

**STRATEGIC RESPONSES BY WORLD BANK IN FUNDING COMMUNITY
PROJECTS IN KENYA**

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DECLARATION

I hereby certify that this is my original work and has not been submitted either wholly or part to this or any other university for the award of any degree.

Sign.......... Date..... 01.12.2008

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D61/8652/04

This research project has been submitted for examination with our approval as University Supervisors.

Sign.......... Date..... 5/12/08

for

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DEDICATION

This report is dedicated to my children; Diana, Hellen and Ashley

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First and foremost, in humility I thank God for granting me physical, emotional and mental health to undertake this study. I would also like to acknowledge my supervisor, Professor Evans Aosa, for the valuable advice and support he has given me throughout in moulding and conceptualizing my thinking about an idea I had from the project proposal and finally in completing this report.

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LIST OF ABBREVIATIONS

AIDS:	Acquired Immune Deficiency Syndrome
CBD:	Community Based Development
CBO:	Community Based Organisation
CDD:	Community Driven Development
CDF:	Constituency Development Fund
CORPs	Community's Own Resource Persons
GOK:	Government of Kenya
GTZ:	German Technical Corporation Agency
HBC:	Home Based Care
HIV:	Human Immuno-deficiency Virus
LASDAP:	Local Authorities Service Delivery Action Plan
LATF:	Local Authorities Transfer Fund
LFA:	Logical Framework Analysis
NGO:	Non-Governmental Organisation
NGOs:	Non-Governmental Organisations
NRM:	Natural Resource Management
OED:	Operations Evaluation Department
RBM:	Resource Based Management
SIS:	Strategic Issue System
UK:	United Kingdom
VCT:	Voluntary Counseling and Training
WB:	World Bank
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CHAPTER ONE: INTRODUCTION

1.1 Background

There has been increased flow of development aid from governments, international bodies and philanthropists to developing countries in the last two decades. This trend has necessitated funding agencies to organize and re-organize funding mechanisms to respond to prevailing global trends, lessons learnt and recipient circumstances. The question has always been: what is the most viable, cost-effective, impact oriented and sustainable way of donor funding?

Community Driven Development (CDD) is currently being proposed as the main avenue to fighting poverty and circumventing the shortcomings of state -directed aid resources. That community participation leads to improved project performance and better targeting compared to top-down service delivery and poverty-reduction approaches has become a sort of received wisdom today. The approach has been for a long time advocated by development scholars in the last two decades.

However, it is not the first time that the approach is being attempted. In the 1950s similar approach was applied by the Ford Foundation and US foreign assistance programmes (by 1960, as many as sixty countries were concerned by this community development thrust) before being abandoned (Holdercroft, 1984). The approach has also been embraced enthusiastically by development Non-Governmental Organizations (NGOs) working in developing areas. What is striking today is that, largely as a response to criticism of top-down development, most bilateral donors and big major organizations are now adopting participatory elements in the design of their large -scale development assistance programmes through which they channel substantial amounts of aid money directly or via international or local NGOs (Stiles, 2002).

1.1.1 Organizations and environment

The external environment includes social, technological, economic, environmental, and political trends and developments. External analysis is conducted because it will have implications for organizational change and development. This component consists of scanning the environment to identify changing trends and potential developments, monitoring specific trends and patterns, and forecasting the future direction of these changes and potential developments. External analysis assists decision makers in formulating strategic directions and strategic plans.

Aguilar (1967) identified four modes of collecting scanning information. Undirected viewing consists of reading a variety of publications for no specific purpose other than to "be informed." Conditioned viewing consists of responding to this information in terms of assessing its relevance to the organization. Informal searching consists of actively seeking specific information, but doing it in a relatively unstructured way. This is in contrast to formal searching, a proactive mode entailing formal methodologies for obtaining information for specific purposes.

Morrison, Renfro, and Boucher (1981) condensed these modes to passive and active scanning. Passive scanning is what most of us do when we read journals and newspapers. The organizational consequences of passive scanning are lack of use of information for organizational intelligence and likelihood to miss ideas that may signal changes in the macro-environment that could affect the organization. Active scanning focuses attention on information resources that span the broad areas of social, technological, economic, environmental and political sectors.

Fahcy, King, and Narayanan (1981) described a typology of systems of scanning used by organizations. Irregular systems are used on an ad hoc basis and tend to be crisis initiated. These systems are used when a planning committee needs information for planning assumptions, and conducts a scan for that purpose only. Periodic systems are invoked when the director of planning or of research periodically updates that scan, perhaps in

preparation for a new planning cycle. Continuous systems use the active scanning mode of data collection to systematically inform the strategic planning function in an organization. The rationale undergirding this mode is that potentially relevant "data" are limited only by one's conception of the relevant macro environment. These data are inherently scattered, vague, imprecise, and come from a host of varied sources. Since early signals often show up in unexpected places, the scanning purview must be broad and ongoing.

The goal of environmental scanning is to alert decision-makers to potentially significant external impingements before they have crystallized so that decision-makers may have as much lead time as possible to consider and to plan for the implications of the change. Consequently, the scope of environmental scanning is broad--like viewing a radar screen with a 360 degree sweep to pick up any signal of change in the external environment.

In such a world we need a planning model that allows us to anticipate the future and to use this anticipation in conjunction with an analysis of our organization--its culture, mission, strengths and weaknesses--to define strategic issues, to chart our direction by developing strategic vision and plans, to define how we will implement these plans and to specify how we will evaluate how well we are implementing these plans. Planning on the other side is an iterative activity

The fact that the world is changing as we move forward in the future demands that the process be an iterative one. We want our organizations to succeed. In order to prosper, we must acquire the support and resources our organization needs to fulfill its mission. We measure success by how well we accomplish our organization's mission and vision.

The strategic response grows out of assessment of the situation at hand. In it, core strategies for ensuring the success of the organization are presented. While strategic responses are not the same as operation, the difference though is found in the length of time, whether the analysis is external or internal, solutions are immediate or long lasting.

The strategic response describes major strategies for meeting the needs that have been identified, along with the intended outcome of success for a given venture.

There is general consensus in the strategy literature that successful organizations alter strategy to address changes in their environments and enact conditions that are more favourable. Studies of organizational change suggest that this adjustment is not always made in a timely manner. Different beliefs about cause and effect have been established as a plausible explanation for differential responses to environmental change. This exploratory study of different organizations suggests more specifically that multiple concepts associated with environmental changes must be directly linked to organizational performance before new strategies are initiated. The results have shown the importance of stress as a precursor to strategic response and have implications for the way we conceptualize 'response' when referring to significant changes in strategy.

1.1.2 World Bank funding in Kenya

An international organization created at Bretton Woods in 1944 to help in the reconstruction and development of its member nations. Its goal is to improve the quality of life for people in the poorer regions of the world by promoting sustainable economic development. Kenya has been a member of the World Bank since 1964. Since then, World Bank assistance has focused on stimulating economic growth and reducing poverty through creation of an improved environment for investment and growth in agriculture, manufacturing, tourism, and in small- and medium-size enterprises and financial sector reform.

Social development is extremely important to the World Bank. The institution has demonstrated its commitment through the Comprehensive development framework where it works with clients on their own Poverty Reduction Strategies, public statements, and operational strategies and policies. The Bank has made good progress on many fronts during its 34-year history of social development work, helping clients strengthen the nexus of formal and informal institutions, norms, and values. Most Bank-financed projects now include participation and civic engagement; social analysis is carried out fairly routinely; the portfolio of projects dealing with conflict is increasing; and the Bank is increasing its commitments for community-driven development. The Bank's approach

to safeguard policies aims to ensure that vulnerable people are protected from potential negative impacts of development. The Bank's emphasis on social development in recent years has meant: Focusing explicitly on conflict in Bank financed projects; Lending more than one billion dollars per year for community driven development projects to include communities in development decisions and actions, and to empower people to control development resources; and using the Bank's operational safeguard policies on indigenous peoples and involuntary resettlement to improve project design and implementation. More than 460 ongoing projects worldwide now rely on these policies.

This attention to the social dimensions of development has improved Bank-financed operations. In its 2003 review of social development activities, the Bank's independent Operations Evaluation Department (OED) found that almost half of all projects financed by the Bank over the past decade address some social dimensions of development and that such projects meet their objectives more often, their impacts are likely to be more sustainable, and they do better on institutional development than the portfolio as a whole. OED found that when projects address two or more social dimensions, the improvement is even greater.

In order for the World Bank's vision to be realized, it has strengthened its operations through attention to the social dimensions of development. As such, it has concentrated on social and economic development to engender positive change in the communities as a means of encouraging transformations that better equips the societies to reduce poverty. This approach is based on a deep knowledge of local context, which informs understanding of how the perspectives and constraints of men, women, and children living in different circumstances. It has also strived to understand the power dynamics, culture, and value systems, as well as the informal and formal structures of the communities with which it works.

Because social development is so context-driven, the international community has neither recognized one universal definition nor ascribed uniformly to one of the several useful conceptual frameworks associated with social development. However, World Bank has

built its social development strategic priorities on the principles revealed by operational experience. Ultimately, it has learnt that inclusion, cohesion, and accountability make development operations more effective and sustainable.

Some of the World Bank projects geared towards CBD in Kenya approved in recent years include the Western Kenya CBD and Flood Mitigation Project, a US \$86 million loan that aims to provide technical support and funding for demand-driven, income-generating micro projects in 600 communities, including 200 projects earmarked for youth groups in Siaya and Bondo, Western Kenya. There is also funding for the fight against malaria. Over one million community members will directly benefit from CBD activities.

The project aims to create new opportunities for the local communities in Western Kenya to engage in wealth creating livelihood activities and reduce their vulnerability to flooding. Although Western Kenya is rich in natural resources, the local communities remain poor and vulnerable to flooding, disease and natural resource degradation. Over one million community members will directly benefit from Community Driven Development (CDD) activities. The other projects include the Natural Resource Management (NRM) Project meant reduce Kenya's vulnerability to floods and droughts arising from mismanagement of water and forests targeting communities in Upper Tana, Nzoia and Yala rivers catchments basins; the Development of National Statistics System Project aimed at establishing a sustainable national statistical system and carrying out legal and institutional reforms that promote statistical data; Agricultural Productivity Project (KAPP) aimed to improving the system supporting generation, dissemination, and adoption of agricultural technology through reforms in extension to increase pluralism, responsiveness to clients, and participation by private providers; evolutionary change in the existing system of agricultural research to improve accountability and impact; and increased empowerment of producer organizations to influence the planning, design, implementation, funding and monitoring and evaluation of research, extension, training and capacity building activities; Nairobi Water and Sewerage Institutional Restructuring Project aimed at building a strong governance, institutional, and service delivery framework that will enable efficient and sustainable delivery of water, and sewerage

services to the population of Nairobi; and Arid Lands Resource Management Project, a six years project that is aimed at mitigating the risk posed by drought and other factors by strengthening and institutionalizing natural resources and drought management systems. This in turn will reduce the vulnerability of the population in an area, which is characterized by frequent, acute food insecurity related to drought

The move to put participation and empowerment of the poor squarely on the agenda is especially noticeable in the case of the World Bank which has made the so-called Community- Driven Development (CDD) one of the cornerstones of its Comprehensive Development Framework. The World Development Report 2000/2001 ("Attacking Poverty") duly reflected this shift of approach (Mansuri and Rao, 2003).

Many of the initiatives relating to the delivery of humanitarian and development aid have at their core issues that relate to improving the quality of management and management processes. For example the development of practices such as Results Based Management (RBM) or standards such as the Sphere Project relate to producing feedback or guidance on variables that can be assessed in order to identify scope for better management. People involved in the structuring and execution of aid or development programmes may talk about impact, outcomes, outputs, relevance, coordination or coherence. However, these all feed into the efficiency and effectiveness factors that deliver the overall impact. More importantly, these can all be traced back and described in terms of management issues that are either internal or external to the organization

The CDD approach has been faced by various challenges ranging from "elite capture", communication breakdown, corruption, lack of ownership by local formations among others. This is obviously a depressing result in view the CDD's objectives. New strategies for responding to the new problems in CDD are therefore necessary.

1.1.3 CBD and challenges in Kenya

Community-Based Development (CBD) is currently being proposed as the main avenue to fighting poverty and circumventing the shortcomings of state -directed aid resources. Largely as a response to critiques of top-down development, most bilateral donors and major international organizations have indeed started to include participatory elements in the design of their large-scale development assistance programmes.

The most important advantage usually associated with these programmes consists of the informational gains arising from the proximity of local decision -making bodies to the target populations. By contrast, one serious potential difficulty lies in the vulnerability of such programmes to capture by local elites. While it appears that informational advantages of the CBD approach are not always as decisive as they might seem, the elite capture problem is not a priori more serious in a decentralized than in a centralized approach.

Too quick and massive a rush on CBD may prove self -defeating in the sense that the share of aid resources actually reaching the poor tend to be low when donor agencies are impatient to achieve results. Furthermore, stiff competition among foreign donor agencies engaged in CBD too yields the same perverse result. This is so not only because competition tends to make reallocation of aid funds more costly in the event of a detected project failure (in the sense of elite capture), but also because of the presence of careless agencies, which for various reasons, do not implement the sort of sequential disbursement mechanism envisaged. The following propositions have been said about this funding mechanism.

It is in fact plausible to argue that, at least in situations of high inequality, the poor and the minorities are more easily oppressed by local power groups that can easily collude beyond the control of higher-level institutions and the attention of the media. Moreover, social capital may be harnessed against rather than in favor of vulnerable segments of the population. This is because "...the multiplex interlocking social and economic

relationships among local influential people may act as formidable barriers to entry into these cozy rental havens" (Ibid, 194). Facing these strong collusive networks, the poor are often helpless as their own networks, typically geared to cope with immediate subsistence problems, are not in a position to dispute the power wielded by the rich. It is in these circumstances that they may naturally look to the central state for protection and relief (Ibid, 188). And if the central government is not responsive to their needs, their predicament persists

Such is therefore the conventional presumption: the lower the level of government, the greater the extent of capture by vested interests. If it is correct, the information advantage of CDD programmes would be compromised by their greater diversion to the benefit of local elites (Bardhan and Mookherjee, 2000a: 135). The case for CDD would then hinge on the relative strength of the two opposing effects

Bardhan and Mookherjee (2002) have developed a tight framework to analyze the trade-off between the two conflicting aspects of centralized versus decentralized systems of service provision and delivery (in the context of infrastructure services such as roads, water, electricity or telecommunications). In the centralized system, authority is assumed to be assigned entirely to bureaucrats whose objective is to maximize their net incomes, that is, bribes less the cost of delivery. These bureaucrats behave like unregulated monopolists. The effect of decentralization is to shift control rights to a local government which, under the pressure of electoral forces, seeks to maximize a weighted sum of welfares of two types of local users: elites and non-elites. Two other assumptions are crucial to their theoretical exercise: elites value the service provided more than the non-elites, and the phenomenon of capture of local governments is reflected in the fact that the former classes of beneficiaries receive a higher welfare weight. Galasso and Ravallion (forthcoming) have likewise assumed that a community is maximizing a positively weighted sum of utilities featuring the situation of two population groups, poor and non-poor. Communities are thus assumed to be able to achieve an efficient allocation of the resources put at their disposal by a central agent (the so-called Project Office) which does not observe how much is going to the poor in each area but takes the behavior

of what can be seen as decentralization tends to expand service deliveries as authority is devolved to those most responsive to user needs.

Yet, with local elite capture, there is a tendency for the local government to over-provide the service to local elites at the expense of the non-elites. The amount of such over-provision actually increases with the degree of fiscal autonomy granted to the local government. This is due to the fact that with local tax financing there is the risk that the captured local government may resort to a regressive financing pattern (the non-elite bear the tax burden of providing services to the elite). Therefore, restrictions on the ability of local governments to raise local taxes can be justified on efficiency and equity grounds. User fee mechanisms, on the other hand, ensure that decentralization welfare dominates centralization, irrespective of the degree of local capture. This is because no one being compelled to use the service user charges imposes a limit on the extent of cross-subsidization of the rich by the poor. Here is an obviously distressing conclusion if the problem is to relieve poverty by catering to the poor people's basic needs (food, health, and education). Indeed, the latter do not have the ability to pay for the services intended for them (or bribes to the bureaucrats). In such cases, as is shown in Bardhan and Mookherjee (2000b), the extent of elite capture at local level relative to that occurring at the central level is a critical determinant of the welfare impact of decentralization.

Bardhan and Mookherjee (1999) have investigated theoretically the determinants of relative capture of local and national governments in the context of a model of (two-party) electoral competition with probabilistic voting behavior and lobbying by special interest groups (the non-poor are organized in a lobby and can make campaign contributions) communities into account while setting the budget allocation between them. The weights on the utilities of the poor and the non-poor are interpreted as 'capture coefficients' arising endogenously in a probabilistic voting model with differences in voter information between the poor and the non-poor. The authors also postulate that the weights depend on characteristics of the poor and non-poor, as well as the local political and economic environment, and the programme itself. One interesting result is that relative capture depends on heterogeneity with respect to levels of local inequality and

poverty decentralization will tend to increase elite capture in high inequality localities (since higher inequality reduces the level of awareness of the poor, decreasing the level of their political participation) and lower it in low inequality ones.

Nevertheless, while there are several factors that tend to increase the relative proneness to captures of local governments, other factors has the opposite effect. The contrasting roles of these diverse factors (cohesiveness of interest groups, degree of voter ignorance at the local level, relative extent of electoral competition, etc.) suggest that it is unlikely that local governments are universally vulnerable to greater elite capture. The extent of elite capture at the local level "may well turn out to be context- and system-specific", which creates the need for empirical research to appraise the potential pitfalls of decentralization in various settings (Bardhan and Mookherjee, 2000a: 139)

Theory, therefore, does not enable us to obtain clear-cut answers to the question of the relative desirability of decentralized versus centralized development. However, it has the merit of drawing our attention to crucial factors, such as within community heterogeneity that impinges upon the comparative effectiveness (in both efficiency and equity terms) of the two approaches. One of the few serious attempts to test the sort of models discussed above, if we accept the study by Galasso and Ravallion is that of Foster and Rosenzweig (2002). These authors use a model of two-party (the poor and the non-poor) representative democracy with probabilistic voting in which local governments must choose to allocate public resources among different public goods for which the preferences of the poor presumably differ from those of the rich. A key prediction of the model is that, in villages with democratic governance, an increase in the population share of the landless should result in outcomes that are, *ceteris paribus* more favorable to the poor, that is, greater road construction or improvements (which are relatively labor-intensive) and smaller public irrigation infrastructure (which benefits the landed households especially). The prediction is borne out by the econometrics applied to a twenty-year panel data set from 250 villages in rural India

Caution is nevertheless needed in the interpretation of such results in so far as they are based on a comparison of predicted and realized outcomes in the absence of strong direct testing of the underlying assumptions. In particular, there is doubt about whether improved roads benefit the poor more than irrigation infrastructure. Thus, "it is often the case that non-poor households corner most of the wage work opportunities within their home village, especially when this work is provided by government agencies at an official wage rate that is two to three times the traditional village rate" (Kumar, 2002: 776). Moreover, we would obviously like to know more about how village democracy works in actual practice. Indeed, in order to show that democratic governance enables the poor to express their preferences and make them prevail, there is no escape from analyzing the concrete process through which they raise their 'voice' in the relevant institutions.

By relying on formal voting processes and formal rules of electoral competition, political economy models also ignore other, potentially effective local accountability institutions. It is thus revealing that in non-democratic countries such as China and Korea ingenious mechanisms exist at local level to develop trust and cooperation within the ambit of incentive-based organizations and bureaucratic procedures, whereas in democratic countries such as India local-level accountability mechanisms are often quite deficient (Wade 1985, 1990). In fact, because of the multiplicity of intervening factors (Agrawal, 1999 Chap. 3, for other considerations), the abstract stylization of political economy models does not easily lead to reliable testable propositions.

The challenges that the CDD projects faces are numerous. First, there is unclear mandate in some of the implementing bodies which share responsibilities such as the local authorities and the localized line ministry departments. Most of the time, the functions and authorities of the actors are defined only in terms of permission rather than being mandated. This brings tension between local authorities and line ministries e.g. health and education with regard to HIV/AIDS and schools within their jurisdictions.

Similarly, stemming from the fact that the local authorities that are major partners in CDD projects are local governments operating within the centralized government, there often arise parallel systems and coordination of local planning. Again, the elected leaders (councilors) in the local authorities allow only limited participation in their committees by other interest groups in their areas of jurisdiction. This is a particular challenge when it comes to coordinating CDD activities as civil society organizations, who most often receive external funding and support to carry out their activities often have little incentive or interest in 'being coordinated' by local authorities. This tension aside, the need for coordination of local CDD projects is critical in ensuring that all populations are adequately served and that there are common standards for service.

Identifying local priorities is still a challenge for many CDD projects due to lack of strategic specificity in approach to priority projects and their integration into ongoing activities. Many of the organizations that are meant to facilitate CDD projects are unclear of the resources available at their disposal and how to access them. Lack of strategic leadership is still a challenge. This therefore means that the CDD projects can not fully benefit from good leadership.

The partners in the CDD projects are not able to fully carve out roles for themselves. They are also not able to expand their networks and partnerships due to scant discussion of or familiarity with ongoing activities by other local stakeholders. From civil society and the private sector there have emerged various challenges including: identifying and filling gaps in available services such as VCT, home-based care, care for orphans and destitute, etc.; identify groups whose needs are not being met like poor neighborhoods, vulnerable populations such as sex workers, migrant workers, truckers, youth, women, orphans, elderly etc; and to provide a referral system or information that can link individuals to relevant services.

participation by the civil society and concerted effort to facilitate them in carrying out their work such as fees waivers by the councils for their civil society partners.

These areas are likely to shade more light in the foregoing discussion about the Banks objective of encouraging participation in pursuit of poverty alleviation and the way it has responded.

1.2 Problem Statement

Successful environmental-serving organizations are open systems. Sustained organizational survival depends on its ability to secure rewards from the environment, which replenish the resources consumed in the conversion process and contained maintenance by the organization of its social legitimacy. Organizations may be rendered irrelevant if they do not interpret and relate well with the environment. Response strategies adopted by organizations will define relationship to the external environment or the internal capability. While it is true that many development agencies have not demonstrated the impact of development assistance, the recipient organizations and community structures are challenged to shape up and show the impact of aid.

Bardhan (2002: 192) points out that "Political accountability in poor countries is particularly affected by the likelihood of corruption or capture by interest groups. While local governments may have better local information and accountability pressure, they may be more vulnerable to capture by local elites, who will then receive a disproportionate share of spending on public goods".

A large section of the donors has for a long time seen development aid through the government as ineffective towards alleviating poverty in the communities citing lack of transparency and accountability, bureaucracy, corruption, nepotism. The donors have also argued it that such assistance only benefit the local elite, some of whom repatriate the same money back to the funds back to their sources into the officials' numbered accounts.

The shift in strategic approach for the fight against poverty has been towards community based approach, with the clarion call that "instead of giving a poor person fish, you

should teach him/her how to fish". The logic behind community based strategy has been that development can not be given to a people because true development is something that is inherent within the communities and hence they are the only ones who can actualize any positive change. It further points that the communities change at their own phase and that they know their issues best and are hence the best placed to prioritize them. This strategy has been boosted by the general shift in development towards participatory approach and rights based approach to development.

Even though these projects are supposed to be community driven, more often than not they end up being donor driven, since most of the time it is the donors who set the agenda, the time frame and the strategies. In many cases the so called participatory monitoring and evaluation instruments are designed by the technical teams in the absence of the stakeholders from the communities yet the community is not involved in the whole process from inception. Many a times the communities lack the capacity to be at the driver's seat. This is mostly because in most of the targeted members of the communities with good education are not likely to remain within the communities as they are invariably in towns due to attraction of paid employment. The institution of CORPs also has its problem of lack of incentives and high turn over after costly trainings, which tend to demoralize organization staff in the projects. Matters are often not helped by the fact that a large number of technical staff is either not well trained for the job of helping communities develop, hence lack of total commitment by them to these projects.

Having in mind the important role that donors play towards development of communities, besides the government, this paper focus on the challenges faced by the World bank in implementing community based strategy, in particular the extent to which it has worked towards surmounting the obstacles it has faced in funding the community driven development projects and the strategic responses to these challenges.

1.3 Objectives of the Study

The objective for this study was to establish the strategic responses adopted by World Bank in circumventing challenges faced from CDD funded projects in Kenya.

1.4 The rationale and importance of the study

Even though Community Based Development approaches in terms of funding, projects that are meant to bring development to communities as a bottom up approach to development. Of late, both the central and the local governments have taken up the strategy of funding development and the fight against poverty and disease through direct community based funds in the forms of Constituency Development Fund, Constituency Bursary Fund, LAMP, LASDAP among others. However, very little has been done locally in terms of research and documentation beyond evaluation reports by or on behalf of the funding agencies which tend to act as laudatory praise songs to the success of the interventions at the end of the projects. Yet it is apparent that though the projects may have brought development to the people literally and increased the avenues for local participation, some of the constraints that informed the shift to this kind of development strategy still persist. Furthermore, new constraints peculiar to this new strategy have cropped up.

First, this study examined the challenges that have faced the CDD strategy and how WB has responded to them. Second, the study exposed shortcomings in the responses and how the local vested interest have taken advantage of the weaknesses to perpetuate themselves, hence maintaining the status quo that was the reason for the strategy in the first place. Third, understanding the dynamics of grassroots approach (CBD) is very important for formulation of viable strategies by the World Bank, future government interventions, local authorities and the grassroots people hence, the study will build upon existing theories and validate existing information concerning donor responses to funding grassroots organizations, the information that shall accrued be of interest to researchers in this field and both bilateral and multilateral donors who have shown a lot of interest in

gauging the best practice in community funding. Last but not least, the findings of this research shall also benefit existing and potential donors by giving a balanced review of available funding options.

1.5 Scope of the study

The focus and objectives of this research limited its scope to the strategic responses adopted by World Bank in circumventing challenges faced from implementation of CDD projects in Kenya. Community Driven Development is a concept with the key objective of involving people in ownership of development processes, programs, projects or activities. This inevitably ensures sustainability of the WB funded activities at the grassroots level since it promotes ownership and community participation. Several challenges have always popped up in this concept and the WB, as an institution has to develop strategic responses to counter these challenges for sustainability of its funded projects, programmes or activities.

This study therefore limited its scope to establishing the strategic responses adopted by World Bank in circumventing challenges and also established factors that influence the strategic responses by the World Bank in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of strategy

Strategy is a set of decision-making rules for guidance of organizational behaviour (Ansoff and McDonnell, 1990). There are four distinct types of rules and such includes, yardstick by which the present and future performance of the firm is measured. The quality of these yardsticks is basically called objectives and the desired quantities are called goals. There are also rules for developing the firm's relationship with its external environment. What products and technology the firm will develop, where and when the products are to be sold, how will the firms gain advantage over competitors. This set value is called the product market or business strategy. Rules for establishing the internal and processes within the organization: this is the frequently called the organizational concept. Rules by which the firm conducts its day-to-day business called operating.

The above rules and values have several characteristics. For example, the process of strategy formulation results in no immediate action, but gets the general direction in which the firm's position will grow and develop.

Strategy must be used to generate strategic projects through the search process. The role of strategy in search is filtered to focus on areas defined by the strategy and second, to filter out inconsistent with strategy. Thus, strategy becomes unnecessary whenever the historical dynamics of an organization will take it where it wants to go.

Strategy formulation must be based on highly aggregated, incomplete and uncertain information about classes of alternatives. Successful use of strategy requires strategy feedback. Strategy and objectives may appear similar, but they are very distinct. Objectives represent the end results, while strategy is a means to these ends. Strategy is therefore a system concept which gives coherence and direction to growth of a complex organization. Coherence behaviour and organization coordination are attained through informal organizational learning and adaptation. When environment, technology, or

competition changes, in a duly manner, the managers are able to adapt their responses incrementally, using their accumulated knowledge and experience.

Strategy is potentially very powerful tool for coping with the conditions of changes which survives the firm today, but it is complex, costly to introduce and also to use. Nevertheless, this is evidence that it more than pays for itself. Strategy is a tool which offers significant help for coping with turbulence confronted by organizations. Therefore, it merits serious attention as a managerial tool, not only for the firm, but also for abroad spectrum of social organization.

Strategy needs to be developed at the organizational level if an organization is to have a vision of its shape and role in the future. Failure to address organizational strategy in a coherent and structured manner can result in 'Strategic Drift' leaving an organization unable to respond to the expectations of some or all of its stakeholders (Johnson and Scholes 1999). Adopting a management perspective becomes a problem when an organization places the focus on detail rather than strategy. The inward looking view can easily result in the pursuit of efficiency gains at the expense of everything else resulting in an organization that is making poor decisions very efficiently. Rosen (1993) explains that, within a public sector setting, the organization needs to maximize the product of efficiency and effectiveness.

Strategy that is based on an internal perspective can result in micro-fixing, which may not benefit the broader value chain into which the organization fits. Management best practice, as explained in Johnson et al (1999) explains that stakeholder expectations need to be at the heart of the strategy formulation process. The real risk is that the organization pays lip service to stakeholder analysis and simply includes their perception of what is and is not important. The lack of meaningful stakeholder analysis was one of the criticisms of the Logical Framework Analysis (LFA), a management technique adopted by the UK's Department for International Development, and was one of the issues addressed in the German technical cooperation agency's (GTZ's) development of 'objectives oriented project planning' (ZOPP). (Gasper, 1997)

2.2 Organization and environments

Organizations are environment dependent and everything they undertake has to depend heavily on the evaluation of the same. The relationship is input and output dependent with the result being transformation. Organization will only survive if they remain relevant to the environment. Managers have to clearly manage the interface of the above relationship. The definition of this relationship with the environment should give way to the organization's strategy which must also compare to capability (Johnson and Scholes K and Whittington R 2005).

As already been seen in the above literature, the environment can therefore be stable or unstable according Ansoff. The whole system model is what is referred to as the strategic success formula which posits that strategy must match environment and capability matching strategy. This relationship if managed well should allow organizations to adapt to the environment and prepare to respond to any eventuality.

Understanding key drivers of change and the differential impact of these external influences and drivers on particular industries, markets and individual organizations is important (Johnson and Scholes 1999). The influences and drivers also vary from one place to the other.

In particular, the political, economic, socio-technology is important to look at the future impact of environmental factors, which may be different from their past impact. When there is, a high level of uncertainty, about future changes, the environment, scenarios may be a useful approach.

Ansoff and McDonnell (1990), strategic management model, competitive environment is divided into five levels of turbulence that is, repetitive, expanding, changing, discontinuous and unforeseen. His strategic success theorem states: For optimal success of an organization, the strategic aggressiveness (both technological and marketing) and the components of capability (managers and organizational climate, competence and

capacity) must match the level of environmental turbulence in which the organization competes. Ansoff uses a five-point integral scale to also measure the corresponding five levels of strategy: stable, reactive, anticipatory, entrepreneurial and creative and the corresponding five levels of capability: custodial, production, marketing, strategic and flexible, as he develops a strategic diagnostic questionnaire to obtain the perceptions of the general managers of an any organization. When there is alignment or minimal gap between the average level of competitive environment and each of the components of strategy and capability, then the organization should have optimal success.

Well thought out concepts involving strategic segmentation, resistance to change, optimizing strategic portfolio, strategic dimensions of technology, societal strategy issues, real-time strategic response to managing surprising changes, strategic issue management and environmental surveillance for strong signals and weak signals in anticipating environmental change. Ansoff's theory says that at levels 1 to 3, a firm can extrapolate the future from the past.

However, at level of discontinuous and surprisetul, strategic management must be used by an organization to realistically plan for future successes in a highly turbulent competitive environment. Ansoff's theory applies to all types of organizations, and he explains how industries can have unexpected shifts from one level of turbulence to another. Each organization's experience with strategic management is unique, reflecting the organization's distinct culture, environment, resources, structure, management style, and other organizational features. Strategic management not only creates plans attuned to assumptions about the future, but also focuses on using these plans as a blueprint for daily activities

Strategic management activity is concerned with establishing objectives and goals for the organization, and with maintaining a set of relationships between the organization and the environment which enable it to pursue its objectives and at the same time consistent with the organizational capabilities. This can be sustained as long as the organization is able to be responsive to environmental demands. In addition to future performance potential,

another end product of strategic management is an internal structure and dynamics capable of contained responsiveness to changes in the external environment. This requires managerial capability to sense and interpret environmental change, coupled to capability to conceive and guide strategic response.

The development aid landscape has changed dramatically in the last decade hence exposing the limitations of the international aid system. Organizations are now required to operate within various dimensions, and reconciling their activities to satisfy the needs of all of these dimensions is proving difficult. Often, an agency is faced with diverse issues such as droughts, floods and conflicts, human rights and good governance, shadow economies and aid contributions to them, the politicization of development and the question of access.

To cope with just one of these areas is a challenge; to cope with them all simultaneously is close to impossible. For any organization, good management provides the minimum basis for a sound approach and the absence of it can exacerbate the problems in the operating environment.

2.3 Strategic Response

Organizations have different ways of responding to complexities in the environment. When issues arise, detected, there are generally six strategies that organizations may use in responding to them. These include; opposition strategy where firms try to influence the environmental forces so as to negate their impact. This is only successful where you have some control over the environmental variable in question. Adaptation strategy is where an organization adapts to the new environmental conditions while in offensive strategy, they try to turn the new influence into an advantage - quick response can give you a competitive advantage. Others are redeployment strategy in which firms redeploy assets into another industry. Contingency strategies allows firms to determine a broad range of possible reactions - find substitutes and last, but not least, passive strategy, no response, study the situation further

Thompson and Strickland (1999) define strategic adaptations as changes that take place over time to the strategies and objectives of an organization. Such change can be gradual or evolutionary, dramatic or even revolutionary. Ansoff and McDonnell (1990) note that strategic responses involve changes to the organizations strategic behavior. Such responses may take many forms depending on the organizations capabilities and the environment in which it operates. Well developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive advantage. These strategic responses include among others: restructuring, marketing, information technology and culture change

In reactive behaviour, response is delayed until the impact of the change has become painful and threatening. Once the response is triggered, the first efforts are heroic, operating changes and retrenchment. Measures are tried one at a time, and only when they have been exhausted, does attention turn to strategic countermeasure

In decision management, the response is triggered when the impact of change has become unambiguous, without the additional procrastinations observed in the reactive management. Operating countermeasure is tried first, but in a planned systematic manner. Once operating measures have been exhausted, the firm turns attention to strategic response. Planned behaviour differs from the preceding two in the fact that strategic and operating countermeasure is considered at the outset, and a proper combination is used in parallel

In both reactive and planned behaviour, there's frequently an additional period of procrastination beyond the point at which the importance of the threat has become unambiguous. This is composed of a systematic delay, due to data processing and decision making and behavioural delay due to resistance from the power structure, and for managers who refuse to accept evidence which is at variance with experience. Experience shows that in planned management, the delay can vitiate the time advantage offered by forecasting and planning.

All these behaviours have their place in the repertoire of management responses, the threats and opportunities. In a slowly changing environment, reactive management while costly can avert disaster. As the environment becomes more and more turbulent, it becomes necessary to use first, the decisive response and second, the planned response if the firm is to avoid a disastrous impact.

Ansoff and McDonnell (1990) note that turbulence is therefore weighed according to the impact they might have on the organization. This calls for the strategic issue management or managing by detecting weak signals. Strategic Issue Management is a forthcoming development either from outside or inside of the organization and is likely to have a bigger impact on the ability of the organization to meet its objectives. An issue may be welcome: opportunity to be grasped in the environment, or an internal strength which can be exploited to advantage, or it can be welcome: an external threat or an internal weakness which imperils continuing success, even survival of the enterprise. Frequently, external threats because they signal significant discontinuities in the environment can be converted into opportunities by aggressive and entrepreneurial management. In fact, such ability to convert threats into opportunities has been one of the most prized characteristics in management.

A comprehensive analysis of environmental trends and prospects identifies additional strategic issues. Resolution of strategy and environment divided issues becomes the central pre-occupation of annual planning process. Thus, strategic issue analysis of impact and response to significant developments. The growing incidence of events from unexpected sources and impact quickly on organizations. The combination of speed and novelty of such issues may make them last to permit timely perception and response within the annual planning system. It's therefore important for organizations to separate issue planning from resolutions.

The situation therefore calls for strategic issue system (SIM), which is a procedure for early identification and fast response to surprising changes both inside and outside the organization.

In view of the foregoing, the responsive strategies in relation to environment will be covered in this study. And for each of the two, there are those progressive stronger strategies including, one that enhances the firm awareness and understanding, that incurs the firm's flexibility and that directly attacks the threat opportunity. Organization is open to several strategies including, External action strategy which in essence mounts a direct counteraction against identified threats or opportunities. It proceeds through selection of the type of counteraction, preparation of programs and budgets and implementation of the latter. The end result of this strategy is a threat averted or an enhanced potential for future. This strategy must be supported by development of appropriate internal readiness. The other strategy is the enhanced responsiveness, rather than tangible changes in profits and growth. The external flexibility sub strategy is concerned with diversifying the firm in the environment in a way which, on the one hand, puts them in a position participates in major opportunities which may arise in turbulent strategy business units and, on the other hand minimize the impact of catastrophic reversals which may occur.

Formulation of external flexibility strategy is part of the strategic flexibility planning, process where it is usually assured to require information inputs. But measures such as a balance of technological, business and political – geographical risks can be planned and implemented if the state of knowledge is no better than levels of reaction, long before the nature of the threat becomes concrete. Internal flexibility is concerned with configuring the resources and capabilities of the firm to permit quick and efficient repositioning to new products and new markets, whenever need arises. The key to the above is the environmental and psychological readiness to face unpleasant and unfamiliar events, ability to solve unfamiliar problems and creativity. Another element is the managerial systems structure to permit expeditions and flexible response to change. A third element is the flexibility of logistics resources and systems – resource liquidity, diversification of work skills, module capacities and so forth (Ansoff 1976)

Managing by weak signals requires in the first place that the individuals involved in detecting signals are sensitized and trained to keep their ear to the ground. Secondly, the detected signals must be classified according to their state of knowledge and best possible estimates made of their probable impact and timing. The lower the level of knowledge, the wider will be the range of impact and timing estimates.

At each stage of knowledge, weak signals are possible which progressively prepare the firm to deal with the turbulence which would be missed if the organization were to wait for them to become fully developed. Weak signals management is one of the alternatives of dealing with turbulence. The others are strong signals management and periodic planning. The choice depends on combinations of systems to be used and is determined by the type of response to be undertaken. When strong signals issues management becomes too slow, weak signal issue management should replace it.

3.3 Data Collection

This study put emphasis on obtaining primary data. The data was collected using an interview guide checklist. Key informant interview sessions were conducted with unit heads of the CDD at the World Bank, and the sector specialists who are responsible for the funded projects by way of personal interview. An interview guide was used to collect the information in addition to tape recording after request for permission to do so. This was done to ensure that all the information was captured.

3.4 Data Analysis

The data was analyzed using qualitative methods including in-depth interview and observation. Mugenda and Mugenda (2003) argue that qualitative data seeks to make general statements on how categories or themes of data are related.

The focus of the analysis included critical examination of the content of the data collected including discussions, written and oral communication. This helped this research in gaining insights into the research topic. For precision and focus, the methodology helped in recognizing patterns that this research might have missed using other methods of research.

The recorder was used to support the notes taken. The data was evaluated and analyzed to determine the adequacy of information, precision, credibility, usefulness, consistency and validation of the information. Content analysis of the collected data ensured objectivity, systematic examination of written communication in order to break down, identify, and analyze the presence or relations of words, word sense, characters, sentences, concepts, or common themes.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter discusses findings of discussions that were held with World Bank and representatives of both the central and local government structures involved in service delivery and who also work with the WB in the implementation of CDD funded activities.

The World Bank embarked on funding development projects through CDD in Kenya, prior to this development projects were funded through several methodologies the most convenient and efficient was through the ministry of finance to the parent line ministries like regional development, ministry for roads, ministry of water etc. The parent ministries would then manage and implement the project within its sector being funded by the WB. The project being funded depends so much on the sector being funded. This implies that some sectors of the economy are likely to be neglected or overlooked in preference for other sectors of the economy.

It emerged that in Kenya the biggest funding by the WB has been towards supporting water, agriculture, infrastructure, education and energy sectors. In CDD, funding has been directed towards flood mitigation, water provision, sewerage management systems and income generating activities (IGAs). Surprisingly, it was not clear whether communities are usually involved in prioritization of development projects in this WB approach of CDD. Probably this might be a contributing factor in places where donor funded projects have met a lot of resistance e.g. the Odino electric project on River Sondu-Miriu.

It was established that WB supports development projects and activities in areas perceived to be stimulating economic development that trickles down to the people at the grassroots. The findings show that the intent of funding CDD projects is to help empower local communities in Africa to shape their future by giving them more

resources and authority to use these resources to improve their standards of living. The bank notes that empowering communities is an integral part of effective poverty reduction strategies. This has driven it to work in partnership with demand responsive support organisations and service providers, including elected local governments, private sector, NGOs and central governments agencies.

Thus, the study revealed that the intent of the WB funded CDD project by them is to help empower local communities to shape their future by giving them resources and the authority to use these resources to improve their standards of living. Indeed, this was supported by discussants from the line ministries who said that many projects funded by the WB and other donors are already moving in this direction. Yet still the respondents noted that too few resources filter down to the communities. This is as result of bottlenecks and some challenges that arise from the process of conceptualization to implementation. The WB also recognizes that capacity development is becoming a dominant strategy in technical co-operation. This new concept adopted by WB through CDD funded projects, emphasizes sustainability, ownership and process.

Asked to enumerate some key aspects of WB funded activities that have made the CDD concept successful and popular. First, establishment of effective processes (functions, roles, responsibilities, tasks) for identifying problems as issues and formulating and realizing goals was identified as key to ensuring community participations and ownership of projects.

Apart from the Community Driven Development, findings revealed that the WB also uses other approaches to support development agenda in Kenya. These include; direct government funding where the bank advances funds directly to the government in support of projects. The bank can also use the sector wide approach for budget deficit support. This happens when the governments annual budget allocations does not adequately meet the particular sectors need for instance health and WB steps in to support the deficit in the budgets allocation. Though these programs normally implement programs agreed upon between the Government and the funding agency, projects are normally implemented

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with or through Government departments. At the community-level, they may involve development of independent institutions of beneficiaries, which resemble those initiated by NGOs. The inherent limitation noted here is their ability to do advocacy work for the poor, although they may have appreciable influence in the direction of government policy at the district and national levels.

Secondly, the findings noted that the WB emphasizes that CDD funded projects or activities should be managed by persons with the motivation, knowledge, skills and resources to perform effectively and finally they should be supported by "rules" or norms (formal and informal, economic, social, social, political) that exists within organization (public, private, civil society), in looser social groups and across society. In most WB funded projects under CDD, it emerged that there already exists the considerable capacity within the communities that are supported though the challenge then is what is needed, is further strengthening and developing capacities rather than "building" something new. This findings show that the bank's approach clearly envisions developing the capacities for community empowerment through the CDD funded projects.

Community Driven Development World Bank funding is processed through the relevant ministries within the government. The CDD approach is managed by the sector ministries in the government for instance water projects fall under the ministry of water. The WB cites the water sector as a hopeful example in CDD managed projects in Kenya

This is partly due to the fact that provision of basic need transcends any one institutional structure. The WB has successfully used water as a key entry point in the formation and support of cohesive local development organizations and authorities and often these organizations expand to a multisectoral mandate by taking on a broader, spatial planning function. As part of this study, the World Bank respondents said the rationale of approaching development through CDD is to promote community ownership of projects. The community is usually involved from the inception through all stages of planning including monitoring, evaluation and reviews thus a general feeling of the project being part and parcel of people is promoted. This is also seen as a way of way of building the

community while at the same time ensuring the projects sustainability should the funding stop. In this kind of approach, the community not only in the operations but also management carries out substantial amount of projects.

4.2 Challenges faced by World Bank in funding through the CDD strategy

When considering institutional arrangements for CDD, the basic objective should be to move progressively from institutions which exist in the community towards one that will empower communities to effectively and efficiently take charge of the management in a sustainable and equitable way. For instance, in rural Kenya water can only be viewed as an economic good to the extent that it is a factor of production and its use can increase people's income. Similar justifications can be made for food security and provision of health services, among others. In the context of poverty reduction, a project or service can only be sustainable if it contributes to the economic welfare of individuals and households and helps produce or save money. This implies that a community may not be interested in a project with high capital and recurrent expenditures that does not pay for itself or does not contribute to raising incomes.

The finding of this research casts doubt on the ability of provincial administration and line ministries to coordinate development at the local level. The development functions of the provincial administration are ill defined, and are not clearly delineated from those of line ministries hence makes it difficult to work with the communities. The provincial administration does not have specified development functions in the district or division but rather tends to officiate over projects undertaken by ministries through the CDD funding.

Another challenge is community organization whereby in several instances the communities do not have proper organizational structures to plan, coordinate and successfully implement and manage CDD World Bank funded projects. The ability of some communities to prepare a World Bank fundable proposal involving huge sums of

money involved, clear mechanisms for monitoring and evaluation and project tendering process.

Financial Management capacity of the communities has been a major setback in CDD funded projects. This arises from skewed representation, personal interests and even the capacity of the fund managers to efficiently and effectively deal with the number of disbursement. There have been a lot of sleepovers of funds and projects are not implemented in time. The findings indicate that the key to making participation work is to create forms of downward accountability and simultaneously to maintain close links between the higher levels of government and the community in a kind of upward commitment. It was envisaged that, participation in the absence of state facilitation can result in a closed village economy, which limits the possibility for improved public action. Given the pivotal role that facilitators play in the community-based development process, the effort can be doomed from the start, especially when the facilitators work for a large bureaucracy, such as a line ministry or the World Bank (Pritchett and Woolcock 2002). They begin "seeing like a state" (Scott 1999). The complicated process of building community participation becomes routinized and subject to the imperatives of short time horizons and the need for quick results.

Key to CDD success is information flow and feedback mechanisms, this was noted to be poor in some instances especially between project implementers, other interested and affected stakeholders and hence hampering gains by CDD. This was noted to involve even the government and the WB, the line ministries and even the implementing bodies. This may be occasioned by a system that has overlaps and duplication – need to trim for efficient service delivery.

Most local authorities that act as entry points for CDD funded projects are still viewed by communities as closed-door shops that allow little infusion of ideas from the people at the grassroots. In some instances, even councilors get accused of serving partisan interests (e.g., the local Member of Parliament) rather than the electors. The study shows that this has been an impediment in encouraging community participation in CDD funded

activities. The challenge is the rate at which capacity can be built, both at local government level and at community level.

Managing corrupt practices procurement process has been a big problem due to lack of transparency in awarding tenders usually influenced by those in the committees. Even though this has been noted but is being controlled because the community monitors every activity that goes on within the project in addition to accessing financial records. A number or numerous transactions has been another contributing factor to corruption because the fund has to pass through a lot of people, this might result in bureaucracies and corrupt deals.

4.3 Strategies employed by the WB in coping with CDD funded projects

Amongst the several strategies employed by the WB is the Bottom-Up approach to ensure community participation: The study findings show that CDD approach even though, not presented as a panacea for all the problems related to achieving sustainable development in Kenya. WB funded CDD projects are seen as an option to be considered in achieving Kenya's poverty reduction goals. What were noted to be elusive are building community supportive institutions, which sustain local participation in the development process. With the objective of creating sustainable participatory processes, institutional realignments may be necessary. However, one respondent argued that experience from other African countries testifies to the need to work at building from the bottom sustainable institutions, which are accountable in a political, administrative and social sense to their members. Engineering change from the top is not likely to succeed.

The mode of disbursement of funds by the WB is based on clear selection criteria, which are already developed and agreed upon. At times though the WB responds to emergency cases e.g. floods mitigation, hunger, etc. The WB respondents were clear that disbursement of funds is based on several factors and guidelines for funding including: Monitoring and Evaluation Framework, Audits of how the fund is managed and implementation of projects is done either annually, quarterly, bi-annually but through clearly developed guidelines. This guidelines already developed have made it easier to

put checks to corrupt deals or embezzlement and misappropriation. To put checks and improve accountability, the government, through its relevant departments ensures that there are regular reports prepared by the parent ministries in charge of managing and implementation of development projects or activities and this is presented to the WB. Stakeholder consultative meeting held have been an insightful experience as was noted by the WB, water specialists, and line ministry discussants from the Ministry of water.

The WB has in essence developed coping mechanisms to challenges faced in implementing and funding CDD projects in Kenya. It was revealed that the World Bank promotes and sets up social accountability mechanisms and systems within and between all stakeholders; project management. There are scorecards, report cards, social audits that are used to ensure accountability. The projects promote transparency by openly displaying all financial and physical information in accessible form. Social audits sub-committees use input expenditure tracking and report cards to develop a culture of accountability within communities where projects are implemented.

As a way of entrenching ownership, community needs and priorities are elicited, prioritized and implemented drawing key feature from institutional mechanism for working with communities, facilitating their engagement, building institutions and capacity, and ensuring coordination at the grassroots level. This is done by the WB as a way of ensuring sustainability of the projects.

This is where the bank uses one aspect of development for instance flood mitigation to reach to a wider audience, when a new project is introduced alongside, for instance, food security projects. In addition, the bank ensures that there is a democratic leadership structure running and engaged in management of the projects funded through CDD by the bank. This ensures that there are no hijackings incidences in the projects through what they referred to as elite capture of programs or activities funded under CDD.

The findings show that, the bank's idea of funding CDD projects is to influence community participation. It is the banks aim that CDD build on social capital by

harnessing community participation, and also improving the same by strengthening incentives for participatory development. This is in regard to the fact that development reaches the vulnerable population, which is important.

CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The essence of this chapter is to draw significant conclusions of the study based on the findings. It also reflects on the contribution of the study to scholarship, underscores, and pertinent recommendations in regard to CDD funded WB projects and outlines areas for further research. From the findings, the following are the recommendations that can make the CDD project better.

5.2 Discussion

For Sustainability of Community Investment Projects Local Governmental structures must play a greater role in the planning, design, implementation, and operation and maintenance of small-scale community investment projects. Thus, in most cases the respondents from the WB and line ministries agree that the community members will understand the complexities, challenges and opportunities of development projects through the CDD approach. The various ministries have also used this advantage to identify areas of interlinkages and networking with the communities and the WB in development agendas. This helps in community involvement in identifying projects, planning and management alike. Even though many critics note that evidence on community-driven development initiatives lags well behind, the rate at which projects are being implemented and scaled up. However, the diversity of views and the intensity of their expression make a review of the available evidence both necessary and timely. Because of the considerable overlap between community-based and community-driven development projects, evaluation evidence is reviewed for any project with community participation as a crucial element of its design.

It was noted that for community driven development to provide a supporting role in decentralization when designing community interventions, policymakers should take great care to define the program goals within the context of the country's decentralization

framework. Otherwise, there may be negative impacts on local governance. In countries with weak decentralization policy, resulting in little or no decentralization, community driven development can play a positive role in enhancing local governance and at the same time support decentralization initiatives. Early studies by the World Bank, "Poverty Reduction Strategy Paper Sourcebook" community-driven development is viewed as a mechanism for enhancing sustainability, improving efficiency and effectiveness, allowing poverty reduction efforts to be taken to scale, making development more inclusive, empowering poor people, building social capital, strengthening governance, and complementing market and public sector activities. Community-driven development is said to achieve all this by reducing information problems (by eliciting development priorities directly from target communities and allowing communities to identify projects and eligible recipients of private benefits), expanding the resources available to the poor through credit, social

The study affirms one, that the institutionalization of villages, empowering and improving the functioning of local authorities, and third, designing a supportive development administration (realigning the centre). These options are not viewed to be mutually exclusive, or exhaustive. Narayan (2002) asserts, this vision has become one of the cornerstones of the World Bank's Comprehensive Development Framework, with its increasing emphasis on empowerment although it is not universally shared. Skeptics have misgivings about the basic precepts of the approach and more practical concerns with the challenges of implementing such CDD projects. Summers (2001), for example, is concerned that local institutions promoted under the aegis of such projects could undermine democratically elected governments. Contextual concepts like community, empowerment and capacity for collective action are applied to the needs of large development projects on tight timelines. Project implementers, whose incentives are often poorly aligned with the needs of the project, may choose to gloss over differences within target groups that underscore local power structures and to short-change the more difficult task of organizing them

The study found out that more emphasis should be put on empowering and improving the functioning of local authorities in Kenya for the success of community empowerment, to realize the objective of efficient and effective implementation of planned activities, will depend greatly on the interface with the lowest level of elected leaders. The elected civic leaders are products of popular elections, and the community exercises the power to hire and fire at least once every five years. As communities become more sensitized and their access to information and technical know-how increases, they are more likely to realize the importance of electing leaders who can effectively represent them in political forums and institutions. As explained findings showed LASDAP process is a breakthrough in community planning as it has been translated into actual budgets and actionable plans. It also involved councillors who are elected representatives of the communities.

5.3 Summary

The findings of this research emphasize the need to redefine the role of provincial administration and line ministries at the local level in the World Bank funded CDD projects, activities or programs. There is a general feeling that Kenya should follow the examples of neighbouring states and adapt a role for provincial administration, which facilitates participatory development, and is in harmony with decentralized local government. District departmental heads could report to the local council at the district level. The activities of the technical personnel would be under the direct supervision of local authorities. The ministries at the national level would consist of small national secretariats for generation and propagation of new ideas, policy direction, regulation, and quality control in the WB funded CDD projects.

Moving from plan policy to implementation, one can envisage a process, which would move Kenya towards achieving conditions where CDD funded projects and the concept could reach a meaningful scale and have an impact on poverty alleviation. A good starting point would be a broadly accepted set of processes and rules for CDD, which development actors would respect when they wish to operate in a locality. Fragmented, ad hoc approaches have prevented successful scaling up. A vision of institutionalised

village committees with plans and organizations is not unattainable. Many critics note that evidence on community-driven development initiatives lags well behind the rate at which projects are being implemented and scaled up. However, the diversity of views and the intensity of their expression make a review of the available evidence both necessary and timely. Because of the considerable overlap between community-based and community-driven development projects, evaluation evidence is reviewed for any project with community participation as a crucial element of its design.

To deal with reviews and challenges, the WB coordinates across sectors using decentralized local government structures, and the inclusion of activity monitoring component to ensure the fund remains a tool for executing the strategy and using rapid household and community surveys to measure service delivery and the monitoring of key economic indicators.

Increasing information flow, thus beginning to establish the conditions for increased downward accountability. Equally important the bank has recognized and strengthened the planning process at the lowest level possible, and to link this planning process institutionally to existing structures with lowest level of government, so plans are considered and incorporated. The findings showed that LASDAP is showing some movement in this direction whereby in some regions, projects funded and amount of funding are listed and information accessed by the public. The study established that the role of local government should be enhanced, and their structures reoriented to deliver according to local demands. In situations where communities have lost trust, efforts must be made to regain the trust. This study clearly identified the existing potential for community acceptability, accessibility, accountability and the potential for regular information flows between village and local government. Councils are well placed for local accountability. Local government has seemed to embrace the participatory approach through LASDAP, CDF and LAII.

Other than those coping mechanisms already cited, the study also revealed that monitoring and evaluations is a key response mechanism developed by the WB in

consultation with all the stakeholders and it is clear to government agencies and community. Respondents were up bit that has successfully reduced corrupt practices in tendering and implementation of projects and activities. The whole process is people centered involving people at every stage including designing monitoring tools and procedures. The findings showed that while community participation projects have the potential to be more sustainable than top-down projects, they also appear to suffer from neglect by line ministries once they are completed. Several studies suggest that unless communities can lobby for continuing support for marginal inputs and training, their ability to sustain such projects may be limited.

Finally as a coping mechanism the WB has eliminated all forms of duality and ambiguity of roles between local government and devolved central government bodies. For the achievement of multiple objectives, for increasing fiscal efficiency, for better quality of service, and for better clarity of accountability mechanisms, this is an important process to start

5.4 Conclusion

Drawing from the study finding, we conclude that CDD is one of the most effective methods of community-based and -driven development initiative by the WB based on the extent to which they successfully target the poor. Evidence though suggests that decentralized targeting has not always been effective, especially in targeting projects to the poor within communities although evidence suggests that decentralized targeting can be made more effective by monitoring projects to improve performance incentives

Participatory development initiatives strategy of CDD improves project quality and performance. Here, there is some evidence that participatory projects create effective community infrastructure and improve welfare outcomes, but the evidence does not establish that it is the participatory elements that are responsible for improving project outcomes. Several case studies by the WB suggest that the success of participatory projects may also be affected by how well heterogeneity is managed, by what resources

and strategies are used to bring communities together, and by how effectively differences are debated. The involvement of external agents creates competition among different interests and incentives, and the success of projects may depend on how these incentives are aligned—whether by persuasion, ideology, consensus, good governance, domination by greedy elites, or sheer hard work by a group of altruistic individuals. This is another area where more research would be useful.

Several qualitative studies indicate that the sustainability of community-based initiatives depends crucially on an enabling institutional environment. The WB encourages and constantly works with Line ministries to be responsive to the needs of communities, and the national government committed to promote transparent, accountable, and democratic governance, through upward commitment. To avoid “supply driven demand driven development” it is important that community leaders also be downwardly accountable, answerable primarily to beneficiaries rather than to political and bureaucratic superiors.

In a similar vein, the WB identifies key concepts that underpin community-based initiatives, such as participation, community, and social capital, must be adequately detailed in a context-specific manner. Any naive application of these notions by project implementers can lead to poor project design and to outcomes that are at odds with the stated intentions of projects.

5.5 Recommendations

On the basis of the above findings, the following policy recommendations includes the fact that World Bank has made commendable steps in instituting a people driven development initiative, this has made projects be owned by the people. However, sustenance of some projects after completions remains a challenge, dealing with the elite is worrisome, transparency and accountability in project management and reviews is worrisome. Thus, for success of community driven developments funded by the WB there is need for more case studies and research to be able to address the impediments

Community actors should always ensure that they participate in democratic processes that ensure proper transparent and accountable management of projects. This should be supported by political goodwill from the government and local authorities. This has critical implication if reform is to be sustainable.

Finally, it is important to realize that community-based development is not necessarily "empowering" in practice. A less fervent, and more analytical, approach by both proponents and opponents would be extremely beneficial. This requires a long time horizon and programs by the WB that are well monitored, to enable learning from mistakes, and carefully evaluated. Little is known about the impact of community based projects, largely because most such projects lack careful evaluations with good treatment and control groups and with baseline and follow-up data. This situation urgently needs remedies.

5.6 Limitation of the study

As a result of the various sensitivity due to a myriad of issues currently going on in the country, it proved difficult to get some data and information. The government is currently operating on a platform of change therefore any issue that addresses accountability and donor issues are treated with awe and fear. This limited the extent to which some information could be openly shared by the multi-lateral partner. As anticipated, the researcher encountered several challenges in the field. First scheduled interview with the WB respondents were always postponed or they would be busy on the scheduled time for other duties or meetings. This had time and cost implications. In addition the tool used was somehow long which made the respondents complain and as such the researcher had to affirm constantly to the respondents on the importance of their participation, which was tiring.

To be able to secure interviews with the WB respondents, protocol had to be observed much to the frustration of the researcher. This was tedious and cumbersome coupled with several instances of postponement and unavailability by the respondents.

5.7 Suggestion for further research

The overall objective of this study was to assess the extent to which the WB has used community development approach that is the community driven development in Kenya, to increase formal linkages, downward accountability of service delivery mechanisms, and social inclusiveness in the poverty reduction effort. The report explored relevant institutional features which color the community driven development (CDD) experience in the country. In the attempt to summarize existing data, and experience on CDD, the focus remains on the various institutional approaches used by the Bank in supporting this initiative. This included a wide spectrum from government to local authorities, how the Breton Wood institution has responded to some of the challenges especially the environment, community mobilization, and civic engagement. Even though recommendations suggest the institutionalisation of villages, empowerment and improvement of local authorities functioning, and, the design of a supportive development administration, options viewed not as mutually exclusive. It is no wonder one important area requiring more attention in terms of research. One would have expected for example a lot of research findings and suggestions on CDD that has been in direct community implementation and all other programs geared towards realizing more and quick impact.

Community funding and engagement has proved to realize more impact by bringing quick development to the people. This is therefore one area that a lot of resources should be invested in terms of studies rather than just doing evaluations.

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APPENDICES

Appendix I: Interview Guide

KEY INFORMANTS GUIDES FOR STAFF AT WORLD BANK KENYA MISSION

Staff Name:

Position:

a. Introduction

1. Which are some of the CDD projects do you fund in Kenya (in which regions/government ministries municipalities)?

2. When did you start funding CDD projects?

3. Before that how were you funding projects that are geared to bringing development to the grassroots?

4. In which particular areas of development do you support them?

b. Strategies employed by the World Bank

5. (If there is a change of strategy), why the shift to funding through CDD strategy (what are its comparative advantages)?

6. What is the rationale of approaching development through CDD?

7. Are there other approaches that the World Bank is using in Kenya?

8. How much do you disburse in a year?

9. What is the mode of disbursements?

10. What are some of the accountability strategies are in place?

c. Challenges faced in funding through the CDD strategy

11. What are some of the challenges you face in funding these CDD projects?

12. Could you comment on the following within the CDDs that you partner with?

Corruption

Participation by the poor and the marginalized

d. Coping mechanisms

13. How have you dealt with the challenges that arise in the following areas?

Representation

Corruption

Inequitable representation of some stakeholders

Alienation of some intended project beneficiaries

Other response mechanisms

14 What are some of the possible solutions to the challenges faced in funding CDD projects?

15. Any other comment on CDD funding?

Thanks for your participation.



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DATE.....

TO WHOM IT MAY CONCERN

The bearer of this letter *CHARLES ANTON MITO*
Registration No. *DG1/2652/01*

is a Master of Business Administration (MBA) student of the University of Nairobi

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM

DR. W.M. IRAKI
CO-ORDINATOR, MBA PROGRAM