities commercial rights within the reserve. In order to take advantage of this opportunity the local communities needed to form legal structures, namely **community trusts**, which would represent their interests. The whole initiative is controlled through a steering committee representing all stakeholders including the surrounding communities.

A proportion of the Reserve's profits are meant to be directed to communities, although no evidence was collected on the amount that had actually reached communities. The Reserve also provides other direct opportunities to the surrounding communities eg some villages were authorised to open their own lodges. This led to the establishment of the Lekgophung community lodge called Buffalo Ridge, run by the Lekgophung Community Trust although currently managed by a private company called Nature's Workshop. The Molatedi community is also in the process of establishing its own lodge. The communities also benefit directly through employment and SMME opportunities.

However there have been a number of challenges with the programme due to the lack of immediate benefits for the communities. This is largely due to the limited profits being yielded by the Reserve at this point and the also the fact that the community-owned lodges were not able to generate immediate profits and as a result funding can not be distributed to the community trusts. This problem led to a number of key findings, which are similar to the other related case studies:

- The relationship between the Reserve and communities tends to be skewed in favour of the Reserve. This is reflected by the inputs of communities often getting ignored, despite the fact that the local committees are represented in the steering committee;
- The communities appear to lack a full understanding of the initiative and often see the only benefit of the project as employment creation;
- A sense of community ownership is missing as they do not actually own the park, the programmes or the processes. In this regard their feelings are legitimate and project needs to be restructured to give communities greater control and tangible benefits for their involvement.

Community trusts

4.12 Umzimkhulu Private Sector-Community Forestry Partnership, South Africa

The Umzimkhulu Private Sector-Community Forestry partnership is a Public Private Partnership (PPP) formed between Mondi (A large paper manufacturing company in South Africa) and communities in the Umzimkhulu region. Through an initial land reform grant local communities in the region initiated forestry projects and the local communities will benefit from employment generated through the scheme and also through the sale of timber when the trees have reach maturity.

Mondi initiated the project in 1995 on the basis of engaging the communities who managed the communal land in a partnership to use the land. The partnership was complex and required the establishment of community management institutions to facilitate and oversee the process and to maintain relationships between the stakeholders (Howard *et al.,* 2005).

Three communities are involved in the project: Mabandla (2,500 members), Zintwala (400) and Ngevu (1,500). They established similar organisational structures which included:

- Community Development Trusts, each with 12 trustees;

- Development companies under the name of each community, with trustees acting as the board of directors;
- The managing agency ('Rural Forest Management cc) (Sisitka, 2000).

The communities set up the trusts to administer the land reform grant funds which individual members had donated. Each trust established a development organisation to administer and manage the daily operations of the forestry initiatives.
A large number of households in each community committed a portion of their R16,000 grants to the newly created development organisations to provide capital for the project and to ensure that these organisations had access to credit through the Land Bank (Sisitka, 2000). The developmental organisations are accountable to the respective communities for community projects.

Initially Mondi provided a loan of R2m to the communities to plant forests on their commonages. The loans were to be repaid once the development companies were established. Later Mondi pulled out of the partnership and the Department of Land Affairs' Settlement/Land Acquisition Grant (SLAG) became the primary source of funding. (Howard *et al.,* 2005).

The project has a number of important aspects firstly it illustrates that private enterprises can enter into mutually beneficial relationships with local communities. However, there are still a number of major issues surrounding these types of relationships. Firstly communities need to have representative and legal structures to enter into such agreements. Secondly, even with legal structures there is a tendency for private enterprises to not treat or consider communities as equal partners in the relationship. Lastly, linked to the point above is that private enterprises renege on the partnerships the communities can be left exposed and vulnerable.

4.13 Mangaung University-Community Partnership Programme

The Mangaung University-Community Partnership Programme (MUCPP) was established in 1991 through a Public Private Partnership (PPP) between the Kellog Foundation the University of the Free State (UFS) and the Mangaung community through a linked **community trust**. The key funding mechanism of the MUCPP is that it acts as a facilitator between the community and external donors and administers funds to smaller projects within the community. MUCPP undertakes many activities in the community including HIV/AIDS programmes, agricultural programmes, training etc, often using skills from the University. This highlights the difference between a Trust and a Foundation, with the Trust often an active development facilitator, where a Foundation may be just a grant-maker.

A key lesson from this project was the importance of community participation from the onset of the project. Initially the MUCCP focused on health services and other health-related issues affecting communities in Mangaung. However, community workshops held in 1992 prioritised poverty, disempowerment and a lack of basic services as the most pressing issues.. It became clear that community needs were extensive and extended far beyond the provision of basic health services and accordingly UFS, supported by Kellog, decided to adopt a wider approach. However, if initial community interaction had been conducted the early lack of focus would not have occurred and would have allowed the initial funds to be spent more strategically.

In addition the Trust shows how a partnership between a range of local actors and the community can harness local skills to benefit the community, as well as providing a learning environment for the partners.

Cash transfers

4.14 Concern's Food and Cash Transfer (FACT) project, Malawi

The programme is an example of a **cash transfer** scheme used to fund communities.

During the 2005–06 rainy season, Malawi suffered from severe dry spells that affected crop production. As early as December 2005 it was clear that many people in rural Malawi would face a food deficit during the next lean season and by October 2006 the President declared a state of disaster and a full emergency appeal was launched. Due to the magnitude of the problem CWW implemented its own Emergency Cash and Food Transfer for Livelihood Protection project to compliment the government's effort, an experimental initiative that would later become known simply as the Food and Cash Transfer project (FACT). The aim of the project was to protect beneficiary households from the impacts of the food security crisis, particularly malnutrition and distress sale of assets. The three main objectives of the project were:

- to provide nutritional support to targeted households who were overlooked by the government of Malawi's emergency response;
- to provide a temporary safety net to minimise the need of households to resort to destructive coping strategies during the lean period; and
- to explore the effectiveness of cash transfers in addressing food insecurity in humanitarian emergencies in Malawi.

As an emergency relief intervention, the FACT project had three innovative design features:

- FACT delivered a **combination of food and cash** (rather then either cash or food alone);
- the value of the cash transfer was based on the number of members per household;
- the amount of cash was adjusted according to the value of the actual food ration as indicated by a monthly market survey in the targeted districts.

The combined food and cash transfer package was designed to meet 50% of household food needs. These transfers were split equally in the form of food and cash. Given the food crisis, the expectation was that the food rations would be consumed in its entirety and that the majority of the cash component would also be used toward the purchase of food. However, other acceptable usages were for school fees, health car and agricultural inputs.

Community triangulation was utilised to identify poor and vulnerable groups, and communities themselves decided upon the poorest and most vulnerable households in their communities, whom then received transfers form local distribution points. As an emergency intervention of limited scope and duration, the main structures involved in the FACT were Concern Worldwide and the communities themselves. Government and other local structures were responsible for general oversight and approval of the activity. However, the conceptualisation of the FACT project was done by Concern Worldwide based on the findings of the Rapid Food Security Assessment in November 2005.

The implementation of the project was extremely efficient and numerous checks and procedures were put in place to ensure and efficient distribution of transfers. The transfers did benefit beneficiaries, reducing their vulnerability and improving their livelihoods, and there were only minimal instances of the transfers being used in an inappropriate manner.

4.15 Kalomo Pilot Social Cash Transfer Scheme, Zambia

The Kalomo District Pilot Social Cash Transfer Scheme was initiated by the Government of Zambia (GoZ) in November 2003 with support from the German Government. The primary funding mechanism was accordingly **cash transfers**. The main hypothesis for the pilot project was that cash transfers are the most appropriate and cost-effective tool to reduce hunger and suffering in critically poor and incapacitated households.

The two key objectives of the project were:

- To reduce extreme poverty, hunger and starvation in approximately 1,000 households with limited self-potential in the pilot region;
- To generate information on the feasibility, costs and benefits of a social cash transfer scheme as a component of a social protection strategy.

The project provided cash transfers for AIDS-affected, incapacitated and destitute households. Each of the 1,027 targeted households initially received a monthly cash transfer of ZmK 30,000 (equivalent to US$6), enough to buy a 50kg bag of maize. However, the transfer was inadequate to meet basic needs and was increased subsequently to ZmK 40,000 (US$8) for households with children. The cash transfers benefited communities in a number of ways including poverty reduction, dietary diversification and access to services. Some lessons emerging were:

- **Targeting criteria** is a complex decision and is not a matter of ideology but rather a matter of identifying what will be most effective in any given circumstance. Successful targeting must be both *technically robust* (accurate) and *socially acceptable*. Giving communities the responsibility of participating and thereby actually selecting beneficiaries can be extremely decisive.
- **Capacity issues:** Government capacity to run national programmes is often limited, and there are real challenges in overcoming capacity constraints.
- **Cost-effectiveness:** Regular transfers cost a lot more than one-off payments, so issues of affordability and cost effectiveness become important considerations.

5 Emerging lessons across the case studies

This section reviews how the different case studies approached different elements from planning to implementation. Key activities, within the process apart from the transferral of funds, included:

- Facilitating community participation;
- Developing community plans (eg through the CBP model);
- Provision of commodities eg food, medicine, computers and heavy equipment.
- Building capacity of institutions and individuals;
- Knowledge sharing and dissemination, eg ideas on how to solve development problems through sharing best practice;
- Establishing systems, processes and influence policy;
- Technical assistance in the form of development experts;
- Project management and administration;

5.1 Development objectives and activities

The objectives of the funding are to improve livelihoods of communities, addressing issues ranging from:

- Limited access to food, basic services, social and economic infrastructure and education in rural communities;
- Climatic changes eg the chronic wave of low agricultural production;
- Economic marginalisation as a result of spatial segregation;
- Limited access to jobs and skills development;
- Disempowerment and limited participation in planning and managing developmental interventions;
- Lack of cost-effective financial services hindering capacity to save and invest;
- Natural resources depleted and social nutrients exhausted;
- No ownership or secured rights over land and natural resources;
- Lack of social development and human capital investments;
- Strengthening local organisations and capacity building; and
- Influencing policy and processes.

Sustainable livelihoods promulgates that livelihoods can be improved through building of five asset classes identified within the SLA framework, including physical (personal and public infrastructure), socio-cultural, natural (eg access to land, water), human (eg skills and health) and financial assets. From the different mechanisms identified it is evident that these mechanisms do impact upon the different asset classes in different ways (see Table 3).

From the mechanism it would appear that CIF has the widest impact upon communities. However, these programmes are extremely capital intensive and in terms of benefit to initial cost it may not yield the greatest benefit for communities. Thus, future interventions may need to differ based on the available resources and the starting point of the communities.

Table 3: How mechanisms affect livelihoods

Funding Mechanism	Support for livelihoods
CIFs	Can strengthen any of the assets. Often focus on infrastructure so physical assets, but can be on natural (eg gulley reclamation), human (eg building skills and improving nutrition). As it is focused on community should improve social assets.
Village banks	Primarily promoted the upgrading of community financial assets due to the availability of financial services and loans to community members and to a lesser degree socio-cultural assets and human assets by promoting local institutions at a community level and by improving local knowledge on finance.
Foundation	The example of the Greater Rustenburg **Community Foundation** illustrated that this mechanism significantly improves socio-cultural assets. However, the capacity and the programmes run by the NPOs may also lead to increase accumulation of natural, financial and human assets although the contributions of each will differ depending on the programme implemented by the NPOs.
Community Trusts	Can focus on any area of assets – in addition impact on community social capital by creating and strengthening its own structures
CBNRM	Focuses quite specifically on exploiting the natural assets of communities which in turn leads to improvement in financial assets. Again community structures are strengthened so developing socio-cultural assets.
Cash Transfers	Focuses directly improving financial assets by providing direct capital to communities, which can be transformed into different assets (school fees, ie human), food (human), health charges (human) investment eg for agricultural inputs (financial).

5.2 Target groups and targeting techniques

5.2.1 Targeting Groups

The primary debate about targeting is whether to target and if so how to target effectively to ensure maximum impact from the project and to decide which community has the greatest need in a context where extreme poverty affects the livelihood of each person. However, targeting procedures come at a cost and thus how to target and the levels of targeting undertaken is dependant on the costs involved. The key question is whether or not targeting improves or limits building the assets (natural, physical, human, social and financial) of communities and reduces their vulnerabilities? Target selection involved a combination of primary and secondary targeting (Table 4).

Table 4: Primary and secondary targeting

Level of Targeting	Description
Primary targeting includes:	• Household based targets (individuals of households) and • Community-based targets (rural communities, ward committees, villages). • Regional targets (community foundation)
Secondary targeting includes:	• Geographic location targets (Malawi, districts, regions) • Entrepreneurial development (small farmers) and • Issue-based targets (eg food crisis, extreme poverty, hunger, limited

	access to health care for HIV/AIDS, uncontrolled natural resource management and beneficiation, poor access to finances, limited participation in planning and implementation etc)

Where projects target **households** the funds are either directed towards specific development priorities eg Concern's LSP programme which targets rural subsistence agricultural producers; or as in Concern's FACT programme which aimed to reduce the vulnerability of the poorest households by providing them with cash transfers. Household usage tends to focus more directly on building financial assets. When combined with food packages, the financial assets are quickly converted into health care, supplementary diets etc. Whilst not benefiting all community members the additional wealth does improve overall livelihoods of the resident.

Where finances are targeting **community based targets** they tend serve the community interests and direct the money towards community priorities eg community infrastructure, agricultural development, upgrading physical and socio-cultural assets and to a lesser extent human and financial assets. From the perspective of donor the foundations village organisations, trusts and village banks are community based targets who manage grants or loans on behalf of communities. Community based targeting is particularly useful for civil society as it strengthens the capacity and ability of civil society to respond to communities needs.

Entrepreneurial targeting involves targeting different kinds of start up and established businesses where low income people have the most to gain eg SMMEs, NPOs and micro entrepreneurs. In the Rustenburg Community Foundation case, NPOs working in priority areas or working on specific target groups are encouraged to apply for funding and their proposed projects are considered for grants. In this instance targeting NPOs has several advantages. Firstly each NPO has its own programme for improving people's livelihoods such as food security, health and child care and skills development. Secondly the NPO's are working in different areas of the district and reach increased number of vulnerable groups. Thirdly NPOs have their own capacities and strengthen themselves internally to provide a service.

Where finances are also targeting **geographical targets**, funds are directed to support communities in areas who are exposed to extreme climatic conditions that impact on food security, nutrition and agricultural production eg the four districts in Malawi LSP that were among the worst affected by the food crisis in 2002 and since then were exposed to repeated shocks, primarily due to inconsistent rainfall and subsequent food insecurity. In CBNRM, communities are selected simply because live on communal land which have significant natural resources, eg wildlife. The criticism here is that communities may have high levels of inequality and exclusion and so this is inappropriate for income support but might be useful for infrastructure and services provision.

The AKRSP was designed using primarily geographical and entrepreneurial targeting to benefit the small, subsistence-orientated farmers living in the mountain regions of Northern Pakistan. The farmers lacked capital, skills, organisation and other developmental resources. The provision of small amounts of capital would allow people to acquire agricultural inputs and develop markets.

In Campfire programme the financial assets of communities were targeted and benefited directly in cash from wildlife. These communities made social investments and built small businesses. The natural resources of the area were also targeted for protection and conservation. The local economy was stimulated and increased revenue generation and diversification of economic activities. Important was the strengthening of the governance and institutional setup and devolution of power and economic benefits.

Most funding tends to be aligned to the priorities of the funder and inevitably will contain a sense of bias about what and who is targeted. Where poverty alleviation is the key focus, funding is directed to the youth, disabled, women-headed household, orphans etc. The drawbacks of such targeting are that it leads to exclusion of other vulnerable groups and could lead to undesirable intentions for possible inclusion.

5.2.2 Targeting techniques

Community assets mapping and **community triangulation** were common techniques used in the LSP, FACT, CBNRM and Foundation examples. The community triangulation technique involved:

a) Explanation of the project objectives to the community
b) Communities divided into groups eg three
c) Communities compile list of households that could benefit from the project
d) List is refined through discussions in a public forum until consensus is reached
e) Cross checking with local organisations and government lists to avoid exclusion of households with HIV+ members

Whilst it is generally accepted that these techniques enhance community participation within the project there were cases where this was abused particularly with regard to the community triangulation techniques eg Concerns LSP and FACT programme where on occasion a certain degree of favouritism existed which needed to be monitored.

In other case studies the targeting technique is not as well documented as those mentioned above. There are indications that in most communities one or more of their assets were targeted eg in the Umzimkulu Pivate-Community project Mondi (SA) created a partnership with those communities whose land was appropriate for commercial forestry.

5.3 Planning process

Planning processes varied according to the nature of the funding mechanisms used (Table 5). In cash transfers, the project implementers tended to plan the individual actions, and the centralised nature of this process did not allow much participation from community structures or members. This is due to the nature of cash transfers and the fact that apart from targeting of beneficiaries the primary planning process around the project is focused around logistics and not about project activity.

Evidence suggests that community participation was used in the planning process in a number of the projects although the nature of this process and extent of the participation differed. For example Concern Worldwide LSP and Mangaung CBP used PLA tools to identify and analyse challenges and allowed them to direct projects/activities towards these challenges. The positive aspect of community participation in this regard is that communities themselves can dictate the primary challenges that they face and decide where funding should be directed.

In the Rustenburg Community Foundation case extensive community and stakeholder participation process was set up in the greater Rustenburg area to mobilise critical support. During this period significant research was undertaken by the NPOs about local community needs to ascertain the Foundation’s key service areas. This process took 18 months to complete (GRCF, 2003). However then planning is done by individual NPOs who apply to the Foundation.

Table 5: Planning procedures of the respective projects

Type	Project	Planning procedure
CIF	Concern Worldwide Livelihood Security Programme, Malawi	**'Village Livelihood Security Planning'** (VLSP) approach using participatory planning processes and PLA tools in collaboration with CWW field staff and government extension workers, to analyse the problems and identify possible solutions. This was based on the understanding that external experiences, technologies and institutions are hard to sustain.
	ZamSIF	The ZAMSIF facilitated a process, which assisted all districts to achieve an increasingly comprehensive district planning process that corresponded to the districts' capacity. Community participation in prioritizing concerns, identifying the project, selection of the Project Management Committee (PMC) and community contribution in kind towards project implementation, instilled a deep sense of responsibility and ownership over the project.
	Mangaung CBP	Planning facilitated by ward committee and a municipal facilitator. Methodology uses PLA tools to analyse the situation, decide priority outcomes and plan how to implement them. Wards planned how they would use discretionary funding as well as projects they suggest for municipal development plan (IDP).
Community Trust	Zimbabwe Campfire	A certain amount of money was directed through the RDCs to the producer communities. The producer communities through their respective structures then decided how best to allocate these funds.
	Mayibuye Ndlovu Development Programme	The Trust was established with a desire that the communities surrounding the Park, should acquire more direct benefit from the Park than only the possibility of employment. Primary funding comes through the established partnership with SANParks.
Cash transfer	Concern Worldwide Food and Cash Transfer project in Malawi	Planning was done centrally although communities were engaged to identify acceptable uses of the funds and to identify and maintain possible safeguards which ensure the correct use of the funds.
Foundation	Greater Rustenburg Community Foundation	The individual NPOs planned for what they wanted to do and it was not a role of the Foundation. The foundation itself merely decided on whether or not to fund programmes based on the needs of communities and the intended outcomes of the initiative.

5.4 Implementation

It is important that communities are actually implementing their own projects.

In the ZAMSIF case study, community participation in prioritizing concerns, identifying the project, selection of the Project Management Committee (PMC) and community contribution in kind towards project implementation, instilled a deep sense of responsibility and ownership over the project. This approach helped to reduce the dependency syndrome which often sees government and other external agencies as responsible for everything in people's lives. The communities learnt to work together throughout the project cycle. Social capital which will enable communities to maintain and undertake other community driven development activities was thereby created and strengthened[1].

In Campfire case study the implementation of the funding process was fairly decided on at a community level. Money generated from Campfire activities is handed over to communities who immediately work out their plans and budgets. Communities themselves decide on whether to share the money as dividends or to embark on infrastructural projects of their choice.

There are distinct advantages from community involvement because it actively engages communities enhancing their capacities and ensuring their commitment to the process and alignment of project objectives with community needs. In other case studies such as the LSP, GRCF and cash transfers intermediaries structures were used to implement the projects. For example CWW was the primary implementer in the LSP as well as the local authority institutions, village level committees, local NGOs and CBOs as well as district and national level government institutions. Such was the case also in the FACT project where CWW undertook to distribute the cash. In the GRCF the beneficiary NPOs were responsible for managing the funding on behalf of the community and communities were not actually involved in implementing their own projects.

In most projects the goals were broader and the projects actively wished to engage communities and build their capacity, human and socio cultural assets, as well as providing them with the means to accumulate other assets such as financial or natural resources assets. The Mangaung CBP provides a useful example of this point: the local municipality (project implementer) provided funds to the respective wards in the municipality and enabled the ward committees to implement projects that they had planned for. The community management of this process not only led to the effective spending of the funds but also the effective use of additional resources which could assist with the projects, e.g. local labour.

Where community structures are used to implement it is important that capacity is built in this regard. In ZAMSIF communities received training in book-keeping, project and financial management, procurement as well as such technical skills as repairing and maintaining boreholes, windlasses and the social infrastructure.

Table 6: Implementation process

Type	Project	Evidence of effective implementation	Who is implementing
CIF	Concern Worldwide's Livelihood Security Programme, Malawi	CWW implemented projects in crop and livestock production, nutrition, revenue generation and natural resources management. Many projects have been implemented in these fields. Although CWW provided communities with training, loans, resources and institutional development,	VDCs assisted by CWW

[1] Ed Mwale (2007) – Brief write up of ZAMSIF for Khanya-aicdd

Type	Project	Evidence of effective implementation	Who is implementing
		communities were not direct implementers of projects.	
	ZAMSIF	The PMCs would hold monthly meetings with the community and provide both the physical and financial reports ensuring implementation was effective. Evaluations were also conducted after the completion of the projects, the majority of which found that effective implementation had occurred.	The community implement CIF projects
	Mangaung CBP	The program was implemented by the ward committees, in some cases by working groups set up to address specific projects. Projects were submitted to the Municipality and included in the development plan..	Ward committees/ CBOs
Cash transfer	Concern Worldwide's Food and Cash Transfer project, Malawi	There is tangible evidence indicating that the cash transfers and food parcels were used for there intended outcomes, although there were some cases of abuse and some cases of sharing amongst households.	CWW
Foundation	Greater Rustenburg Community Foundation	The Foundation handled the grantmaking process. CBOs within the District submitted projects and implemented once funded.	GRCF
CBNRM	Zimbabwe Campfire	There is some evidence of effective implementation and a high level of transparency and community participation in revenue distribution and use at village and ward levels.	RDCs and VDCs

5.5 Institutions involved and their main roles

5.5.1 Overview of institutions and roles

In order for funding to be used effectively appropriate institutional arrangements have to be developed and implemented. Institutional arrangements refer to the range of organisations, systems, structures and networks through which funding and implementation can be co-ordinated, managed and monitored (Table 7). The key question for this study is what types of institutional arrangements are most conducive so that funds actually reach communities, processes are managed effectively, and that communities are able to express their voice and choice, and to be empowered effectively in the process.

5.5.2 Community Structures

The main structures involved in funding communities are project implementers and community-based structures. The project implementers include national or local government structures, regional and international developmental institutions and even private businesses, illustrating that a wide array of institutions can initiate funding projects.

There are numerous types of community-based structures in the process and all but two of the projects included community structures. These organisations have many different names and institutional arrangements including community trusts, village organisations and community foundations.

Most of the case studies used existing structures (such as ward committees) or established community structures to disburse funds (eg Concerns Committees – later replaced by VIDCOs). Whilst the dynamics differed in each of the local community structures they tended to perform a number of similar functions including:

- Providing legal representation for communities and representing their interests when entering into funding schemes and other partnerships;
- Making decisions on behalf of the community and their collective interests;
- Facilitating and maintaining relationships between communities and project implementers and managers;
- Managing projects and schemes within their respective communities and being accountable for their actions.

The involvement and strengthening of these community structures arrangements represent the strengthening of socio-cultural assets, either existing or created. For example in the LSP, a community-level structure was established to manage local grain banks, revolving loans and the use of inputs provided.

In some cases funding is directed through intermediate structures before finally reaching the community-based structures e.g. Zimbabwe Campfire programme which does little to build up community assets. The only type of project which did not have any local structure involved in the process was cash transfers. These projects are essentially central programmes implemented locally, but they utilised community participation during the targeting procedure.

5.5.3 The role of government

The extent of involvement of government structures also varies considerably between the different types of project. Many of the larger scale projects require the direct support or approval of government and were initiated by government structures eg Gemi Diriya.. In some cases governments had strong linkages with projects without actually being the implementers. An example of this is the CWW LSP programme where government structures were actively engaged in the project and capacitating these departments was one of the desired outcomes of the scheme.

Linkages were not achieved in all of the projects and there were many examples where projects had very similar objectives to local government departments yet there was little or no interaction (eg???). This is undesirable because a lack of integration of services to communities can result in **duplication** and does not allow for mutually reinforcing activities, eg linking start-up capital for farmers with training from the department of agriculture.

In others Government was a key partner. For example in the Mangaung project, the municipality was a key champion, but the national Department of Provincial and Local Government (dplg) was also a partner, and was convinced enough by this pilot to expand the piloting to 8 municipalities, and thence to make CBP national **policy**. In addition the Mangaung example also demonstrated where community inputs had impacts at higher level. Issues not addressed in the ward plans were considered for the municipal IDP. In addition the priorities of the 43 ward plans was used to develop the overall priorities in the municipal IDP. This was in itself revolutionary and challenged the traditional priorities of the municipality around provision of infrastructure as this did not necessarily emerge as the top priority.

Another challenge is ensuring that where there are **partnerships**, these are genuinely empowering of communities. All too often their involvement is token. The CBNRM case studies all showed very unequal partnerships, where communities were often overshadowed by the government partner. There is a real cultural challenge in government accepting that communities have the right and the skills to lead on their own development issues.

Apart from integration between government and community, there are challenges in **integration across government**. Government tools designed to integrate development programmes may hinder linkages between communities and local government if not properly designed. For example Integrated Development Plans (IDPs) are central to the planning process in local municipalities in South Africa and are a tool to co-ordinate municipal functions with both provincial and private sector initiatives. There is a challenge in how far this is achieved (often very little) and the level of community participation to inform these plans ranges from highly consultative in more resourced municipalities to almost non-existent in under-capacitated municipalities.

Ideally it would be beneficial for implementers, community organisations and local government structures to be involved from the outset. However, it is apparent that linkages with local government structures would generally be beneficial as this ensures that other community asset classes not addressed by the particular funding mechanism are addressed.

Table 7: Types of structure involved

Type	Project	Project Initiator/Implementor	Community-based structures involved and their involvement	Government involvement
CIF	Concern Worldwide's Livelihood Security Programme, Malawi	Concern Worldwide	Concern committees and later Village development committees (VIDCOs). Funding was made available to the communities who were responsible for administering the funds. At a later stage within the project some of these functions were given to the newly created VIDCOs	High – government central to the programme. Aim of the project was also to capacitate local government, particularly agricultural department.
	Gemi Diriya - Village Organisations	Gov of Sri Lanka and World Bank – established Gemi Deriya Foundation	Village organisations (VOs) - they administer the Village development Funds (VDFs) made available to the communities. They are membership-based organisations registered as a 'peoples' company under the Sri Lankan Companies	Involved in the formation and the running of the scheme. Active links between local govt structures and VOs
	Mangaung CBP	Mangaung Local Municipality	Ward committees. Develop ward plans, facilitate the CBP process and implement activities resulting	High – local government initiated project and some government depts involved
	Aga Khan	Aga Khan Foundation	Village/women's organisations (VO/WOs) which are membership based local institutions. Collectively with the support	No obvious links

Type	Project	Project Initiator/Implementor	Community-based structures involved and their involvement	Government involvement
			of the AGRSP staff they are able to access finance small loans.	
Cash transfer	CWW's Food and Cash Transfer project in Malawi	Concern Worldwide	None (although some interaction with tribal authorities)	None - although programme is response to government's declaration of a state of emergency
	Social Cash Transfer Scheme, Kalomo District, Zambia	Zambian Government	None	Initiated and run by government
Foundation	Greater Rustenburg Community Foundation	GRCF	Foundation and local NPOs. The foundation manages the endowment fund and provides loans to regional NPOs. The NPOs manage the funds that they receive.	None – minimal links although GRCF sometimes used as a service provider
CBNRM/ community Trust	Zimbabwe Campfire	Campfire association	Campfire Producer Communities and Rural District Council (RDCs). The Campfire community committees are 3 representative structures of the producer communities and represent their interests. The RDC interact between the Campfire association and the producer communities.	Evident linkages to local government institutions
	Botswana CBNRM	Government	CBOs – Community representative legal structures. Enabling communities to enter into agreements with the private sector.	High – programme is well integrated
	Madikwe Initiative	North West Parks and Tourism Board	Community trusts. Representative structure of the communities. Make legal decisions and entered into an agreement on their behalf.	Links with the provincial parks board
	Mayibuye Ndlovu Development Programme	SANParks	Community Trust. Representative structure of the communities interact with the Park on their behalf	No obvious linkages with local government
Community Trust	Umzimkhulu Private Sector Community Forestry Partnership	RFM	Community trust - Representative structure of the communities. Make legal decisions and entered into an agreement on their behalf.	None
	MUCPP	University of the	Community linked trust.	No obvious

Type	**Project**	**Project Initiator/Implementor**	**Community-based structures involved and their involvement**	**Government involvement**
		Free State	Run the actual programme and maintain the clinic and decide how additional funding is allocated.	involvement
Village Bank	Village Banks	IFAD	Village banks – Individual communal financial service providers.	None

5.6 Decision-making process

The decision-making or managerial structures and processes within each of the case studies differs according to the different types of funding models used. CIFs, CBNRM, Village Banks, CBP and Community Foundations generally tend to utilise or make use of community structures such as NPOs, trusts to local saving institutions etc.

The devolution of decision-making, similar to the planning process, allows communities the choice about how to utilise the available funds. This is common to the CIF models, Trusts, and Foundations. For example in the Zimbabwe Campfire programme a certain amount of money was directed through the RDCs to the producer communities. The producer communities through their respective structures then decided how best to allocate these funds. Thus, funding mechanisms which direct actual funds though community structures do involve the communities more within the decision making process which again leads to an accumulation of human and socio-cultural assets.

Community trusts/village organisations are particularly good in this regard due their closeness and representation within the communities. Foundations and village bank structures possibly involve the communities less as they rely more on community representatives eg the board of the GRCF. Again it is difficult to ascertain a qualitative measure of the actual benefits associated with higher levels of participation but some form of participation is generally beneficial.

However there can be differences between theory and practice, eg the problems pointed out of unequal partnerships in some of the CBNRM projects. There is also a challenge to ensure that lower levels are free to make their choices in some of the CIF cases, where local governments can sometimes feel they should influence what communities choose. This led to tension in some of the cases of use of CBP in Uganda, where national government has 5 priorities, and communities did not necessarily have the same priorities.

5.7 Accountability

Accountability is a critical issue and, if not achieved, could severely undermine the credibility and effectiveness of any programme and funding mechanism. Three types of accountability can be identified – upward, horizontal and downward accountability. Upward accountability refers to accountability of structures to the institutions which provided them with the funds, or to higher level structures. Downward accountability refers to the accountability of structures providing the funds or implementing services or activities to the actual beneficiaries. Horizontal accountability means to organisations at a similar level, eg one CBO to another, one government department to another. Within any funding programme a wide range of relationships which require accountability are present eg between participants/beneficiaries, community structures, service providers, implementing agents and donors (table 8).

The evidence suggests that if either downward or upward accountability is neglected it can be detrimental to the funding project. Two examples include:

- The lack of upward accountability in the village banks leading to closure of a number of the banks with the remainder operating without any guidance or control from some central authority, in turn leading to some instability;
- A lack of downward accountability, exhibited in the Madikwe Initiative, where a lack of communication and interaction between the steering committee, community trusts and communities led to major tensions and distrust.

Accountability in certain types of mechanisms also appears to be more efficient than in others. CBNRM type projects are an example of where conflicts have arisen between communities and the project implementers due to a lack of transparency and accountability of the implementers and community structures. The Mayibuye Ndlovu Development Programme and Madikwe Initiative provide an example of this. In both of these examples the combination of full upward and downward accountability was not achieved which hindered the benefits of these projects, illustrating that a lack of accountability is a major challenge for CBNRM projects. However, other mechanisms also experienced challenges in terms of accountability eg CBP where set structures and policies to ensure upward accountability were not put into place and the money was distributed without adequate monitoring systems put into place. This illustrates that accountability in both directions is also closely aligned to effective monitoring and evaluation.

In the end sustainability comes when there are multiple and transparent accountabilities, so that it is difficult for hijacking and corruption to occur as it is likely to be seen.

Table 8: Accountability in the respective projects

Type	Project	Accountable agents		
		Implementing agent	**Community structures**	**Beneficiaries**
CIF	Concern Worldwide's Livelihood Security Programme, Malawi	CWW - downward accountability to community structures and individual recipients	Community Development Committees/VIDCOs - both downward (communities as a whole) and upward accountability (CWW)	Individual farmers – upwardly accountable to Community Development Committees.
	Gemi Diriya - Village Organisations	Gemi Diriya Foundation accountable both directions	Village Organisations - accountable both directions	N/A
	Mangaung CBP	Municipality accountable both directions and horizontally eg to provincial depts	Ward committees – Accountable downward to public in theory but not effectively in practice. Accountability upwards to municipality much stronger.	Community groups accountable to ward committee for expenditure and actions
	Aga Khan	AKRSP - accountable both directions	Village organisations – accountable both directions	N/A
Cash transfer	CWW's Food and Cash Transfer project, Malawi	CWW – downwardly accountable to recipients and communities	N/A	Individuals – upwardly to CWW and communities for their expenditure
	Pilot Social Cash Transfer Scheme, Kalomo, Zambia	Department of Social Welfare's Public Welfare Assistance Scheme - definite downward accountability	N/A	Individuals – upward to implementing agent and communities for their expenditure
Foundati on	Greater Rustenburg Community Foundation	GRCF accountable in both directions to donors and regional NPOs and commun-ities. Horizontally to District?	Upwardly accountable to GRCF and downwardly accountable to communities	N/A
CBNRM/ commun	Zimbabwe Campfire	Campfire assoc-iations –accountable to other	RDC and Producers communities are accountable	N/A

Type	Project	Accountable agents		
		Implementing agent	Community structures	Beneficiaries
ity trust		community structures	(limited controls) in both directions	
	Madikwe Initiative	Steering committee - no real downward accountability	Community trusts – some accountability in both directions	
	Botswana CBNRM	Gov – downward accountability	CBOs - unsure	N/A
	Mayibuye Ndlovu Development Programme	SANParks limited downward to community organisation	Community trusts – upward accountably but no real downward accountability	N/A
Commu nity Trust	Umzimkhulu Private Sector Community Forestry Partnership	Community organ-isation – some downward account-ability but probably not enough	N/A	N/A
	MUCPP	MUCPP – both directions	N/A	N/A
Village Banks	Village Banks	Village Banks – No upward accountab-ility; some downward accountability but not controlled		

In many of the cases some level of accountability is shown in both directions. Effective accountability was generally experienced in larger scale funding mechanisms eg CIFs, cash transfers and foundations possibly due to the more established controls that were institutionalised within these programmes again highlighting the importance of monitoring and evaluation within this process.

6 Impact of the different funding mechanisms

6.1 Monitoring and evaluation

Core data was also not available on the impact of the projects which limits the potential analysis. This is due to a number of factors eg a lack of M&E systems, limited attention given to the subject by authors or the fact information is not freely available from project implementers. Either way M&E of the impact and efficiency of funding mechanisms is critical to success and ongoing learning around funding initiatives and further attention needs to be paid to the subject because without detailed information on effectiveness, it is difficult to judge what systems and structures could be replicated. Nevertheless we try and extract what evidence we can to assist in taking forward this work. Effective M&E may lead to higher levels of accountability within the projects. M&E should be a prerequisite for funding schemes as the primary tensions exhibited within the cases was due to a lack of transparency

6.2 What evidence is there of community-level impact?

Funding models have the capacity to impart benefits to communities by enabling them to accumulate physical, natural, financial, and social and/or human assets. The majority of the projects, apart from the cash transfers which were primarily directed towards individuals within the community, tended to develop human and socio-cultural assets within communities and the use of local community structures in the implementation, planning and decision-making processes built social capital, leaving communities with the capacity to plan, manage and account. This knowledge and skill should allow communities to continue to take forward local development more effectively, even without the direct assistance of a funding scheme. All of the projects also impart one or more of the remaining three asset classes as illustrated below:

Physical assets (access to private and public infrastructure)
Creation of physical assets occurred particularly in the CIF models eg the CWW LSP programme, Gemi Diriya and the Aga Khan Rural Support Programme. These programmes enabled the construction of valuable infrastructure such as road and grain banks etc which are extremely beneficial to development and significantly reduce the vulnerabilities of the communities.

Natural Assets (Improvements in access to and utilisation of natural resources)
In many rural communities utilisation of their natural assets are their primary livelihood strategy and as such schemes to improve utilisation of these assets are critical, both for survival and for income generating strategies. The CBNRM programmes focus on use of natural assets. In addition those focusing on food security such as the CWW LSP programme and the Umzimkhulu Private Sector Community Forestry Partnership, all were based on improving access to and use of natural assets.

Financial Assets (income, social grants, remittances etc)
Financial assets are readily transformed into other assets eg human and natural though investments in education and their land. Many of the projects directly sought to improve the local communities' financial resources, either through direct transfers (eg cash transfers) or through income generation.

There were also many practical examples:

- One of the results of Mangaung CBP is the top priority of most wards was increasing incomes or employment, which led to this becoming to the top priority in the municipal development plan;
- Concern Worldwide's LSP illustrated the impact projects can have: over 300 villages and 10,000 participants were engaged in training related to planning, group dynamics and conflict resolution. This builds essential social assets. The project also funded infrastructural improvements such as grain banks and other communal agricultural facilities. These improvements strengthen physical assets, enabling residents to become more resilient to external shocks and impacting on agricultural production, the basis of their livelihoods;
- The GRCF also extended considerable benefits at a community level by effectively strengthening the presence and capacity of civil society in the district. The foundation runs a regional NPO support centre and offers direct assistance to the NPOs which it funds;
- Zimbabwe's Campfire programme extended significant resources to local communities through margins on wildlife which could was used to improve local infrastructure e.g. fences and other basic infrastructure;
- Village banks targeting mobilisation of local savings and provision of credit;

Table 9: Evidence of effective implementation, impact on communities and beneficiaries

Type	Project	Evidence of impact on communities	Evidence of impact on individual beneficiaries
CIF	Concern Worldwide's Livelihood Security Programme, Malawi	Over 300 villages and 10,000 participants engaged in training on group dynamics, planning and conflict resolution. Along with the implemented projects this had a big impact. Significant improvements in community infrastructure also achieved.	The project had significant positive impacts on individual and household food security.
	Mangaung CBP	Strengthened voice of communities and influence on local development plan	No evidence of benefits to individuals or households was collected
	Gemi Diriya - Village Organisations	Expected to impact on approximately 1,000 village communities	Project is relatively new so too early to measure its impact.
	Aga Khan	Significant training capacity and infrastructure	Average household income appears to have almost doubled through the programme; access to credit and agricultural output increased
Cash transfer	CWW's Food and Cash Transfer project, Malawi	Not really impacted on community capacity but led to an increase in employment of casual labour.	Increased meals eaten per day, dietary diversification and improved coping mechanisms. Benefits for HIV sufferers.
	Kalomo Social Cash Transfer Scheme		Reduced household poverty, increased dietary diversific-ation, access to services and enhanced local spending patterns.
Foundation	Greater Rustenburg Community Foundation	Positive impact on NPO capacity by providing funds, and building their capacity, who extend services and infrastructure in return; including training to surrounding communities.	Benefits achieved through NPOs and, as such, hard to measure. Projects had mixed results.

Type	Project	Evidence of impact on communities	Evidence of impact on individual beneficiaries
CBNRM/ community trust	Zimbabwe Campfire	Communities effectively manage their own natural resources, having developed their own mechanisms to achieve this. Extremely beneficial at a community level. Funds also regularly directed towards community infrastructure.	Positive impact in terms for conservation and revenue-generation.
	Madikwe Initiative	Employment created by the Reserve. Infrastructure planned once funding is acquired	Minimal impact on beneficiaries thus far.
	Mayibuye Ndlovu Development Programme	Minimal impact thus far. The communities only received R5,000 gate money for 2005/6. Community infrastructure planned for when sufficient funds have been received.	
Community Trust	Umzimkhulu Community Forestry Partnership	Community infrastructure planned for when sufficient funds have been received.	No impact yet. Forests still need to reach maturity.
	MUCPP		Approx 300 people a day visit the funded clinic. Support and training provided to emerging farmers, SMMEs and youth groups
Village banks	Village Banks	Positive impact by making banking facilities available to more communities, leading to increased savings; effectively making them less vulnerable.	Beneficial for individuals to have access to local banking facilities and to alternate funding.

6.3 What evidence is there for impacts on livelihoods at beneficiary level?

Table 9 illustrates that most of the projects had some benefits for beneficiaries. Some had large impacts, such as the Gemi Diriya Project which positively affected approximately 1,000 village communities,. However, considering the first stage of the programme was US$51m it should be expected that there would be a considerable impact. Other projects with smaller budgets also had positive impacts at beneficiary level. For example, the village banks benefited local beneficiaries by making banking and credit facilities accessible to them.

Not all of the projects had significant impacts on beneficiaries, this included the Madikwe Initiative, Umzimkhulu Private Forestry Partnership and the Mayibuye Ndlovu Development Programme. In each of these, there were evident tensions in the communities as members failed to see the immediate benefit of their participation in such schemes.

A key reason behind the relative success or failure of a project appeared to be its alignment with community needs. For example if, as in the Madikwe initiative, communities are in need of immediate livelihoods assistance, a scheme which will only accrue benefits in ten years is an inadequate response on its own. On the other hand if projects are well directed towards addressing blockages in community development, liberating local action and reducing dependency, the advantages of funding schemes will far outweigh the financial contributions made.

7 Emerging Lessons for Funding Communities

7.1 Generic features of the different models for Funding Communities

Many different funding mechanisms exist and in most of the case studies the needs of the communities were understood before a type of funding mechanism were adopted. Different funding mechanisms have their own advantages and disadvantages and may be suitable in different circumstances. This is also true of the types of funds provided eg loans compared to grants etc.

There are commonalities that emerge in the case studies which did influence the impact of the mechanism:

- **Extensive community participation** is central to disbursing funds but participation is often limited to the just the implementation phase and therefore not all the cases used participatory tools for planning and decision making. Where communities did participate, it promoted more ownership of assets;
- Funding is primarily directed to community structures or individuals in the case of cash transfers. These **community structures** took managerial responsibilities in most projects. This involvement promotes and enhances decentralisation as well as community participation. These cases show that this is possible;
- The **target groups** in most projects were marginalised communities, and more specifically disadvantaged groups in these communities. Targeting specific communities can be done in a number of ways although the majority of the case studies used community inputs to inform this process.
- Upward, downward and horizontal **accountability** needs to be achieved to make the funding process fully transparent to both the funder and participating communities. Individuals and community structures also need to be held accountable to ensure that the money is spent in accordance with community priorities. Effective monitoring and evaluation techniques will assist in this regard.
- **Leadership** also plays an important role and the drive and passion of individuals may make the difference between success and failure. For example, despite community foundations appearing to have the potential to be a relatively sustainable form of funding communities, only two of the original 10 foundations established in South Africa remain. The GRCF's continued success can be attributed largely to the commitment and capacity of their staff members.

Each of the funding mechanisms has had significant impact, but impact is sometimes not as expected for the following reasons:

- Lack of appropriate institutional arrangements;
- Limited time to develop relationships;
- Poor performance that results from short-term project-based funding;
- Lack understanding of how civil society operates;
- Poor project management and financial accountability; and
- Tedious and time consuming bureaucratic and administrative processes for non-profit organisations to follow.

7.2 The nature of the funding environment

The nature of the funding environment was not the focus of the study but warrants some attention because it does influence the way in which the various mechanisms were and can be applied. Some key aspects of this environment include (Unwin 2005):

- **Funding for activities and achievements**: Despite the increasing recognition, by development practitioners, of development as a process, funding is still focused increasingly on the activities **rather than overall purpose and process**. Hence funding has fairly tight criteria about the activities reducing flexibility;
- The funding is also **influenced** by who the funder is and their developmental agenda. Depending on the analysis of desired impact, funding can be reactive (responsive to applications and interested in supporting the best proposals that are presented), interventionist (wishing to have an impact on a particular area or issue, frequently with a plan of intent) or compensatory (wishing to make good deficiencies especially where there has been little funding in the past);
- **Multilateral funding**: Community funding projects can be initiated from a wide variety of sources ranging from government, international or local development institutions to private businesses. As a result of different funding sources funders, more recently, prefer to work with groups of other funders in setting strategic objectives for what communities may need. This *may be* informed by on-site experience or a community needs assessments;
- The **highly competitive nature** of some current funding programs erode partnerships and collaboration at a time when complex social and economic problems demand integration;
- **Funding for fixed terms**: Funders often to do not commit themselves to a particular contribution for more than three years;
- Community based structures used to ensure funding reaches communities quickly and has the desired impact, can experience acute **human and financial resource** problems;
- The **accountability mechanisms** are highly skewed in favour of funders to an extent that it becomes a highly administrative, bureaucratic and time consuming, often reducing capacity of government institutions and accountability to them;
- **Appraisal and approval** process are long drawn-out processes during which time the objective of funding would have little relevance to problems that are exacerbated by conditions beyond the control of communities;
- **Measuring impact** is still uncharted territory. In the case studies there is very little evidence of extensive monitoring and evaluation and results about impact; and
- Through funding, people are fed, clothed, sheltered, employed, trained and educated. Private businesses, non-government organisations and government agencies are started, reformed and revitalised. Development policies, programmes and projects are launched but there is still the expectation that these will be **sustained** by the recipient organisations such as NGO's and communities.

Government social transfers do make an impact (even if they are based on relief) and there needs to be a considerable revenue base to sustain the system. As governments facilitate social transfer without overextending their financial resources, funders can support the provision of social transfers both in the institutional set-up and in the funding of it through their 0.7% of GDP development budgets that they have agreed on to reach the MDGs. There are also various possibilities for government to reorientate priorities – and to ensure that a significant portion of funding actually reaches communities directly and is not absorbed by all the institutions on the way.

Additional support for funding through match funding from either government or the donor sector is also another important consideration. Most funders now tend to provide support for a short period, in many cases to government and not necessarily building the capacity of civil society.

7.3 Conclusion

This study has reviewed a number of mechanisms for funding communities. These illustrate the potential to empower communities to take forward their own development. Some of these mechanisms to fund communities have had a major impact and at scale and can be an effective weapon to address poverty and inequality. There are examples from Africa such as ZamSIF, LSP, and other CDD programmes. In this regard similar schemes and mechanisms should be encouraged and seen as important weapons to address development within specific regions.

Mechanisms such as the CIF, Foundations and Trusts require well established systems and processes so that funds are distributed easily and fairly to communities. It also promotes revenue sharing and entrenches community ownership in the way funds are spent. The main concern about these mechanisms, evident in the case studies, is that they needed start up capital, well established community networks and strong management otherwise their short-term impact is not as effective as other methods.

The selection of appropriate funding mechanisms should be related to the needs of the local community as well as its environmental potential. If the primary challenge to development is simply an inability of local communities to access funds, some form of government or semi-government structure to provide loans and/or grants to marginalised communities may go a long way to stimulating development.

This can also be transfers to individuals. A regulated system of community banks may be effective in this regard; the Aga Khan Foundation is a case in point where rural agricultural production flourished due to the ability of local producers to access loans so the could invest in their land. A mechanism which provides loans and also extends agricultural capacity such as the CWW LSP may also have significant benefits in this regard. Cash transfers also have the potential to reduce poverty, and for example there is increasing evidence in South Africa that declining poverty in some of the poorest areas can be attributed to the increase in social grants (Goldman and Reynolds, 2007)

There is the potential to implement several of these – for example an institutionalised CIF system applied widely across the country, with community development grants to local structures such as VIDCOs or ward committees, community-based planning to plan these use of such funds, and then community trusts or foundations established in specific areas. The potential of local revenue raising can also be realised based on resources such as wildlife (or indeed mining rights as with the Bafokeng people in North West Province).

Entities such as the GRCF or community trusts also have the capacity to make sustainable changes in a region particularly if they have an effective fundraising strategy; thus start up assistance for these types of entities may be worthwhile. Another possibility would be to channel corporate social responsibility (CSR) funds through community-based structures.

In terms of providing immediate responses to communities cash transfers would have the greatest impact due to the immediate impact it has on the financial resources of the communities as a whole. Thus, when there is a pending humanitarian crisis which needs immediate interventions cash transfers would be the most effective intervention in the short run. On the other hand funding directed through community structures generally impart more benefits in terms of human and socio-cultural asset accumulation. This points links closely to the idea that the selection of a funding mechanism needs to be fundamentally aligned to the needs of the respective communities.

In the models communities and civil society lead with locally based knowledge developed in conjunction with government and/or donors because of mutual interest. The critical success factor is the relationship between communities, civil society, government and donors must be collaborative and managed appropriately.

The challenge is shown in the quote from section 2.3 on the lack of implementation of CDD systems in South Africa. We have to move beyond the distrust of communities, a paternalistic approach, and one that creates dependency on the state, towards a process of liberating the energy of our people's, putting in the catalyst which releases local energy to change people's lives. The models we have covered show some mechanisms that can be applied widely across Africa – the challenge is now to see how these can be applied and institutionalised.

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