# UBUDEHE & THE KECAMATAN DEVELOPMENT PROJECTS

CASE STUDY & COMPARATIVE ANALYSIS

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## INTRODUCTION

Decentralization programs have enjoyed a renaissance in the 1990s as countries struggle to cope with a variety of crises and changes, from violent conflict to financial crises. These programs move authority for political and financial governance from centralized structures to local government institutions. The goal of decentralization is to make the use of resources more efficient and to increase accountability.[1] Donors have developed a number of different approaches to support decentralization, including grant programs for public infrastructure and community development planning. Such programs are designed both to build local officials capacity to govern, and to build the community's capacity to set its own priorities and design its own development solutions.

Two such programs are the Ubudehe process in Rwanda, and the World Bank Kecamatan Development Projects (KDP I, II and III) in Indonesia. Both programs provide grants to local level government to help support a government-sponsored decentralization effort, and to help build community capacity through participatory development planning. The paper finds that while the programs have different contexts, funding and mandates, they faced similar challenges. Both programs present useful innovations and lessons for future grants programs.

The programs are analyzed based on project documents and evaluations. Costs and benefits of each program are examined in light of the major obstacles they face. The final section of the paper compares the two programs, and draws out the major lessons learned, including differences in context, mandate, financial structure, funding and anti-corruption strategies.

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[1] The World Bank, "The Local Level Institutions Study: Overview and Program Description," Local Level Institutions Working Paper No. 1 (May 1998).

## UBUDEHE IN RWANDA

Ubudehe is defined as 'the traditional Rwandan practice and cultural value of working together to solve problems."[2] The government of Rwanda has resurrected this traditional cooperative mechanism as the model for a program designed to alleviate poverty and provide for community rebuilding in the wake of the Rwandan genocide and civil war in the early 1990s. The objective of the program is to 'revive and foster collective action at the community level.' [3] It is designed to rebuild trust in communities, to build accountable local institutions, and to help local people act to alleviate poverty. The program is part of a larger decentralization effort. Data collected at the local level during Ubudehe is meant to be integrated into development planning at higher levels of government. This section will examine how well the process achieves these goals, and the issues and obstacles the process faces. The analysis of the program below is based on the Butare pilot, incorporating information from the recently issued workplan for the one-year national rollout of Ubudehe in 2004.

Rwanda faces a daunting challenge in attempting to overcome both poverty and mistrust of governance institutions. A brief examination of the national context is important for understanding the challenges the Ubudehe process is trying to overcome. Approximately 85% of the population lives on less than two dollars a day, and 36% lives on less than one dollar a day.[4] Of the poor, 96% live in rural areas.[5] Life expectancy is 49

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2 "Ubudehe to Fight Poverty," [cited 2003]. Available from http://www.minecofin.gov.rw/poverty_reduction/ubudehe.htm.
3 *Ibid.*
4 World Bank, "World Development Indicators 2003," (2003).
5 "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," RW/7021/000 (March 2004): 2.

years.[6] Approximately 34% of households are headed by women, and 21% by widows.[7] Education levels are also very low, with a 52% adult literacy rate, and low secondary school enrollment.[8] In addition to facing staggering poverty statistics, Rwanda is characterized by a population traumatized by a campaign of genocide in 1994, which included not only mass killings, but also systematic rape and massive dislocation. The population not only faces health problems caused by poverty, but also mental and physical ailments related to war trauma.[9] Refugee and returnee movements, along with internal migration and a government-mandated resettlement program, led to resettlement of a large percentage of the population in new communities. Many of the displaced did not have adequate shelter, and required re-housing.[10] Thus the communities that Ubudehe targets are not only poor and undereducated; they are also traumatized by war, and composed of people who have not necessarily lived together before, and have little reason to trust one another.

**Rwanda Administrative Structure**
- National Level
- Province Level
- District Level
- Sector Level
- Cell Level

Prior to the 1994 genocide, Rwanda's government was very hierarchical, with power tightly controlled by the central government. This high level of centralization of authority was part of what made the rapid mobilization during the genocide possible. The new government has adopted a comprehensive decentralization policy to counteract this tendency. The decentralization policy is intended to activate collective action at the community level by developing bottom-up budgeting and planning systems to articulate

[6] National Poverty Reduction Programme, Ministry of Finance and Economic Planning, "The Government of Rwanda Poverty Reduction Strategy Paper," (June 2002): 13.
[7] *Ibid.*, 8.
[8] *Ibid.,* 13.
[9] *Ibid.,* 7.
[10] *Ibid.,* 27.

communities' needs.[11] Under the new decentralization plan, district governments will plan a crucial role. They will be given 10% of state revenue through the Common Development Fund (CDF) for development needs. In addition to this 10%, they will be given an additional 3% of domestic revenue for recurrent costs. The CDF is intended to fund local level development planning. Ubudehe is the key process for developing local level capacity for collective action and participatory development planning.

Ubudehe is targeted to the cellule – the lowest level in the Rwandan government structure. There are approximately 9,176 cellules in Rwanda. Each cellule has 100-200 households. Targeting this level is part of a broader attempt to decentralize the hierarchical Rwandan governance system, and to increase community-level participation. Under Ubudehe, cellules will be trained to make their own demands to attract CDF funds, based on their priorities and needs. Information collected at the cellule level through the Ubudehe methodology will in turn inform district-level development planning.[12] The program was first piloted in the Butare province in early 2001.[13] It will be officially rolled out to the national level with support from the European Commission in 2004.[14] As such, it has the potential to reach most of the poor Rwandan population.

The Ubudehe pilot program in Butare had two primary goals: 1) to engage in a participatory poverty assessment and priority-setting exercise; and, 2) based on the assessment, to implement a community project with €1000 provided directly to the community.[15] These goals have carried over into the national rollout, although the grant amount has been reduced to €900 because of the limited budget for the program.

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[11] *Ibid.,* 63.
[12] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 4-6.
[13] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.
[14] European Commission, "Financing Proposal, Decentralised Programme for Rural Poverty Reduction (DPRPR),"
[15] Peter Uvin and Josepha Nyirankundabera, "The Ubudehe Project in Butare: A Prospective Evaluation,"

However, program documents note that because of a depreciation in the value of the Rwandan franc relative to the euro since the pilot program in Butare, the purchasing power of the grant is approximately equivalent. This amount can be augmented by €600 for more populous cells.[16]

**The Characteristics of Households in Rwanda**

*Umutindi nyakujya* (those in abject poverty) Those who need to beg to survive. They have no land or livestock and lack shelter, adequate clothing and food. They fall sick often and have no access to medical care. Their children are malnourished and they cannot afford to send them to school.

*Umutindi* (the very poor) The main difference between the *umutindi* and the *umutindi nyakujya* is that this group is physically capable of working on land owned by others, although they themselves have either no land or very small landholdings, and no livestock.

*Umukene* (the poor) These households have some land and housing. They live on their own labour and produce, and though they have no savings, they can eat, even if the food is not very nutritious. However they do not have a surplus to sell in the market, their children do not always go to school and they often have no access to health care.

*Umukene wifashije* (the resourceful poor) This group shares many of the characteristics of the umukene but, in addition, they have small ruminants and their children go to primary school.

*Umukungu* (the food rich) This group has larger landholdings with fertile soil and enough to eat. They have livestock often have paid jobs, and can access health care.

*Umukire* (the money rich) This group has land and livestock, and often has salaried jobs. They have good housing, often own a vehicle, and have enough money to lend and to get credit from the bank. Many migrate to urban centres.

Source: *The Government of Rwanda Poverty Reduction Strategy Paper,* June 2002: 15.

In step one the cellule collectively defines and analyzes the nature of poverty in their community using tools like social mapping, seasonal poverty assessments, preference scoring and process techniques.[17] The government has designated six categories for characteristics of households in Rwanda that the communities will use to assess poverty in their cellule (see box for description).[18]

In the Butare pilot, each cellule selected one representative to be trained in the process for the participatory poverty assessment.[19] The national rollout will raise the number of cellule representatives to

[16] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 16.
[17] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.
[18] National Poverty Reduction Programme, Ministry of Finance and Economic Planning, "The Government of Rwanda Poverty Reduction Strategy Paper," 15.
[19] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.

two.[20] These people will be chosen in a community gathering based on their ability to work with the whole community on the exercise.[21]

The representatives of the cellule will be trained through a 'cascade system.' At the national level, four master trainers who have been with the program since the Butare pilot started in 2000 will be responsible for training 12 province level trainers (one per province), and 424 district trainers (four per district). The rollout plan does not indicate whether Ubudehe will be the trainers' only job, or will be an addition to their regular workload. The district trainers will train 18,342 cellule facilitators (2 per cell).[22] All district level trainers will get a two-day refresher course by the team of master trainers three times a year after Ubudehe is financed.[23] District trainers each train 20 cell facilitators for eight days, after which the cell facilitators return to the cells to apply what they have learned. After seven days, the district trainers come back and gather the 20 cell facilitators to check through a flow chart to make sure the Ubudehe methodology was correctly applied.[24]

Cellule facilitators will include the sector-level Community Development Committee president and the member in charge of gender, in order to keep stakeholders from each administrative level in Rwanda involved in the process. As each of the people belong to a cell, they will each be one of two facilitators in their own cell.[25] Thus, the training at the cellule level will be by a member of the community, rather than an external

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[20] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 13.
[21] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.
[22] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 13.
[23] *Ibid.*, 15.
[24] *Ibid.*, 18.
[25] *Ibid.*, 13.

**Ubudehe in Sholi Cellule, Nyanza District, Butare Province**
Sholi Cellule went through the Ubudehe process in the Butare pilot in 2001-2002. Sholi has 229 households.

After the community had produced a map of the cellule indicating which households fell into which economic category, they listed their primary poverty concerns. These included insufficient harvests, ignorance, extreme variations in the weather, laziness and sickness. They compared the problems in pairs to develop a shorter list of generic characteristics of poverty that included hunger, negative thoughts, lack of clothes, lack of energy, and malnutrition. The poverty concerns were preference scored against the characteristics and ranked. While ignorance was ranked as the number one problem, after debate the community decided that their problems could be best addressed by working on insufficient harvest. They then formulated a strategy to purchase goats to provide manure for cultivation.

Once the project was decided upon, they developed a list of activities required to carry it out, including purchasing tools for clearing land and planting grass for the goats, buying the goats and transporting them to the field, raising the goats and fertilizing the land to be cultivated, and planting anti-erosive plants. The community also calculated a time-frame for each activity, unit costs, and total cost. They agreed to rules to guide their operations, and formed a management committee and an oversight committee for project implementation.

Source: *The Government of Rwanda Poverty Reduction Strategy Paper,* June 2002: 94-96.

expert.[26] The goal of the process is to strengthen the communities' ability to make local decisions locally, and to increase trust in local governance structures.

In the national roll out in 2004, the Ubudehe process will be overseen by a Cell Council and an Executive Committee. It is unclear from the European Commission project document what the division of labor between these two bodies will be.[27] In the Butare pilot, both an oversight and a management committee were established to run the process;[28] presumably, the division of labor in the national program will be similar. The management committee will oversee the implementation of the community-designed project, while the oversight committee (committee of wise men) is intended to ensure transparency. Members of these committees are not remunerated for their time.[29]

The elected cellule representatives will lead the community through the poverty assessment and action planning processes. In the action-planning phase, the community will develop rules and codes of conduct setting the rights and responsibilities of

[26] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.
[27] European Commission, "Financing Proposal, Decentralised Programme for Rural Poverty Reduction (DPRPR)," Figure 3.
[28] Uvin and Nyirankundabera, "The Ubudehe Project in Butare: A Prospective Evaluation."
[29] *Ibid.*

individuals in the community, and their relationship to local government structures supporting the process.[30] Communities will then determine what extra information they need to develop solutions to their problems. Government ministries will pull together information packages that address the most common problems identified by communities (soil fertility, erosion, water management, health services). The details of how this system will be managed on a national level are still being worked out.[31]

Once the communities have designed their action plans, they will be provided with €900 per year through a cash transfer. European Commission funds currently have been committed to these projects for the next year, with the Government of Rwanda expected to fund an additional two years from the Common Development Fund.[32] Once the cell completes the process and identifies their proposed activity, the district trainer takes the activity to the district administration for relevance testing. The cell is only able to access funding after approval from the district administration. Grant funds are withdrawn from accounts in the Banque Populaires with the approval of the district administration and the completed Ubudehe flow chart from the district trainer.[33] Future funding will be contingent on satisfactory performance and reporting.[34] One key innovation in the national rollout plan is that the incoming and outgoing funds from every Ubudehe account will be made public three times a year at the sector office or

[30] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.
[31] *Ibid.*
[32] European Commission, "Financing Proposal, Decentralised Programme for Rural Poverty Reduction (DPRPR)," 10.
[33] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 18.
[34] European Commission, "Financing Proposal, Decentralised Programme for Rural Poverty Reduction (DPRPR)," 10.

marketplace.  This public showing of the accounts will allow stakeholders to compare the handling of funds between different cells.[35]

Individual household analysis was conducted during the Butare pilot to provide in-depth livelihood analyses and the development of support strategies to help that family. The data gathered was intended to give a better understanding of coping mechanisms and how to intervene best for the poorest of the poor. In this part of the program, the family selected was evaluated using a seasonality approach by the community.  Its survival strategies were defined and ranked using preference scoring. Once this stage was complete, the household and the community devised a strategy to help the household improve its ability to access preferred survival strategies using a €200 grant.[36]  In the national rollout, this grant has been reduced to €150 due to budgetary constraints.  It will also be given to two households instead of one, in order to foster comparison between household coping strategies.  The goal is to show that poverty can be overcome if one is determined to fight it.[37]

**Program Benefits**

Ubudehe aims to rebuild trust and collective action at the cellule level in Rwanda through the development of accountable local institutions. The program is already very well known and well received at the local level throughout the country, which means that both expectations and political will should be relatively high.[38]  It is an explicit part of the

35 "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 19.
36 National Poverty Reduction Programme, Ministry of Finance and Economic Planning, "The Government of Rwanda Poverty Reduction Strategy Paper," 96.
37 "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 16.
38 Uvin and Nyirankundabera, "The Ubudehe Project in Butare: A Prospective Evaluation."

country's plan to decentralize, and to build development efforts and governance from the ground up. Benefits of the process could include strengthening decentralization, fostering collective action and rebuilding social capital, training the community to self-diagnose problems and design solutions (learning by doing), and providing an injection of funds at the grassroots level to recapitalize the rural economy and provide limited poverty reduction. Before these benefits can be realized, complex issues and obstacles must be addressed.

*Issues/Obstacles: Corruption & Collective Action*

Rebuilding mechanisms for collective action and fragile social capital is key to Rwanda's future development. Capacity for effective collective action at the cellule level is important in several ways. First, it allows the cellule to identify and act on its own problems independently. Second, once problems are identified, collective action could lead to lobbying for resources, including funding and services. Finally, collective action can lead to increased faith in local governance institutions to address community needs, and begin to rebuild social capital at a grassroots level, both critical to the long-term sustainability of decentralization efforts. If Ubudehe effectively fosters collective action, it has the potential to create much more than a small, annual community project. Unfortunately, the pilot program in Butare province showed that there are formidable obstacles to be overcome before Ubudehe can fulfill its promise. First, the management and oversight committees were plagued by problems with transparency. Second, communities consistently chose projects that relied more on private action than collective action. Most of the communities in the Butare pilot chose to purchase goats. Goat projects were problematic both in terms of transparency and collective action.

Each cellule formed committees to oversee and manage the planning and budgeting process in the community. They were supported and overseen by the district monitoring and training officer and the District Development Committee. [39] Evaluations of the process in Butare province identified transparency of operation and distribution of program benefits as the primary problem with the committees in the implementation of the Ubudehe process.

Problems with transparency were manifest in several stages of the Ubudehe process. Those illustrated here are related to project implementation, after the participatory poverty assessment had been conducted, and the community project identified. As noted above, most communities in Butare chose to purchase goats with their program funds. The first step in project implementation was to open a bank account for the funds transfer. In many communities, participants were asked to make a cash contribution to help open the bank account. Often this cash contribution was seen as a sort of security deposit, guaranteeing receipt of a goat that was far more valuable than the value of the contribution. Questions arose as to who paid, how much each contributed, and whether everybody paid. In some cases it was found that committee members had not paid, but still received a goat. In other cases, it was found that people paid different amounts.[40] The lack of transparency in the payment system led to increased tension in the community when it came time to purchase and distribute the goats.

[39] *Ibid.*
[40] *Ibid.*

How the goats were purchased was also critical to whether the project promoted or hindered collective action and increased social capital. Goats cost about 5000 Rwandan francs each. In some cases, the committee distributed the money directly to the beneficiaries, who were sent to purchase goats on their own (with some supervision to ensure funds were spent on goats). This method generally led to satisfaction with the process. In other cases, the committee itself purchased the goats, and distributed them to the community. Evaluators found that these were much more expensive goats than those that were purchased by beneficiaries directly, leading to suspicion on the part of the community of graft by the committee.[41]

Finally, the method by which the goats were distributed was critical to the success of the project. Funds were not sufficient to purchase goats for everyone in the cellule at once, so they had to be distributed to certain members of the community. When the goats reproduced, there would be a second distribution, then a third and so on. Thus, both the first round of distribution and the enforcement of subsequent rounds were critical to program success.

There were four methods by which goats were distributed. The method that was best received was when goats were distributed by lottery. The next best method in terms of creating trust in the distribution system was distribution on a first come, first serve basis. The final two methods were the least beneficial to collective action and social capital. In cases where community members contributed to the opening of the bank account, goat distribution was often confined to contributors. In other cases, goats were distributed to friends and family of committee members. Regardless of the method of distribution, in many cases committee meetings ceased altogether after the first

[41] *Ibid.*

distribution, meaning that the second and third rounds necessary to ensure that everyone received a goat never took place.[42] Committees did not provide adequate management or oversight to ensure that the process was both transparent and equitable.

The distribution of the goats also highlights the problem of collective versus private action. Goats are not a public good – they are not raised by the community as a whole, but rather are divided up between the households in the community.[43] Effective collective action will not develop as long as the communities continue to choose projects that are easily divisible and require little participation from the community as a whole. The pilot program evaluation points out that the promoters of the project saw the grant as a catalyst to developing social cohesion, while the people saw it as the end product, the goal.[44] Once the goal has been achieved, the institutions that developed to achieve it disband. If these institutions are both short lived and opaque in their operations, they will not serve to rebuild trust in the community as a whole, nor will they prove to create effective vehicles for grassroots collective action. The new national rollout plan acknowledges these problems, and states that it is thought that through repetition of the process and retraining, projects will become more and more like collective action. The new rollout will also provide brochures to communities with suggestions of activities that are more conducive to collective action.[45]

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[42] *Ibid*.
[43] Republique Rwandaise, Ministere des Finances et de la Planification Economique, ""Ubudehe mu Kurwanya Ubukene" Internal Progress Report," 6.
[44] Uvin and Nyirankundabera, "The Ubudehe Project in Butare: A Prospective Evaluation."
[45] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 21.

*Issues/Obstacles: Training*

Training and monitoring are critical elements of this program. The training program provides the community with resources to conduct the poverty assessment and to design projects to address their needs. Monitoring allows the government to determine how well the program is working, including both what impact it has on poverty, and whether it is improving local governance capacity. A good training and monitoring program will enhance the benefits of the process. Limited resources, including funding and trained personnel, presented challenges to the training and monitoring components of the Ubudehe process in the pilot program in Butare, and will continue to pose difficulties in the national rollout.

Currently monitoring and training are conducted by district-level trainers. Butare province had 10 districts and 679 cellules.[46] Each district had one trainer, for an average of 68 cellules per trainer. District trainers were overcommitted, and unable to provide adequate training and monitoring to all cellules.[47] This over-commitment led to large gaps between when the communities received training and when they received their funds, at times up to one year.[48] These gaps hindered communities' ability to successfully implement their programs. The national rollout plan acknowledges these difficulties, and has increased the number of district trainers from one to four in the new provinces. This step should greatly improve the efficiency and oversight provided by district trainers. As stated above, it has also provided for additional refresher training for district trainers

[46] "Official Website of the Republic of Rwanda, "Geography"," [cited 2003]. Available from http://www.gov.rw/.
[47] Republique Rwandaise, Ministere des Finances et de la Planification Economique, ""Ubudehe mu Kurwanya Ubukene" Internal Progress Report," 6.
[48] Ubudehe Team and OXFAM Great Britain staff, "Conflict Management in Ruhengeri and Umutara Provinces and Ubudehe Pilot Project in Butare Province: Field Visits Report."

three times a year.[49] It is unclear from the workplan whether cell-level facilitators will be given refresher training as well each year.

The quality of the process and the effectiveness of the committees reflected the degree of involvement of the district trainer. The degree of involvement of the trainer varied from cellule to cellule. It was found that when the trainer and other district level personnel were involved in the development of projects, the process was improved. Unfortunately, on average few cellules had the necessary degree of involvement.[50] As a result, problems such as those highlighted in the section on collective action above arose with committee management and oversight.

The national rollout plan has made the involvement of the district trainer in the Ubudehe monitoring process much better defined. In addition to their key role following up with the cell facilitators to ensure that the Ubudehe methodology has been properly implemented to allow the release of the grant funds, the flow charts the district trainer collects will be put into a report for discussion at a monthly, province-level meeting.[51] The district trainers will be subject to spot checks by the national and province level trainers throughout the course of the year, during which the senior trainer will check the cellules accompanied by the district trainer. Any problems that are discovered during the spot check will be turned over to the district trainer for corrective action on the spot.[52]

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[49] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 13,15.
[50] Uvin and Nyirankundabera, "The Ubudehe Project in Butare: A Prospective Evaluation,"
[51] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 18.
[52] *Ibid.*, 19.

**Program Costs**

The program is funded primarily by donors, principally the European Union.[53] In the pilot program, each cellule was eligible to received €1000 per year, contingent upon performance and reporting. When the program was expanded to the national level, 9,176 cellules became eligible for funding[54], requiring a program grant budget of €9,176,000 per year for the Ubudehe grants alone. In addition to the grant funds, district personnel had to be assigned to the oversight of the process, as indicated above. Funding was also required for the training of district personnel, and for the training of cellule committees and representatives. The government also envisaged developing toolkits for the most common problems identified by the cellules that could be delivered through the line ministries.[55] While these packages would reduce administrative costs in the long run, in the short run there would be costs associated with their development. In short, taking the Ubudehe process to the national level promised to be a very expensive endeavor over the next two to three years. The European Commission agreed to fund the national rollout of Ubudehe with €10,000,000 in the first year, but the Government of Rwanda will be responsible for all costs after the first year.[56] As a result of the large grants budget, the new national rollout plan has reduced the cell grant from €1000 to €900, and the household grant from €200 to €150, which has freed up money for the expanded training program and new monitoring efforts.[57] The Common Development Fund has been substantially underfunded in the last two years, drawing down only 2% of state revenue

[53] Republique Rwandaise, Ministere des Finances et de la Planification Economique, ""Ubudehe mu Kurwanya Ubukene" Internal Progress Report."
[54] European Commission, "Financing Proposal, Decentralised Programme for Rural Poverty Reduction (DPRPR)," 6.
[55] Ministry of Finance and Economic Planning, Republic of Rwanda, "Ubudehe to Fight Poverty," 3.
[56] European Commission, "Financing Proposal, Decentralised Programme for Rural Poverty Reduction (DPRPR)," 8-9.
[57] "Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005," 16.

**Ubudehe Program Costs**

| | RWF | Euros | Dollars |
|---|---|---|---|
| Trainers trained in Ubudehe methodology in whole of Rwanda | 187,835,000 | € 253,831 | $309,674 |
| 900 euro per cell & 150 euro per cell for household module | 6,859,058,000 | € 9,268,997 | $11,308,177 |
| A coherent, transparent and accountable M&E framework | 72,130,000 | € 97,473 | $118,917 |
| Ubudehe is made widely know within Rwanda | 93,846,000 | € 126,819 | $154,719 |
| Ubudehe information used for district planning purposes | 0 | € 0 | $0 |
| Contingency funds (3%) | 223,070,000 | € 301,446 | $367,764 |
| **Total** | **7,435,939,000** | **€ 10,048,566** | **$12,259,251** |

**total actual funding: 10,000,000 euros or USD12,200,000.*
Source: *Decentralised Programme for Rural Poverty Reduction (DPRPR): Subprogramme Ubudehe EDF IX, Programme for the Period April 2004 - March 2005*, March 2004, 28.

in 2002, and 4% in 2003.[58] There is still no indication of how the government plans to support the process after the European Union withdraws funding.

A second set of costs is found in the potential for the process to have the opposite of its intended effect. Instead of promoting collective action and transparent local governance, Ubudehe could increase social divisions and mistrust by further empowering local elites. The new monitoring systems should help to mitigate elite capture to some extent, but it will still be difficult to ensure the inclusion of all relevant stakeholders.

### Weighing Costs and Benefits

The costs the Ubudehe program faces are significant, and present a substantial challenge to the program. They include both the financial cost of the program, significant in a poor country like Rwanda, and the possible social costs of failure. However, the benefits the program aims for are great, and require investment and commitment if they are to be realized. Decentralization is a critical component of Rwanda's plan to reconstruct itself after the devastation of years of poverty, civil war, and finally the 1994 genocide. Empowering local communities to address their own problems is a necessary part of

[58] *Ibid.*, 6.

building trust in a damaged society, and creating institutions that support a thriving economy.

The massive amounts of donor funding required lead to questions about the program's sustainability in the face of Rwanda's daunting economic problems. While the national rollout has made critical improvements to training, monitoring and promoting collective action, there are still a number of issues to overcome. Rebuilding trust in local institutions, a step crucial to successful decentralization, will not occur until communities feel able to hold their leaders accountable. To that end, the publication of the management of Ubudehe funds is a good step toward allowing successful cells to lead by example. However, the program could go further to introduce transparency into the process. The problems surrounding both the procurement and distribution of goats in the Butare pilot were not directly addressed by the new national rollout. These problems may abate as communities move away from goats projects, but they may also become more entrenched. External monitoring can help mitigate these problems, but communities must be empowered themselves with tools to hold their leaders accountable.

More troubling is where the funds will come from to sustain the program should donor funding evaporate. The government of Rwanda has devoted a considerable amount of attention to this program as a vehicle for community empowerment, and as a linchpin in their decentralization program. It is a grant program, and its survival therefore depends on continued funding. The current levels of revenue drawn down from the state by the Common Development Fund are not encouraging. The lack of local revenue indicates that the government will be dependent on foreign funding to support Ubudehe for some time to come.

## World Bank Kecamatan Development Project 1998-2003

**Indonesian Local Government Levels**
*Propinsi:* province
*Kabupaten:* district
*Kecamatan:* sub-district
*Desa*: village
*Dusun:* subvillage/hamlet

The World Bank launched the first Kecamatan Development Project (KDP I) in Indonesia in 1998, followed by KDP II in 2001, and KDP III in 2003. Over the first six years of the program, Indonesia went through three changes in political leadership, endured the aftershocks of the Asian financial crisis, and initiated fundamental changes in the structure of governance through a national decentralization program. In the face of these enormous changes, the Kecamatan Development Projects attempted both to increase local level public infrastructure and to strengthen governance institutions in poor villages with the goals of improving the lives of poor villagers, increasing local capacity to govern, and setting standards of accountability and transparency in program management.

From 1997 up to 2003, Indonesia went through significant political, social and economic change. After governing the country for more than 30 years under the New Order regime, President Soeharto resigned in May 1998 after losing popular support in the wake of the fall of the rupiah during the Asian financial crisis of 1997.[59] His vice-president, B.J. Habibie, who subsequently left office in October 1999, succeeded him. Mr. Habibie's most significant legacy was instituting the first democratic elections in Indonesia in 1999. Abdurraham Wahid was elected president, with Megawati Soekarnoputri as vice president. Mr. Wahid was impeached in July 2001 under corruption charges, and Ms. Soekarnoputri became president. The political changes were echoed in increasing civil unrest and strengthening separatist movements in East Timor,

[59] Economist Intelligence Unit, "Country Profile: Indonesia 1998-1999," (1998), 4-7.

Aceh and Irian Jaya. East Timor seceded from Indonesia in the fall of 1999 amid much violence. Both Aceh and Irian Jaya declared independence during the late 1990s, but were subdued by the Indonesian military. After the events of September 11, 2001, Indonesia also saw an increase in violence by extremist Islamic groups, including the bombing of a Bali nightclub in October 2002, and of the JW Marriott hotel in Jakarta in August 2003.[60]

In the midst of these multiple political, social and economic changes, the Indonesian government instituted a sweeping decentralization program in 1999 through Law 22/1999 and Law 25/1999. The program was designed to devolve authority back to local village and district councils, who had lost their autonomy under the highly centralized Soeharto New Order regime, and to increase accountability in leaders in the face of massive corruption in government. Law 22/1999 assigns all government expenditure to the districts (kabupaten) except for finance, foreign affairs, defense, religion and state administration. Districts are required to perform functions relating to education, health care and local infrastructure.[61] Law 25/1999 provides the details of fiscal decentralization, eventually devolving 40% of the national budget, and 60% of the development budget, to the districts.[62]

The first KDP project was initiated prior to the decentralization reforms, and focused on developing a participatory process for development planning, management and monitoring at the kecamatan and desa levels. KDP II started after the decentralization laws were passed. It primarily focused on giving villagers the technical

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[60] Economist Intelligence Unit, "Country Profile: Indonesia 2003-2004," (2003), 8-10.
[61] E. Ahmad and A. Mansoor, "Indonesia: Managing Decentralization," IMF Working Paper WP/02/136 (August 2002), 5.
[62] *Ibid.,* 11.

tools to manage public funds, including infrastructure assessments, technical training, higher quality bookkeeping and procurement, and linkages to technical and private sector service providers. KDP III focused on the institutionalization of these processes to empower villages. It specifically works to protect village autonomy, improve villagers capacity to represent themselves in higher level institutions, and to create representative inter-village bodies.[63]

Each project is discussed below in greater detail. The fundamentals of the KDP grant process is given in the KDP I description, and the descriptions of KDP II and III focus on the evolution of the program. Following the program descriptions is a discussion of program benefits and costs. The section concludes with a brief section weighing the benefits and costs of the program.

**KDP I: Participatory Development Planning**

The World Bank launched the first four-year Kecamatan Development Project (KDP I) in 1998, on the heels of the fall of the rupiah in 1997, and President Soeharto's resignation in May 1998. The project was the result of the convergence of crises in Indonesia, the World Bank and village leadership, and the coincidence that these crises came on the heels of an internal Bank evaluation of the role of local-level institutions in development. It was a project designed both to try a new approach to community development and to provide needed financial support to communities and local

[63] "Project Appraisal Document on a Proposed Loan in the Amount of US$204.3 million and Proposed Credit in the Amount of SDR32.1 million (US$45.5 million equivalent) to the Republic of Indonesia for a Third Kecamatan Development Project," 25538-IND (June 2, 2003), 11.

governance.[64] The project built upon a prior, Bank-supported Village Infrastructure Program, which served as a pilot for many of the techniques used in the project. KDP I had three major objectives: 1) to raise rural incomes; 2) to strengthen kecamatan and village government and community institutions; and, 3) to build public infrastructure through labor-intensive methods.[65] These objectives were to be met through block grants to the kecamatan (subdistrict) level of government. Villages within the kecamatan would then compete for temporary funding and grants for infrastructure projects through a competitive system of project proposals. Villages could access technical assistance upon request.[66]

Indonesia is divided into 300 kabupaten, which are further subdivided into 3,800 kecamatans containing 67,500 villages, 28,000 of which are classified as poor. KDP I initially targeted 725 kecamatans selected from among the poorest in the countries, and comprising 9,000 villages. These numbers eventually grew to approximately 20,000 villages by KDP III. The kecamatan level was chosen for targeting because studies indicated that they are relatively homogenous in terms of poverty. The project also introduced self-targeting mechanisms, such as minimum wages, to help further direct funds toward the poor.[67]

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[64] See S. Guggenheim, "Crises and Contradictions: Understanding the Origins of a Community Development Project in Indonesia," in The World Bank [database online]. Jakarta, Indonesia [cited 2004]. Available from http://wbln0018.worldbank.org/eap/eap.nsf/Attachments/ESSD-KDP-Crises/$File/KDP-Crises.pdf. for additional information on the development of the KDP.

[65] "Project Appraisal Document on a Proposed Loan in the Amount of US$225 million to the Republic of Indonesia for a Kecamatan Development Project," 17397-IND (April 21, 1998), 2.

[66] *Ibid.,* 3.

[67] *Ibid.,* 4-5.

*The KDP Grant Process*

KDP I provided a block grant to each selected kecamatan. Grants could be used to finance public infrastructure or small economic activities. Larger kecamatans received Rps. 750 million grants, and smaller kecamatans received Rps. 500 million. Grants were repeated for up to three years. The funds were distributed through the Kecamatan Council of Village Heads (UDKP), which dispersed them to the Village Councils (LKMD). Each UDKP created a financial management unit called a UPK to oversee the funds and any large procurement. Additional non-voting members were nominated by the UDKP and the LKMD (one man and two women) to 1) participate in the subproject proposal discussions; 2) monitor the process and ensure KDP principles were respected; and 3) report back to the communities on the decisions.[68]

The grant program benefited from Indonesia's well-developed financial network. Grants were transferred from Local Treasury Offices to the local branch office of Indonesia's development bank, BRI. Grants were dispersed from the BRI account with the signature of the village council head, the kecamatan facilitator, and the UPK. The village was then responsible for the funds. No new kecamatan or village institutions were created by the project; rather, substantial functional responsibility was transferred to the kecamatan and village councils.[69]

Project planning began at the dusun (subvillage) level. Concepts were prepared on simple pre-formatted forms. The proposals were then fleshed out to explain the project's purpose, costs, and other requirements. Each village LKMD could submit up to two proposals. If a second proposal was submitted, it had to be from a women's group.

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[68] *Ibid.,* 21.
[69] *Ibid.,*5.

The proposals could cost a minimum of Rps. 50 million and a maximum of Rps. 150 million. Villages were encouraged to use technical assistance at the proposal level to promote better design of proposals.[70]

The KDP could also support economic subprojects through loans. These subprojects could include any activity that was not environmentally damaging, or spent on religious or government buildings, or government salaries. These loans were specifically focused on activities for which banking credit was not available to poor villagers. Projects were verified by the KF and had a maximum credit of Rps. 150 million. Groups that borrowed funds had to have been in existence for at least one year, and were expected to self-finance a share of the costs. Recipients of loans had to repay at commercial interest rates (20%). [71]

*Training*

Technical assistance was a critical component of the KDP approach. Consultants were provided at all levels of the project (national, kecamatan and desa) to work as project engineers, facilitators and coordinators. By the initiation of KDP III in 2003, the projects were employing at least 27,000 consultants to serve in these roles.[72] The training strategy was built on three principles: 1) sustained input of training and practical experience; 2) practical exercises to bring villagers into direct contact with district governments and to

[70] *Ibid.,* 21.
[71] *Ibid.,* 23.
[72] KDP III PAD, 37.

build relationships; and 3) horizontal exchanges between villagers and kecamatans. In KDP I 30,000 villagers were trained by 2000 facilitators at the kecamatan level.[73]

Three types of assistance were provided. At the government level, National Management Consultants (NMC) helped the government supervise and monitor the program, and coordinate it with other activities. The NMC trained other consultants, and evaluated whether the goals of the project were being met through site visits. Province Management Consultants (PMC) and Kabupaten Engineers (KE) linked the field activities and the NMC. The PMC provided assistance to the province level government and oversaw the activities of the KE. The KE provided technical support to the kecamatans through reviewing subproject proposals, pre-qualifying local engineers, and signing off on the technical quality of all civil works proposals. The KE also evaluated the program through site visits. Finally, the Kecamatan Facilitators (KF) ensured the used of participative planning and implementation mechanisms at the kecamatan, desa (village) and dusun levels. The KF assisted in the subproject selection process, and evaluated implementation and post-project activities.[74] Project documents noted that KDP I demonstrated that the projects stood or fell on the quality of the facilitators.[75]

*Management Structure*

The executing agency in the Indonesian government for KDP I was originally Bappenas, the national planning agency.[76] The project had a national team of 50 staff, and additional

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[73] "Project Appraisal Document on a Proposed Loan in the Amount of US$208.9 million and Proposed Credit in the Amount of SDR87.5 million (US$111.3 million equivalent) to the Republic of Indonesia for a Second Kecamatan Development Project," 22279-IND (May 23, 2001), 13.
[74] KDP I PAD*,* 26-27.
[75] KDP II PAD, 24.
[76] KDP I PAD*,* 5.

staff at the kabupaten, kecamatan and desa level.[77] Technical assistance was provided through three types of contracts through Bappenas, and additional assistance hired directly by villages through grant funds.

**KDP II: Building Local Capacity**

The KDP was renewed for a second four-year installment in May 2001. KDP II expanded the program to new kecamatan and villages (eventually growing the program to include 20,000 villages, nearly one-third of Indonesia's total). It focused on providing rural communities public goods and development infrastructure to raise the incomes of the poor, and on developing local capacity for design, management and maintenance of projects to ensure the quality of community investments.[78] This new emphasis grew from the fact that under the new decentralization laws passed in 1999, the local governments would be responsible for nearly double the amount of funds they had previously managed, and would need added capacity to handle their new responsibility.[79] The program deliberately chose not to push the new grants through the Indonesian government system, choosing instead a gradual approach. Thus it continued to inject funds directly at the kecamatan level from the national level, rather than sending them down through the hierarchy of government. This approach was chosen because of the nascent level of reform in Indonesia, and the project's need to promote end user choice and the competitive provision of goods and services.[80]

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[77] KDP III PAD, 25.
[78] KDP II PAD, 10.
[79] *Ibid.,* 3.
[80] *Ibid.,* 8.

Other important changes include a detailed anti-corruption strategy that built upon experience from KDP I, and analysis of the challenges faced in the first project, and how they would be addressed (see Program Benefits section below for discussion of both components). Management of the program also shifted from Bappenas to the Ministry of Home Affairs, and the hiring system was simplified to increase transparency.

**KDP III: Institutionalization of KDP Processes**

KDP III focused on building the institutional dimensions of village empowerment in light of the KDP I and II experience, and the new decentralization laws. Decentralization was causing a considerable amount of flux in the central agencies that would normally provide support to the local governments due to a lack of institutional clarity on mandate. KDP III stepped in to help local governments implement Law 22/1999 while the national agencies began to work out their role in the new system.[81] Thus, it moved away from a focus on the planning process to a focus on providing more structured support for building norms, regulations and formal procedures.[82] It aimed to institutionalize the participatory planning processes developed under KDP I and II, and to improve local institutional capacity.[83] KDP III added a specific grant fund for planning grants to villages to help build a cadre of self-selected social and technical facilitators.[84] Finally, in KDP III district governments are allocated between Rps. 500 million to 1 billion per year

[81] *Ibid.*, 9.
[82] KDP III PAD, 30.
[83] *Ibid.*, 15.
[84] *Ibid.,* 17.

(approximately US$55,000 to US$110,000), as in KDP II. These governments must also provide 30, 60 or 80% of this amount in a matching grant using their own resources.[85]

Five overarching design principles were drawn from the previous programs and incorporated into KDP III. First, projects should work to maximize end user choice. To this end, KDP has maintained open menus for all of its grant programs. Second, programs should abide by the principle of contestation; villagers should be able to purchase goods and services from whoever can provide the best deal. Third, villagers should engage in direct negotiation with the kecamatan to secure funding, guaranteeing relationships between primary stakeholders both between villages and between the village and the kecamatan. Fourth, project information must be actively disseminated to all villagers. Finally, existing village organizations should be used for the program to guarantee the sustainability of program results.[86]

**Program Benefits**

The project appraisal document for KDP III cites three 'immediate, measurable benefits' of the KDP approach. The first is the small-scale infrastructure built through KDP costs on average one-third less than other methods currently used for similar construction.[87] This statistic is explained in the first KDP report by the fact that villagers can select their own priorities, avoiding

**KDP I: Summary of Program Benefits**

- 50,000 projects serving an estimated 35 million villagers, with 75% of funds for economic infrastructure and 25% for economic activities
- 2.8 million villagers earned direct short-term employment through the project with 70% of the workforce from the poorest segments of community
- 77% of loan beneficiaries were perceived to be the poorer members of the community
- 30% of program beneficiaries were women
- 60% of project meeting participants were poor, 40% were women

Sources: KDP II PAD, 6; KDP III PAD, 25.

[85] *Ibid.,* 51.
[86] *Ibid.,* 29.
[87] *Ibid.,* 34.

mismatches between public provision and private demand; that communities contribute to the projects; more effective use of contractors resulting in less corruption; and better maintenance in the long-run.[88] The second is that benefits from the process and products of KDP reach the poor. Approximately 2.8 million villagers earned short-term employment from KDP projects, and 70% of the workforce were from the poorest segments of their communities. The third benefit is that surveys show a high level of satisfaction with the KDP program among end users.[89]

Achieving these stated benefits through the KDP projects has not been easy. KDP I and II involved a learning process to overcome a complex set of issues and obstacles to successful implementation. These included corruption and a lack of transparency in government processes at all levels of the Indonesian government, a lack of human capacity in parts of the country to manage the program, and difficulty developing mechanisms to include women and the poor.

**Issues/Obstacles faced in KDP I & II**

*Corruption*

Corruption and leakage are significant risks for projects in Indonesia. The first KDP did not have a specific anti-corruption strategy, but apparently did develop a strategy during implementation. The anti-corruption strategy in KDP II delineates five main risks faced by the project. The first risk came during the financial transfer to the communities. Historically, community development projects had seen significant leakage in cash grants through the transfer itself – at times more than half of the total funds. The second risk lay

[88] KDP I PAD, 9.
[89] *Ibid.,* 25.

in poor contractor management; awards for work on the infrastructure programs were often given to 'favored companies,' regardless of qualifications, and often resulted in inferior work. The third risk lay in poor pricing practices; since the contractor markets were not competitive, projects were often over billed. The fourth risk lay in false taxes and charges. Officials charged for almost every financial transaction in the project in order to get the proper forms signed and funds released. Finally, the fifth risk lay in the fact that the standard financial control systems worked against sound financial management – auditors and inspectors charged to not find fault on financial reporting on forms that villagers may have never seen.[90]

The strategy developed in KDP I, and continued through KDP II and III, to deal with corruption rested on three main themes: 1) eliminate complexity; 2) shine a bright light on every financial transaction; and 3) respond quickly to complaints.[91]

KDP worked to eliminate complexity in financial transactions and reporting in several ways. First, it transferred money directly from the national to the village level, eliminating layers of approval and transactions. Second, the communities themselves do all project procurement, financial management and technical oversight, with assistance from project trainers and facilitators.[92] When contractors or agencies that the villagers contact to do the work start listing forms or fees, the project documents report that the villagers usually take their business elsewhere.[93] Finally, in order to make the financial management process accessible to all of the stakeholders in the process, the project simplified the steps in management and disbursement.[94]

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[90] KDP II PAD, 99.
[91] *Ibid,* 101.
[92] *Ibid.,* 11.
[93] *Ibid.,* 101
[94] *Ibid.,* 101.

The 'shine a bright light' component of the anti-corruption strategy relied on ensuring transparency in three arenas. First, all financial information in the project is public and publicly displayed within villages. For example, instead of submitting sealed bids, contractors must read bids aloud during public meetings. Signboards in villages post labor and material costs, all financial transactions require at least three signatures, and an elected committee manages bookkeeping. Second, a number of groups, including local NGOs, non-elected committee members, and independent journalist associations, have access to KDP documents and are expected to monitor the KDP process. Finally, steps are taken at the national level to insure transparency. KDP sends its audit summaries to civil society oversight groups. NGO monitors are given leeway to share all findings, and independent journalists are not subject to prior review.[95]

Finally, KDP has committed to following up on reported cases of corruption. The project established several channels through which villagers can complain, including a national complaints box. Field staff and monitors, as well as civil society watchdog groups, act on these reports. In some cases, active project coordination teams have pursued corruption projects, even removing abusive village heads and getting missing funds restored. Technical assistance staff who have had problems with corruption personally or who have failed to report corruption have been replaced. The most common response to complaints is the repair of poor quality infrastructure.[96]

[95] *Ibid.*, 101.
[96] *Ibid.,* 102.

*Lack of Capacity in Indigenous Communities*

As a 2002 evaluation of the replicability of the KDP indicates, the project has generally benefited from Indonesia's high levels of education in the form of high-caliber staff. During the second year of KDP I, the program employed 20,500 contract staff serving 10 million people. Of these workers, 15,300 worked at the village level as facilitators, for a ratio of one facilitator to every 650 people. The large staff reflects the need for a high degree of facilitation and financial oversight in the project identification and selection process at the village level. As the evaluation points out, with high education levels, and low salaries, KDP has been able to staff its project nationally with little trouble.[97]

In spite of high human capacity at the national level, KDP has run into problems with low levels of capacity in indigenous communities, particularly in Irian Jaya/Papua. This lack of technical capacity has limited the benefits these communities have received from KDP. Under KDP, each kabupaten has two consultants, one civil engineer and one empowerment consultant. Each kecamatan has at least two facilitators, a civil engineer and at least one empowerment facilitator. The civil engineers ensure the design and construction quality of village projects. In Papua, a shortage of qualified engineering candidates reflected the lack of participation of Papuans in higher education. Therefore, the KDP II program developed an educational program for over 200 young Papuans to fill the technical facilitator positions.[98]

Each village in a kecamatan nominated one or two candidates as representatives from the kecamatan. Representatives of all the villages screened the candidate and chose

[97] J. Edstrom, "Indonesia's Kecamatan Development Project: Is It Replicable? Design Considerations in Community Driven Development," Social Development Papers, Paper No. 29 (March 2002): 7.
[98] KDP III PAD, 99-101.

three candidates by voting (including at least one man and one woman). The candidates then attended the technical training program at a local university. The training program showed good results, with a 90% retention rate, and good test results for the graduating participants. The graduates were assigned back to their home kecamatans, where they continued their education through on-the-job training during KDP III.[99]

*Issues/Obstacles still faced in KDP III*

The project appraisal document for KDP III identifies two major areas for concern and improvement in the upcoming project. The first of these is inclusion of women and the poor. While mechanisms are in place in KDP I and II to help ensure inclusion of women, including a separate planning process for proposals from women's groups, and the requirement that one of two proposals from a village be from a women's group, more progress could be made on including women. To this end, the project has sponsored a competition among its facilitators for suggestions on how to include women, which will be included in the facilitators' handbook.

The problem of including the poor is even more complicated, in spite of relatively successful targeting. KDP's decision-making process relies on public review of proposals, which gives more educated, wealthier groups a substantial advantage in getting their programs funded. Within subdistricts and villages, the poor can also be excluded because of distance problems, language differences, or long-standing social hierarchies that make it difficult for them to participate. KDP III focuses on better

[99] *Ibid.,* 101-102.

facilitation to break the hold of local elites, but acknowledges that elite capture will continue to be a problem.[100]

The second challenge listed continues to be corruption. Even with the considerable effort that has gone into reducing corruption, KDP III still faces three major challenges. The first is that officials resist disclosure of financial and other information, even after five years of successive KDP project cycles. Second, the projects lack good tools for information dissemination. The signboards that post information about the programs either have too much information or too little, and meetings list project achievements rather than promoting dialogue. Teaching people how to use the information they now disclose is a lesson that KDP is working on, but which it says 'extends beyond the scope of any one project.'[101] The final problem is that the Indonesian judicial system remains unwilling and is not set up to receive or act on complaints against government officials. Court officers are weak and subject to pressure. Procedures for filing complaints are time-consuming and lack methods of follow up. There is no regulatory institution that protects complainants from physical intimidation. The greater transparency created by the KDP projects helps social controls act more effectively, but is not supported by a responsive institutional environment.[102]

**Program Costs**

[100] KDP III PAD, 39-40.
[101] *Ibid.,* 40.
[102] *Ibid.,* 40-41.

There are two primary sets of program costs to weigh against the expected and realized benefits of the KDP programs. First, the actual financial costs of the programs are very high, leading to questions of whether similar programs can be implemented with as much success in other countries, as well as whether the programs will be sustainable if the World Bank withdraws support. Second, some critics believe that in spite of its attempts to use already existing local structures to manage the program, KDP projects create parallel delivery systems that undermine the government.

**KDP Program Costs by Project***

| *in USD millions* | **KDP 1 (1998-2002)** | **KDP 2 (2002-2006)** | **KDP 3 (2003-2008)** |
|---|---|---|---|
| Kecamatan Grants | 221 | 310.6 | -- |
| Kecamatan Grants for Infrastructure | -- | -- | 253.1 |
| Kecamatan Grants for Planning | -- | -- | 25.9 |
| Technical Assistance for Implementation (KDP 1) | 32 | -- | -- |
| Community Capacity Building (KDP 2) | -- | 65.5 | 41.8 |
| Implementation Support (KDP 2) | -- | 40.4 | 39.9 |
| UPK Microfinance Support (KDP 3) | -- | -- | 8.6 |
| Monitoring | 2 | 2.9 | 3.1 |
| Incremental Operating Costs | -- | -- | 2.4 |
| Policy Studies (KDP 1) | 2 | -- | -- |
| **Total Costs** | **257** | **419.4** | **374.8** |

*Sources: KDP 1 PAD 26-28; KDP II PAD 10; KDP III PAD 55.

The Kecamatan Development Projects are very expensive to implement, given their strong emphasis on facilitation, training and monitoring to ensure accountability and transparency. KDP I was funded with $221 million in grants, $32 million in technical assistance for implementation, $2 million for monitoring, and $2 million for policy studies, with $225 million of the total funded by the World Bank and the difference funded by the Indonesian government.[103] As the program evolved through KDP II and III, the technical assistance component was split into two functions, community capacity building and implementation support. Community capacity building funds will pay for trainings, development of community-based monitoring, and pilot programs to support female-headed households, training in conflict resolution, and other special programs.

[103] KDP I PAD, 26-27.

Implementation support funds pay the salaries of the technical consultants that support the national, provincial and district governments.[104] Combined, these components of all three projects will cost a total of $219.6 million over the three programs over ten years.

KDP's efforts to circumvent historical avenues of corruption through direct financial transfers to village accounts has helped increase transparency and accountability at the local level. However, critics have pointed out that bypassing government to get good governance can result in a weakening of government structures that would normally process such funds. This weakening leads to questions of whether the program can be sustained once it is reverted to the hands of normal government procedures.[105]

**Weighing the Costs and Benefits**

The KDP process proposes to increase rural incomes through infrastructure provision, build capacity in local government to manage funds and decision-making, institute a participatory development planning process, and support a nation-wide decentralization program. Benefits would accrue to an estimated 20,000 of 67,500 villages in Indonesia, primarily targeted at poor villagers. The breadth of the program, both in its geographical scope and its goals, is impressive, and comes at an equally impressive cost. Two questions arise in light of the above assessment of the program. First, do the stated program benefits represent overly lofty goals, or a considered appreciation of the linkages and spillover effects of government programming? Second, to what extent will the program be sustainable after World Bank withdrawal given the costs?

[104] KDP III PAD, 53.
[105] ibid., 3, 9.

The stated goals of the program, and the anticipated benefits, are many and often lofty. The first goal, increasing rural incomes through infrastructure provision does logically connect to the second of building local government capacity. By developing explicit training programs to build that capacity further, beyond the simple experience of managing funds, the project has reinforced the linkage. As the national decentralization program has proceeded, KDP has evolved to provide more and more training to help local governments handle a host of new responsibilities. In light of these clear linkages, it is not unreasonable for the program to expect that with proper management it could both help improve rural incomes and support the decentralization process. However, in a program this large, it will be difficult to measure impact. KDP III has specific provisions to improve the current monitoring system, but it still may be difficult to disaggregate which improvements beyond infrastructure come from KDP, and which from the general decentralization program.

The second question of sustainability in light of high costs is more difficult to answer. Part of the question ties into the criticism that the Bank has created a parallel governance structure by circumventing the administrative hierarchy to inject funds directly at the local level. If the process reverts to the government, the question arises as to whether it will continue with this financial arrangement. If it does not, and reverts to sending the money through the government hierarchy, the door will be opened to corruption since these levels might not have bought into the KDP principles and process.

The future sustainability of the program will be indicated by the government's willingness to fund it. At this point the government has shown a great deal of interest and commitment to the program, providing additional counterpart contributions during KDP

I, and requesting supplementary credits (also during KDP-I). Local governments have also frequently taken up the option to provide matching grants. KDP III will measure counterpart commitment further through looking at whether large amounts of funds are committed through the new parliamentary procedures.[106] In light of the high costs of the program, this evaluation will be critical to assessing whether it is truly sustainable.

## ANALYSIS

### Context

Ubudehe and the KDP are in many ways very similar programs. Key similarities include the fact that both countries are working to decentralize highly centralized systems of government that have obscured developmental and societal problems, including massive corruption, until they erupted in political and economic crises, including for Rwanda the 1994 genocide, and for Indonesia the Asian financial crisis and outbreaks of violence in Aceh, East Timor, Irian Jaya, and the Malukus. Both have governments grappling with ongoing political and economic crises by attempting to decentralize and create more accountable government through localization. Consequently, both government systems are dealing with political struggles over resources and mandates as they attempt to reform. In spite of these similarities, key differences in the countries and the projects mean that their governments and prospective donors face different challenges when trying to support their decentralization programs.

[106] KDP III PAD, 32.

One key difference is the level of education. In Rwanda, only 52% of the adult population is literate; in Indonesia, 88.5% can read and write.[107] This difference in education has huge implications for the success of the programs. In KDP, it has been relatively easy to recruit qualified engineers, facilitators and other consultants to work with villages on their projects. In Rwanda, the shortage of educated candidates has made recruitment significantly harder. In KDP, the government and World Bank can count on a literate population able to understand the written forms they distribute, and the data they publicize to allow the community to monitor program activities. In Rwanda, the government must use more creative approaches to spread the word about Ubudehe, and must rely on the educated members of cells to keep track of published program information for accountability.

Another key difference is size. Rwanda is a relatively small country with a highly concentrated population of just over eight million. Indonesia is a large country with a population of close to 235 million dispersed over 17,000 islands.[108] Both countries suffer from varying quality of infrastructure, but arguably Indonesia will require greater funding to monitor a highly dispersed project, compared to Rwanda's relatively concentrated funding.

**Rwanda & Indonesia: GNI & GDP PPP**

| | Rwanda | Indonesia |
|---|---|---|
| **GDP/capita** | $196 | $695 |
| **GDP/capita PPP** | $1250 | $2940 |

Source: UNDP Human Development Indicators 2003.

Finally, there are vast differences between the two countries in terms of wealth and technological advancement. Indonesia is a much wealthier country with greater resources at its disposal. In addition to its educated population, Indonesia has natural resources such as oil and other minerals, a modern financial system, and a relatively stable

[107] "CIA World Factbook," in CIA [database online]. Washington, DC [cited April 11, 2004]. Available from http://www.cia.gov/cia/publications/factbook/geos/id.html.
[108] *Ibid.*

government. By comparison, Rwanda has recently come out of a devastating civil war that destroyed much of the infrastructure in the country along with most social institutions in the private and public sectors. Rwanda is currently enjoying the high GDP growth rates characteristic of a country recovering from war (9.7% to Indonesia's 3.7%[109]), but it is important to remember that those are indicative also of the level of destruction in the genocide and civil war. Rwanda's government is still dealing with the repercussions of that war. In turn, Indonesia's growth rate is still suppressed in the aftermath of the Asian financial crisis. However, its economy is arguably still more robust, given its wealth of human capital and other resources. The differences in the economy and stability of government will make Indonesia a more favorable environment for the kind of investment provided by the grant programs discussed here, an important fact to keep in mind when evaluating their comparative merits and weaknesses.

**Mandate**

<table>
<tr><th>Ubudehe</th><th>KDP I, II, III</th></tr>
<tr><td>Objective: to revive and foster collective action at the community level in Rwanda.</td><td>Objective: to reduce poverty and improve local-level governance in rural Indonesia.</td></tr>
<tr><td colspan="2">• Support decentralization<br>• Build local institutions<br>• Provide an injection of funds at the grassroots level to help alleviate poverty</td></tr>
</table>

The fundamental objectives of Ubudehe and the KDP projects are very similar, although their objectives show nuanced differences (see financial structure discussion below). Both programs are meant to support decentralization by building the capacity of local institutions and citizens to plan and implement projects for their development needs based on their own priorities. Due to the fact that KDP is now in its third phase, its

[109] *Ibid.*

mandate has evolved over time. This evolution, from fostering a participatory process for development planning at the local level, to building village technical capacity to manage public funds, to institutionalizing these processes to empower villages and integrate them into decentralized governance, reflects both the changing context in Indonesia, and the learning process as the project progressed.

Ubudehe is still at the early stages of this process, and is thus just beginning to train district and cell-level facilitators and communities in the Ubudehe methodology. This stage is parallel to KDP I's work to build a participatory process for development planning. As Ubudehe evolves, it could draw some important lessons from the KDP experience. First, KDP II and III show an increased emphasis on training (see funding discussion below for detail). The national rollout of Ubudehe will generate a lot of information, much of which will relate to the capacity of local level officials and citizens to absorb funding and implement projects that meet the program's mandate. Training is one important way to address weaknesses in skills. Second, the KDP process demonstrates the importance of laying the groundwork for decentralization by focusing on the fundamentals of the grant process before adding more sophisticated governance training. KDP I laid the foundation for subsequent programs, as the first year of Ubudehe will inform planning for subsequent years.

**Financial Structure**

| **Ubudehe** | **KDP I, II, III** |
| --- | --- |
| Injects guaranteed funds at the cellule level | Villages compete for funds distributed at the subdistrict level |

The subtle differences between Ubudehe's and KDP's mandates come out in the financial structure of the programs. Ubudehe provides direct, guaranteed transfers to each cellule (one cellule is roughly between the village and sub village levels in Indonesia). KDP allows villages to compete for funds, either alone or in partnership with other villages. There are advantages and disadvantages to both approaches, and each program's choice of approach to some degree reflects the context in which it operates.

Ubudehe's primary objective is to rebuild collective action in a war-torn and divided society. As discussed above, the 1994 genocide left a legacy of distrust, both of neighbors and of authorities. Giving each cellule a grant treats each part of the country equally, and avoids the divisions that competition could create in an already wary society. However, the guarantee of the funds means that the cellule participants do not have to directly negotiate for funding, and thus lose an opportunity to learn a different way to represent themselves at higher levels of governance. Competition might also lead to the development of more innovative project ideas that could then be shared with other cellules in subsequent iterations of the Ubudehe process.

KDP's competitive process, combined with ample training and facilitation, provides villagers substantial opportunity to negotiate with officials at the kecamatan level, while providing those officials the chance to learn how to manage a competitive grant process. These skills will be critical as Indonesia implements its decentralization reforms. However, the competitive process gives an advantage to communities or groups with higher levels of education, and thus greater capacity to write proposals. This advantage may lead to elite capture, and divert funds away from poorer villages, a problem Ubudehe has mitigated by providing guaranteed funds to all villagers.

## Funding

The KDP projects dwarf the Ubudehe program in terms of actual dollars spent per program. Over ten years, the World Bank has budgeted over USD$1 billion for the program, not counting what Indonesian counterparts provide in matching grants, and additional credits requested by the Indonesian government. However, closer analysis indicates that in terms of grant dollars spent per head per year, the actual numbers for each project are not so different, with Ubudehe spending $1.39 per person per year, and KDP $1.69 (discounted). When broken down by community (cellules in Rwanda and villages in Indonesia), the difference is slightly more pronounced, with Ubudehe giving a grant of $1072 (€900) to $1787 (€1500), and KDP allocating an average of $2958 (discounted) per year per village (to be distributed through the competitive proposal process).

**Budget Allocation per year: Ubudehe v. KDP**

| *In USD millions* | **Ubudehe** | **KDP I, II, III (actual)** | **KDP I, II, III (discounted)*** |
|---|---|---|---|
| Total population served | 8,162,715 | 35,000,000 | 35,000,000 |
| Total project years | 1 | 10 | 10 |
| | | | |
| Total grant budget | $11,308,177 | $810,500,000 | $591,516,993 |
| Total grant budget/year | $11,308,177 | $81,050,000 | $59,151,699 |
| Grant funds per capita/year | $1.39 | $2.32 | $1.69 |
| | | | |
| Total training budget | $309,674 | $219,600,000 | $154,598,676 |
| Total training budget/year | $309,674 | $21,960,000 | $15,459,868 |
| Training per capita/year | $0.04 | $0.63 | $0.44 |
| | | | |
| Total remaining budget | $641,400 | $21,000,000 | $14,809,628 |
| Total remaining/year | $641,400 | $2,100,000 | $1,480,963 |
| Remaining per capita | $0.08 | $0.06 | $0.04 |
| | | | |
| Total | $12,259,251 | $1,051,100,000 | $760,925,297 |

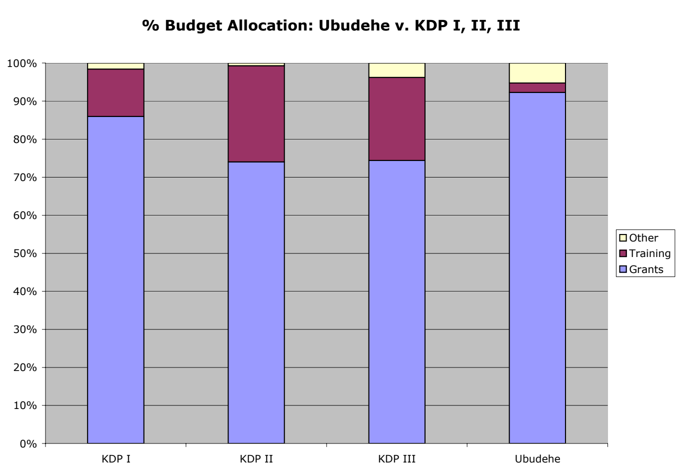
*Discounted @5% per year from year 1.

The most significant difference in funding is in the training budget for each project. KDP has 16 times the funding of Ubudehe per year for training (including the capacity building and implementation support line items from KDP II and III) in actual terms, and 10 times when future years are discounted to account for the comparison between KDP's 10-year project and Ubudehe's single year. Part of the difference in funding lies in the fact that KDP pays its consultants at the local level, including the facilitators and engineers, whereas Ubudehe only pays the four master trainers at the national level (district trainers are NOT paid, but their Ubudehe activities are usually in addition to their regular civil servant duties[110]). As indicated above, KDP hired 27,000 staff through individual contracts during KDP II to serve as consultants to build village capacity and help with the implementation process at the national, kecamatan and village levels.[111]

**Budget Breakdown by %: Ubudehe v. KDP**

| *in USD millions* | **KDP I** | **KDP II** | **KDP III** | **Ubudehe** |
|---|---|---|---|---|
| Grants | 86% | 74% | 74% | 92% |
| Training/Capacity Building | 12% | 25% | 22% | 3% |
| Microfinance | -- | -- | 2% | -- |
| Monitoring | 1% | 1% | 1% | 1% |
| Operating Costs | -- | -- | 1% | -- |
| Policy Studies | 1% | -- | -- | -- |
| Dissemination | -- | -- | -- | 1% |
| Contingency | -- | -- | -- | 3% |
| Total Cost | 100% | 100% | 100% | 100% |

Interestingly, KDP did not always have the same emphasis on training that is shown in the total budget. KDP I only allocated 12% of the total budget to technical assistance (still four times Rwanda's three percent). As KDP's mandate evolved in KDP II to village capacity building, and KDP III to institutionalization, the training (capacity building and implementation support combined) budget doubled, at the expense of the grant program. This shift reflects the fact that as KDP came to be seen as a tool for building village empowerment and supporting decentralization, the grants




110 Uvin and Nyirankundabera, "The Ubudehe Project in Butare: A Prospective Evaluation,"
111 KDP III PAD, 37.

became a tool to help increase both government and society's capacity to manage funds and participate in development planning.

Ubudehe is still in its nascent stages, and has no guarantee of continued donor support after the current fiscal year. This lack of funding could serve as a hindrance to the kind of evolution that KDP has gone through. Each KDP project was guaranteed funding for at least four years, and the promise of additional projects allowed the program managers time to build the fundamentals of the process before adding layers of more sophisticated training. The guaranteed funding also provided KDP with the flexibility to respond to challenges, like the lack of qualified engineers in Papua, that had not been anticipated in the initial project planning. If Ubudehe is not guaranteed funding for successive years, and is forced to scramble to find funding each year instead, it may lose out on implementing lessons learned, improvements in collective action programming, and local-level faith in the government's and donors' support of the process.

**Anti-Corruption Strategy**

| Ubudehe | KDP I, II, III |
|---|---|
| • Direct transfer of funds to the cell from the national level<br>• Committee of wise men and Ubudehe oversight committee at cell level<br>• National & District level Ubudehe committees<br>• Monitoring by district trainers<br>• Spot checks by master trainers with immediate correction of problems by district trainers<br>• Publication of use of funds in sector marketplace for comparison between cells | • *Eliminate complexity:* direct transfer of funds to local level, communities conduct procurement, simplification of management and disbursement<br>• *Shine a bright light*: public display of all documents, bids read aloud, large number of people with access to documents, independent media monitoring, audits given to oversight groups<br>• *Respond to complaints:* multiple channels to process complaints, removal of abusive officials |

Both Ubudehe and the KDP have come up with a number of innovations to promote transparency and accountability, and reduce corruption in their grants process. Ubudehe has incorporated most of its efforts for anti-corruption and transparency into its monitoring and evaluation framework, in addition to oversight measures integrated into the structure of the program. KDP has developed a separate anti-corruption plan, in compliance with World Bank regulations.

The programs have several techniques for increasing transparency and accountability in common. Both transfer funds directly from the national level to the local level in order to avoid the loss of funds that often occurs when grant funds move through successive layers of government. Both publicize the use of funds on signboards at the local level, and have local level representatives on committees overseeing the dispersal of funds and management of the program.

These similarities aside, KDP has developed a more sophisticated system for managing corruption. Some of the program's techniques rely on its substantial budget for training, capacity building and implementation support, but others are relatively simple innovations that should be applicable in any similar program. While Ubudehe relies on spot checks by trainers and oversight by local committees of wise men to ensure that the program is implemented properly, KDP has numerous oversight mechanisms, including non-voting members on selection committees, NGO oversight, and the blind contract with an independent media monitoring group. While work with NGOs and the independent media group might require funding either for the contract or for staff to oversee and integrate NGOs into the process, the election of non-voting members to provide an additional account of committee meetings could be applied anywhere.

Similarly, financial transparency techniques such as requiring contractors to read bids aloud at a public meeting would also be easy to transfer to other programs like Ubudehe.

Real accountability for abuse of power or misuse of funds appears difficult to enforce in both projects. While KDP has had some success with removing officials who have misused funds, project documents still admit that judicial officials are unwilling to hold officials accountable for abuse of power. Ubudehe has made significant changes since the pilot project in Butare, including the publication of the use of funds, increasing the number of district trainers, and instituting new spot checks. Nonetheless, the potential for the kinds of distribution problems surrounding the goat projects in Butare remains, as there are few channels for members not on the Ubudehe committees to channel complaints or provide oversight. Corruption is not a problem that one project can solve, but increased institutionalization of the norms introduced through KDP, and the introduction of additional monitoring and complaint response mechanisms in Ubudehe would help these projects better respond to it.

## CONCLUSION

The examination of Ubudehe and KDP draws out important programmatic lessons learned that can be applied both to the programs discussed here, and to new and ongoing efforts in other countries. It also raises larger questions as to the success these programs will have in achieving their ambitious goals.

**Programmatic Lessons Learned**

*Transparency and Accountability:* Transparency and accountability were difficult to build in Ubudehe and the KDP for two reasons. The first is the obvious history of corruption and impunity that local officials were accustomed to in the old system. Both programs came up with innovations like layers of accountability, publication of program information both in meetings and in print, and watchdog groups. While these innovations alone will not solve problems of accountability and transparency in Rwanda and Indonesia, with continued program support they will help build a foundation.

The second reason transparency and accountability were difficult was the wealth of information generated by the projects that had to be shared with the public. KDP in particular noted that there was often too much information shared, making it difficult for the public to decide which information was important. Training civil society watchdog groups, like NGOs and the media, to interpret information, as well as launching campaigns of civic education for general citizens, should begin to create an informed audience to refine demand for information and interpret it.

*Training:* Training is the most important component of these grants programs as tools for building local governance. It is critical that local officials, civil society groups, development personnel, and citizens be immersed in the principles of the program and the driving forces behind decentralization. For a well-funded program like the KDP, good training is simply a matter of appropriate design and capitalizing on the wealth of knowledge generated by the program. Ubudehe faced both the problem of designing an appropriate training system, and limited funds. In light of these challenges, the national rollout plan has responded well to the issues raised in the Butare pilot program. In programs with more limited funds, piloting the program regionally, and staggering entry into the program, may provide time to integrate lessons learned.

*Funding:* One clear advantage KDP had over Ubudehe was its access to continued, ample funding. While techniques developed in KDP and Ubudehe can be applied elsewhere at no cost, and should be incorporated into the greater body of best practices, it is impossible to discount the impact that adequate funding can have on a program. From the quality of staff provided to continued implementation support and training, reliable funding is key to project success. It also demonstrates donor commitment to the process. In a country like Rwanda, where the society and economy are both trying to recover from a devastating civil war, and where it seems unlikely that the government will generate adequate financial support for Ubudehe in the near future, continued donor support is critical for program sustainability.

*Guaranteed versus Competitive Grants:* As discussed above, the different grant structures chosen by Ubudehe and KDP reflect the differences both in context and in mandate faced by the two projects. To some extent the approaches also reflect the capacity of the populations served. While the competitive may provide more opportunities for officials to learn to manage funds and for villages to learn to represent their interests to higher levels of bureaucracy, it may also result in funds being targeted to those villages that consistently prepare the best proposals. In a country like Rwanda, where there is a historical need to treat communities equally, and there is a developmental need for funds at the local level, guaranteed grant programs might be the best place to start. As capacity is built, and if funds become available, a competitive grant program can always be introduced later.

**Broader Questions**

Grant programs like Ubudehe and the KDP program are rarely the only projects funded by governments and donors to support decentralization efforts. They are usually accompanied by a plethora of overlapping projects with both different and similar mandates, all designed to address the problems of empowering local government. Nonetheless, these programs are becoming a favored tool of donors and governments to support decentralization and provide poverty alleviation. Such programs have three fundamental goals: 1) to develop the capacity of local government to manage funds; 2) to integrate the community into a grassroots participatory process for development planning; and 3) to provide poverty alleviation through the provision of grants, primarily for public goods.

Before addressing whether these programs can achieve all three of these goals, it is important to step back and assess why the goals are considered worthy in the first place. Why make the effort to improve local governance, promote decentralization, or institute a participatory development process? Do these goals actually contribute to poverty alleviation and growth?

Both Ubudehe and KDP emphasize the importance of building accountability and transparency into local governance to help build trust in the government and social capital, but there is another fundamental reason transparency and local government capacity are important. A capable, transparent, accountable local government will use its resources more efficiently in response to the demands of citizens, thus meeting actual citizen needs. Improvements in efficiency and demand driven government should increase the government's ability to promote growth.

Similarly, decentralization and the development of a participatory development planning process bring the priorities of the community to policymakers more efficiently. If government is addressing the priorities the community sets, the investment of development funds is more likely to pay off. Infrastructure is more likely to be maintained, because it is infrastructure the community actually uses. KDP demonstrates that when communities are allowed to plan their own projects, they will use resources more efficiently. Ubudehe has not seen the same results yet, but the program is new, and similar efficiencies may yet emerge. Increasing efficiency frees up resources for other productive activities, as does reducing corruption and increasing accountability.

These programs then contribute to poverty alleviation in two ways. First, the projects the communities choose, based on their own priorities, address immediate poverty needs. Second, as local government becomes more responsive and efficient, it is better able to represent these needs at higher levels of government, to pursue other resources or policies to improve poverty alleviation.

That is how it works, at least in theory. KDP and Ubudehe demonstrate both the potential and the limitations of the program design. Three key questions about the viability of these programs emerge from the analysis. First, what is their impact on local governance? Second, do they foster a truly participatory development planning process? Finally, will they be sustainable without donor funding and influence?

KDP has arguably created a real participatory development process that has changed the way local government functions in Indonesia. It is evident that the kind of funding and influence that KDP brings to bear through the World Bank has enabled it to penetrate local governance and community structures to a degree that would be difficult to replicate without the same support. This penetration includes some ability to hold officials accountable for abuses, an ability that has yet to emerge in Ubudehe. KDP has also been able to bring more actors into the planning and decision-making process (in KDP, NGOs, non-voting board members, the media and others), improving transparency and accountability. The participatory planning process has led to projects that are more efficient, better maintained, and more responsive to village needs. In the short run, at least, KDP appears to have had substantial success.

In the long run, KDP's impact may be diluted when the World Bank withdraws funding. The levels of education and the government's real commitment to fiscal decentralization are promising for the sustainability of the program, but the World Bank is still providing substantial funding and leverage for accountability that the program may founder without. It is also questionable how institutionalized the anti-corruption methods created by the project are in the local governments. As it is, the Bank acknowledges that it is difficult to hold officials accountable. Without the oversight of the Bank, corruption may hijack the KDP process and undermine the goals it claims to support.

Ubudehe's impact is more difficult to evaluate, because the program is so new relative to KDP. It does show promising foundations, including new methods of information dissemination in the national rollout, and an increase in the number of district level trainers for monitoring. The Ubudehe methodology has been well disseminated, although the Butare pilot raised questions as to how well communities absorbed the methodology. Repeated training should improve absorption in the national rollout, and result in a participatory development planning process. Yet while Ubudehe has been able to create a genuine participatory process, it is questionable whether the government will be able to respond to all of the priorities that communities are now identifying. That is, the program may unleash a demand that local governments are unable to meet with supply. Rwanda is facing serious economic challenges. While Ubudehe will help refine its approach to these challenges, it may also serve to highlight the government's inability to meet them.

Long-term success of each program is going to be dependent upon the governments' ability to fund them. While KDP has had great success with its training programs and repeated grant cycles, it is a very expensive program to maintain. Even if the government can reduce the number of consultants without losing the oversight they provide once the program is institutionalized, the grants alone will run up a substantial bill. Indonesia's commitment to serious fiscal decentralization holds some promise for program sustainability, but much of the funding devolved to local governments will be designated for other programming. Withdrawal of donor funding could prove a serious threat to the viability of the program, and to its ability to support Indonesia's decentralization program.

In this respect, Ubudehe might be better off. While the government of Rwanda certainly cannot fund the entire program now, or in the near future, there is a chance that it might be able to take over a significant portion of expenses in the long run. This chance rests not so much on Rwanda's current growth rate as on the low cost of the program itself. While a massive program like KDP might help Rwanda in the short run, it would be completely unsustainable in the long run. Ubudehe, with its smaller training budget and smaller grants, has a better shot at long-term financial sustainability in the Rwandan context than a heavier, training-intensive program. The question then becomes whether Ubudehe has had sufficient resources to create a program worth sustaining. In other words, even if the government might someday be able to afford to pay for it, will Ubudehe alone create the participatory, demand-driven, accountable system it is looking for?

Both programs show real potential, but also highlight the hazards of decentralization. While increased local governance and community participation have the potential to increase efficiency, transparency and accountability, there is no guarantee that they will do so. Each of these projects could be hijacked by corruption without adequate monitoring and true avenues of redress for officials abusing the process. Each is highly dependent on external funding for survival, which leads to questions about their long-term viability. The long-term success of each rests on three requirements. First, the program must create a population that will demand government responsiveness and accountability. Second, it must support a government that sees its survival as tied to the population. Finally, it must be based on a realistic assessment of the government's ability to fund the program without donor support. KDP and Ubudehe have both succeeded in beginning to meet these requirements, but their long term impact remains to be seen.

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