Who's in Control?
Mitigating Elite Capture in Community-Driven Development

A thesis

submitted by

Lenz K. Bayas

In partial fulfillment of the requirements
for the degree of

Master of Arts

in

Urban and Environmental Policy and Planning

TUFTS UNIVERSITY

May 2013

ADVISER:
Dr. Weiping Wu

ABSTRACT

The purpose of this study is to determine how the design of a community-driven development (CDD) project can mitigate the misappropriation of social funds from international agencies to community-based organizations (CBOs) through "elite capture". The goal of this study is to provide recommendations to ensure a more equitable use of social funds to community groups. The research entailed a meta-analysis that synthesized the findings of studies to explore how "elite capture" arises in CDD projects. The results reveal that mitigating elite capture necessitates better understanding of the underlying motivations of project participants. More effort should be made to involve less organized and connected communities to submit applications for CDD projects. A better understanding of governance structures and participatory planning is imperative. These findings are important for the field of international development because they can help stakeholders better understand possible biases of a community prior to engaging in a CDD partnership.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

Who's in Control?
Mitigating Elite Capture in Community-Driven
Development

CHAPTER 1 – UNDERSTANDING ELITE CAPTURE

Introduction

The main purpose of the thesis is to determine how the design of a community-driven development (CDD) project can mitigate the misappropriation of social funds from international agencies to community-based organizations (CBOs) through "elite capture". I define a community as a group of individuals living in close proximity to each other and/or other social groups, grassroots entrepreneurs, or associations able to identify a need and come together to access project funds to meet that need (De Silva 2002, 1).

The goal of the thesis project is to provide insight and recommendations to development practitioners as to what steps can be taken to mitigate elite capture in CDD projects. Such mitigation strategies could ensure, for example, a more equitable use of social funds to community groups. Such social funds are mainly used for physical infrastructure investments. These investments range from community schools and health clinics to water sanitation projects, for the benefit of all community residents. The research project is not looking to challenge or uproot existing governance structures through social and political change. Rather, it aims to determine how practitioners can more effectively work within the social structures and norms that already exist in a community. Additionally, the research aims to provide planning strategies as opposed to more management-level strategies.

Elite capture is the general idea that a group of individuals, namely elites, can position themselves to intercept resources meant for a community for their

own, personal benefit. For example, in an African community profiled in Chapter 2 three men were chosen by their community and district officials to run a water dam project meant for the benefit of a rural community in which they resided. The men were chosen as a result of who they were, namely having more formal education than others within their community, and the relationships that they built with the higher up, district officials. Upon being granted the project, the three young men proceeded to siphon off money and other resources meant to build the water dam, resulting in a sub-par infrastructure project for the community.

Research Questions

My research questions, centered on understanding and mitigating elite capture, are as follows:

- How does "elite capture" arise in CDD projects?
- How can the design of a CDD project mitigate the misappropriation of social funds from NGOs to CBOs?

Within the research, social funds will not be the sole focus of the project, as there are other, interrelated avenues in which elite capture arises. There are three specific aspects of the CDD approach that will be explored in depth to assess to what extent, if at all, elite capture is prevalent in each. These three aspects include: the CDD project design, the targeting and selection of project beneficiaries, and the disbursement of funding from international agencies to CBOs. The rationale for pursuing these three avenues will be provided briefly in this chapter, and in more depth in subsequent chapters. The focus of this work is at the "meso-level" – the scale in between the micro level of individuals and the

macro level of a society. This level seems adequate to explore connections between both the micro and macro levels regarding development.

First, there are various points within the design of a CDD project where instances of elite capture can take place. To what extent a community is consulted during these phases by an international agency is paramount to understanding how elites become involved in CDD projects as the intermediary between a community and an international agency. CDD is an approach that has gained considerable power in recent years as the international development community looks for more inclusive and participatory approaches to bringing about changes in developing and transitional economy countries. Additionally, getting a sense to what extent a community is complicit with elite capture, if at all, could reveal how local leaders ascend to power.

Exploring how aware international agencies are of elite capture and the requisite steps they are taking to address it is increasingly important. Simply put, if there are no measures in place to stave elites from taking advantage of their trusted and coveted position as project intermediaries between two groups, the benefits and goals of a project could be compromised. In this research, I will focus on local leaders and how they are chosen to manage and implement projects. The research takes local leaders and elites as one and the same, with local leaders being understood as a specific type of elite. The first assumption of this research is that elite capture can be mitigated through project design.

Second, international agencies, usually based out of western countries, may showcase a bias towards those community residents most in tune with the

4

processes, outlook, and procedures of western thought. With international agencies having many of the resources and decision-making power within a project, some would argue that they are elites. International agencies may very well be at fault in terms of elite capture. Nevertheless, investigating international agencies as elites will not be the focus of the research.

The ways in which poor and vulnerable groups are defined can help determine who best to target and select for project benefits within a community. Within the CDD approach, investigating how CBOs target the poor and incorporate them in the decision-making process could reveal possible points of elite capture. Community mobilization as a participatory process is touted as one way to solicit participation by the poor. With this in mind, I will also explore to what extent community facilitators participate in CBOs through a CDD project.

In short, it can be seen as easier to communicate with elites within a community who have a host of multilingual language skills as well as a firm grasp on western standards, or the perspectives and practices at play within an international development agency. In that vein, the next assumption is that elite capture can be mitigated by strengthening the targeting and selection of project beneficiaries by international agencies and respective CBOs.

Third, elite capture can take place during the disbursement of social funds, spanning from conversations regarding setting the budget to actual implementation of the project. Upon entrance into an account that is under the control of a CBO, questions arise as to who has access to the information about the account and ultimate decision-making power over how the funding should be

spent. Having a clearer picture on the access to information that a respective community retains over the disbursement of funds could mean the difference between embezzlement and project completion. Working in tandem with the transparency of information is a need to take a look at how decisions are made regarding spending, and by whom. In that vein, the third assumption is that elite capture can be mitigated through certain accountability mechanisms regarding the disbursement of funds from international agencies to CBOs as well as from CBOs to other project partners.

Research Methodology

The research will entail a meta-analysis that will synthesize the findings of various primary and secondary studies to explore how "elite capture" arises in CDD projects. Furthermore, the design of CDD projects will be explored to determine how the misappropriation of social funds from NGOs to CBOs in developing countries can be mitigated. Meta-analysis is a technique which shows where current research findings converge and diverge (Gaber & Gaber 2007, 105). This research approach is most appropriate to answer the research questions posed, which are exploratory in nature. Elite capture is a very delicate subject and it is unlikely, due to its sensitive nature, that there will be a definitive answer as to how to prevent it. Rather, through the exploration of various publications by international development agencies and leading scholars, data will be gathered to get a sense of the existing knowledge of elite capture. It is through the synthesis of this knowledge that international agencies and other relevant stakeholders can

better ascertain the influence of elite capture within CDD projects with the goal of improving overall project implementation.

Based on my prior research and experience in a developing country context, elite capture is an accepted way of life for many vulnerable populations. There is a sense of fatalism or destiny dictating that elites, although a morphing and ever-changing group, will retain ultimate control over what happens in a community, or even a country. There is a substantial number of people within these vulnerable groups who are complicit with elite capture. However, there are also those potentially unaware of elite capture, and may be ready to take measures against it. It is becoming increasingly important to understand this issue and assess the risk of local elite capture on the benefits of a community-driven intervention (IFAD 2009, 22).

This research is relevant because through elite capture the CDD process could be compromised, leading to mistrust among various stakeholders. Mistrust over the misappropriation of social funds can disrupt even the best thought out plans and collaborative thinking towards social and economic equity. Results have shown that while CDD projects can help create spaces for a broader range of community leaders to emerge, elite control of project decision-making is pervasive (Fritzen 2007, 1359). More disturbingly, there have been few attempts to look at how project design features might function to reduce the risk of elite capture (Fritzen 2007, 1360).

Furthermore, there continues to be a lack of systematic study on elite capture within the literature on decentralized governance and thus a demand to

probe and understand it more (Dutta 2009, 3). This research project is significant because looking into the root dimensions behind elite capture can ensure that vulnerable populations in developing countries are more knowledgeable about how funds are being allocated. With this knowledge, they will be able to participate in the planning and development of their communities more effectively.

Elite capture can lead to the misappropriation of social funds. However, it remains unclear how the phenomenon of elite capture develops over the course of a project and whether project participants are fully aware of its implications. Elite actors can subvert the CDD process for personal gains. Although a general definition of elite capture has been provided, I will delve deeper into the different interpretations of the term that have emerged from the literature. Most definitions of elite capture revolve around resources or public goods meant for the benefit of a community benefiting those with more power and influence instead.

Defining Elites and Elite Capture

There are numerous definitions of the term elite capture. The goal of focusing on elite capture is to gain a better understanding of its underpinnings in the international development field. What exactly is elite capture? Why does elite capture happen? Who are the elites? Who are the "other" groups? What can development practitioners and other interested stakeholders do about elite capture, if anything? Within this section, the background and definitions of elite capture will be explored. Lastly, a definition of elite capture will be decided upon that will serve as the foundation for the rest of the investigation.

Elite capture, as a theory, stipulates that local elites attempt to control local institutions and resources for their own benefit (Zhou 2011, 1). In another instance, elite capture is defined as a situation where elites manipulate the decision-making agenda and obtain most of the benefits (Wong 2010, 3). Elite capture has also been described as a concept, first used in economics, and typically referring to "a phenomenon where resources transferred for the benefit of the masses are usurped by a few, usually political and/or economically powerful groups, at the expense of the less economically and/or politically influential groups" (Dutta 2009, 3). Pozas also terms elite capture as a phenomenon, which has been discussed in a wide range of problems in many policy areas: decentralization, community based approaches, poverty reduction initiatives and anti-corruption strategies among others (Pozas 2011, 13).

Elite capture is touted as being a problem prevalent in community-based projects (Zhou 2011, 6). Also described as an intangible phenomenon, elite capture takes on many forms. Wong (2010, 3) terms it as "a situation where elites manipulate the decision-making arena and agenda to obtain most of the benefits". Dutta offers further support of the intangible nature of elite capture. He highlights the difficulty in measuring it, claiming that "corruption" is commonly considered as a measurable instrument to grasp the functioning of elite capture within local governments" (Dutta 2009, 3).

In other parlance, elite capture is seen as a selection bias through which some parts/people/social groups of a village or locality have benefited from public services while others have not. Selection bias implies that there is a pattern to this

selective decision-making on the distribution of social benefits, namely a situation where certain segments of the village population experience reduced access to public goods than others" (Dutta 2009, 2). It has also been described as a problematique that needs to be taken into consideration as it pertains to land and property policies, among other sociopolitical considerations (Pozas 2011, 34). Yet another author goes into much more depth in defining elite capture, connecting it to the political economy of a country, stating:

> The political economy literature on government accountability in developing country has focused on distortions in the political mechanism that can impede the choice of pro-development and pro-poor policies by elected governments. These include inequalities between different socio-economic classes with regard to political rights, awareness, political participation, and the ability to lobby and contribute to election campaigns. These inequalities translate into higher implicit welfare weights assigned to wealthier and more powerful classes in policy making and implementation, a phenomenon commonly referred to as elite capture (Bardhan 2012, 2).

There are different ways to measure elite capture. Diya Dutta (2009) claims there are four ways of measuring it, including bribes and influencing decision-making. Other authors consider information distortion and embezzlement to be the two main ways elite capture can happen. Another major form is information distortion (Zhou 2011, 1). The idea behind information distortion is that local elites are inclined to promote their own interests by exploiting the information gap between the communities and the external agencies (Zhou 2011, 2).

Underlying socio-economic inequality, such as access to ownership of land or education, a person's social status, or measures of poverty are usually taken to be key determinants of elite capture. These determinants are related to allocation of public services across socio-economic classes (e.g., on pro-poor

targeting of anti-poverty programs) or corruption among elected officials (Bardhan 2012, 2). For the purposes of this research, elite capture will be understood as a tangible phenomenon that can be measured by information distortion and embezzlement of funds. These two measures, taken in their entirety, give us a fuller overall picture of what elite capture is and how it transpires. Case studies will be drawn to concretize the specifics of elite capture.

There are a wide variety of "elite" actors, making clear the fact that elites are not a homogeneous group. Elite can be understood in different ways, and it could indeed be a useful exercise to differentiate various local elite groups and identify who stands to lose most if elite capture of public resources is eliminated (Dutta 2009, 4). However, for the purposes of the thesis, the following definition will suffice: elites are "individuals who can exert disproportionate influence over a collective action process". This influence could be attributed to their privileged position in society, their access to economic resources or land holdings, and/or their level of knowledge or education entitlements (Pozas 2011, 14).

There are numerous ways in which elites can attain a privileged position, and not all pertain to kinship or familial lineage. Privileged positions could stem from one's educational background, family ties, or language skills. In developing countries where the local language is not recognized or used amongst the business elite, someone who can use the language of business could also be termed elite. An important feature often highlighted in the literature is that the influence of the elite is continuous over time and characterized by its regularity (Pozas 2011, 14).

Elite capture can be initiated by a variety of key actors, including but not limited to: local leaders, project bureaucrats, service providers, and professional and political intermediaries (IFAD 2009, 28). The focus of this research will be on local leaders, whom will also be considered elites in their own right. When local leaders are neither accountable nor committed to their communities, the lack of community-wide participation could create the potential for misappropriation of development benefits (Babajanian 2005, 457).

There is much that elite capture can reveal about the sensitivity of intergroup relations, especially as it relates to people at the local, community level. Traditional units of analysis include: neighborhood, community, city, and region. When working within these units of analysis the vast difference of people within and between each group can be lost. Regardless of the perceptions that development practitioners and outsiders hold, or what some community residents may want the international community to believe, there can be considerable variation of people within a community, a unit of analysis that is not as easily defined as the others.

A heterogeneous community tends to make collaboration and compromise more difficult, since there is more susceptibility to differences in perspective and opinion. Elite capture highlights the importance of certain factors such as uneven power relations among individuals of the same group or between groups and the different institutional affiliations individuals might have (Pozas 2011, 12). In recognizing these different groups, the literature on elite capture tells us that within society we can see that there are groups (classes or elites), which have a

greater ability to act than others and have the necessary contacts, information and initial resources "to appropriate for themselves whatever portion of the resources they need" (Platteau 2004, 2) or to influence the population in order to make them do what is in the best interest of the 'elite' (Pozas 2011, 14). Actors in society do not have the same interests nor possess the same resources as one another.

The literature offers a variety of approaches to deal with elite capture. Actions that governments can undertake to limit elite capture include the use of sanctions. Also, training of project participants and monthly reporting requirements can be imposed on local leaders by a central authority in order to stave off discrimination through the CDD process. Nevertheless, it should be noted that national institutions can also be co-opted by individuals or groups with vested powers (Pozas 2011, 36). Other approaches include the counter and co-opt-elite approach. The former approach advocates challenging elites by completely excluding them in the institutional design of a project. It assumes that most elites are prone to corruption and suggests that community empowerment would be effective in resisting elite domination (Wong 2010, 2).

On the other hand, the latter approach involves working with elites towards community development goals. Deciding to exclude the so-called "elites" from a CDD process as a preventative measure to elite capture runs against the spirit of CDD as being non-exclusionary (IFAD 2009, 28). In support of this point, Fritzen (2007, 1372) advocates for more attention to be paid by analysts and project planners to learning what mechanisms may raise the likelihood that elites will play a constructive role in community development, rather than

focusing mostly on means for avoiding elite control altogether, an objective that in many CDD contexts will be unrealistic. In that vein, this research advocates for the "co-opt-elite" approach. This approach will be used to uncover what forms of institutional design can be inclusive and participatory while at the same time mitigating the negative impact that elite actors have on future development projects.

Lastly, participation and transparency of planning processes has long been seen as a way of empowering people who are more vulnerable to being taken advantage of by those with more power and resources. Participation, defined by Abegunde (2009, 237) as people sharing in the creation of goals and objectives. Participation, along with transparency, will be understood as cross-cutting themes through the research, but will not retain a major focus of the study.

Understanding Community-Driven Development

The framework of decentralization, having come about as a reaction to centralized, top-down approaches to development represents a shift in thinking. One particular policy program that extends these theoretical underpinnings is the CDD approach, most optimistically pushed forth by the World Bank. The framework of CDD presents a localized form of development that draws upon and expands the idea of a bottom-up, grassroots approach to governance. The underpinnings of CDD rest upon the following three goals: sustained and less volatile income for community residents, access to direct services, and community empowerment. Through these goals, the objective of CDD is to place planning and development decisions in the control of communities.

According to the World Bank, there are five defining characteristics of CDD projects: a focus on communities; a participatory planning process, linked to resources channeled directly to a community; a community directly involved with project implementation; and, a community directly involved in monitoring of the project (World Bank, 2012). When speaking about CDD, it is incredibly important to take the local context into consideration. Each locality has its differences that need to factor into the design of the project. CDD serves as a way to provide social and infrastructure services, organize economic activity and resource management, empower poor people, improve governance, and to enhance the security of the poorest people (Alkire 2001, 3). Well-designed CDD programs adequately take into consideration the poor and vulnerable groups, foster social capital, and give these communities a greater voice with their community and with government entities (Alkire 2001, 5). Social capital is broadly defined by the World Bank as "the norms and networks that enable collective action" (Wong 2012, 28). For the purposes of this research, it is the definition that will be used. The idea is that by having communities work together using a CDD approach, the respective project builds trust, networks, and collective action (Wong 2012, 28).

CDD is "an approach that gives control over planning decisions and investment resources for local development projects to community groups" (World Bank, 2013). Namely, it supports collective action, community empowerment and demand-driven local service delivery (McLean 2006, 2). In that vein, CBOs receive direct financing from NGOs to engage in community

planning and development work. This gesture on the part of international NGOS is meant to ensure that CBOs retain control over the planning and development process within their respective communities.

The three most common sets of institutional arrangements are: direct partnerships between the CBOs and the central government, partnerships between CBOs and private support organizations (i.e. NGOs or private firms), and partnerships between CBOs and elected local or municipal governments. An underlying assumption of the CDD approach is that the market alone cannot provide all essential services and goods necessary for poverty reduction. Rather, the market can actually end up not providing enough public goods, such as roads, education and health care and often misuse common goods, such as forests and watersheds. Advocates of the CDD approach stipulate that experience over time has shown that central government programs are usually slow to deliver basic services, and not as effective in reaching poor people (Alkire 2001, 6).

The design and implementation aspects of the CDD approach are plentiful, and generally revolve around the following: economic and social analysis, community mobilization and capacity building, information and communications, targeting and selection, direct financing and contracting, CDD fiduciary issues, monitoring and evaluation, safeguards, institutional options, social and gender inclusion, and scaling up CDD (World Bank, 2012). Although this research will not hold steadfast to the World Bank definition, it serves as a guide for what CDD ought to be.

From its inception, there has been an ideology stating that CDD is about more than empowering a community through a project. Rather, CDD is about a "deep transformation of political and administrative structures that aim to empower communities and local governments with sufficient power and resources to function autonomously" (Binswanger 2010, 3). Before the most current CDD approach, as defined by the World Bank, was decided upon, there were three other major schools of thought to elicit community participation in development projects. These schools of thought represent a continuum in CDD that had been evolving since the end of World War II: community consultation, community participation, and community empowerment (Binswanger 2010, 9).

In each of these approaches we can see a shift of power and decision-making made available to residents within a community. It is important to note that the CDD approach has morphed over time while retaining its general, democratic ideals. Generally understood as having come out of the development efforts going on in India between the 1940s and the 1960s, although it was not explicitly called CDD at that time, the community consultation approach started to gain traction around the world (Binswanger 2010, 18). The movement from community consultation to sectoral approaches took place next.

From the 1960s through 1980s there was a strong push for sectoral approaches to community empowerment; this was based on the thinking that focusing on a particular aspect and doing it well would bring about more powerful and fruitful results. Sectoral programs generally provide a clearer avenue for community participation as they are focused on one particular intervention.

17

However, to address a wider range of issues and peak the interests of a broader constituency, multi-sectoral approaches could be employed too. We also see a push in the 1960s influenced by the "green revolution" in which technology was thrown to the forefront of making development more effective, from agriculture to raising the income levels of farmers and laborers (Binswanger 2010, 22). The movement from sectoral approaches to targeting specific people and places came next.

A slight shift took place in the 1970s with the recognition that area-based and sectoral approaches could even still not be inclusive enough in its approach. Starting in the 1970s and onward, approaches to target special areas and groups came to the forefront of development practice (Binswanger 2010, 23). It was recognized that area-based interventions, with a focus on the geographical boundaries rather than the socioeconomic boundaries, was still susceptible to mishaps. This shift in thinking moved away from more place-based planning towards more people-based planning with methods of eliciting participation not far behind.

From the 1970s to the present day different approaches continue to be used to target vulnerable populations, or the people who lack access to basic services and provisions, depending on a development agency's mission (Binswanger 2010, 24). Over the past decade, CDD has become a key operational strategy for numerous national governments and international aid agencies for the delivery of services. The philosophy behind CDD is that involving communities in local development decisions is not only a citizen's right, but that participation

can lead to a better use of resources focused on meeting community needs (Wong 2012, 1).

The CDD approach departs from traditional approaches to development by enabling communities and local institutions to take the lead in identifying and managing community level investments. Additionally, the design of CDD programs has evolved over the past two decades, and the level of decision-making authority varies as well (Wong 2012, 1). This makes it clear that although there are similarities, not all CDD projects are created equally. The country context is very important when trying to understand the impact of CDD programs. Other factors such as countries recovering from authoritarian rule, financial crises, or civil strife carry with them enormous challenges for taking on effective development programs, whether or not these are community-based endeavors or other types of service delivery (Wong 2012, 11).

Elite capture grew out of a tradition as an issue associated with whether targeting efforts of vulnerable populations were really successful in reaching the intended constituencies. State-led efforts at decentralization had generally seemed to fail, making governments as well as the international community look towards NGOs as trustworthy sources to assist governments in population targeting and development activities. In some countries, NGOs were viewed by donors as less corrupt and more efficient in service delivery than the respective state (Binswanger 2010, 24). Seminal writings on the topic pushed development practitioners and agencies, for the most part, from CBO approaches to CDD approaches in the 1990s (Binswanger 2010, 24).

The idea behind the CDD approach is that of demand-driven service delivery instead of supply-driven service delivery. In essence, the underpinnings of the CDD approach support demand-driven service delivery, meaning that services are provided not as a result of having the essential staff and financing available, but rather as a result of communities and their respective CBOs demanding the services. CDD is an approach that can address multiple sectors by its very nature. However, it is not the case that the CDD approach can or should be employed across all situations.

In fact, CDD is best used for goods and services that are small in scale and not complex and require local cooperation, such as public goods (i.e. health clinics, schools, water sources). Moreover, not all goods and services are best managed through collective action at the community level. Public goods that span many communities or that require large and complex systems are often better provided by the local or central government (Alkire 2001, 3). In that vein, the initiative must be taken by a community or its representative CBO to start a CDD project. Assuming this has taken place, the next hurdle entails deciding how the project or set of projects will be financed from start to finish, and by whom. We can classify these projects broadly as local infrastructure, social services, and sub-projects (De Silva 2002, 5).

The localization of the development process is important to note, as one may wonder just how much oversight international agencies ought to have over CBOs, if any at all. Increased accountability mechanisms and oversight could damage the social fabric and unison that is inherent in the CDD approach.

Nevertheless, it is clear that the use of funds for something other than what it was allocated for poses a problem in terms of who ultimately benefits from a CDD project. Since many if not all of the projects are geared towards poverty alleviation and social equity, it is imperative to ensure that these foundational goals are being met. Armed with a better understanding of the underpinnings of both elite capture and CDD, the rest of the thesis will explore elite capture in CDD projects through the investigation of select case studies.

Outline of Thesis

The thesis and related research is presented as follows: Chapter 2 will focus on explaining the different components that make up CDD project design. Chapter 3 will present research on the targeting and selection of project beneficiaries by international agencies as well as CBOs. Lastly, Chapter 4 will explore the methods employed for the disbursement of funds to CBOs in CDD projects. Each of the chapters will develop in the same manner. First, they will open with an explanation of the aspect of CDD to be studied. Next, a summary of select case studies will be presented, explaining the rationale for their selection. The background and context from which elite capture happened in the case studies will be presented, with the points at which elite capture arises in each case investigated. A synthesis and comparative analysis of the case studies will occur at the end of each chapter, respectively. From this analysis a better understanding of how elite capture arises and possible strategies for mitigating elite capture in general will be put forth based on what was learned from the cases.

Integrated into the analysis of each chapter will be considerations for the role of participation as a cross-cutting theme as it relates to the aspects in question: project design, targeting and selection, and the disbursement of funding. Building upon the knowledge of the instances in which elite capture happens, I will provide a set of recommendations as to how current methods of soliciting participation can be improved upon to mitigate the effects of elite capture, included within the analysis section at the end of each chapter, respectively. The concluding chapter will summarize the key findings of the overall study and present the theoretical and policy implications of the research. I will then investigate some of the current trends of literature on elite capture. Lastly, I will discuss the limitations of the study as well as suggest potential directions for further research.

CHAPTER 2 – PROJECT DESIGN

Introduction

In this chapter I will look at the project design features of CDD. Elite capture can arise in a project due in part to the way the project is designed, initiated and implemented. First, the different phases in the creation of a CDD project will be explained, as defined by the World Bank (2013). Second, a set of four case studies, each of which carries instances of elite capture, will be presented. Third, the select case studies will be reviewed to determine at what point(s) of project design elite capture had arisen as well as what strategies were employed, if any, to address the capture process. Lastly, an analysis of each case study in turn will be done and a set of recommendations for mitigating elite capture will be put forth.

Phases of Project Design

The design and institutional setup of a CDD project depends on the local context. The focus of the CDD approach is on communities in particular, as opposed to other scales of intervention. Additionally, it holds in high regard engagement in participatory planning processes with a community. Having a community directly involved with or directing project implementation is seen as a staple of the CDD approach. To facilitate and support this approach, resources are purportedly channeled directly to communities, with the community also involved in and responsible for the monitoring and evaluation of the project (World Bank, 2013). It is within this framework that the general phases of project design are instituted. The following phases of project design are meant as guidelines and do

not generally hold steady across all projects. I will briefly present each phase in turn, with many influencing and playing off of each other. The cyclical and iterative nature of CDD project comes to life during project implementation. With this in mind, please note that the following phases are not to be construed as linear.

Economic and Social Analysis

There are numerous tools and techniques at hand to engage in socioeconomic analysis of a given population. This analysis can assist a community in determining not only its needs but also its assets. More and more often, it is becoming increasingly important for both facets of a community to be taken into consideration. The economic analysis retains more of a focus on the impact that a CDD project could have on poverty alleviation – namely the influence a proposed project could have on lifting people out of poverty by providing access to basic needs and services. A key inquiry is considering whether the income levels or consumption levels of community residents increased in a meaningful way. On the other hand, the social analysis focuses on other factors such as the historical or political economy of a country or community.

Community Mobilization and Capacity Building

Determining the institutional framework in which a project is being undertaken is critical in getting a better sense of the overall staying power of a project. In that respect, "empowering communities means that communities should have voice, decision-making powers, and access to resources" (World

Bank, 2013). The disbursement of social funds from international agencies to community groups usually happens by way of some form of board, made up of community members. Within CDD projects, there are usually ''orientation and training'' workshops to be held. These workshops are meant to increase awareness of a particular project's aims and working methods to the community and to newly selected community board members. Attempts are made in these workshops to emphasize the importance of inclusion of the poor in project activities (World Bank, 2003; Fritzen 2007, 1362).

Information and Communications

The information and communications portion of CDD project design is created with the idea that lines of communication must be two-way to ensure that residents feel empowered to participate in the planning process honestly. It is just as important for outsiders to be equally as honest. Before a project is implemented, communication strategies are employed, aiming to be informative to all stakeholders prior to implementation. Communication strategies should attack a variety of mediums to ensure that as many people within a community are reached and informed about a particular project. The back-and-forth communication fostered by this critical step can build accountability among stakeholders and transparency throughout the planning process (World Bank, 2013). Any and all information ought to be shared between organizations, especially as it pertains to participating CBOs as they need access to information in order to make decisions – a key aspect of the CDD approach.

Targeting and Selection

Targeting and selection lay at the crux of the CDD approach, showcasing the idea that through decentralization the most vulnerable populations can be reached. Nevertheless, there needs to be a starting point from which international agencies can ensure that targeting and selection is happening within communities. According to the World Bank, targeting "seeks to deliver benefits to a selected group of participants, in particular poor and vulnerable people." The targeting mechanisms of the CDD approach include geographic mapping, household surveys, censuses, qualitative surveys and "self-targeting" (World Bank, 2013).

Direct Financing and Contracting

Direct financing is defined as "a process by which a funding agency (e.g., social fund, sector line agency, or local government) provides funds directly to communities responsible for managing the implementation of subprojects" (World Bank, 2013). In order for the funds to be dispersed, there has to be an entity available to receive and manage the resources. This is usually done in one of two ways: through a local, existing CBO that represents the community or through a project committee set up specifically to create an entity for funding to be dispersed. With the funding, the expectation is that the community, represented by the CBO, will be able to carry out the necessary arrangements for project implementation, including contracting skilled and unskilled labor and procuring materials. In this sense, the international agency serves as more of a facilitator than as a project implementer (World Bank, 2013).

Monitoring and Evaluation

The monitoring and evaluation part of a CDD project is critical for a variety of reasons. It serves as an information hub from which to collect data to influence future decision-making. Needed adjustments to the overall process of a project can be implemented with adequate information provided through monitoring. Furthermore, whether it is looking at the process or the impact of a project, an evaluation can provide feedback that can be used in the future design of a project.

Scaling Up

Scaling up is usually saved as the last step in a CDD project, scaling up can be termed as the pronunciation of the vital success of a project. It includes strengthening the partnership between project partners, expanding the amount of community subprojects, and supporting entities charged with continuing strong service provision. It is this step that constitutes the staying power of a project. Scaling up is centered on the principles of cost effective projects, replication, and the assurance of equal access to participation in democratic decision-making (World Bank, 2013).

Case Studies

I will look at the following case studies in turn, investigating the design of each project. Moreover, I will explore what effect they had, if any, on an emergence of elite capture within the respective projects. The first case study will be a focus on the Urban Poverty Project (UPP) in Indonesia. The second study will be on the Pilot Fishery Development Project (PFDP) in Albania, taking place

in the Lake Ohrid fishing region. The third case study will be on an anonymous, rural community on the continent of Africa. The fourth and final study will be on a community in an anonymous Sahelian country – the possibilities being Burkina Faso, Mali, Mauritania, Niger, or Senegal. These cases were chosen due to their similarity in general structure and specific emphasis on project design within their respective reports.

The literature is limited in regards to how projects are designed, especially upon completion. Indonesia continues to boast the most extensive literature on the topics, while the anonymity of other cases makes it near impossible to locate and analyze project documents. Another compelling reason taken in choosing these cases is the scale at which they took place, making it easier to draw comparisons between studies at the community level. Taken together, these cases represent varied community contexts while retaining a focus on CDD that will be adequate to explore the ways in which CDD arises through project design and set up. In that vein, the main takeaway from the comparative analysis of these studies will be to see where the similarities converge between the projects as well as explicating the differences therein as they relate to elite capture.

Urban Poverty Project – Sekar Kamulyan, Indonesia

In our first case study, the World Bank responded to civil unrest in Indonesia in the 1990s with the introduction of the Urban Poverty Project (UPP). Making the shift from the Indonesian context of centralized planning, UPP served as the actualization of the CDD approach meant to bring benefits to all. Coming at the heels of Indonesia's newly adopted pro-democracy stance at the time, the

CDD approach could be considered a turning point in democracy and empowerment for the country. What is addressed most significantly in this case study is to what extent a community's capacity for "collective action" can help protect it from elite capture (Dasgupta 2007, 230). The project introduced a local independent facilitator, funded and trained by the World Bank, to spearhead implementation. In keeping with the design of the project and the tenets of CDD it took about four to six months for a CBO to be well prepared to receive the disbursement of funds from the World Bank (Dasgupta 2007, 235).

More interesting than the set of funding mechanisms put in place to facilitate the flow of money was the organization and selection of project participants – starting with the introduction of the UPP project in each neighborhood. Within the project design, some specific strategies put in place by the World Bank to protect against elite capture included: establishing groups of borrowers comprised of successful entrepreneurs and poor community members, the use of secret ballots for selecting leaders, and public displays of project information that was communicable to a wide audience (Dasgupta 2007, 235). Unfortunately, there were practically no safeguards in place to ensure that the aforementioned strategies were followed. In essence, community residents determined "the rules of the game", resulting in significant differences between neighborhoods in terms of project outcomes (Dasgupta 2007, 236). The following community represents one of the numerous target sites of the UPP program in Indonesia.

Having an ethnically homogenous population, the Sekar Kamulyan neighborhood retains noticeable differences in the socioeconomic situation of its residents. In this instance, a particular group of "old elite" from a single extended family dominated community governance in the neighborhood (Dasgupta 2007, 241). These elites were characterized by their higher socioeconomic status, having large land holdings, and having careers outside of the neighborhood. Wielding immense power, this group would appoint non-elites to positions of power who they knew would "compromise" the interests of the neighborhood in favor of elite interests. They would use the project apparatus to give out material awards for the compliance of non-elites in corruption, creating "neighborhood-level political machines" (Dasgupta 2007, 241). Competing with the old elite, who are representative of an entrenched power structure, are the "young elite". These elites were characterized as being activists employed in diverse occupations and hold their elite status simply by having a higher socioeconomic status than others (Dasgupta 2007, 238).

By hiring the aforementioned project facilitator to implement what was termed a "broad-based participatory decision-making process" the non-elites of the community were more readily able to participate. The exclusion of the "old elite" has led to the entrance of the "young elite" as well as a bit of space for the non-elite to flourish. In this example, as a result of more transparent democratic processes a redistribution of power had happened. However, the general framework of elite control remained embedded in the community, essentially opening a space for young elites to have more decision-making power – not the

empowerment of the community as a whole (Dasgupta 2007, 241). Nevertheless, this presents a step forward in terms of breaking out of the cycle of elite capture the community was in prior to the intervention.

Other common organizational mechanisms described to prevent elite capture included: an open, community forum in which project reports would be read aloud for illiterate community members to track resource allocations, a group of non-voting overseers to improve accountability, and information about projects posted in public spaces to improve transparency (Dasgupta 2007, 243). Through this case study, it is clear how opening up project design to include more democratic processes can indeed shift who has control of a project. The downside of the case study is that the shift of elite control simply moved from one group of elites to another.

This case study focused on the Community Mobilization and Capacity Building phase of the CDD approach, with special interest in decision-making by community members. Through this case study I understand that elite capture can change form if the "counter-elite" approach is used. Although one type of elite, the "old elite" are excluded another type, the "young elite" can still fill the void created by exclusion. The case makes it clear that there can be many different local elites. It may not be feasible or necessary to exclude them all from a CDD project. Through this case study elite capture can be mitigated by delving into a deeper analysis of the social ties and networks within a community. A design can be put in place that will assist project planners in the identification of the different types of elites within a community. In this instance, I define project planners to be

any involved members of an international agency working on a CDD project. This formulation will be used subsequently throughout the rest of the cases in this research study.

Pilot Fishery Development Project – Lake Ohrid, Albania

In this next case study I will explore elite capture in the context of Albania's Lake Ohrid fishing region. Again, working within the context of decentralization it will become apparent how elite capture arose in this project. This case study focused on two phases: the information & communications phase and the social & gender inclusion phase – both aspects of project design. Through this case study we understand that elite capture can thrive in an environment in which supply-driven outweighs demand-driven service delivery. The key question to be raised in any CDD project is simply who initiated a project, and how. Also, the economic incentives, or disincentives for participation in a CDD project by non-elites are important to investigate.

A lack of input in deciding how a local CBO will be structured, operated or maintained can have drastic effects on the decision-making power of non-elites in a CBO. Taking on the role of many post-socialist countries, Albania faced "a phase of political insecurity and an institutional vacuum after 1990" (Schmidt 2011, 1). Within the context of decimated fish resources in the country, the government of Albania turned to a decentralization approach through partnership with the World Bank, looking to implement a common-property resource regime in fishery management to increase the involvement in the industry by local actors (Schmidt 2011, 2). This case study looks specifically at the effects of elite capture

as it pertains to natural resources management with a focus on three fishing communities: the villages of Hudenisht and Lin, and the town of Pogradec.

Prior to the implementation of decentralization and use of local governance, fishery management was the exclusive domain of the centralized, Communist state (Schmidt 2011, 6). In tandem with the rapid political transition of the early 1990s, the state lost control of these sites, the restrictions, predictability, and strict order giving way to open resource use by anybody willing to capitalize on the opportunity (Schmidt 2011, 7). Attempts to mitigate the rapid misuse and ensuing deterioration of the fisheries led to local governance and decentralization consideration. International actors started to push for national measures to protect against the illegal fishing that was occurring. Soon enough, the World Bank stepped in to implement the Pilot Fishery Development Project (PFDP), a CDD project to introduce local governance and the goal of targeting fourteen areas, including Lake Ohrid (Schmidt 2011, 7). This policy reform has been termed as "coercive" as the author claims that fishers were forced to join organizations to participate in the local governance process, lest they lose their fishing rights (Schmidt 2011, 8).

The local organizations necessary to participate in the coercive policy reform were created by fishers and called Fishery Management Organizations (FMOs). We can aptly also title these local organizations CBOs, formulated in response to the World Bank policy reform. Governed by an all-encompassing statute that did not take into consideration the context of the fourteen localities, local fishers claimed that many decisions were made without their involvement or

consent. This includes the organizational structure of the FMOs to the conflict-resolution procedures as well (Schmidt 2011, 8).

At Lake Ohrid, project personnel, presumably external actors, selected a small group of fishers to be the leaders of the FMO, responsible for community outreach and engagement. Furthermore, the selected fishers were expected to serve as counterparts to the project personnel and administration (Schmidt 2011, 8). Claims were made by project staff that the selection of project leaders was not met with any opposition. Unfortunately, the PFDP project staff selected particular fishers to lead the project, many of whom were local elites, and thereby elevated the elites' political power. These local elites chosen to lead the project generally had higher incomes and means through which to act as compared to the average fisherman in the Lake Ohrid community.

In contrast, the economically weaker fishers ended up worse than before, especially in light of the continued illegal fishing that continues to take place after the implementation of PFDP (Schmidt 2011, 9). By local elites being elevated to even more privileged positions, such as being placed in charge of projects, local issues can be exacerbated. In this case, elite actors who were appointed to leadership positions ended up rerouting resources to their own kinship networks. For example, illegal nets of excess fish were hauled in and hidden from view, with the people meant to watch over this behavior being paid to leave their respective posts (Schmidt 2011, 10). Interestingly enough, the kinship networks that engaged in elite capture were comprised of both elite and non-elite actors. Elite actors may have been in control of resources through their position, but

people across the socioeconomic spectrum benefited from their wrongdoings. The elite actors also engaged in behaviors such as supporting their family; avoid sanctions against their behavior and interpreting the legal framework to benefit themselves (Schmidt 2011, 9).

Policies and procedures meant to ensure accountability at the local level can be upended by elites through the misuse of information. Even the detection of illegal fishing in 2006 by FMO members lead to sanctions placed on regular FMO members, none were placed on the FMO leaders (Schmidt 2011, 10). With the rules set in place, it became a question of who is obliged to follow the rules and who will ensure the oversight and accountability of the stakeholders involved. The lack of oversight and regulation of the formal rules create a situation where it is not advantageous, at least from a financial standpoint, for local elites to comply (Schmidt 2011, 12). Nevertheless, it is important to note that such an environment was created by external actors. The PFDP's initiation of the CDD project along with its implementation strategy and insufficient follow up led to a more unequal natural resources management system. Furthermore, this is an example of "supply-driven" service delivery. In that vein, it could be argued that the CDD approach in this example was just as much of a top-down, centralized approach that it was meant to offset (Schmidt 2011, 12).

Numerous opportunities for participation by all actors were missed in this case. The two main points of departure where participation was missed was in the establishment of contact with local elites, to the detriment of other possible candidates. It remains unclear from the study how this contact was established,

but it bears no mention to an open, transparent or democratic process. It will be imperative to explore the selection process underlying these established contacts. To truly have a participatory selection process it is important for project planners working within international agencies to understand the socioeconomic distribution of power and resources within a community, otherwise they will continue to be susceptible to choosing local elites with a disproportional amount of power (Schmidt 2011, 13). Additionally, a lack of follow up on the part of the local government institutions as well as project planners leaves the proper allocation of resources up to chance. If measures are not put in place to hold local actors accountable to their respective institutions as well as their constituents, an environment will continue to have the potential for elite capture.

Unamed Rural African Community

Water Dam Project: In this case study of an anonymous, rural African community, the author explores the numerous free-rider problems and incentives for elite capture within CDD. As corruption becomes decentralized, it becomes much more difficult to trace (Ensminger 2007, 4). In fact, it seems that decentralization is opening up a new job market for "development brokers" – people whose sole occupation is to serve as a middle man, or woman, to serve as an interface between an international agency and the community or government (Ensminger 2007, 4).

The rural African community in this study has only recently seen the initiation and implementation of community-level projects. Showcasing little to no government presence with the availability of a chief and several sub-chiefs,

there is not much interaction in the community between elected government officials and residents. Based predominantly on a livestock economy, the village happened to be integrated into the market economy.

Several years ago the first CDD projects were introduced into the community within the following general set-up: administrators in the nation's capital, district level government officials set to oversee projects, and local village leaders elected in the target areas to a) manage the funds, and b) implement the project in accordance with CDD principles. Problems immediately arise with this institutional set-up, where there is no incentive for the local village leaders or the district level government officials to reveal the truth to auditors from the nation's capital (Ensminger 2007, 6). With this in mind, the case study explores the implementation of the CDD project from the district level downward.

Within this framework, a dam project was implemented with the goal of providing water for human and livestock use during the area's dry season. Three young men were chosen to run the project. They had convinced district officials to divert the money for another use, leading to them being chosen to run the project. Providing an economic stimulus to the local economy through a cash-for-work system was promoted over hiring a more efficient bulldozer. However, the payment scheme to workers was arranged such that all cash-for-work participants received their payment in the form of credit through one, particular local shop (Ensminger 2007, 7). In essence, a monopoly was created with workers not showing up to work but getting paid nonetheless (Ensminger 2007, 7). The continued diversion of project funds in this manner had an adverse effect on the

project and the main deliverable – the dam. A routine inspection by district officials of the dam resulted in them claiming that the structure was a success, despite evidence to the contrary. Interestingly enough, the same community was able to secure another CDD project, hiring the same three young men as project managers.

Goat Restocking Project: After having befriended the district officials the same three young men advocated for a goat restocking project to take place in the same village that the aforementioned dam project took place. In this instance, a public meeting was held to "choose" the next project. Interestingly enough, the location of the public meeting had an adverse effect on the other eleven eligible villages to receive CDD project funding. The location of the public meeting made it a challenge for the other communities to travel and be represented in kind. The project purpose was "poverty reduction via re-stocking following a drought" and the project goal was "to distribute ten goats to each of the poorest 60 households in the target village" (Ensminger 2007, 9). It was clear that the area was lacking basic services, calling into question whether this was the best project choice. However, the project was well received by the recipient community.

The three young men, taking on the roles of chair, secretary and treasurer worked with a formal sub-committee of seven other people, including two women, required by CDD project standards. The first step of the project initiation was to train this group of ten project leaders in CDD guidelines. Upon completion of the training, they would be granted access to the bank account into which the funds for the project had been disbursed. The three men, who were deemed

project officers upon completion of the training, withdrew all of the money in the account. What ensued is a telling story of elite capture, with project funding and benefits being usurped by the three officers. Foul play was clear in terms of the distribution of goats, many of whom were inadequate and unhealthy, riddled with disease (Ensminger 2007, 10). The seven members on the sub-committee received a disproportionate amount of funding and benefits, presumably due to their compliance with the corruption by the three young men in charge of the project. However, it is important to note that the seven members were technically still eligible to receive benefits according to population targeting schemes (Ensminger 2007, 10).

In this case study, the response from the community was immense, with an unmatched level of antagonism on the project leaders by community residents-so much so that village elders from outside the community had to come in to resolve the crisis (Ensminger 2007, 10). The end result of the crisis intervention was mostly public humiliation, but the embezzlement of project funds or more formal punishment of project leaders did not happen. Complaints to public officials were not initiated.

The author's research found that, in comparison to other households in the village, the committee members were not relatively wealthy. Ironically enough, the research found that committee members were actually poorer than the rest of the village population in terms of their ownership of cattle, where almost all wealth is held (Ensminger 2007, 13). This statement holds true even for the project committee members a generation ago, making it clear that they did not

simply inherent money and waste it, still retaining an economically advantageous status.

The differences that did arise could undoubtedly launch the committee members to the status of elite as I have defined it. The research found that the project committee members were younger on average, had more education, had more fluency in the national language, and had lived more years outside of the district than their village counterparts (Ensminger 2007, 13). What emerges from the research is the fact that the project committee members, or whom we can call the local elites, have found an interesting niche market where their skills and strengths place them in the line of garnering an income from CDD projects. The author explains this in more detailing, stating "Their literacy, combined with fluency in the national language, places them in a prime position to act as brokers between the community and officials in the district headquarters; their education is sufficient to achieve this, but insufficient to acquire a 'real,' job…" (Ensminger 2007, 14)

The case study challenges traditional notions of what constitutes an "elite" as well as reveals the complex underlying socioeconomic realities and motivations behind project actors. According to the research, the missing funds did not even have a trickle-down effect into the community. Rather, it was clear that the funds were spent on ventures outside of the community, spanning from stays in expensive hotels and leisurely activities to entertainment activities the complicit district officials (Ensminger 2007, 18). The main question arising from this case study is that of the usurpation of power of CDD projects in general. It

remains to be seen if the CDD approach in fact pushed resource control and allocation out of the purview of any workable or accountable system of transparency, meaning that the democratic controls of oversight, checks and balances could be all but lost (Ensminger 2007, 18).

This case study focused on the direct financing and contracting phase, the information and communications phase, and the monitoring and evaluation phase. Through this case study we understand that elite capture thrives in an environment where involved stakeholders do not have an incentive to retain transparency of information between each other. The structure of who will be overseeing a project can have dramatic effects in what information is communicated between organizations. Also, the arrangement of disbursement of funds from one organization to a local CBO as well as payment to local workers is very susceptible to being compromised. The monitoring and evaluation of a project can also be compromised if only one organization is responsible for reviewing it.

The public meeting as a way to hear all voices can easily be skewed depending on its location, bringing to light the fact that using this meeting as a tool may not suffice in such a context. It is also stated that a community was in favor of the project without a background as to how this satisfaction or support was determined. Lastly, the access to the project money was given to the project committee, who then immediately took all the money out. We go on to see that much money was spent outside of the community or otherwise unaccounted for, making it clear that funds can be captured simply through who has access to the necessary bank account and who is deciding where funds will be placed.

Unamed Sahelian Country

In this scenario, an international development agency originating from Western Europe, which remains unnamed, partnered with a local association, or CBO, in a Sahelian country. The local CBO was technically a federation of numerous peasant unions and was spearheaded by the son of a local chief. The NGO took its time to develop a relationship with the CBO with the intention of redressing a variety of issues that could have proven to make a genuine and successful partnership challenging, such as the lack of a local strategic vision and an undemocratic character on the part of the CBO (Platteau 2003, 1689).

After a two year process of participatory and institutional support there was some form of joint-budgetary process in which development decisions were made between the organizations as to how and where to allocate funds to be provided to the CBO. Soon thereafter, a committee was created to determine the rules of engagement and use of the budget across different proposed projects. The slow deliberation was done to ensure a solid, reputable and transparent process in which the CBO could take on all aspects of decision-making, including: the preparation of project proposals and negotiating technical assistance for project implementation (Platteau 2003, 1689).

Despite these efforts, collusion between two actors and a local accountant led the CBO and the relationship awry. The partnering NGO noticed the financial malpractices and called for sanctioning on the part of the CBO for the violation of the rules. No sanctioning was carried out on the part of the CBO as a result of the discovery and, in fact, the two actors were re-elected to the same posts,

respectively. The underlying psycho-social reasoning that Platteau describes entails the idea that "the support that poor people are inclined to give to an elite member on the ground that they have benefited from his leadership efforts" (Platteau 2003, 1690). So, in the end what seems to matter most is if the intervention on the part of elite actors somehow improves the lives of a community, it is likely that the elite will get away with elite capture in its many forms. Community residents could deem it necessary for elites to benefit disproportionally because, after all, without the elites presence the poor residents would not benefit at all (Platteau 2003, 1690).

On the other hand, a confrontation of the local leader by the NGO revealed a similar outlook on the part of the local leader. In fact, the leader claimed that due to the amount of time and energy he spent to broker the deal between the NGO and the CBO, it was his right to appropriate a large share of the funds (Platteau 2003, 1690). This line of reasoning seems to fall in place with the idea of equal pay for equal labor. In the absence of a salary or some form of compensation for the elite taking the time to broker the deal between the NGO and the CBO, one could reason that the elite was essentially paying himself, or taking salary that was not otherwise being provided. However, in this case the local leader was provided what was termed a "comfortable" salary by the international agency (Platteau 2003, 1690).

This case study focused on the economic & social analysis phase of CDD. This case study shows that elite capture can take place before a project partnership is formed or when a project is initiated. Even after having engaged in

a painstaking participatory process it is clear in this case that the complicity of the community in elite capture harkens to a greater underlying psycho-social determinant of embezzlement and collusion. The thought processes of some communities in which access to funds and the distribution of these funds through various social networks may be what is most compelling about a CDD project and not the stated end result of infrastructure or other improvements. We can see the complicity amongst actors in terms of the lack of sanctioning on the part of the community.

Discussion

To engage in a community intervention to mitigate elite capture, mobilizing the community is a good first step. This can be structured along with monitoring and evaluation portion of project design by introducing local governance in a context-specific manner with a "long time horizon and careful, well-designed monitoring and evaluation systems" (Schmidt 2011, 14). A more careful selection of leaders for projects means selecting leaders who are well respected within the village community and have a good reputation may lead to norms of reciprocity that foster cooperation (Schmidt 2011, 14).

In order for this to happen, information must be open and available to all, especially project planners. Instituting some form of background check on potential leaders could ensure that the reputation he or she holds is honest and truthful. Furthermore, there need to be clearer procedures on how the leaders of CBOs are chosen, especially in this instance where project planners made the ultimate decision. In terms of misuse of information, project planners must be

more adept at investigating the use of information through reporting mechanisms to ensure that kinship and patronage do not rule the day in CDD projects.

Elite capture can be mitigated by putting in place a tool that can be used to determine whether a project is being initiated by supply or demand driven services. Techniques can also be developed to determine exactly why a person is participating in a project to uncover whether it is for a genuine interest or whether the person is being coerced. Third, the formation of a CBO ought to be reassessed with procedures put in place for how it will be maintained by all relevant stakeholders. Fourth, leader selection needs to be balanced between community residents and project planners. Lastly, project planners must have in place funding and personnel to follow up on how information is being used, perhaps through the participatory establishment of strong management information systems for the CDD project in question.

Based on the issues presented in the case studies another strategy to mitigate elite capture could be by the creation of a board that includes a few people from each of the participating organizations: the capital, the district, the NGO, and the CBO. Furthermore, this same board can be utilized to take on the responsibility of monitoring a project through a more participatory monitoring process. The idea behind a public meeting can be reinvestigated to take into consideration decision-making behind where such a meeting should take place. All voices should be heard and a suitable location determined that is accessible to all parties involved. More emphasis should be taken by project planners to determine to what end a community is supporting or refuting a project as it is

clear that the funding may be the more desirable result at play. To mitigate

unrestricted access to funding, there must be the establishment of a system of

checks and balances or reporting any time funding is accessed or moved on the

part of the project committee.

By attaining a clearer picture of a community's underlying motivations

and intentions in participating in a CDD project, instances of community

compliance with elite capture can be uncovered. More emphasis should be

focused by project planners on, in this case, understanding the histories behind

each community organization that comprised the federation. Intensive

conversations are needed prior to project initiation to determine the need and

desire for a CDD project and not just the access to funding that it engenders.

Sanctions should be put in place that will punish a community for

malpractice instead of expectations that a community will carry out these actions

themselves. Instead of continuing to view communities as passive, unknowing

and vulnerable groups, this case makes it clear that communities are indeed

participating in a bargaining game where they know much more of what is going

on than imagined. Sanctions can include imprisonment of the individuals

involved, demanded repayment of funds on the part of the community over a

certain amount of time or the immediate termination of a partnership in a

community or region for a certain amount of years.

In terms of participation, one dominant point put forth is that local leaders

have been identified as the most critical factor in generating collective action

among community residents (Gillespie 2004, 27). Furthermore, for communities

to drive their own development, it is usually necessary for a cadre of competent facilitators to be in place-especially at the beginning, when communities are being mobilized (Gillespie 2004, 27). In order to contribute to breaking locally entrenched structures, citizen participation can play a large role. Defined as "a process in which individuals take part in decision making in the institutions, programs and environments that affect them" citizenship participation may stand as the most important tool to mitigate elite capture (Florin 1990, 43).

Besides introducing participation into a local context, a deeper analysis of how community members feel and think about their local elites is desperately needed (Wong 2010, 5). In this sense, it is a good move on the part of CDD projects to include facilitators – but a mix of internal and external facilitators may prove more effective in mitigating elite capture. Whether internal or external facilitators, they should make clear from the start publically who they are, what they are doing, and why, and what can and cannot be expected; (Holland & Blackburn 1998, foreword).

This chapter has centered on real situations in which elite capture had arisen proposing steps and considerations that can be used to mitigate its presence. It is clear in these instances the amount of power that elites can hold over a CDD process but it also shows that community residents do possess a certain amount of understanding of the underlying processes inherent in CDD project design. Project planners should exercise caution and restraint in implementing CDD projects, taking care to understand as fully as possible the underlying motivations not only of elite actors, but also their non-elite

counterparts. The use of patronage cut across elite and non-elite lines, making it unclear exactly who benefits and in what ways. Understanding the complex nature of social networks even beyond simple dichotomies of elite and non-elite can lead to more resilient design measures.

CHAPTER 3 – TARGETING AND SELECTION

Introduction

This chapter focuses on the targeting and selection features of CDD. Elite capture can arise in a project due in part to the way the targeting and selection process is designed and implemented. Targeting seeks to "deliver benefits to a selected group of participants, in particular poor and vulnerable people" (World Bank, 2013). The term targeting method refers to the set of rules, criteria and other elements of program design that define beneficiary eligibility. The broader term targeting mechanism is used to refer to the larger elements of program design, including the choice of intermediary agents and organizational design. These definitions allow for the possibility that different intermediary agents using the same targeting methods could obtain different targeting outcomes (Conning 2002, 378).

The main crux behind the use of targeting mechanisms is to connect a project or program's purpose with an intended group of beneficiaries (World Bank, 2013). In this chapter, the different phases in the targeting and selection process of a CDD project will be explained to help understand how elite capture can happen. Second, a set of case studies, each of which carry instances of elite capture, will be presented, illustrating at what points of the targeting and selection process elite capture had arisen. Lastly, an exploratory and comparative analysis of each case study will be done, drawing upon emerging themes. A set of recommendations for mitigating elite capture will be put forth.

Approaches

There are three major targeting and selection approaches: categorical/geographical, self-selection, and household/individual. First, categorical targeting includes geographic targeting, which means selecting particular regions or areas in which the benefits of a program will be distributed (World Bank, 2013). Second, self-selection targeting is a mechanism meant so that only those who really need assistance will choose to participate in the program. This targeting mechanism promotes universal eligibility while placing incentives that seek to discourage non-poor populations from selecting themselves. Lastly, household or individual targeting is an effort to identify households or individuals who are deemed eligible to receive the benefits of a program.

The selection of households or individuals can be based on a direct means test, proxy means test, or community-based targeting. A direct means test seeks to collect as much complete information on households' income and/or wealth and verifies the information collected against independent sources (World Bank, 2013). A proxy means test generates a score for applicant households based on observable characteristics of the household such as the location and quality of its dwelling, its ownership of durable goods, demographic structure of the household, and the education and occupations of adult members (World Bank, 2013). Community-based targeting allows communities to categorize households within their own community as poor or vulnerable (World Bank, 2013).

Targeting

A donor agency, whether a national government or NGO, has a further layer of decision-making in determining at what geographic scale to locate a community, and indeed in defining community in the first place. Communities are often discussed as well-defined geographic entities, as opposed to geographically overlapping ethnic or religious entities (Conning 2002, 381). Inevitably, program officers themselves will become involved in the creation of new community institutions and boundaries through their work (Conning 2002, 381).

Community-based targeting means contracting with community groups or intermediary agents to have them carry out one or more of the following activities: (a) identify recipients for cash or in-kind benefits, (b) monitor the delivery of those benefits, and/or (c) engage in some part of the delivery process (Conning 2002, 376). Community-based targeting is not a separate targeting method, but rather an element of the mechanism that places community agents in charge of assessing eligibility and/or implementing delivery (Conning 2002, 380). Rules concerning the amount and form of financing that community agents should receive for disbursement to the local poor are at the heart of any community-based targeting scheme (Conning 2002, 386). Community-based targeting is likely to offer advantages over other mentioned targeting mechanisms when communities can be clearly defined, say by region or social group (Conning 2002, 388).

An important consideration here is that under devolution local targeting preferences, determined through local political processes, might differ

substantially from national preferences or the preferences of a donor (Conning 2002, 377). In many instances the best community-based targeting schemes will be hybrid mechanisms where the central government or an international agency defines and monitors targeting categories, rather than ceding unconditional devolution to community groups with little basis for evaluation or control (Conning 2002, 378).

Categorical targeting includes geographic targeting, meaning selecting particular regions or areas in which the benefits of a program will be distributed. Categorical targeting, offers eligibility to all members of a group defined by an easily identifiable characteristic or trait. This includes geographic targeting and the restriction of benefits to identifiable social groups such as single women with children, ethnic groups, or the elderly. Geographical targeting is the most common form of targeting method used in social fund and CDD programs. Social funds have helped to pioneer the practice of using poverty maps for determining necessary program allocations (Domelen 2007, 29).

Geographic targeting includes: identifying eligible or priority zones of intervention, transmitting national priorities, developing pro-poor resource allocation targets, and orienting promotional and facilitation efforts. It is claimed that in terms of decentralization efforts, a poverty map indicative of geographic targeting should be at least at the municipal level (Domelen 2007, 30). In developing countries where income tax systems are often weak or nonexistent, and where information asymmetries can be severe, categorical targeting is widespread (Conning 2002, 380). Overall, the Operations Evaluations Department

(OED) [World Bank, 2002], reviewing evaluations of social funds, concludes that while social funds have had mildly progressive geographic targeting, they have been less effective in targeting poor households (Rao 2005, 791). One effective way of addressing an issue such as this is by analyzing how the CDD process works inside communities, within their particular political, social and cultural systems (Rao 2005, 789).

The last approach, self-selection targeting, means that a program is designed to ensure that only those who really need the assistance will ultimately choose to participate (World Bank, 2013). This last approach, while being open to all, has incentives in place that seek to discourage non-poor populations from selecting themselves because they will be able to command higher wages elsewhere (World Bank, 2013).

Selection

In addition to these targeting mechanisms, Domelen (2007, 27) adds two more: the menu and eligibility criteria, and an inclusive and participatory micro-project identification and implementation process. These mechanisms can be used in tandem along with the aforementioned approaches to ensure an inclusive targeting process. The design of a targeting mechanism should be explicitly linked to a program's objectives. With programs carrying multiple objectives, multiple targeting mechanisms may be employed (Domelen 2007, 27).

Second, in terms of the menu and eligibility criteria, there are two characteristics that can affect targeting results: a menu is generally constructed to include types of infrastructure and services that are more likely to be used by the

poor, and eligibility criteria for services could be challenging, examples including the size of a community or the requirement for a community to have land title prior to the construction of infrastructure.

Lastly, an inclusive and participatory process can ensure that participation by beneficiaries raises the likelihood that an investment made by a central government or a donor agency will be used and maintained (Domelen 2007, 41). Design options for a participatory planning process will depend on where a program's objectives fall in the continuum between participation and social change (Domelen 2007, 41). Delving into one of the facets of CDD project design, community mobilization as part of creating an inclusive and participatory process includes creating a community needs assessment, hiring field facilitators to mobilize communities to participate in a project, and establishing transparent procedures for prioritizing investment proposals. This can be done through the use of a social assessment (Domelen 2007, 42). Common sense and substantial evidence suggest that community participation can lead to improved project performance and better targeting (Conning 2002, 376).

In all these instances, the design challenge lies in deciding which mechanisms to use to achieve the welfare objectives of the program designers. This has to be done while taking into account the constraints imposed by the possible strategic responses of households, intermediary agents and other stakeholders to the policy and to each other. Moreover, considering how these responses lead to new group formation, population movement, lobbying, and the like is very important too (Conning 2002, 380).

At the heart of the mechanism design problem is a judgment regarding the relative importance of delegation of tasks and responsibilities. Generally, a donor agency delegates responsibility for beneficiary selection and benefit delivery to local community groups. The pros of this approach are that the agency contracts to use the delegated intermediary agent's better information and access to local networks to carry out its program objectives (Conning 2002, 381).

Case Studies

I will look at the following case studies in turn, determining at which points specific targeting approaches and mechanisms were employed. Moreover, I will explore what effect they had, if any, on an emergence of elite capture within the respective projects. The first case study will be a focus on the Program Keluarga Harapan (PKH). The second case study will be on the Tanzania Social Action Fund (TASAF). These cases were chosen due to their similarity in general structure and specific emphasis on targeting and selection within their respective reports.

The literature is still relatively sparse, but continuing to emerge, regarding the investigation of CDD as it relates to targeting and selection. Taken together, these cases represent varied contexts while retaining a focus on CDD that will be adequate to explore the ways in which elite capture arises. The goal of presenting cases from different countries is to reveal just how central context is when trying to assess the occurrence and effects of elite capture.

Program Keluarga Harapan – Indonesia

This case study looks at the existing government program in Indonesia, and the degree to which local leaders captured targeted transfer (Alatas 2013, 3). Each year, the Indonesian government runs a number of household-targeted social assistance programs, with a total annual cost of over $2.7 billion dollars. Due to their nature and focus on social development at the local level, we can consider these as CDD programs. The programs are similar in design to the types of targeted programs observed in many developing countries (Alatas 2013, 9). The data for the project was collected to test the effectiveness of different targeting methods in the 2011 expansion of the PKH program. As part of the program a sample of 400 villages was chosen from the total of 2,500 villages where PKH was expanded to in that year (Alatas 2013, 11).

In this instance, the researchers look to uncover to what extent the central government enumerators could manipulate the process through the creation of a targeting list using household assets survey data (Alatas 2013, 4). Indonesia holds a potential beneficiary list which was generated by a poverty survey implemented by the Central Statistics Bureau (BPS). Using a procedure called a proxy-means test, the BPS collected asset data from those households identified by village officials as possibly poor, and then used a formula based on assets and other household characteristics to determine target beneficiaries. This procedure is also standard for many transfer programs in many developing countries to determine target populations (Alatas 2013, 5).

In the case study of the PKH program in one community, the researchers modified this approach by implementing a community-meeting approach, in which community members could modify the results of the poverty survey-based list in open, hamlet-level meetings, and an elite-meeting approach, in which only local leaders were invited to the meetings to modify the survey results in a meeting held behind closed doors (Alatas 2013, 5).

To draw a comparison between the approach of the researchers and the proxy-means test employed by Indonesia's government official, it was found that the difference between the original targeting lists drawn up by the government – which show no capture – and the final allocations of programs suggests that elite capture in this instance tends to occur during the final editing of beneficiary lists in program implementation (Alatas 2013, 7).

On the one hand, elite capture arises through leaders putting themselves or their relatives on a beneficiary list. On the other hand, elite capture through other types of patronage are possible, including leaders providing patronage to certain individuals or groups other than those directly related to them (Alatas 2013, 25). The research revealed that determining exactly what individual or groups of individuals may be receiving benefits before elite capture happens. It also reveals that this patronage to non-related persons and to non-elites may be due to elites, in this case, not having much higher levels of income in relation to their non-elite counterparts (Alatas 2013, 27). The main takeaway from the research is in focusing on improving methods to better predict stages in which elite capture can happen when targeting individuals and households.

Tanzania Social Action Fund – Tanzania

Our last case study focuses on the distribution of the TASAF program in Tanzania. Working in tandem with poverty targeting mechanisms distribution is an interesting and oft overlooked feature of CDD programs. There were three types of projects funded through TASAF. First, there was infrastructure which usually includes school creation and expansion as well as road and health facility improvements. Second, there was "Food-for-Work" with the work usually entailing road repair. Lastly, there is a focus on vulnerable groups that take shape in the form of entrepreneurial investments, typically including livestock and animal husbandry. Having all these options at their disposal can actually present a strategic problem for decision-making by local communities (Baird 2009, 16).

TASAF serves as an example of a CDD program cognizant of the elite capture phenomenon, having applications for projects go through a screening process whose purpose is to guard against it. In terms of targeting and selecting areas, TASAF underwent a large campaign where all of Tanzania's 11,000 villages were visited by officials. The officials made it a point to give information about the CDD program and how to apply for consideration of projects (Baird 2009, 7). Closer investigation of the applications submitted found that fewer than 5% of the wards submit applications. Furthermore, it was found that a few of the wards out of this percentage submitted over a thousand applications each, with others not submitting nearly as many (Baird 2009, 12).

Upon closer investigation of the distribution of applications received, it is possible that some communities are not educated or informed about the possibility

of applying for TASAF as much as others (Baird 2009, 12). Making the connection to literacy rates, researchers discover that the heterogeneity of populations is quite large with the most literate wards submitting about seven applications per capita, while the least literate wards submitting about two applications per capita (Baird 2009, 14).

Under its second phase (TASAF II), worth $150 million, up to one third of all Tanzanian villages had been expected to receive a TASAF sub-project by 2010. Sub-projects targeted three main beneficiary groups. The interventions on behalf of these beneficiary groups included service to poor communities through the improvement of social services and infrastructure, and the distribution of food to insecure households through public works programs. In the latter, beneficiaries received cash for work (Baird 2009, 5).

In terms of targeting efficiency, in this case it is defined as the amount of the total TASAF spending that goes to the bottom 40% of the within-district income distribution, explained by district-level attributes. Few significant determinants were found, with the exception of the overall wealth of the district. Research had found that by measuring the within-district targeting efficiency against the average district-level consumption that rich districts tend to do a worse job of targeting their own poor populations, relatively speaking (Baird 2009, 15). Moving beyond targeting of specific communities from a central agency, researchers also explored the use of "vulnerability" as a targeting criterion at the household-level of analysis through within-village targeting (Baird 2009, 17). The findings were that while TASAF programs targeting went well at the village

level, benefits continue to flow towards households that are both politically active as well as well-connected (Baird 2009, 19). This issue brings up questions regarding to what extent oversight and accountability can translate to a reallocation of resources. Despite the best intentional efforts of staving off elite capture and control, it is still apparent within as well as between communities.

Discussion

The case studies illustrate that the creation of household lists to determine target beneficiaries could be improved upon by making it mandatory for an oversight committee to be involved in its creation. The opportunity to patronage or the manipulation of the lists could be decreased by changing the place as well as the persons involved in its creation. By determining who will and who will not be on specific lists, done in consultation with the given community, it will be much easier to move forward in the project. Ultimately, measures will need to be taken to eradicate elite capture in the final stages of determining beneficiaries – as the case points out changes were made to the respective lists in their final editing by elites. Also, ensuring that targeting is implemented in the field could better improve delivery of service programs to the poor (Alatas 2013, 8). This can be done by requiring project planners to remain within a community to engage in targeting with community members all the while periodically checking the beneficiary lists for any discrepancies.

Communities that are less organized and knowledgeable of CDD programs are less likely to apply and often times need the development benefits even more. Internal struggle and division could significantly hamper the progress

of a community project. Putting in place a social and historical assessment of a community, perhaps in tandem with a community facilitator, can help to uncover internal strife before funds are disbursed. Even if a project is going well with all parties being content, it is still critical to identify the elite just in case matters turn for the worse.

Project designers may in fact think that the numerous options available for a community's choosing in the application process casts a wider net of applicants, as shown in the case of the distribution of funds and projects in Tanzania. Even if this is the case, more options can also be a very divisive problem. The likelihood of elite capture arising in this instance increases as different project types can be ruled out or favored based on the preferences of elite actors.

As a well-designed CDD program a strategy employed by the TASAF program was to have local officials visit villages in person to explain the rules of engagement for participating in the project. Undoubtedly, the procedures and logistics surrounding these visits ought to be clarified more. The research thus far implies that local elites, as well as community members, are able to determine what the preferences and proclivities of local officials are and steer their applications in kind. This becomes problematic when considering the desire for CDD projects to be demand-driven, not simply a regurgitation of a proposal to satisfy the desires of local officials.

Across the case studies is the continued focus on demand-driven service delivery, which is great in theory. However, an inherent flaw in targeting in CDD projects is having the most vulnerable groups overlooked in the application

process for funding consideration. The push and pull between demand-driven and supply-driven service delivery is not lost on the CBOs either. Demand-side factors in this complex, contextual relationship include household-level benefits garnered from group participation, and the costs of applying for and participating in a project. On the other hand, supply-side factors include targeting by village-level officials, as well as the desire of local officials to use their power to exert control over local groups (Baird 2009, 4). These competing interests can end up creating a project that is demand-driven in name only.

Communities, which are not all created equal, are put in a position to compete with each other for consideration. In terms of having communities in a competitive position to apply for project funds, CDD programs should take notice in the initial application stage that key vulnerable communities and the populations therein, can be excluded from CDD proceedings. More careful attention and measures should be taken to discern what communities are submitting applications. This can be done by a continued focus on geographical targeting, taking note of which communities are receiving resources. In tandem with this could be more of a focus on the social dynamics within the community: who specifically is applying for applications each time, what are the end uses of the projects, and how involved are communities in the process prior to an application being submitted.

Furthermore, strategies to assist in burgeoning the strength and ability of less organized or connected groups to apply for project funding could be paramount to ensuring a more equitable distribution of CDD programming

throughout sites in a country. The researchers offer up a two-pronged approach to dealing with elite capture. With capture occurring at the allocation stage, rather than within the targeting process, this suggests that reducing elite capture at the targeting stage along with ensuring those targeted receive the benefits of the CDD program, would be most effective in achieving the goal of the transfer ending up in the hands of the poor (Alatas 2013, 23).

CHAPTER 4 – DISBURSEMENT OF FUNDS

Introduction

This chapter focuses on the direct financing and contracting phase of CDD projects, with a focus on the disbursement of funds to communities. The community is usually represented by some form of CBO, sometimes known as a local project committee. Therefore, it is not the "community" that enters into a contract with the funding agency. Rather, it is the CBO representing that community (De Silva 2002, 1). Direct financing and contracting is a key facet of CDD and it entails the disbursement of funds to communities to take care of a range of responsibilities, including but not limited to: project implementation; hiring contractors, consultants and/or technical experts; employing skilled and unskilled labor; and the procurement of any necessary materials (World Bank, 2013). Financing places much of the administrative control onto CBOs to implement projects. Contracting is the means through which CBOs can exercise this autonomy while having an international agency play the role of a facilitator.

Initiating a community assessment as part of project preparation is used to assess the local capacity for community contracting. The assessment is meant to develop mechanisms of support and capacity-building to enable effective community contracting to take place (De Silva 2000, 8). Furthermore, financial management is a large piece of what can make a CDD project successful. However, some communities may be unfamiliar with sound financial management and disbursement procedures, leading to various ways in which funds can be mismanaged – intentionally or not. Both of these pieces bear

mentioning as one of the goals of CDD is to build the capacity of communities to determine for themselves what is needed while at the same time providing them an enabling environment to direct demand-driven planning initiatives. For the sake of brevity, I will focus on the portion most relevant to the disbursement of funds.

Financing

In terms of financing, once a subproject application is approved, the funding agency enters into a contract, or financing agreement, with a community. A subproject is a smaller, more specific initiative than an overall project. Whereas a project is generally larger and could take place across many communities, a subproject is more specific to a particular community. In most cases, the community is responsible for all aspects of subproject implementation, including procuring goods, hiring contractors, overseeing construction, and, as necessary, hiring technical experts/consultants to assist in these activities. The funding to the community is released on a tranche basis and depends on the size of the grant by the international agency, length of implementation period, and capacity of the community (De Silva 2002, 3). It is critical for the CBO or project committee in receipt of the funding to have a way of accounting for its disbursement, usually a bank account.

After the contractual agreement, the next step is the creation of an operational manual by the international agency for the subproject. Meant to be created during the preparation stage of the project cycle and finalized by appraisal period, the operational manual is a key document that describes the procedures to

be used to prepare and implement subprojects. It is geared towards the staff of the funding agency as the end-user. The rationale for creating the operational manual is that in a demand-driven mechanism, specific investments are not identified up front. In other words, the specificity of the subproject and line items for the budget grow out of the creation of the operational manual. Generally, an operational manual provides all the guidelines that will be used in preparing, screening, and implementing community subprojects (De Silva 2002, 10).

Working in tandem with the operational manual, which is targeted to the staff of the funding agency, is the making of a community handbook, created by both the international agency staff and the community. It is geared towards the community as the end-user. The community handbook describes the various aforementioned stages of implementation and activities to be undertaken by the community at each stage of project implementation (De Silva 2002, 11). This handbook remains within the community, catered towards the communicative needs and cultural understandings of the community.

Additionally, the funding agency provides training in all aspects of subproject implementation to the project management committee. Much of the training encompasses the following: procurement methods and rules; contracting issues including hiring transport, contractors and labor; safe storage of materials; procedures for assessing environmental impacts; bookkeeping; operating a bank account; recording minutes of meetings; and reporting. The length of the training will depend on the capacity of the community and how much training is needed (De Silva 2002, 20).

Methods

      There are a couple of ways to go about financing community subprojects. Financing is intricately linked with project design because to ensure that subproject can be managed at a community level it is important to keep project design and financial disbursement methods in line with a community's technical, managerial and financial capacity (De Silva 2002, 24). A tranche system disburses a certain amount of funding based on subproject process.

Lump-sum Method: The lump-sum method is preferred for use in projects that includes a large number of subprojects. In essence, the community is treated as a contractor and the financing agreement between the funding agency and community is based on a fixed-price or lump-sum payment. The financing agreement is essentially a contract between the funding agency and the community. Through this arrangement disbursements will be made, usually in tranches and on the basis of physical progress (De Silva 2002, 24). The disbursements made are a percentage of the total subproject costs, determined in advance of project implementation. The lump-sum method is based on physical progress, in terms of an infrastructure project, rather than financial progress (De Silva 2002, 25). International agencies are more likely to focus on the quality of the infrastructure being built, as a direct reflection of financing procedures. Nevertheless, there are still monthly financial reports that are due to the international agency from the CBO in this setup.

Actual-cost Method: Another possible arrangement is the actual-cost method where communities are financed according to the actual costs incurred as a result

of the subproject. This method is often used for larger value, more technically complex subprojects, such as addressing the water supply in cities, or when the costs of a subproject are difficult to estimate up front. Differing from the lump-sum method, the actual-cost method has a greater focus on the financial progress of a subproject. It is possible also to use a combination of the two methods and this really depends on the type of subproject to be funded (De Silva 2002, 24).

Procurement and Disbursement Procedures

The expectation by international agencies is that the CBO or the project management committee will follow procurement and disbursement procedures set forth by the funding agency. Keeping complete records at the community level on all financial transactions is meant to support this goal of transparency and accountability. Community meetings are generally required by the international agency, called at specific points in time to present its financial and physical progress reports (De Silva 2002, 25).

Working in concert with the required community meetings are financial and technical monitoring. These two aspects are linked in order to allow the international agency to compare a community's expenditure against the targets that it has set. Reporting formats combine information on physical and financial progress of community subprojects and are tied to the tranche system of disbursement. Being closely related to the overall monitoring and evaluation of a project, financial and physical monitoring is a tool meant to allow greater oversight of CBOs by international agencies. It is also meant to ensure that funds are accounted for and technical quality is maintained throughout the project

process (De Silva 2002, 32). Lastly, a final bank statement for the subproject

account must be provided for reconciliation with the final financial report.

Interestingly, it is stated by the World Bank that there should be no excess funds

at the end of a subproject, with a few suggestions as to what excess funds could

be used for. These options include increasing the scope of project work or using

excess funds for the operation and maintenance of a project asset (De Silva 2002,

37).

Case Studies

I will look at the following case studies in turn, determining at which

points within the direct financing and contracting that the disbursement of funds

occurred. Moreover, I will explore what effect the disbursement and handling of

funds had, if any, on an emergence of elite capture within the respective projects.

The first case study will be a focus on the Paramount Chief Restoration Program

(PCRP) in Sierra Leone. The second study will be on the implementation of the

CDD approach in an anonymous African community. These cases were chosen

due to their similar emphasis on the disbursement and handling of funds. In each

of these cases the operationalized form of elite capture, corruption, was apparent.

Arguably the most challenging focus within CDD project design is an

attempt to "follow the money". In developing and transitional economies it can be

challenging to assess what happens to funding, especially if solid and transparent

management information systems are not put in place to ensure accountability.

Furthermore, it is challenging to have stakeholders, whether project participants

or international agencies, admit to witnessing or participating in "capture" of

funding. Nevertheless, the following case studies provide some interesting insight by project participants in different localities, shedding light on the nature of corruption and the embezzlement of project funds in particular. In this formulation, I am suggesting that elite capture is the same as corruption as it relates to fund disbursement.

Paramount Chief Restoration Program (PCRP) – Sierra Leone

There are three distinct and separate political groups within a local government in Sierra Leone: politicians, chiefs, and district administrators. Adding to the political and administrative environment are the NGOs and international agencies. It is important to note that Sierra Leone had recently emerged from a civil war, undergoing reconstruction. The suspension of district councils in 1972 was lifted in the early 2000s, making room for the Local Government Act of 2004 by the Government of Sierra Leone. Within the framework of this environment, the United Kingdom Department for International Development (DFID) initiated the PCRP Program in Sierra Leone.

There is much, rich context in which the project implementation portion of PCRP came about, but for the purposes of my research I will focus specifically on the disbursement of donor grants. With the oversight of the International Monetary Fund (IMF), "good governance" practices were required of the disbursement of grants by the DFID. Starting with the distribution of grants, fraudulency and finger-pointing abounded, with a Ward Development Committee (WDC) member claiming that council authorities – put in trust of the funds – showcased favoritism towards their own respective wards when disbursing funds

(van Overbeek 2008, 57). Claims were made that councils responsible for distributing funds towards wards showed favoritism (van Overbeek 2008, 57). Furthermore, the disbursement of funds is tied to the Sierra Leone government meeting minimum conditions in "governance practices" as set by the IMF (van Overbeek 2008, 57).

When the funds are disbursed, a duality of roles is at play within Sierra Leone – that between the formal, governance structure and the informal, chieftain structure, the latter being a structure developed out of local tradition. The interplay between these two forms of governance is fluid and seemingly well understood by Sierra Leone residents. Under the Sierra Leone central government sits the provincial secretary. Under the provincial secretary are both district/city council and respective line ministries. Sitting slightly under this level is the chiefdom council – the local governance structure.

The interplay between the district/city council and chiefdom makes it clear that within these two structures, some key players play dual roles. The formal governance structure starts with the district/city council, comprised of a chief administrator who oversees the councilors of the administrative wing of the government. Within this structure the WDCs are situated under the councilors of the administrative wing. The informal governance structure starts with the chiefdom council, comprised of a chiefdom administrative office, which the paramount chief reports to. Underneath the paramount chief are section chiefs, tribal authorities, town chiefs and village heads (van Overbeek 2008, 28). Within this structure, the WDCs are situated between the section chiefs and the tribal

71

authorities. Confusion could start with persons filling dual or multiple roles in these structures.

With NGOs continuing to choose the paramount chiefs, or head of the traditional form of local governance, as an intermediary to initiate development projects, it is clear that the purported direct relationship between NGOs and CBOs could be stifled before it even is started. More succinctly, if NGOs do not have an understanding of the different roles that paramount chiefs play, their most intentional attempts to mitigate elite capture could be subverted through the sheer complexity of varied roles that are played by the chiefs. With a variety of pre-existing local committees in place, it is unclear what the strategy is to assess the representativeness of any of them. These committees, usually chosen as development project partners, are in reality extensions of the local paramount chief, or local politically elite structure.

Being responsible for project implementation under the CDD approach, the WDCs are in charge of the disbursement of funds but face challenges when funds are distributed between regions and communes (van Overbeek 2008, 57). Whether these committees are the WDC, the Chiefdom Development Committee (CDC) or the Village Development Committee (VDC) the patronage system and elite power structure remain the same in Sierra Leone. These local groups in charge of development, which we can consider as CBOs still used patronage. Patronage here is used in a political sense, meaning the power to control appointments to office or the right to privileges.[1] This case provides a description

---

[1] Taken from Oxford Dictionary

of the environment in which corruptive practices manifest in the country, which could be an impediment not only in Sierra Leone, but in other places looking to implement CDD projects. This case makes clear that there could be a structural cause through which elite capture manifests itself.

Unnamed Rural African Community

The focus in reviewing this case is to "follow the money" from the disbursement to the responsible persons and purportedly to the recipient communities. Within this case I will look specifically at the operationalization of elite capture, namely corruption. The type of corruption that will be highlighted through this case study will be embezzlement, or the misappropriation of public funds (Cavill 2006, 4).

Within this particular community, the three levels of actors in the CDD project are administrators in the nation's capital, district level government officials, and local village leaders. The district level government officials were placed in charge of overseeing infrastructure projects. The local village leaders were "elected" in target areas to manage funding and implement projects. An auditing and oversight system was created where the administrators in the nation's capital would conduct occasional audits; however, they were generally met with silence by district level officials and village leaders (Ensminger 2007, 6).

The allocation of funds from the district level to numerous sub-district, or community level, locations proceeds as such: procedurally a meeting is called that any and all member of multiple villages who are competing with each other for

projects can attend (Ensminger 2007, 6). Such competition for project funds amongst villages led to backdoor deals and promises that would ensure that some communities would be eligible for project funding, while others would not (Ensminger 2007, 6). This institutional setup led to district level government officials being promised "kickbacks" for choosing one community over another. A kickback is a type of corruption defined as a reward for a favorable decision – in this case a financial reward (Cavill 2006, 4). As one may expect, villages that were not able to ensure a kickback, in the range of 15-20 percent of project costs, were not contenders for projects (Ensminger 2007, 6).

As part of the project set-up sub-project communities were required to raise a particular amount of money and/or in-kind donations at about 30 percent of the total project cost. This fundraising effort almost never happened as once a project is underway, village leaders are given access to the bank account containing the project funds (Ensminger 2007, 6). Strict rules, regulations, and auditing procedures to monitor project funds were not complied with. Community members who may have wished to speak out about any malpractice were discouraged by village leaders as well as district government officials (Ensminger 2007, 7).

The embezzlement of funds occurred in a water dam project whose goal was to provide water for humans and livestock to use during the dry season. This was in fact a desired project by the community and meant to serve the interests of a good portion of it (Ensminger 2007, 7). There were three young men from the given community chosen to run the project because of their being able to

convince district officials to divert the project money from its original assignment. The original assignment of project funding was meant to repair another village's dam.

One example of how funds were effectively diverted was in the form of creating a local monopoly. The three young men leading the project arranged for all project workers from the community to receive payment for their work in the form of credit taken at one local shop (Ensminger 2007, 7). Allegedly, about 70 percent of the project funds were diverted, in a variety of ways, to the project leaders and any others whom they paid off for compliance with the embezzlement. With only 30 percent of the necessary funding left for carrying out the construction of the dam, the functionality was severely compromised (Ensminger 2007, 7). Unfortunately, district government officials, also complicit in the embezzlement of project funds, inspected and approved the project upon its completion. This is a clear indicator of corruption and window-dressing most likely meant to appease the international funding agency involved.

Discussion

Before a proper community intervention can take place, the need to understand, and respect, the sociocultural and historical happenings of a country simply cannot go unnoticed or ignored. This is immensely important especially when considering the disbursement of funding. Understanding the operating environment in which the allocation of funding will be entering is imperative to ensuring it is spent wisely. The case of Sierra Leone reveals the intensive and intricate duality that a government institution can have in relation to more

traditional forms of governance. Regardless of the institutional setup initiated by an international agency, understanding the interplay between a government and its people within a country context will help in the budgeting and financial management of a project. Emerging from the literature is that a governance structure, placed upon many developing countries during colonial times, remains the formal governance and institutional structure through which public services are provided to its constituents. What is less focused upon is the traditional, local forms of governance which, since colonial times, the colonial governance structure was presumably meant to subvert or replace (van Overbeek 2008, 113).

Governance Structure

Although it is unclear exactly how money received from international agencies such as the IMF or DFID are allocated, what is clear within the sociopolitical structure of Sierra Leone is that the patronage system is the primary driver of corruption. In that regard, the corruptive practices that political elites and local leaders undertake tend to meet the expectations of their "clients" or community members. Simply put, feelings of reciprocity link those who are related or even family friends, to fuel the corruptive practices that take place (van Overbeek 2008, 67).

As a result of this form of syncretism between neoliberal and traditional forms of governance, a convergence of the two institutional structures can provide a challenging and confusing operational environment in which NGOs and international agencies have to work. Moreover, the entrance of NGOs and international agencies add to the complex political and administrative

76

environment, bringing with them their own assumptions and abilities. So, what does this mean for the contracting of CBOs and disbursement of funds? Well, the structure influences the actions taken by key actors, thereby providing an avenue through which we can better understand and mitigate elite capture.

Bearing in mind the dual institutional nature of developing country contexts, international agencies should take measures to assess the way a country's formal and informal governance structures works before responding to demand-driven service delivery requests. Just because a CBO representing a community has prepared an application for a CDD program does not mean that the operational environment they are attempting to implement the program in is ready. Even the best organized and accountable systems can be subverted by the institutional context in which a CDD project is meant to happen. A solid understanding of the formal and informal government structures, as well as the interplay between each is critical to CDD project implementation and the mitigation of elite capture. Attempts at simply strengthening the formal governance structure of a country, traditionally called "good governance", is essentially based on western standards and ideals. Furthermore, such attempts are quite futile without recognition of its interplay with a country's traditional forms of governance.

Points of Contact

A second major issue leading to elite capture is international agencies and NGOs choosing the point of contact that they will be working with. The tendency continues to be to choose those whom, understandably, the international agency

77

feels are most capable of working with them in a constructive way. Unfortunately, this reasoning leads to international agencies choosing points of contact that tend to be elites. As a result of the aforementioned dual institutional structure, many a time these local elites are heavily influenced by patronage, noted from the literature as a key driver behind corruption. Closely linked to patronage in this sense are possible feelings of reciprocity. This link helps us to understand in a more nuanced sense as to how the motivational factors of elite capture may be quite different from our original assumptions – one that elites capture resources solely for their own, personal benefit. In many respects, this feeling of reciprocity[2] could be a huge motivational driver behind corruption. Diminishing it will in turn diminish corruption.

Closely related to an international agency choosing a project leader, it is important to be equally critical of persons pushed forward by a community. In the case study of the water dam project, we can consider how the three young men could be seen as heroes for being able to steer the resources meant for another place to their community. Understanding from what context a person is pushed forward, or voted in by a community could mean the difference between elite capture and a more sustainable, fair and participatory process. Some community members may feel they have no choice but to vote elite into a position of power, as they may very well have been instrumental in providing the opportunity for a wanted or needed project in the first place. This continues to show how feelings of reciprocity can be tantalizingly intertwined with corruption and elite capture.

---

[2] Also taken from Oxford Dictionary: "the practice of exchanging things with others for mutual benefit, especially privileges granted by one country or organization to another"

Empowerment of Administrators

Thirdly, with the focus of the CDD approach being on the empowerment of vulnerable groups of people, it may be easy to overlook the fact that those who are administrators and project managers also need to exercise a certain degree of administrative power and oversight to *enforce* accountability mechanisms. This lack of real power by administrators, in tandem with being far away from what is happening locally, support an environment that breeds corruption.

The lack of auditing and monitoring of money, especially in terms of kickbacks, need to be corrected. This can be done by hiring a third-party organization, such as a local NGO or human rights organization, to take on this portion of the work. The back door deals initiated by political elites and project leaders are practically impossible to account for. A rule should be instituted that would account for this by stipulating that at a particular point in a CDD project – perhaps once a project cycle is begun – meetings between certain political elites are not allowed. The repercussions for meeting would be voiding the CDD project and being banned from future CDD projects for a certain amount of years.

Community Responsibility

The responsibility for dealing with elite capture is just as much one of the community as well as the funding agency. One of the ways in which communities will be more invested in the mitigation of elite capture is the need for communities to raise a certain amount of funds prior to project initiation. Although this is currently put into practice, it can be subverted. The literature reveals that local leaders and political elites could easily subvert this process by

putting their money up front to essentially fund a project, which in effect places the community at their behest. Additionally, this type of behavior, once discovered, would lead to expulsion from a CDD project for a certain number of years.

Important to consider is determining who will be responsible for enforcing a wide range of strict rules and procedures. Devolving a lot of responsibility or the entirety of responsibility, onto local communities may seem like a wonderful idea in theory. However, in practice this ideology harkens to the idea that local communities by their very nature are benevolent. I advocate for an oversight and accountability board comprised of the following people: a member of the CBO, a member of the general community, a member of the international agency, a member of the local government, and a member of the central or state government. This board, comprised of five people, will have the sole responsibility of enforcing the aforementioned, hard-lined rules that I have recommended.

Collaboration with an international human rights organization, such as Amnesty International, could help to provide strength and advice to this board. It is abundantly clear that the persons chosen to make up this board should have demonstrated consistency and a dedication in their prior work as well as having a solid understanding of the practical and theoretical underpinnings of the project and country context. To assist in attaining this baseline understanding within the group, a collaborative training and learning workshop will need to be held, preferably hosted by an external facilitator, to help the group congeal. Growing

out of the creation of this accountability board could be practices such as popular education encouraging members of a community to speak out against perceived malpractice. Further training to ensure people who do speak out do not face repercussions for doing so during or after a project will be critical. Moreover, board members will be responsible for understanding the sociopolitical implications of such an action as part of their training.

Growing out of these recommendations for effectively "following" and accounting for the money steers away from more traditional forms of accountability mechanisms and procedures. At the same time, the recommendations do not completely do away with these mechanisms. Rather, the strategies employed take into consideration an oft overlooked or underestimated influence of the political economy of a country.

By respecting the interplay between the local, traditional governance structure and the neoliberal governance structure, it becomes easier to see the ways in which elite capture can manifest in something as small as a community subproject. Instead of trying to reconcile these differences and tensions in varied governance structures, it is a better use of time for project planners to understand how formal and informal government structures work together. The interplay between these two structures is not lost on local communities or project participants from any country, respectively. By project planners being more cognizant of this underlying complexity, they will be better able to understand the different roles stakeholders are playing, making way for recognizing and mitigating elite capture within these naturally fluid roles.

CHAPTER 5 – CONCLUSION

This study sought to understand the existence and formation of elite capture as it pertains to CDD projects, which are meant to be bottom-up and inherently participatory. The general literature is evolving, as it relates to the efficacy of understanding and addressing elite capture within the international development community. The study sought to answer two important questions, vital to assessing and improving CDD and related policy and planning initiatives in general:

- How does the phenomenon of "elite capture" arise in CDD projects?
- How can the design of a CDD project mitigate the misappropriation of social funds from NGOs to CBOs?

In what follows, I will summarize the key findings of the study. Then, I will present the theoretical and policy implications of the research. Next, I will investigate some current trends of literature on the topic, which may serve as a catalyst to opening up new avenues of inquiry. Lastly, I will discuss the limitations of this study as well as suggest potential directions for further research.

Empirical Findings

The second chapter reveals that mitigating elite capture necessitates developing strategies and tools to better understand the underlying motivations of project participants, along with developing a system for background checks of key project participants. Through the use of these tools it will be easier to assess to what extent genuine interest in a project as well as whether participants might be coerced into participation. The creation of strategies to uncover the reasons why a

person, or persons, participates in CDD project design was put forth as a strategy to mitigate elite capture. This idea grew out of the realization from the literature that community members are not necessarily unaware of elite capture and can in fact be in agreement with it.

The third chapter reveals that more effort should be placed by international agencies to involve and work with less organized and connected communities to submit applications for CDD projects. This can allow more of a balance to stave off unfair applications by more eager and connected elites within specific communities. The fourth chapter reveals that a better understanding of formal and informal governance structures needs to be a part of the CDD project process. It is within this structure, understandable to communities but perhaps lost on international actors, that elite capture can be shrouded. Another major point of this chapter is that the onus is not only on project planners to mitigate elite capture, but also on the community to work together with agencies to address it without fear of repercussions by elites or others.

Having project planners put in place the necessary funding and personnel to follow up on CDD projects was termed as very important. Through having these pieces in place, it can become clearer to international agencies whether the participation in the project was genuine, or whether it was more window dressing on behalf of local leaders and communities to access funding for other means.

The public meeting was raised as needing to be revisited. Still used as a tool to solicit ideas and determine agreement, more of a focus on where and how public meetings happen can make the difference between having all voices in a

community heard or the voices of just a few. Putting a mechanism in place for project planners to understand whether to go ahead with a project, and why, was termed as important. This idea is tied to the aforementioned point of determining whether a project is demand-driven or supply-driven. Some CDD projects will have to be denied due to a lack of preparedness on the part of local leaders and communities. The fine-grained details as to how and why a project is being demanded are important. Lastly, putting a stop to the unrestricted access to funding and the implementation of a system of checks and balances is very important. More needs to be done for all parties involved to be more accountable to each other, whether a CBO or an international agency.

To ensure fairness in targeting and selection, all relevant stakeholders should be conscientious of who is involved during the final stages of list creation. Involving community participation in this work could be helpful, but being cognizant of communities leaving the final decisions in the hands of local leaders should be well understood and protected against. More efforts to involved project planners in visiting sites and determining in tandem with CBOs who needs services are important. Communities may find ways to subvert this field-based method, but at the very least it leads to connecting project planners and communities more closely in decision-making.

An undervalued tool that could be envisioned and further developed would be a social and historical community assessment. In addition to understanding whether a project is demand-driven or not, this assessment would allow project planners and other stakeholders to better determine the proposed need by

communities. This tool would look to uncover social hierarchies and dynamics to determine more definitively the nature of the demand for a project. After all, the CDD approach prides itself on the development and demand of it coming from communities.

There should be better recognition by international agencies initiating CDD projects as to what project applications they are receiving, and from where. The disparity between groups could be just as detrimental as within groups. The literature has demonstrated that there are cases where some communities in a country submit many applications while others none at all. Keeping close track of project application submissions can help international agencies better strategize to locate and strengthen groups that are unable to create applications to compete for funds for CDD projects. The most vulnerable communities are those that do not even have the means or requisite knowledge to submit an application – and they ought to be recognized and supported accordingly.

There is a connection between formal governance structures spanning from colonial times, and informal governance structures. This is critical to understanding the general context of elite capture. Regardless of whether a CDD project involves a country's formal governance structure or not, it still influences the actions taken by local leaders and community members. Simply strengthening the formal institutional structure, termed as the "good governance" approach by whom will not suffice to mitigate elite capture. Special attention needs to be paid to understanding informal governance structures that may be steeped in a country's cultural practice and traditions, as well as how the two interact.

The dual roles that local leaders tend to play in the formal structure and informal networks give way to patronage and reciprocity. International agencies need to better understand this operating environment, and the social networks at play, to determine influential actors involved in patronage and reciprocity. Emerging from the literature is the idea that local leaders and communities already know this structure quite well. A lack of knowledge on the part of the international agency could mean a CDD project being nothing other than a means to another end, unbeknownst to a funding agency.

Diminishing patronage and reciprocity will lead to the decrease of elite capture. In addition, the idea of another board was put forth, more focused on accountability. This board would undergo training in sociological techniques meant to help them better understand the sociopolitical situation of a country and develop a baseline of understanding amongst board members. The following summary provides a brief synopsis of the ways elite capture happens within each component investigated:

PLACES ELITE CAPTURE HAPPENS IN CDD		
PROJECT DESIGN	**TARGETING AND SELECTION**	**DISBURSEMENT OF FUNDS**
Selection of project leaders to work with international agencies	Creation of household lists to determine who will benefit from a project	patronage, money given to others (elite or non-elite) within a social network
Application process to determine eligibility for project funds	Choosing project types for implementation	Choosing point of contact responsible for funds within a local, CBO account
Formation of CBOs to interface with international agencies	Choosing who will do targeting of beneficiaries	Inadequate auditing procedures for project funds and payment

Theoretical and Policy Implications

The theoretical case for elite capture states that local elites attempt to control local institutions for their own benefit (Zhou 2011, 1). This research set out initially resting upon the idea that elite capture is a tangible phenomenon that can be measured by information distortion and the embezzlement of funds. Elite capture suggests the usurpation of numerous forms of power through a person, or group of persons, social position in a community. This positioning can lead to patterns of behavior that place more economically well off individuals against those with less power and less means (Dutta 2009, 3). Corruption and

manipulation are other, more concrete terms that capture the essence of elite

capture throughout the literature (Dutta 2009, 3).

However, these descriptions of elite capture, although varied in nature, do

not pay enough attention to, nor give enough respect for, the abilities of local

communities. Mitigating elite capture, therefore, is not as simple as working with

or against local elites, as suggested by Wong (2010, 2). Furthermore, it is not as

easy as ensuring that elites at the national level of a country are supervised, as

suggested by Pozas (2011, 36). Rather, the emergence of elite capture across a

variety of situations is context-specific, requiring newer, more flexible strategies

to uncover the phenomenon.

Simply put, a plethora of manuals and accountability mechanisms is not

the most effective way to mitigate elite capture. The research has left me in most

agreement with the conclusions drawn by Lund & Saito-Jensen (2013, 1) of elite

capture being nested in social relations, with power being exercised by everyone

and everywhere, rather than within a stable structure. It is this dynamism and

elusiveness of elite capture that call for new forms of identification in planning

and policymaking. Working with local, social perceptions of hierarchies along

with the views of international actors could serve as the best case scenario for

identifying elite capture together and strategizing to deal with it collectively.

The theoretical case for decentralization keys in on the idea that

communities are the best situated and most knowledgeable actors to determine the

course of their own development. It is perhaps tempting to think that the initiation

of such a program could not possess instances of elite capture; however, the study has revealed differently.

The CDD approach needs to be revisited to further understand the plight of poor and vulnerable groups and how their conditions can be improved upon. Evidence from numerous studies and this study indicate that CDD projects may not be functioning as well as international agencies presume when it comes to achieving its three main goals. Stakeholders in CDD projects need to better understand the limitations of CDD and how elite capture can bypass its well-meaning and intricate formulation. The results of the study make two things abundantly clear: the CDD approach should be implemented with cautious optimism and with the notion that elite actors are ever-changing and possibly supported by others who are not necessarily "elites" themselves.

These results confirm van Overbeek (2008, 67) who most clearly puts forth the idea of patronage and reciprocity fueling elite capture practices. There is no best practice that can quickly identify elite actors. However, a more nuanced understanding of the historical and sociopolitical context in which a CDD project is implemented can lead to a more confident identification of elite actors over the long term.

Policy should move in the direction of more consensus and collective action among a diversity of actors, rather than remain paralyzed by the daunting task of defining elite capture and deciding who has the sole responsibility to identify it over the course of a project. Deciding how elite capture will be defined could be a starting point to working with a community to mitigate elite capture. A

drawback to this approach is that it may lead to different formulations of elite

capture across community contexts. However, coming up with a definition with a

community could be most realistic to move past cultural barriers, stifling

semantics, and differences of opinion among actors. As practitioners and scholars

continue their work with communities, these are the areas that need to be talked

about. It is my desire that the research has provided some interesting and valid

points to think about for those engaged in or interested in work with communities.

Limitations of the research

This study has offered an evaluative and analytical perspective on the

CDD approach in a variety of national and local environments. It was conducted

largely through meta-analysis. As a result of this methodological choice, the study

has some limitations. Due to a lack of access to more specific project documents

or challenges related to involved actors talking about elite capture in their own

projects, it was a challenge to get more fine-grained details in the case studies.

It is not advantageous, and could even be detrimental, for employees of

international agencies to admit to elite capture happening in their own project. In

this respect, difficulties arise when accessing information about projects in

general, and CDD projects in particular. This same reasoning applies to actors in

other positions, such as members of a participating CBO. Due to time constraints

and a lack of access to local communities or CBOs in the respective countries, a

more balanced perspective on elite capture was not attained. Also, research on

elite capture and CDD is still evolving. It is apparent that literature is still being

developed on the topic, and it seems clear that more cases will be in existence in

the near future. The research study also faced problems locating documentation of suitable cases to conduct document analysis, exploring elite capture with enough depth to draw more substantive conclusions.

Nevertheless, the study showcased extensive analysis and synthesis from a wide span of sources on major concepts in the interaction between elite capture and CDD that should not go unnoticed. Scholars and practitioners alike should find useful information, meant to engender reflective ways of looking at the communities they study and work with. To generate achievable policy and planning strategies and development targets with regards to the mitigation of elite capture, there is a need for more case studies at the local level to allow further exploration. Studies are continuing to be released at the time of this writing, showcasing the increased interest in the subject matter as well as sense of responsibility in the field to be cognizant of its implications. The complexity of elite capture along with laying out the foundations of the modern CDD approach was done with care to provide enough focus to the study questions and to strengthen the empirical results therein.

Recommendations for further research

The debate surrounding the efficacy of the CDD approach at the local level, especially how it affects elite capture, is quite extensive and multi-faceted. Further research to be undertaken on the Project for Participatory Community Development (PRODEP), a recent CDD project in the Republic of Haiti, could be an avenue to explore the following as strategies to determine the effectiveness of the CDD approach in mitigating elite capture. At the time of this research,

numerous news outlets have alleged that PRODEP is a CDD project guilty of elite

capture. The strategies to better explore these claims could include:

1. An in depth study of country governance structure and context
2. Further research delving into the creation and dissolving of CBOs in Haiti
   in response to CDD projects in general
3. Qualitative interviews of a wide range of actors (project planners, local
   leaders, community members) to gather more perspective on the relation
   of the subject areas: elite capture and CDD
4. A comparison and synthesis of monitoring and evaluation studies to
   determine to what extent, if at all, elite capture is addressed in the study

Others interested in conducting research and using these strategies can certainly

apply them to their respective countries and communities of interest. The study is

worthwhile of further investigation for a variety of reasons. Firstly, studying

governance and formal structure will be imperative to having an understanding of

the operating environment of CDD. Even for international agencies that choose

not to work with a national government, they must realize how the government

can affect their work, even at the local level.

Looking at the creation and dissolving of CBOs could serve as an

indicator to the long-term sustainability of CDD projects. It could also serve as an

indicator of who is benefiting from a project or intervention long after an

international agency is gone. Local elites and community members could hide

their true intentions for only so long, and it seems that continuing a CBO solely to

prove that elite capture did not happen would not be in their purview. In this case,

the CBOs that should be studied should be ones that were created in response to a

possibility of CDD happening within a respective community.

Making the time to interview and/or conduct focus groups with various

actors could lend great insight into intergroup relations as well as how they view

each other's' intentions within the frame of a CDD project. Although the subject matter could prove challenging to draw out in depth answers, questions focused on perceptions and roles within a CDD project could unveil inherent biases. The monitoring and evaluation of a project are meant to determine if a goal is being reached. Even more than that, the evaluators should be cognizant of the fact that elite capture could be arising within projects. Such knowledge may not be implemented in the training of evaluators, leaving a substantial gap of knowledge that could be critical to determining the truthfulness of a project being community-driven or not.

The most recent research states that moving from simple, snapshot evaluations, to evaluations that investigate the social order of a locality will prove more effective in determining elite capture moving forward (Lund & Saito-Jensen 2013, 8). Determining the baseline from which evaluators are operating could serve as a good first step to mitigating elite capture through the creation of an accountability board. These boards, meant to incorporate many differing views, should ease the question of whose perception or opinion of elite capture matters. Also, collectively actors can come to an agreement on to best course of action in a project to meet the equity needs of a community.

The CDD approach has only provided a partial solution to centralized planning processes that lack the input of the poorest and most vulnerable populations. The benefits of the CDD approach in staving off elite capture have been shown to be neither comprehensive nor immune to elite capture in and of itself. Regardless, the purported drawbacks of CDD could be addressed and the

93

overall approach strengthened in light of what is understood about the elite capture phenomenon. Through this contribution to the literature on elite capture and CDD, I have painted a picture of how project operations can function more effectively in the future.

The study has pointed out the significance of elite capture in affecting many aspects of a project – beyond my initial study interest of financial funding and embezzlement. These findings are important for the field of international development because they can help international agencies better understand possible biases of a community prior to engaging in a CDD partnership. Through collective actions and understanding, CDD programming will be better implemented leading to social as well as financial gains. Even more than that, vulnerable groups will have more say within CDD projects, leading to the achievement of CDD goals as well as more attention to equity considerations.

Bibliography

Abegunde, A. A. 2009. "The Role of Community Based Organisations in Economic Development in Nigeria: The Case of Oshogbo, Osun State, Nigeria." *International NGO Journal* 4 (5): 236-252.

———. 2009. "The Role of Community Based Organisations in Economic Development in Nigeria: The Case of Oshogbo, Osun State, Nigeria." *International NGO Journal* 4 (5): 236-252.

Aiyar, Swaminthan S. 2001. *Sourcebook for Community Driven Development in Sub-Saharan Africa Community Driven Development in the Africa Region*. [Washington, DC]: [World Bank].

Alatas, Vivi, Abhijit Banerjee, Rema Hanna, Benjamin A. Olken, Ririn Purnamasari, and Matthew Wai-Poi. 2013. *Does Elite Capture Matter? Local Elites and Targeted Welfare Programs in Indonesia*.

Alkire, S., A. Bebbington, T. Esmail, E. Ostrom, M. Polski, A. Ryan, J. Van Domelen, W. Wakeman, and P. Dongier. 2001. "Community-Driven Development." *PRSP Source Book*.

Asomba, Emmanuel. 2010. "Stepping Out of the Shadows, there was Carice, Haiti: It was (and Will be) Co-Governance to Support Public Actions." *Journal of Eastern Caribbean Studies* 35 (2): 80-92.

Babajanian, B. V. 2005. "Bottom Up and Top Down? Community Development in Post-Soviet Armenia: The Social Fund Model." *Social Policy and Administration* 39 (4): 448-462.

Badiru, Idris. "Facilitating Community Driven Development in Nigeria A Handbook for Community Facilitators." VDM Verlag Dr. Müller.

Baird, Sarah, Craig McIntosh, and Berk Özler. 2009. "The Squeaky Wheels Get the Grease: Applications and Targeting in Tanzania's Social Action Fund." *University of California San Diego Working Paper*.

Bardhan, Pranab and Dilip Mookherjee. 2012. "Political Clientelism and Capture."

Beard, Victoria A., Menno Pradhan, Vijayendra Rao, Randi S. Cartmill, and Rivayani. 2008. "Community-Driven Development and Elite Capture: Microcredit and Community Board Participation in Indonesia." In *Planning and Decentralization: Contested Spaces for Public Action in the Global South*: Routledge.

95

Ben, D. E. and A. Riedl. 2008. *Elite Capture, Political Voice and Exclusion from Aid: An Experimental Study*.

Bigdon, C. and B. Korf. 2004. "The Role of Development Aid in Conflict Transformation: Facilitating Empowerment Processes and Community Building."

Binswanger-Mkhize, Hans P., Jacomina P. de Regt, Stephen Spector, and World Bank. 2010. *Local and Community Driven Development: Moving to Scale in Theory and Practice* [AT TUFTS]. Washington, D.C.: World Bank.

Bowen, G. A. 2009. "Social Capital, Social Funds and Poor Communities: An Exploratory Analysis." *Social Policy and Administration* 43 (3): 245-269.

Bradburn, Norman M., Seymour Sudman, and Brian Wansink. 2004. *Asking Questions: The Definitive Guide to Questionnaire Design: For Market Research, Political Polls, and Social and Health Questionnaires*. San Francisco: Jossey-Bass.

Cavill, Sue. 2006. "Combating Corruption in the Delivery of Infrastructure Services."

———. 2006. "Combating Corruption in the Delivery of Infrastructure Services."

Chavis, L. 2010. "Decentralizing Development: Allocating Public Goods via Competition." *Journal of Development Economics* 93 (2): 264-274.

Conning, Jonathan and Michael Kevane. 2002. "Community-Based Targeting Mechanisms for Social Safety Nets: A Critical Review." *World Development* 30 (3): 375-394.

Dahiya, B. 2003. "Peri-Urban Environments and Community Driven Development: Chennai, India." *Cities* 20 (5): 341-352.

Das Gupta, Monica, Hélène Grandvoinnet, Mattia Romani, World Bank. Development Research Group. Public Services., World Bank. Development Research Group. Rural Development., and World Bank. Africa Technical Families. Poverty Reduction and Economic management. 2003. *Fostering Community-Driven Development: What Role for the State?* Washington, D.C.: World Bank, Development Research Group, Public Services and Rural Development, and, Africa Technical Families, Poverty Reduction and Economic Management.

Dasgupta, Aniruddha and Victoria A. Beard. 2007. "Community Driven Development, Collective Action and Elite Capture in Indonesia." *Development and Change* 38 (2): 229-249.

Dasgupta, A. and V. A. Beard. 2007. "Community Driven Development, Collective Action and Elite Capture in Indonesia." *Development and Change* 38 (2): 229-249.

Dasgupta, Aniruddha and Victoria A. Beard. 2007. "Community Driven Development, Collective Action and Elite Capture in Indonesia." *Development and Change* 38 (2): 229-249.

De Silva, Samantha. 2002. *Communities Taking the Lead: A Handbook on Direct Financing of Community Subprojects* World Bank.

———. 2000. *Community-Based Contracting: A Review of Stakeholder Experience* World Bank.

Dongier, P., J. Van Domelen, E. Ostrom, A. Ryan, W. Wakeman, A. Bebbington, S. Alkire, T. Esmail, and M. Polski. 2003. "Community Driven Development." *World Bank Poverty Reduction Strategy Paper*.

Dutta, Diya. 2009. "Elite Capture and Corruption: Concepts and Definitions."

Eade, Deborah and John Sayer. 2006. *Development and the Private Sector: Consuming Interests*. Bloomfield, CT: Kumarian Press.

Ensminger, Jean. 2007. *Getting to the Bottom of Corruption: An African Case Study in Community-Driven Development*.

Florin, P. and A. Wandersman. 1990. "An Introduction to Citizen Participation, Voluntary Organizations, and Community Development: Insights for Empowerment through Research." *American Journal of Community Psychology* 18 (1): 41-54.

Fritzen, S. A. 2007. "Can the Design of Community-Driven Development Reduce the Risk of Elite Capture? Evidence from Indonesia." *World Development* 35 (8): 1359-1375.

Gaber, John, Sharon L. Gaber, and American Planning Association. 2007. *Qualitative Analysis for Planning and Policy: Beyond the Numbers*. Chicago, Ill.: Planners Press, American Planning Association.

Gillespie, S. 2004. "Scaling Up Community Driven Development: A Synthesis of Experience." *Washington, DC: World Bank Social Development Paper* 69.

Glass, J. J. 1979. "Citizen Participation in Planning: The Relationship between Objectives and Techniques." *Journal of the American Planning Association* 45 (2): 180-189.

Holland, Jeremy and James Blackburn. 1998. *Whose Voice? Participatory Research and Policy Change.* Intermediate Technology Publications Ltd (ITP).

International Fund for Agricultural Development. "Community-Driven Development Decision Tools for Rural Development Programmes." IFAD.

Krieger, J. and D. L. Higgins. 2002. "Housing and Health: Time again for Public Health Action." *Journal Information* 92 (5).

Kvale, Steinar,. 2007. *Doing Interviews*. London: SAGE Publications.

Labonne, Julien, Chase, Robert S. and World Bank. "Do Community-Driven Development Projects Enhance Social Capital? Evidence from the Philippines." World Bank.

Lund, Jens Friis and Moeko Saito-Jensen. 2013. "Revisiting the Issue of Elite Capture of Participatory Initiatives." *World Development*.

Majale, M. 2003. "An Integrated Approach to Urban Housing Development: Has a Case been made." Citeseer.

Mansuri, Ghazala, Vijayendra Rao, and World Bank. Development Research Group. Rural Development. 2004. *Community-Based (and Driven) Development: A Critical Review*. Washington, D.C.: World Bank, Development Research Group, Rural Development.

McLean, Keith and World Bank. Social Development. 2006. *Exploring Partnerships between Communities and Local Governments in Community Driven Development: A Framework*. Washington, D.C.: Social Development Dept., Community Driven Development, World Bank.

Mdee, Anna. 2008. "Towards a Dynamic Structure-Agency Framework: Understanding Patterns of Participation in Community-Driven Development in Uchira, Tanzania." *International Development Planning Review* 30 (4): 399-420.

Merritt, Amy and Tristan Stubbs. 2012. "Complementing the Local and Global: Promoting Sustainability Action through Linked Local-Level and Formal Sustainability Funding Mechanisms." *Public Administration and Development* 32 (3).

Mozammel, M. and G. Schechter. 2005. "Strategic Communication for Community-Driven Development."

Namen, A. A., C. T. Bornstein, and J. Rosenhead. 2010. "The use of Robustness Analysis for Planning Actions in a Poor Brazilian Community." *Pesquisa Operacional* 30 (2): 267-280.

Nigeria. National Planning Commission. 2007. *Community Driven Development Model (CDDM) for Nigeria*. [Nigeria]: National Planning Commission.

Platteau, Jean-Philippe and Frederic Gaspart. 2003. *The Elite Capture Problem in Participatory Development*. Namur: Facultés Universitaires Notre-Dame de la Paix, Faculté des Sciences Economiques, Sociales et de Gestion.

———. 2003. *The Elite Capture Problem in Participatory Development*. Namur: Facultés Universitaires Notre-Dame de la Paix, Faculté des Sciences Economiques, Sociales et de Gestion.

Platteau, JP. 2004. "Monitoring Elite Capture in Community-Driven Development." *Development and Change* 35 (2): 223-246.

Platteau, JP and F. Gaspart. 2003. "The Risk of Resource Misappropriation in Community-Driven Development." *World Development* 31 (10): 1687-1703.

Pozas, Natalia Andrea Suescun. 2011. *The Colombian Land Restitution Case: Bringing Elite Capture into the Debate*.

Rao, V. and A. M. Ibáñez. 2005. "The Social Impact of Social Funds in Jamaica: A 'Participatory Econometric' Analysis of Targeting, Collective Action, and Participation in Community-Driven Development." *Journal of Development Studies* 41 (5): 788-838.

Ribot, Jesse C. 2007. *Representation, Citizenship and the Public Domain in Democratic Decentralization*. Bonn: Bonn international center for conversion (BICC).

Schmidt, Oscar and Insa Theesfeld. "Elite Capture in Local Fishery Management–Post-Socialist Experiences from Albania."

Shankar, A. V., Z. Asrilla, J. K. Kadha, S. Sebayang, M. Apriatni, A. Sulastri, E. Sunarsih, and A. H. Shankar. 2009. "Programmatic Effects of a Large-Scale Multiple-Micronutrient Supplementation Trial in Indonesia: Using Community Facilitators as Intermediaries for Behavior Change." *Food & Nutrition Bulletin* 30 (Supplement 2): 207S-214S.

Van Domelen, J. and HD Network. 2007. "Reaching the Poor and Vulnerable: Targeting Strategies for Social Funds and Other Community-Driven Programs." *Network HD.Washington DC: World Bank*: 1-52.

van Overbeek, Fons. 2008. "Elite Capture and Checkers: Strategies within the Decentralization Process in Rural Sierra Leone."

Wagner, N. and J. L. Arcand. 2011. *Aid, Peasants and Social Exclusion*.

Williams, J. J. 1999. "The Significance of Geographical Information Systems for Development Planning." *Development Southern Africa* 16 (2): 345-356.

Wong, S. 2010. *Elite Capture or Capture Elites? Lessons from the 'Counter-Elite 'and 'Co-Opt-Elite' Approaches in Bangladesh and Ghana*.

Yin, Robert K. 2010. *Case Study Research: Design and Methods*. Los Angeles [u.a.]: Sage.

Zhou, Yingnan. 2011. "Elite Capture of the Local Party in Village Elections."