



The CDD Pilot Project in the People's Republic of China

Sharing Knowledge on
Community-Driven Development



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Abbreviations

- ADB – Asian Development Bank
- CDD – community-driven development
- CDF – Community Development Fund
- DMC – developing member country
- LGOP – Leading Group Office of Poverty Alleviation and Development
(of the State Council)
- NGO – nongovernment organization
- PDMG – project decision-making group
- PMC – project management committee
- PMO – project management office
- PRC – People’s Republic of China

The PRC Administrative Hierarchy

The Constitution of the People’s Republic of China (PRC), adopted in 1982 and amended most recently in 2004, divides the country administratively into provinces, autonomous regions, and municipalities directly under the central government. The provinces and autonomous regions are further subdivided into autonomous prefectures, counties, autonomous counties, and cities; the counties and autonomous counties into townships, nationality townships, and towns; and the townships, nationality townships, and towns into administrative villages, each one usually made up of several natural villages with no administrative function.

In the community-driven development pilot project, the basic unit of implementation was the administrative village. Project funds were allocated, subprojects screened and managed, and conflicts resolved at the administrative village level. Natural villages acted as executive or operating units that made proposals, managed funds, and implemented, managed, and monitored subprojects.

This report uses the terms “natural village” and “community” synonymously.

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Executive Summary

Introduction

The community-driven development (CDD) pilot project in the People's Republic of China (PRC) from 2006 to 2009 had evident positive effects on both the project communities and on rural poverty reduction. A summary of the project experience and of the lessons learned is therefore necessary.

This report shows the effects of the pilot project on the project communities, draws lessons from the experience, and examines the suitability of the community-driven development approach to the PRC and to its expanded implementation in the country and elsewhere in the region. Based on a study under the regional technical assistance project Sharing Knowledge on Community-Driven Development in Asia and the Pacific, this report supports knowledge sharing to strengthen the capacity of the ADB developing member countries (DMCs) in implementing and scaling up CDD.

The pilot project was launched by the Leading Group Office of Poverty Alleviation and Development of the PRC State Council and implemented in four counties representing four basic poverty landscapes: Jingxi county in Guangxi Zhuang Autonomous Region (karst region in the southwest), Jialing district in Sichuan (hilly western hinterland), Baishui county in Shaanxi (on the heavily degraded Loess Plateau), and Wengniute county in Inner Mongolia Autonomous Region (semiarid farming and animal husbandry area on the northern border of the PRC). Sixty administrative villages (including villages that had poverty reduction and development priority), 15 in each project county, were covered. Among the target groups and main beneficiaries were women, the elderly, children, and other vulnerable groups, numbering about 100,000.

The pilot project comprised three types of subprojects:

- (i) improvement of small-scale infrastructure and services in the project communities (subproject type 1),
- (ii) funding for community development (subproject type 2), and
- (iii) improvement of natural resources management and environmental protection in the project communities (subproject type 3).

The pilot project was an appropriate response to the PRC's poverty reduction needs, and also clearly benefited rural governance reform. Moreover, the CDD approach shared core concepts with the PRC's new countryside construction and mass line policies.

Achievements and Impact of the Community-Driven Development Pilot Project

Rural development in the PRC has been stymied by poor infrastructure and inadequate public services, in contrast to the modernization occurring in the cities.

The pilot project was designed to solve these problems and proved effective in reducing poverty. It led to improvements in the following:

- **individual and public welfare**, through revenue increases, better public services and infrastructure, more opportunities for sustainable livelihoods, and environmental improvements;
- **community development and public governance**, through community and gender empowerment, the involvement of

community organizations in the pilot project, and capacity building, thereby cultivating more cohesive, harmonious, and self-confident partners in development;

- **use of poverty reduction resources**, through the direct allocation of CDD funds to communities, in the process lessening the amount of government funds lost in transfer, improving the fairness and efficiency of the use of funds, reversing the indifference and negative attitudes of villagers toward public affairs and creating new social capital in the communities, and integrating internal community resources; and
- **government's service function and poverty reduction approach**, through the project's emphasis on grassroots democracy and village autonomy, instead of dependence on government.

Success Factors

The following factors were responsible for the success of the pilot project:

- (i) **Guiding role of government.** While supporting community freedoms and the concept of bottom-up implementation, the pilot project was government led in the sense that government introduced the CDD approach and was actively involved in the pilot project, providing policy, funding, technology, and capacity-building assistance to the project villages.
- (ii) **Participation of nongovernment organizations (NGOs).** ActionAid was active in Jingxi county, Plan International in Baishui county, and World Vision International in Wengniute county. The involvement of these NGOs in the pilot project enriched its organization and implementation, and made up for the human resource and technology deficiencies of the local governments. Particularly in the case of Plan International, a high degree of localization, stable staffing, clear division of work, and collaboration with local government had a positive impact on the pilot project.
- (iii) **Innovative project implementation mechanisms.** The community mobilization,

decision-making, competition, management, facilitation, and complaint-handling mechanisms that were developed during the pilot project, under the supervision of the State Council Leading Group Office of Poverty Alleviation and Development, guaranteed its effective and smooth operation.

- (iv) **Capacity building.** The project framework integrated important aspects of community-driven development—among them, the capacity building of government, NGOs, facilitators, and communities—using specific content and approaches for each group.
- (v) **Targeting of vulnerable groups.** The pilot project developed the capacity of poor households and made them a development priority, accorded equal development rights to rural women, and gave priority to small and vulnerable communities in development funding.
- (vi) **Other factors**, including social forces within communities, existing social capital and human resources in the communities, local culture, and traditional governance.

Conclusions and Recommendations

Through its subprojects, the CDD pilot project met its goals in infrastructure and public service provision, community development funding, environmental management, and capacity building. It improved the income, productivity, and lives of the participating villagers. It also led to better local government services and to more effective use of poverty reduction resources.

The pilot project explored new mechanisms for poverty reduction and development, infused the villagers with enthusiasm for developing themselves and their community, promoted village autonomy, enhanced social harmony and cohesion at the rural grassroots level, and provided referential experiences for the implementation of the PRC's new rural construction policy.

Overall, the CDD pilot project was a successful first-time implementation of the CDD approach in the PRC, with significance for the wider implementation of the approach in the country and in the region.

Conclusions

The CDD approach adopted in the PRC and used in the pilot project was government led in design, policy guidance, and support; focused on empowerment; socially integrative; comprehensive in capacity building; and innovative in its support mechanisms. This thorough, systematic, and sustainable new approach to poverty reduction and development in the PRC will have wider applicability in the country and in the rest of Asia and the Pacific.

Recommendations

The expansion of CDD to reduce poverty and develop the countryside, not only in the PRC but also in other parts of the region, faces a number of challenges. It requires

- large amounts of human and material resources,
- the ability to deal with complex procedures,
- innovative implementation mechanisms,
- cooperation between government and NGOs, and
- capacity building of individuals and communities.

Introduction

Background

1. This report is based on a study made by the Asian Development Bank (ADB) of the community-driven development (CDD) pilot project in the People's Republic of China (PRC) from 2006 to 2009. The pilot project was funded by the World Bank and implemented by the Leading Group Office of Poverty Alleviation and Development (LGOP) of the PRC State Council. The ADB study was part of the regional technical assistance project Sharing Knowledge on Community-Driven Development in Asia and the Pacific, which engaged in research and documentation, shared knowledge on CDD through workshops and publications, and established a CDD learning network to build the capacity of developing member countries (DMCs) of ADB to implement the CDD approach.

2. The CDD pilot project in the PRC tested new ways of reducing poverty and developing rural communities, with significant effectiveness and impact. This report analyzes the implementation experience in the PRC, distills lessons from the experience, and makes recommendations to improve the design and implementation of CDD projects in other parts of Asia and the Pacific.

Community-Driven Development in the People's Republic of China

3. The World Bank and other international agencies have actively promoted CDD to reduce poverty and develop the impoverished countryside, and various countries have had success in its use. In the PRC, the LGOP has also come to regard CDD as a promising new approach to rural poverty reduction, as well as to the solution of the general problem of poverty.

In the PRC, poverty is dispersed and a large number of rural poor still exist. The poor are believed to lack enthusiasm and the initiative to participate in poverty reduction projects. They have little capacity for self-organization, self-management, self-development, and self-monitoring. And the government's poverty reduction efforts are largely unsustainable, unable to keep the poor from sliding back into poverty.

4. The government's poverty reduction objectives are to answer immediate food and clothing needs; ameliorate basic production and living conditions in poverty-stricken areas; improve the overall quality of life of the poor; improve environmental quality; gradually lift the poor out of economic, social, and cultural disadvantage; and lay the groundwork for a prosperous and progressive society.

5. The CDD experience in other countries has shown the effectiveness of the approach, not only in reducing poverty and developing poor communities but also in preserving the environment and promoting the quality of life, building the capacity of target groups, and strengthening administrative proficiency. CDD, moreover, is based on the same core concepts that drive the PRC's new countryside construction and mass line policies. Like these policies, CDD takes a people-first stance.

6. The CDD pilot project placed farmers in a position of dominance, assumed that their demand for rural development was strong, and emphasized the development of rural communities to organize, manage, develop, and monitor themselves. The introduction of CDD into the PRC was also foreseen to advance rural governance reform. Since the household contract responsibility system was implemented in the 1980s, the state had gradually withdrawn from

¹ Started in Xiaogang village, Anhui province, in the late 1970s, the household contract responsibility system allowed farming households to manage agricultural production at their own initiative, although ownership of the farmland remained with the rural collective. Farmers could use land through long-term contracts and keep the produce after paying taxes. The system improved productivity and increased agricultural output, both preconditions for economic growth.

the management of grassroots public affairs. Public authority was entering a hollowing-out period.¹ No one cared much about grassroots social management (social security, social welfare, public facilities, and land and water management). The state made vigorous attempts to encourage the growth of village committees, rebuild the rural management system, and establish rural autonomy. But the farmers were poorly organized and increasingly fragmented, large numbers were migrating to the urban centers, and the gap between the rich and the poor was growing. The CDD emphasis on community empowerment was expected to improve cohesion, nurture capacity, and help to achieve stable and harmonious communities. It also accorded with the PRC's long-term policy of grassroots democracy and management.

The Community-Driven Development Pilot Project in the PRC

7. **Goal and objectives.** The long-term goal of the pilot project was poverty reduction through the innovative mechanism of community-driven development, while at the same time creating referential experiences for the implementation of the PRC's new countryside construction policy. Poor communities would have opportunities and incentives to

- (i) improve local infrastructure and public services;
- (ii) collectively manage a revolving fund;
- (iii) consider sustainable natural resource management and other environmental improvements in setting local development priorities; and
- (iv) explore the potential of local capital and strengthen local governance for sustainable self-organization, self-management, and self-development.

8. **Project principles.** The CDD pilot project rested on the following principles:

- (i) fund control by communities, for the first time;
- (ii) project decision making by communities;
- (iii) existence of publicity, transparency, and complaint-handling mechanisms; and
- (iv) emphasis on government support services.

9. The pilot project was launched in four provinces by the LGOP in May 2006 and was completed

in June 2009. It cost a total of CNY46.31 million. A \$1.93 million grant from the World Bank helped defray the cost, and CNY30.87 million came from poverty reduction funds of the central government and from the counterpart contributions of the project provinces and counties.

10. **Project counties.** The four project counties were key counties in national poverty reduction and development work, and were representative of four different poverty landscapes in the PRC. The four counties were Jingxi county in Guangxi Zhuang Autonomous Region (karst region in the southwest), Jialing district in Sichuan (hilly western hinterland), Baishui county in Shaanxi (on the heavily degraded Loess Plateau), and Wengniute county in Inner Mongolia Autonomous Region (semiarid farming and animal husbandry area on the northern border of the PRC).

11. The basic unit of implementation was the administrative village. A total of 60 poverty-stricken administrative villages were covered, 15 in each project province. The main beneficiaries—about 100,000 in all—included women, the elderly, children, and other vulnerable groups from the project communities. But, unlike previous government-led poverty reduction projects, the CDD pilot project emphasized the importance of the poor and their communities, not only as beneficiaries but as partners in project implementation.

12. **Subproject types.** The CDD pilot project provided the participating communities with access to three types of subprojects, all aimed at solving major constraints on rural development. The three subproject types were

- (i) improvement of small-scale infrastructure and services in the project communities (subproject type 1),
- (ii) funding for community development (subproject type 2), and
- (iii) improvement of natural resources management and environmental protection in the project communities (subproject type 3).

13. For local public improvement subprojects of the first type, the participating administrative village was eligible to receive CNY600,000, in three tranches. Subproject proposals prepared by the communities underwent competitive screening at the

administrative village level. The CDD pilot project mostly supported the following infrastructure and service improvements: local roads and bridges; access to drinking water and water for irrigation; access to electricity and telecommunications facilities; community health care centers and services; and access to schools, educational materials, and training.

14. For subprojects of the second type, each participating administrative village could receive about CNY80,000, in two tranches, which it could use to collectively establish and manage a revolving fund for investment loans to households. Funds were allocated to each community on the basis of the number of households in the community, in relation to the total number of households in the administrative village. The communities decided the fund rules and procedures, made loans, collected repayments, and kept financial records. But they were required to give priority to poor households and female-headed households. The subprojects enabled households to obtain small loans for income-generating activities, and the communities to build their capacity for financial management.

15. In recognition of the close link between environmental constraints and poverty in the PRC, the CDD pilot project made funds for environmental purposes available to poor communities under the third type of subprojects. Each participating administrative village was eligible to receive about CNY48,000, in two tranches. Communities proposed subprojects that would address resource degradation or other environmental issues, and the proposals were subjected to competitive screening at the administrative village level. Subprojects pertaining to the following were considered suitable for funding: promotion of alternative fuel sources (e.g., biogas) or high-efficiency stoves to reduce fuelwood consumption, support for local reforestation or erosion control, and improvements in public sanitation and solid waste disposal.

16. **Subproject cycle.** The three types of subprojects operated differently in some respects. Just how different was often a matter for the participating communities to decide. But all three types generally involved the same key steps:

(i) **Step 0: Prepare for community participation.** This introductory step had to

be carried out before the participating villages could gain access to project funds. Community facilitators were selected by the county project management office (PMO) and trained by a nongovernment organization (NGO), participating communities were educated about the concepts and objectives of the pilot project, and the members of the project management committee (PMC) were elected by simple majority at a plenary meeting of the community.

- (ii) **Step 1: Set priorities.** The community met one or more times to set local priorities and to decide which specific activities to propose for project funding.
- (iii) **Step 2: Prepare proposals.** The PMC prepared proposals for funding, with the help of the village facilitator.
- (iv) **Step 3: Make a preliminary selection of subprojects to be funded.** The preliminary selection was done on a competitive basis by the project decision-making group, representing all the communities in the village.
- (v) **Step 4: Screen subprojects included in the preliminary list.** County or township government agencies examined the proposed subprojects for technical and financial feasibility and for acceptability under the rules of the CDD pilot project.
- (vi) **Step 5: Finalize proposals.** The proposals were revised by the PMC as warranted, their acceptability was confirmed at a village meeting called for the purpose, and implementation arrangements were made.
- (vii) **Step 6: Disburse funds into a joint account managed by the PMC.** This step marked the start of subproject implementation.
- (viii) **Step 7: Implement the subprojects.** The PMC was mainly responsible for implementation, but the villagers commonly took the initiative to donate cash and labor and also actively monitored implementation.
- (ix) **Step 8: Monitor subproject implementation.** Monitoring was done by the county PMO, community facilitators, and an intervillage monitoring team.
- (x) **Step 9: Conduct interim review of financial management and technical implementation.** The county PMO conducted the review. Participating communities that were found to have complied with project

rules were eligible for the next round of subproject funding.

17. **Organization and management structure.**

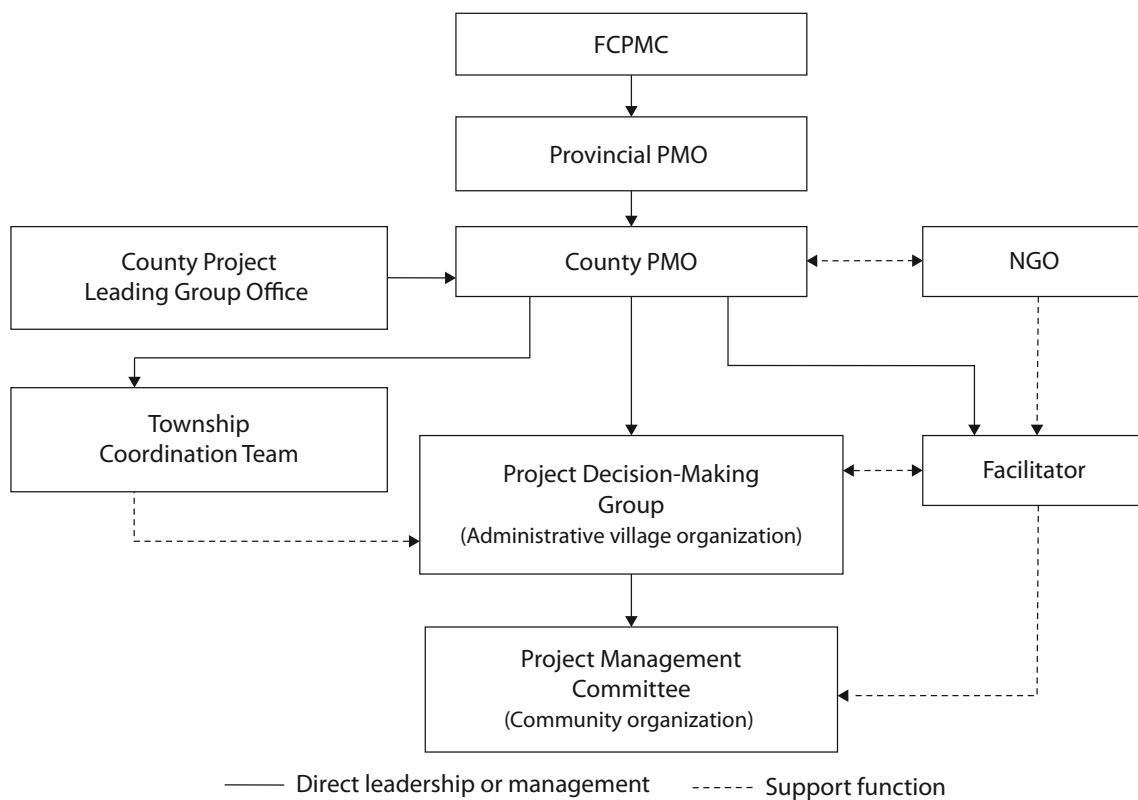
Figure 1 shows the organization and management structure of the CDD pilot project in the PRC.

18. The project participants in Figure 1 fell into three main categories:

- (i) **Government organizations.** There was a hierarchy of PMOs from central to provincial and county levels, with each higher-level PMO directly managing and leading lower-level PMOs. The county PMO managed and

monitored the participating administrative villages, and was itself managed by the county project leading group office, a special organization set up to ensure the implementation of the CDD pilot project in the county. The members of the county project leading group office were the head of the county (county magistrate) and the staff of the poverty alleviation, financial, and related offices and units that provided policy, financial, and technology support to the pilot project. These different administrative units had duties and responsibilities that were clearly defined in the operations manual

Figure 1: Organization and Management Structure of the Community-Driven Development Pilot Project in the People's Republic of China



FCPMC = Foreign Capital Project Management Center, NGO = nongovernment organization, PMO = project management office

Note: The Foreign Capital Project Management Center is under the Leading Group Office of Poverty Alleviation and Development of the State Council.

Source: Leading Group Office of Poverty Alleviation and Development. 2006. *Community-Driven Development Pilot Project: Operations Manual*. Edited by Liu Sheng-an, Dan Gibson, et al. Beijing. In Chinese.

(LGOP 2006). In general, their duties consisted of overall financial planning and project work planning, fund management and payment, project monitoring and assessment, complaint handling and coordination, guidance and training, and promotion of the project and its lessons. The county project leading group office and the township coordination team were responsible for ensuring the implementation of the pilot project in the county and the township, respectively. Their main functions involved institutional setup and staffing, coordination between government departments, and resolution of problems.

- (ii) **Community organizations.** The project decision-making group (PDMG) was created at the administrative village level during community preparation. It consisted of elected village representatives (two for each village, one male and one female), the administrative village head, and the village director of women. One director and two deputy directors, at least one of whom had to be a woman, were elected at a plenary meeting of the group. The PDMG was responsible for setting the principles and guidelines for decision making, for screening proposed subprojects and deciding which ones to fund, and for monitoring subproject implementation. The decision-making principles and guidelines depended on the circumstances in each community. The most urgent development requirements of the community were given priority. The PMC, on the other hand, had three to five members, at least one of whom had to be a woman. Its members were elected by the entire community. The PMC drew up the list of community priorities, drafted subproject proposals, managed and monitored subproject implementation, and managed subproject funds. This committee also organized cash and labor contributions and arranged regular plenary meetings.
- (iii) **Support groups.** NGOs and community facilitators helped ensure project implementation and provided technical support. NGOs, with their abundant knowledge and experience in rural development, gave capacity-building support to the project communities, local

government staff, and facilitators, and provided knowledge support in CDD concepts and project implementation. The facilitators had important roles in communication, coordination, and implementation. For that reason, an education level of at least junior school, at least 3 years of rural work experience, familiarity with local languages, and organization and communication skills were basic requirements. The recruitment of facilitators was open and public; those who met the requirements, irrespective of gender, could apply for the job. From a list of about 30 candidates proposed by the PMO, 15 were chosen after training by an NGO. Qualified facilitators were managed and assessed by the county PMO. Each participating administrative village had an assigned facilitator, who served from the start of the pilot project to its close, assisting with every facet of the project including capacity building.

Research Objective

19. The CDD pilot project had obvious positive effects both on the project communities and on rural poverty reduction in the PRC. The study that was the basis for this report revealed those effects, drew lessons from the experience to determine the suitability of the CDD approach to the PRC and to its expanded implementation in the country and the region, and served to support the sharing of knowledge on CDD among the DMCs of the Asian Development Bank.

20. The implementation of the CDD pilot project generated a large number of work reports and evaluation reports documenting the lessons learned, the problems faced, and work plans for all stages of the project. Reports from different periods allowed the tracking of implementation progress; reports on different subprojects with the same time frame enabled the implementers to make horizontal comparisons between projects.

21. Professor Zhuang Kongshao and his team, with support from Plan International and the Foreign Capital Project Management Center, did a study in July–August 2010 on the impact of CDD on vulnerable groups in the rural areas of the PRC, using anthropological research methods and institutional analysis of rural governance (Kongshao et al. 2010).

22. The CDD pilot project drew much attention from the academic community, which was heavily represented in the project evaluation work. Introduced as a new poverty reduction tool for the country, the CDD approach caught the attention of scholars, who discussed its effectiveness in rural development in the PRC. The methods of the pilot project, national policy, sustainable development, rural organizations, and social capital, among other topics, were examined.

23. Some findings and issues brought out in this report were included in those earlier reports and articles. This report summarizes and develops previously scattered findings and discussions about the CDD experience and the lessons learned, to define a suitable CDD model for replication on a wider scale and share those findings with other DMCs.

24. The three other main sections of this report evaluate the achievements and impact of the CDD pilot project on poverty reduction in the PRC, go into the factors behind those achievements and impact, and present conclusions and recommendations. The Achievements and Impact section in particular weighs the impact of the pilot project on individual and public welfare, community development and public governance, use of poverty reduction resources, and the service function and poverty reduction approach of government. The Success Factors section explores the factors that contributed to the success of the pilot project—the guiding role of government, the participation of NGOs, innovative mechanisms for project implementation, capacity building, the targeting of vulnerable groups, and community factors. The final section offers conclusions and recommendations while summarizing the challenges to project replication.

Research Methods

Secondary Data

25. Previous reports, articles, and publications about the CDD pilot project experience in the PRC and an in-depth situational analysis clarified the project and its main features. Basic documents about the pilot project, including its design, goals, implementation procedures, and methods, came from the Foreign Capital Project Management Center. Interview data from the field survey done by Professor Zhuang Kongshao and his team (Kongshao et al. 2010) and research findings from academic journals and papers were also used.

Case Studies

26. The case study method helped in understanding the process of implementation of the CDD pilot project in the PRC and the impact of the pilot project on poverty reduction and on the welfare of vulnerable groups. The case studies showed the relationship between vulnerable and strong communities in an administrative village and the allocation of funds to meet the most urgent development needs. They also brought out the relationship between CDD community organizations and grassroots authority organizations, the participation of women in the pilot project, and the impact of the CDD pilot project on poverty reduction.

27. Besides case data from Professor Zhuang Kongshao's earlier field survey, other case data from 2008–2009 were provided by facilitators and county PMO staff in Baishui and Jingxi counties.

Achievements and Impact of the Pilot Project

28. Rural development in the PRC has been hampered by poor infrastructure and inadequate public services. Unlike the modernizing cities, the countryside must cope with scarcity. Hydraulic structures do not meet agricultural demand, cultivated land is shrinking, and there is not enough technical support. In 2003, only 43% of cultivated land was sufficiently irrigated; irrigation suffered from sub-standard equipment and outdated methods. Lack of drinking water and transportation are also constraints, and so is insufficiency of social infrastructure such as schools and health care facilities.

29. Rural development and poverty reduction depend on finding solutions to these problems. The CDD pilot project was designed with this in mind. The four project sites represented four types of poverty and vulnerable environments. The rest of this

section discusses the impact of the pilot project on various aspects of rural underdevelopment and poverty in the PRC.

Improvements in Individual and Public Welfare

Higher Income

30. Poor roads limit the transportation and sale of agricultural products and keep prices low. With better roads and other community infrastructure (sub-project type 1) built under the pilot project, farming productivity has picked up, food production has increased, and farmers' lives have improved. Box 1 and Box 2 show the impact of the project roads on rural incomes.

Box 1: Better Roads Mean Richer Lives

Bad or nonexistent roads discouraged economic breeding and crop improvement in the communities of Longlin and Bailu in Jingxi county (Guangxi Zhuang Autonomous Region). The farmers had a hard time taking their products to market.

Under the pilot project, Longlin and Bailu chose to build roads connecting their villages. Now the farmers' selling problems have been solved. They breed chickens, ducks, cattle, and sheep. In place of land left to lie fallow, sugarcane fields and orchards line the roads.

Source: Jingxi project management office, June 2009.

Box 2: No More Underpriced Apples

Only one road led to and out of Hejiayuan, a remote, small valley community in Baishui county (Shaanxi). The villagers rode motorbikes or walked. Hejiayuan grew high-quality apples, but only a few apple buyers visited and the villagers had to resign themselves to low prices.

The community built a wider road under the pilot project, using three rounds of funding. The apples now reach more markets easily and fetch a better price. "Our apples used to sell at CNY2 a kilogram," one villager said. "Now they sell at CNY8."

Source: Field research data from Baishui county, 2010.

31. The Community Development Fund (CDF), on the other hand, provided many poor farmers with start-up funds. Figure 2 traces the steps in the CDF operating cycle.

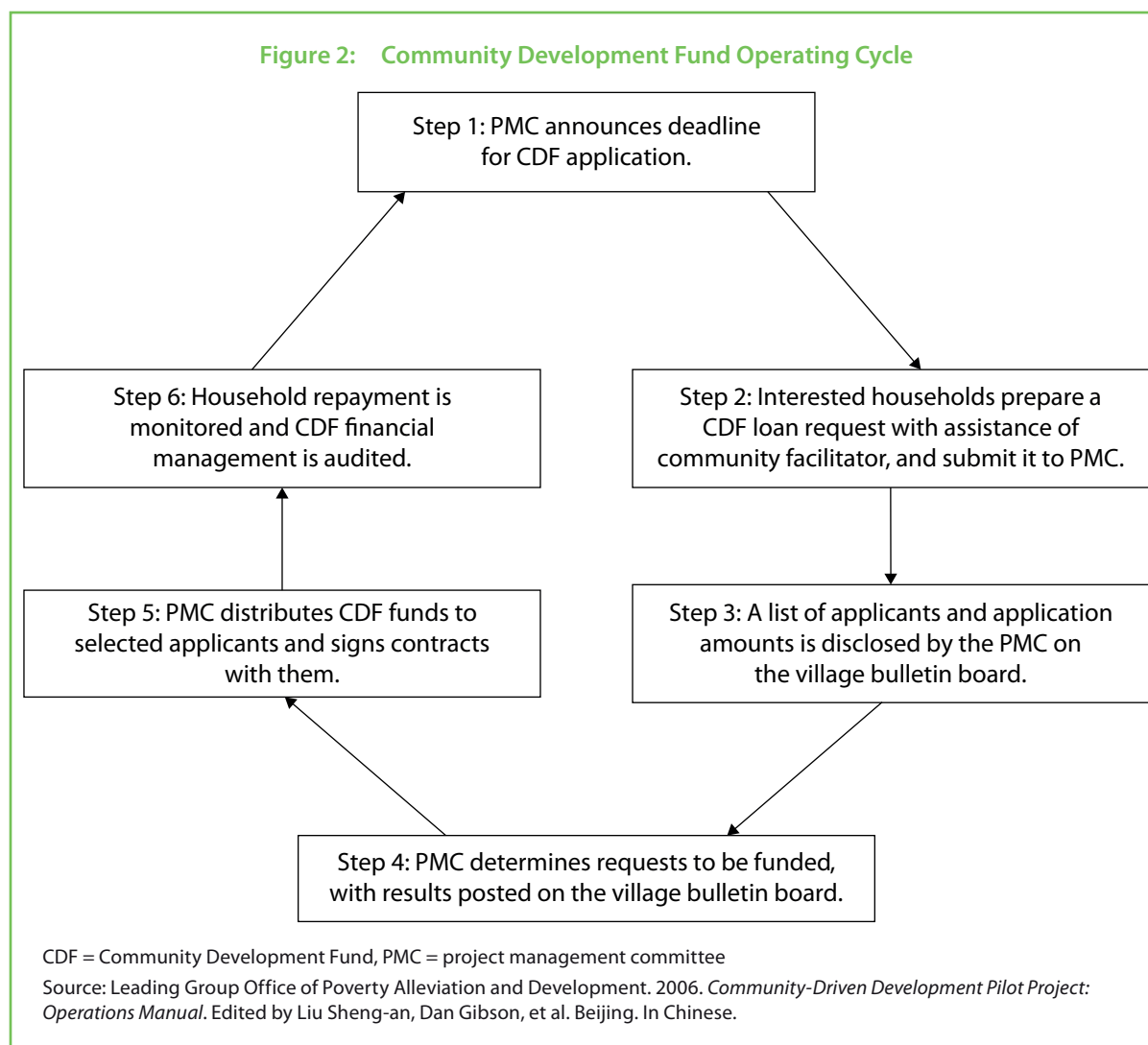
32. The PMC set specific rules for the amortization schedule, the maximum loan amount (usually CNY1,000–CNY3,000), the use of the funds, and priority households (usually poor or female-headed households), depending on the funds required by each community and the number of households in the community. The focus on poor households ensured that the funds went to those who needed them most. Box 3 describes a typical CDF loan beneficiary.

Improved Infrastructure and Public Services

33. CDD subprojects of the first type were intended to solve or at least lessen difficulties in small-scale infrastructure and improve public services in poverty-stricken villages. Tables 1 and 2 show that the infrastructure developed under the pilot project (mostly roads and water supply facilities) went a long way toward reducing the constraints posed by geography and the natural environment on rural development.

34. Subprojects were selected and decisions made on the basis of community needs, in expectation of

Figure 2: Community Development Fund Operating Cycle



Box 3: “The Community Development Fund Was My Way to Wealth”

Poorly educated and unable to find work outside the farm, Shaodong of Longlin village in Jingxi county (Guangxi Zhuang Autonomous Region) lived off his father’s orchard earnings and pension. After his father died and income from the orchard dwindled, he was obliged to look elsewhere for income.

Shaodong took out a loan of CNY3,000 from the Community Development Fund (CDF) soon after it was implemented in the county in 2008. He used the money to buy several pigs, including one that was already pregnant, and some feed.

He later sold the pigs for nearly CNY4,800. The following year, not only was he able to repay the loan but he also earned substantial revenue.

“The CDF was my way to wealth,” Shaodong now says, with no hesitation.

Source: Jingxi project management office, June 2009.

Table 1: Drinking Water Facilities in the Project Counties, 2006

County/Province or Region	Drinking Water Facilities (% of Population Unserved)
Jingxi/Guangxi Zhuang Autonomous Region	52
Jialing/Sichuan	32
Baishui/Shaanxi	70
Wengniute/Inner Mongolia Autonomous Region	28

Source: Leading Group Office of Poverty Alleviation and Development. 2006. *Community-Driven Development Pilot Project: Operations Manual*. Edited by Liu Sheng-an, Dan Gibson, et al. Beijing. In Chinese.

Table 2: Small-Scale Infrastructure Constructed and Public Services Provided in Jingxi County under the Community-Driven Development Pilot Project, 2009

Project	Extent	Total Investment (CNY10,000)	CDF Contribution (CNY10,000)
Village roads	100 km	183.33	21.35
Tractor roads	46 km	67.29	3.12
Road hardening	56,061 m ²	72.03	4.93
Irrigation and drinking water	86 sites	294.96	27.32
Classrooms	996 m ²	30.26	3.46
Electricity	7 sites	18.05	2.10
Multifunction rooms	352 m ²	13.38	0.43
Bridges	8 sites	13.00	0.30
Basketball courts	2,948 m ²	12.74	1.42

CDF = Community Development Fund, km = kilometer, m² = square meter

Source: Jingxi project management office, June 2009.

results that would benefit the entire community. The community members enthusiastically volunteered their services, raised funds, and monitored the quality of implementation.

35. In addition, the county PMO was involved in all aspects of the pilot project, making sure that CDF funds were properly distributed to the project communities, coordinating with other government offices in providing the communities with technical support, and managing and monitoring subprojects. As the county PMO improved its capacity for project implementation and monitoring, service intensity increased, and the role of the office in the pilot project changed. From being a mere implementer, the county PMO became a mentor for rural development and an active supporter and coordinator of public service delivery.

Sustainable Livelihoods

36. The CDF operation was designed with the goal of achieving long-term sustainability. Repayment schedules matched the production cycle: amortizations fell due in the harvest season, when the farmers had the money to pay them. The practice therefore tended to promote cyclic agriculture.

37. The success story in Box 4 illustrates the effective use of CDF and rural cooperatives in tandem.

38. The rural cooperatives in combination with the CDD approach benefited the villagers in several ways. These subprojects strengthened community

cohesion, integrated internal resources, and made the farmers more capable of self-development and better prepared for the challenges of rural economic cooperation. The subprojects also brought the previously disadvantaged, including women and the elderly, into the economic life of the community.

Environmental Improvements

39. Environmental and energy sustainability was the premise of subprojects of the third type. The subprojects were aimed at protecting the environment and improving the efficiency of natural resource use. The geography of the project counties justified the concern. The communities in Guangxi and Sichuan, in southern PRC, were mountainous yet densely populated, and poorly equipped with sanitation facilities. The project communities in the north (in Shaanxi and Inner Mongolia), on the other hand, were focused on the afforestation of barren mountain slopes with fruit trees of high economic value, the construction of biomass pools, sidewalk and drainage construction, and training in environmental protection.

40. Overall, the CDD pilot project improved environmental quality and community awareness of environmental protection and environmental health. In Jialing district, for example, the participating communities planted 0.30 square kilometers of ecological forest and built 120 methane tanks from the time the subprojects started in May 2006 until November 2007.

Box 4: Promotion of Small-Scale Poultry Cooperatives, the CDF Way

Small-scale poultry cooperatives were formed in Shilou village, Jialing district (Sichuan), to provide farmers with chicks, feeds, vaccination and other health services, and marketing channels. Between 2006 (when the Community Development Fund [CDF] was established in the district) and September 2009, the 116 households in this small-scale program raised 282,600 chickens with the help of the CDF, slaughtered 24,340 chickens, and became CNY243,000 richer in the process.

The small-scale poultry production business, less physically demanding than larger-scale operations, gives jobs to stay-at-home people, including the elderly and women, as well as the unemployed.

Source: Field research data from Jialing district, 2010.

Improvements in Community Development and Public Governance

Empowered, Better-Governed Communities

41. People empowerment is the core of participatory, community-driven development. Communities get a stronger voice in the management of their own affairs. In the PRC, people empowerment was an idea whose time had come. The state was gradually withdrawing from the management of grassroots communities after its immersion during the household contract responsibility period that began in the 1980s.

42. The direct allocation of poverty reduction funds to the project communities under the CDD pilot project made them more than mere beneficiaries. It gave them, and especially their disadvantaged and vulnerable members, ownership and control of the subprojects and allowed them to determine, manage, and assess the results.

43. The public governance improvements in the grassroots communities consisted of the following:

- (i) **Independent decision making by the communities relevant to their development needs.** Having control of their subprojects motivated the members to actively participate in public affairs and strengthened community relations. Plenary meetings and group discussions were instrumental in forming public opinion, and were gradually institutionalized through practice. The field research in 2010 (Kongshao et al. 2010), a year after the pilot project had closed, found many communities still using these same methods to discuss the operation and maintenance of infrastructure built during the project.
- (ii) **Avoidance of strong personalities and power figures who might co-opt and manipulate public opinion.** Vulnerable groups freely expressed their needs and

participated in fund management, complaint resolution, and monitoring.

- (iii) **Accordance of priority in fund allocation to weaker and more vulnerable communities.** While communities competed fairly for funds, those that were economically more robust were known to cede their right to the funds in favor of the needy. Poverty-stricken communities that lacked the capacity to prepare budgets or subproject proposals received assistance in their preparation from PDMG and PMC staff and were encouraged, through capacity building, to compete for funds.

Stronger Community Institutions and Grassroots Democracy

44. In traditional rural PRC (before 1949), villages were governed by two groups. Local officials appointed by government used laws to manage, while old men and leaders of lineage families relied on time-honored codes of conduct and ethics, and generally exercised greater authority within the village. The rise of the commune system in the last century weakened traditional governance before that system itself declined in the 1980s.² The household contract responsibility system (footnote 1), established in 1982, led to the fragmentation of the rural communities and complicated the task of rural development and poverty reduction. But, as the CDD pilot project showed, CDD is an effective way of developing community-based organizations and grassroots democracy.

45. CDD reunites the fragmented parts of farming communities and promotes cohesion through organized and ordered involvement, thereby improving public services and public welfare and shaping a high-quality democracy. CDD project organizations like the PDMG and the PMC, for example, elected their members by majority vote in a plenary session to speak for and serve their communities. Many of the former members of these organizations continue to be active in public affairs, supplementing the governance structure.

² The commune was the basic administrative unit in rural PRC from 1958 to 1985. It had governmental, political, and economic functions. Everything that the member households originally owned went to the commune. Communes were divided into production brigades (which had major planning and administrative responsibilities) and production teams at the lowest level in the hierarchy (responsible for farm production and accounting). All farming activities were centrally assigned by cadres every morning.

46. CDD also helps prevent elite capture. Community mechanisms developed under the pilot project, including those for independent decision making, fund management, and complaint resolution, empowered the community organizations while keeping a balance between their rights and interests and those of the village elites.

Independent Capacity Building for Rural Development

47. Common, obvious problems in poverty reduction are the weak capacity of farmers and slow progress. Rural communities in particular lack the capacity to organize, manage, develop, and monitor themselves, with negative long-term impact on poverty reduction and sustainable rural development.

48. The CDD pilot project gave emphasis to building this capacity through the project implementation cycle. Three types of subprojects were carried out in several rounds of funding to create awareness of the project and the need for capacity building. At the same time, the CDF encouraged agricultural production by offering income-generating opportunities, and its circulatory funding and repayment process helped villagers to form good credit habits.³

49. Overall, project implementation improved public resource management and decision making by the communities. Decisions in previous government-led infrastructure projects had often been made and implemented by the two village committees; because of that, most villagers had disengaged from infrastructure building and public affairs.⁴ This time, as they learned to make decisions and manage public resources on their own, and were drawn into public affairs, the villagers—including many who, for the most part, had stayed uninvolved—gradually gained interest and confidence.

Empowered Women

50. In the PRC's traditionally patriarchal society, there was no room for women in public affairs. Long-term exclusion left many women unconcerned

and unwilling to participate. Besides, they were generally assumed to lack the necessary capacity.

51. The empowerment of women was an important part of the design and implementation of the CDD pilot project. It took two forms. First, as required in the operations manual (LGOP 2006), women made up at least 20% of the members of the PMC and about half of the PDMG membership. Their opinions were sought and what they said mattered to the community. Second, women became more dominant in agriculture and public life, and more aware of their dominance. In 2006, about 61.3% of those who worked in agriculture were women; the percentage was higher in some provinces. Young adults were leaving the farms for the cities in search of higher-paying jobs, and the women who stayed behind had to do the work.

52. Women's empowerment, particularly under the CDD pilot project, had a positive impact on their ability to express their views and participate in community decisions. It also gave women's organizations a greater role in public governance. The pilot project showed that women could break free of subjection and have a strong voice in local affairs if encouraged in that direction by the right set of operating requirements (Box 5). Many other development projects that proclaimed their gender sensitivity merely regarded women as passive beneficiaries.

53. The CDD pilot project emphasized not only gender consciousness but also gender skills in public decision making (Box 6). Women could be induced to participate in the project if they were called upon to do what they did best. Project groups benefited from their communication skills, particularly in project promotion, and from their eye for detail in financial management work. In the CDF subprojects, many women were not only participants and beneficiaries but also managers.

54. Women in the communities organized themselves for the CDD pilot project, and they organized with even greater vigor as it progressed. Informal women's organizations that exist in traditional rural villages to supervise public conduct and public

³ More information about the capacity-building activities of the pilot project can be found on page 20 of this report.

⁴ The two village committees—the village Communist party member branch committee, which promotes propaganda policies, and the democratically elected village autonomy committee—are the two basic organizations in the villages.

Box 5: Women Speak Up for Development

The second community conference in Gupeng, Jingxi county (Guangxi Zhuang Autonomous Region), was called to discuss village development projects. All those present had a chance to say what they thought the community needed. Some said that roads—perhaps tractor roads—should be built. Others wanted a basketball court.

Unused to speaking their minds, the women's groups huddled together and whispered among themselves for a long time. Finally, urged on by the host, they chose a representative to propose a water project. Storing water in mountainous terrain is hard work, they said. Women must make long journeys and shoulder heavy burdens to bring back water for their families' daily needs.

The proposals were put to a vote. The women's water project received the most votes and was eventually funded in the first round of the pilot project in the village. Success encouraged the women to speak up during meetings and to be active in community affairs.

Source: Jingxi project management office, June 2009

Box 6: Exploiting Gender Skills for a Better Environment and Economy

To improve the environment and community incomes, Luojiaguan community in Jialing district (Sichuan) planned to grow mulberries and breed silkworms, with support from the Community Development Fund.

The women in the community were the most important participants. They had the necessary skills, and were very proud and pleased at this chance to use them to help their families and their community. They expressed the hope that the community efforts would be sustained.

Source: Field research data from Jialing district, 2010.

opinion also gradually connected, their functions shifting to public affairs. All of these women's organizations played important decision-making, management, and monitoring roles during the project, and some continued to do so even after it closed.

55. In Baishui county, CDF members were mostly women, and top positions in the CDF executive committee in some communities were held by women. Women made up more than 80% of the CDF members in Hejiazhuo community. With 20% of the interest income, the members put up an agricultural technology fund, and they used it to pay for the services of experts who came to Hejiazhuo to help the villagers with their crop-growing problems. Crop production increased as a result.

More Cohesive, Harmonious, and Self-Confident Communities

56. The CDD pilot project improved cohesion in the communities. Community members interacted more closely in the course of implementation,

found a common voice and identity, and organized themselves for mutual assistance and cooperation. Relations between the cadres and ordinary citizens also improved as accountability and transparency mechanisms empowered the villagers and gradually cleared away misconceptions and prejudice. The complaint-handling system was less rigidly structured than other such systems elsewhere: villagers could complain directly to higher-level PMOs without having to go through lower-level PMOs. In the field research done in 2010 (Kongshao et al. 2010), many cadres said that they now receive more support and understanding from the villagers.

Improvements in the Use of Poverty Reduction Resources

Less Government Funds Lost in Transfer

57. Most other poverty reduction projects in the PRC are encumbered by the participation of a large number of government departments, some

of them with responsibilities confined to the project while others take charge of the poverty reduction funds. Cooperation in such cases is difficult to achieve, and funds transfer and use become less efficient. Funds are easily diverted from the villages for which they were intended. Under the CDD pilot project, on the other hand, the loss of funds was minimized through direct allocation to communities, as well as through accountability, transparency, and complaint-handling mechanisms in the communities.

Fairer, More Efficient, and More Economical Use of Funds

58. To ensure fair use of project funds, subproject selection was based on the most urgent needs of the communities, defined in the community consultations, and based on the principle of maximum benefit, especially for the poor and vulnerable. Funds were allocated through competition and negotiation between communities of differing capacity. If not for coordination and negotiation, the priority given to disadvantaged areas in fund allocation, and universally accepted notions of fair play, weaker and needier communities, with their less robustly designed and documented projects, would always lose out in competition to stronger communities.

59. "Maximum benefit," a term often mentioned in assessments and field survey reports, emphasizes the efficient and economical use of funds. In the project communities, it meant using the funds in the most effective way possible. The government pooled the resources of various departments to cope with fund deficiencies in some communities, and the combination of volunteer labor and monitoring by the villagers and their enthusiasm made sure that the funds were used to maximum benefit in the communities.

New Social Capital in the Communities

60. Social capital, or social relations, can affect cooperation within communities, and therefore has a significant part in poverty reduction and rural development.⁵ Effective information dissemination,

transparency, and complaint-handling mechanisms enabled the village cadres and project implementation groups to deal capably with the villagers' initial mistrust and suspicion, and to get their cooperation. The villagers, by virtue of their being empowered to manage project funds, acquired a strong sense of project ownership.

61. The fragmentation of rural communities that grew out of the household contract responsibility system created difficulties for volunteer work and fund-raising. But the dominant role assigned to the community in project management, and the trust and cooperation it evoked, outmatched the difficulties. In many places, the villagers, even the old and infirm, volunteered their services and raised money for the community. This cooperative, grassroots-based capital in turn promoted rural development.

Integrated Community Resources

62. The management of project funds led to the integration of community resources, both economic and social. Many community projects banked on the help that wealthy and powerful community members gave to the vulnerable.

63. The construction of village roads, water supply systems, and other public infrastructure required resources from the communities themselves, even poor communities. Villagers who ran their own companies and factories and other local entrepreneurs mobilized funding support. Project organizations set up through democratic processes gathered the community together for collective action, used the weight of public opinion and project regulations to exert pressure on opponents of the project, and induced those who could contribute more to do so.

Improvements in Government Functions and Poverty Reduction Approach

64. Other development projects of the government were managed and implemented by

⁵ Several scholars have done research on this topic. See, for example, Lei (2010).

government departments, and mostly consigned the communities to the role of beneficiaries. The CDD pilot project, in contrast, affirmed the guidance, support, and monitoring functions of government. It was designed and implemented to encourage grassroots democracy and village autonomy, highlight and exploit community strengths, integrate community resources, and maximize the social benefits of rural development.

65. The CDD pilot project successfully tested a new mode of rural development and improved the ability of government to reduce poverty. Government's targeting mechanism changed. Previous development projects tended to focus on poor administrative villages, poor households, and poor individuals. The pilot project targeted poor communities. NGOs were also brought into the project, in an apparent attempt by government to integrate this social force into its poverty reduction work.

Success Factors

Guiding Role of Government

66. To a certain extent, the CDD pilot project was a government-led project, but not in its usual meaning of total arrangement and top-down decision making (LGOP and China Agricultural University 2008). In this project, the community was paramount, and bottom-up implementation was the core approach used.

67. Government at different levels was nonetheless involved in this process. The Foreign Capital Project Management Center led in introducing the CDD method into poverty reduction work in the PRC. It was also in charge of overall project decision making, integral design and promotion at the macro level, and overall financial management. The provincial PMO was in charge of resource coordination and support. At the local government level, the county PMO and the county project leading group office contributed external policy, funding and other resources, and technical support and coordination from their vantage point outside the communities, as well as overall project management at the county level. Heads of other local government departments also gave institutional, technical, human resource, and funding support to the project in the agriculture, water supply, power, communications, and other sectors.

68. Box 7 presents instances of local government support for the CDD pilot project in Jialing district, Sichuan province. In this district, the only project site that did not receive assistance from NGOs, effective action by government was even more important.

69. The government, as mentioned earlier, took the lead in introducing the CDD approach and was its main advocate. Political decisions about the use of the CDD approach in the PRC were made by government poverty reduction agencies and officials who fully understood the country's poverty reduction and rural development goals and how far it still had to go to reach those goals, given the many

difficulties in its path. Poverty reduction has been a government priority since the 1980s, and the experience of 3 decades in grassroots work, policy development, and international cooperation laid the foundation and built capacity for the introduction of the CDD approach.

70. The poverty-stricken rural population was to be both the starting point and the beneficiary. The rural poor covered a wide swath of countryside and were always perceived to depend on help from government, unable to organize, manage, develop, and monitor themselves without that help. But, unlike previous poverty reduction approaches taken by the government, the CDD approach emphasized community empowerment and expected the poor communities to take charge of resource use, management, and control. With prodding and support from government and external assistance, the passive attitude gradually changed enough for the pilot project to be implemented successfully.

Participation of Nongovernment Organizations

71. Local governments invited NGOs to participate in the pilot project in an attempt to engage them and other social organizations in cooperative poverty reduction and development in the PRC. The NGOs' involvement made up for local government deficiencies in experience and resources and enriched project implementation.

72. Three NGOs took part in the CDD pilot project: ActionAid in Jingxi county, Plan International in Baishui county (Shaanxi province), and World Vision International in Wengniute county. These NGOs trained the villagers, facilitators, and government staff in CDD concepts and work processes, and offered various other forms of institutional and technical support to the communities and to local government.

Box 7: Local Government Actions in Support of Project Implementation in Jialing District, Sichuan Province

Collaboration among government organizations and departments. The pilot project benefited from close attention from the Jialing district committee and local government from the start. A district foreign capital poverty reduction project leading group and office was created under the district chief executive to solve problems in the project implementation unit for the district and to help make funds available in support of the project and for the operating expenses of the county project management office (PMO). A technical guidance committee gave technical assistance to the project communities. In the towns, coordination groups were formed under the town governors. The district committee also defined the project responsibilities of the district bureau of finance, work relief office, and departments of agriculture, water conservation, transportation, and animal husbandry, among others. All of these local government actions guaranteed the smooth implementation of the project.

Funding. In 2006, CNY2.0 million in work relief funds (poverty reduction funds managed by the financial sector) was allocated to the pilot project and transferred to a special account of the county PMO. In 2007, CNY4.5 million (CNY2.0 million in work relief funds and CNY2.5 million in financial poverty reduction funds) was allocated, and CNY350,000 was set aside separately for the operating expenses of the county PMO.

Capacity building. The district PMO arranged two rounds of facilitator recruitment, training, and assessment from July to December 2006. Fifteen community facilitators were finally selected from among 78 applicants. The county PMO organized training for members of the district project office and for community facilitators and leaders from participating administrative villages to build capacity and familiarize the participants with the project procedures. The county PMO also demonstrated project preparation procedures at the start of the project.

Supervision and supplemental measures. The local government supervised the project activities strictly and effectively. In late May of 2007, two villagers from Shimaya and Heliang communities complained by telephone to the district and provincial PMOs about what they perceived to be a lack of transparency in the selection of construction teams by the community project implementation group. The PMOs assigned officials to investigate and resolve the complaint, and required immediate resolution by the communities. No further problems developed in this regard. The operating procedures of all 15 participating administrative villages were regulated.

Source: *Jialing District Operations Report, 2007.*

73. ActionAid had worked previously in Jingxi county, and this experience, particularly in the empowerment of women, proved invaluable. There was also a clear division between its responsibilities and those of the local government. However, frequent staff turnover affected the continuity of its work, according to the midterm report on the pilot project (LGOP and China Agricultural University 2008), and the NGO lacked experience in grassroots work, especially in collaboration with local government.

74. Plan International's sequenced, modular training achieved good results. Its staff was familiar with local political and economic conditions and culture—many of its members came from local communities—and had ample grassroots experience. Its high degree of localization and good collaboration with local government were two standout features of its participation in the pilot project.

75. World Vision International was a mismatch for the government from the start. The vast differences between its philosophy, work principles, and

work methods and those of the local government resulted in lack of cooperation and some conflict, despite later adjustments made by the NGO. In the communities, where literacy was low, the inability to communicate in a common language (the villagers used Mongol, while World Vision staff could only speak Mandarin) was also a significant barrier to training.

76. The participation of NGOs in the pilot project leads to the following conclusion: success and a positive impact are more likely if the NGOs are highly localized, have stable staff arrangements, divide work properly, and are able to build collaborative relationships with local government.

Innovative Project Implementation Mechanisms

77. Poverty reduction is complex systems work. In the view of scholars, poverty reduction in the PRC has been hampered by inaccurate targeting,

ineffective project selection, inefficient funds allocation, poor cooperation between government and social organizations, and inadequate supervision and evaluation (Yuanpei 2005).

78. Various mechanisms developed for the CDD pilot project linked its various parts and guaranteed their effective operation.

Community Mobilization Mechanism

79. Community mobilization was the heart of the pilot project. The CDD concept was quite different from other development concepts that had been implemented in the PRC, and the fact that it was new and different aroused suspicions among the villagers at the start (Kongshao et al. 2010). But because of thorough mobilization and broad, well-planned publicity, the villagers came to comprehend the significance of empowerment and choose development, and the CDD approach succeeded. Mobilization created information symmetry between government and the villagers and wider awareness of public affairs. It promoted community interaction and cohesion, led the community to organize itself, and motivated the community to actively participate in its own development.

Decision-Making Mechanism

80. Villagers' right to choose subprojects for their community and to decide how funds were to be used was also central to the pilot project. Their meetings to discuss and vote on subprojects that reflected the most urgent needs of the target groups embodied democracy in action. One villager said it best: "This project is good. My suggestions at the meeting are also useful."

Competition Mechanism

81. This refers to the way communities within an administrative village competed for resources. In previous poverty reduction projects in the PRC, market principles always determined how resources were allocated. Without resources, small, weak, and poor villages stayed small, weak, and poor. Under the pilot project, on the other hand, competition was fair but it also generally directed resources to the neediest.

Management Mechanism

82. The PDMG and the PMC, grassroots project groups formed through democratic voting by the villagers, managed implementation on behalf of the villagers and monitored the project with their help. These groups were the strictest gatekeepers of the project in the communities. Communities directly managed project funds; thus empowered, they developed a sense of responsibility and ownership. Fund limitations required communities to pool their resources to make up for the lack of funds in many project villages. As a result, the efficiency of fund usage improved. Moreover, regular dissemination of project information, especially about the use of funds, provoked a general awareness of the need to prevent fund loss and corruption through monitoring.

Interaction between the Two Village Committees and Grassroots Project Groups

83. The relationship between government and CDD project organizations at the grassroots level has been examined at length in other studies. This report deals rather with the relationship between the two village committees (footnote 4) and grassroots project groups.

84. Discussions within the PRC political system at the time of the pilot project centered on the possible impact of absorbing the two committees into the CDD grassroots project organizations. Some thought that the two committees should instead be excluded from the project. Yet in many cases, integrating the two village committees into the grassroots project organizations achieved a win-win outcome for all.

85. Members of the village committees knew their community and administrative village well, and had a great deal of experience working at the grassroots level. This community knowledge and experience enriched the social resources and working capacity of the community organizations and greatly improved the quality of the pilot project. Many of the communities that mobilized successfully and started implementing their subprojects early were able to do so because they had absorbed the village committees and were working closely with the committee members (Box 8).

86. On the other hand, the time and energy that village committee members devoted to the project also earned dividends for them. The villagers shed their prejudice against these committee members and gave them more recognition, and the committee members built reserves of goodwill that they could put to good use if they chose to run for positions in grassroots organizations. The power deprivation strategy that some in government espoused would only have produced a sense of loss and anxiety in the village cadres and curbed their enthusiasm. It could even have further strained their relations with the CDD community organizations and caused frictions harmful to the project.

87. The relationship between the village Communist party member branch committee and the villages was also an important factor in project implementation. The case study in Box 9 shows how the attitude and work style of committee members affected their behavior toward the villagers and the project, and the consequences, sometimes

unfortunate, for the project. This factor must be considered in plans to expand the implementation of the CDD approach in the PRC.

Facilitator Mechanism

88. Facilitators had a pivotal role in encouraging villagers to organize themselves, in making sure that all those who wanted to could participate, and in obtaining assistance for villagers to overcome obstacles to the project, including inadequacies in budget and proposal preparation and project record keeping. They helped spread information about the project, provided technical support to communities and administrative villages as well as local government, managed and supervised subprojects, settled complaints, and trained communities.

89. In the course of assisting the community, the facilitators accumulated a wealth of grassroots experience and good relationships they had established and maintained, which helped them to deal

Box 8: Successfully Integrating Village Committee Members into Project Organizations

The implementation of the drinking water subproject in Longman village, Jingxi county (Guangxi Zhuang Autonomous Region), was hampered by distance from the source. The original budget was not enough to cover the cost of bringing the water to the village.

The project implementation groups sought help from the county development office, with the backing of the village party secretary (the principal of the village Communist party member branch committee). The office solved the problem by providing the village with CNY120,000 worth of water pipe.

Source: Jingxi project management office, June 2009.

Box 9: Village Committee Members Change Their Attitudes and Work Together

The village party secretary in Shanghetun community, Jingxi county (Guangxi Zhuang Autonomous Region), was short fused and capricious, and his frequent rebukes further alienated the villagers. Project publicity and monitoring suffered.

On the day the village subproject (type 1) was to start, the secretary once again began issuing arbitrary orders and finding fault. In protest, most of the villagers refused to work. The stalemate eased only when the community facilitator drew the secretary aside and engaged him in frank conversation. The secretary was made aware of how his behavior was affecting the villagers and the project.

After that, the tirades dwindled and the secretary began applying himself to his tasks. The villagers, mollified, buckled down to work. By the time the first subproject was completed, the villagers had grown to trust the secretary enough to consult him in earnest.

Source: Jingxi project management office, June 2009.

with problems from both an insider's and an outsider's point of view. But some facilitators fell short of building community capacity, and instead fostered an unhealthy dependence.

Complaint-Handling Mechanism

90. With the information channels designed for the CDD pilot project, communities were able to direct their demands and complaints to the right government sectors and receive timely feedback and solutions from government. This interactive approach was very different from the top-down implementation of the past. Ready access to information and answers to complaints diluted suspicion and mistrust between villagers and the village committees, and helped to build a good mass base within the communities.

91. The village committees filled an important go-between function, transmitting information from government to the communities and voicing appeals to government on the communities' behalf. The partnership that took shape between the communities and local government reinforced the paramount importance of the community in the implementation process, with government in the supporting role of public service provider.

Capacity Building

92. Capacity building in the CDD pilot project focused on the following:

- (i) **For government**, improving its capacity to reduce poverty and develop the rural areas, and to provide and supervise public services, including such aspects as systems development; information symmetry; complaint resolution; and project coordination, management, and monitoring.
- (ii) **For NGOs**, improving their capacity to assist, specifically their training and supervisory skills, their ability to do grassroots work, and their ability to communicate and collaborate with local government. The capacity-building activities under the pilot project helped make the facilitators more effective at doing their work, handling complaints, coordinating

tasks, transferring information, and serving as two-way channels of communication between communities and government.

- (iii) **For communities**, improving their capacity to organize, develop, manage, and monitor themselves, as well as their capacity to use agricultural technology.

93. Technical support in agriculture drew a good response and economic returns in the project communities in Baishui county and Jialing district. In Baishui county, participating communities signed an agreement with a local university that allowed them to attend regular courses in agricultural technology. In Shilou village, Jialing district, the village cooperative provided poultry-breeding knowledge, while the CDF made funds available to villagers who wanted to raise chickens. Villagers in Jingxi county, on the other hand, appealed for agricultural technology support as no such arrangement had been made for the county.

94. Training was the most direct way of building the capacity of communities. The project offices in the four project counties carefully designed and organized targeted training courses for the project communities that dealt with such topics as project financial management and bid tendering and negotiation.

95. The cyclic process of subproject implementation itself was a practical way of building capacity in the communities. The method of allocating project funds in two or three rounds was first adopted in subprojects of the first and third types (small-scale infrastructure and services, and natural resources management and environmental protection). Community capacity gradually improved through repeated opportunities to propose subprojects; to have the proposals undergo evaluation and selection; and to implement, manage, and supervise selected subprojects. Then in the CDF subprojects, the communities would meet to discuss and decide on CDF conditions for the subproject, including the management method, interest rates, loan cycle, and repayment methods. All of these processes, as well as the discussions and decision making at frequent village meetings, strengthened the communities' capacity for self-organization, self-development, and self-management.

Targeting of Vulnerable Groups

96. “Vulnerable group” is an open concept that is not limited to poverty but also includes women, the elderly, and children. Vulnerable groups share these common features: poor living conditions, weak capacity, scarce resources, and low social status. They are unable to escape their position of disadvantage on their own and often have no right to speak, even in development projects that are intended to improve their status and living conditions.

97. The CDD pilot project had significant positive impact on the livelihood, capacity, and public participation of vulnerable groups (Kongshao et al. 2010). Their living and working conditions improved, they became more aware of opportunities for self-development, they obtained start-up funds and technical support for their development projects, and they participated more actively in community public affairs.

Definition of the Term “Rural Vulnerable Groups”

98. The village (community) was the basic operating unit of the CDD pilot project. Like the PRC’s “whole village advancement” policy, the pilot project was aimed at poverty reduction through community development.⁶ The project concept gave emphasis to the poor and women as vulnerable groups in the rural communities. This designation conformed to the demographic definition in the PRC’s poverty reduction program and to the definitions used by Plan International and other NGOs that participated in the project. But the pilot project also took a broader view of vulnerability. It took into consideration vulnerable communities made up of surname groups, ethnic groups, and migrants.

99. Vulnerable groups were given fair opportunities to build their capacity and develop themselves. Their needs were made known through such means as village discussions and the participatory determination of funding priorities, and project solutions were arrived at through democratic decision making and negotiation. The subprojects in the communities

reflected the most urgent needs of vulnerable groups, and were implemented and managed with the direct involvement of these groups.

Vulnerable Groups in the Community-Driven Development Pilot Project

100. The operations manual (LGOP 2006) set firm targets for the participation of vulnerable groups in the pilot project and drew attention to the priority assigned by the government to the development of vulnerable groups. Three kinds of vulnerable groups or communities were observed during the implementation fieldwork: poor households, rural women, and weak communities.

101. **Poor households.** Poverty-stricken families were unable to develop themselves for two reasons. Government’s earlier poverty reduction efforts had fostered reliance on government, and families in poverty usually also lacked the capacity and the means to develop on their own and become less poor. The CDD pilot project mobilized communities actively and in depth for public affairs management, thereby giving these households more confidence in their ability to take control of their lives. The project also provided training in agricultural technology and gave priority in CDF lending to poor households. Agricultural economic cooperatives in communities encouraged poor families to participate.

102. **Rural women.** Traditional culture in the PRC, particularly in the rural areas, assumed the dominance of males in public affairs. With the rural population spreading into more developed regions and cities, women increasingly made their presence felt in village life. But by and large, they confined their participation to taking charge of their families and were rarely heard from in public.

103. The CDD approach empowers women with equal development rights. Through institutional design, such as quotas for women’s participation in the PDMG and in community project organizations, and priority treatment in CDF lending, the CDD pilot project saw to it that women had an

⁶ This poverty reduction policy, launched in 2001, was aimed at the integrated development of the poor population in key villages. It was specially developed to fulfill the PRC’s Rural Poverty Alleviation and Development Program (2001–2010) through resource integration and scientific planning.

equal opportunity to express their needs, equal access to the resources to fill those needs, and an equal voice in project decisions. The publicity leading up to community mobilization highlighted the CDD concept of women's empowerment, created new images of women active in public affairs, cultivated their sense of responsibility and purpose, and encouraged them to propose solutions to their development needs. Subprojects that were beneficial to women and played up their labor advantages were designed to fit conditions in the communities.

104. In some project communities, women took on more implementation work than men, and were much more visible than men in project decision making, management, and monitoring. Their enthusiasm and energy took them into public affairs as well as into construction work. Some even established special women's organizations.

105. **Weak communities.** In some administrative villages in the pilot project, the development imbalance between communities was obvious. A community is strong or weak because of its history, environment, capacity, and other factors. Population size, for example, may be an important determinant of project success (Table 3). In some development projects targeted at the administrative village level, large communities with a large pool of labor earn more right to speak and have more capacity to participate; small communities, on the other hand, will always be subordinate and weak. Strong communities also tend to have better environmental resources—better terrain, soil, climate, and water—and to have a higher literacy rate and more capable people than weak communities. Moreover, weak communities in remote areas have smaller populations and weaker livelihood options and outcomes, and more urgent needs that must be answered immediately.

106. Small and vulnerable communities had development priority under the CDD pilot project. The number of poverty-stricken households, in relation to the total number of households in the community, was an important factor in subproject selection. It ensured that poorer communities scored higher than richer ones in the competition for project funds. The funds were therefore more likely to be allocated to communities with the most urgent needs. Some weak communities lost out in the competition for funds because of the villagers' weak

capacity and their inability to draft persuasive project proposals. In such cases, weak and strong communities often negotiated and achieved the transfer of project funds to the weak communities, with the help of the county PMO and community facilitators.

Other Factors

107. Several other factors, besides the foregoing, affected the implementation of the CDD pilot project.

Social Forces within Communities

108. From the perspective of culture, the lineage family is the basic organizational unit in most Han nationality and other ethnic groups. Identity differences always exist between different lineage families. Such families often clash and compete, as they do especially in grassroots elections and resource distribution. Factional struggles within the community could also affect the outcome of a project.

109. In the CDD pilot project, during the process of voting for subprojects, some big lineage families used their superiority in numbers to choose subprojects that would benefit themselves, pushing aside the more urgent needs of smaller lineage families and other villagers.

Existing Social Capital, Human Resources, and Capacity in Communities

110. In the implementation of the CDD pilot project, these factors correlated with better outcomes. Communities with a greater stock of social capital battled less mistrust and discord (Lei 2010). The impact of human resources was significant, especially in subprojects that required a large input of labor. Communities with a small population had to rely on construction teams from outside the community to build infrastructure and had a harder time controlling capital costs.

Local Culture and Traditional Community Governance

111. International practice has shown that in the implementation of the CDD approach, the cultural context matters. Local governance traditions affected the CDD pilot project. In Jingxi county, for example, some old men with authority in the

Table 3: Population Data on Project Communities in Baishui County, Shaanxi Province, 2006

Administrative Village/ Township	No. of Participating Natural Villages	Largest Natural Village		Smallest Natural Village	
		No. of Households	Population	No. of Households	Population
Dongpo/Zongmu	4	120	540	27	132
Nanpengya/Zongmu	4	232	956	48	177
Fuping/Zongmu	4	135	518	100	409
Fengjiashan/Yuntai	9	69	327	15	79
Beigeta/Yuntai	4	138	638	21	61
Yaozhuang/Yuntai	3	123	437	14	72
Hejiayuan/Beiyuan	3	95	360	38	180
Nanxiu/Beiyuan	5	78	293	9	42
Nanlujiao/Beiyuan	3	121	492	63	261
Shunxiao/Beiyuan	4	155	516	48	247
Chezhuang/Raohe	4	160	696	53	257
Taixiang/Raohe	3	366	1,570	28	104
Fengjiahe/Dukang	3	210	970	35	175
Zhangjiayuan/Dukang	5	178	666	59	255
Hejiazhuo/Dukang	3	166	804	46	178

Source: Baishui County Foreign Capital Project Management Center. Basic data on the CDD pilot project: administrative villages in Baishui County, 2006.

community played a problem-solving role in the project even if they were not members of project groups. In addition, grassroots governance organizations and methods of assembly, such as the Miaotou Chihuo in Jingxi county, supplemented

the project organizations.⁷ Therefore, respect for cultural diversity and the incorporation of local governance traditions in project arrangements could have a positive effect on the implementation of future CDD projects.

⁷ Miaotou Chihuo, a ceremonial tradition of the Zhuang nationality, brings villagers together to discuss village affairs. Every household sends a member to join in the discussions. If not for this practice, many villagers would stay out of the discussions because of farm work or other employment.

Conclusions and Recommendations

112. On the whole, the CDD pilot project achieved its goals through its subprojects. It built infrastructure and improved public services, funded community development, strengthened environmental management, and built capacity. It increased the income and productivity of the participating villagers and improved their lives, and it led to better local government services and more effective use of the government's poverty reduction resources. The pilot project explored new modes of poverty reduction and rural development, mobilized villagers to develop themselves and their communities, promoted village autonomy, increased social harmony and cohesion, and provided experiences that could help in the implementation of the PRC's new rural construction policy.

113. This was the first time the CDD approach had ever been tried out in the PRC and it was a success overall, with significant implications for the wider implementation of the approach in the country and in the region.

114. Several factors were responsible for the success of the pilot project:

- (i) **Government provided leadership and guidance.** The central government introduced the CDD approach, was actively involved in overall project design and management, and provided policy guidance to the project villages. Local governments made funds available to supplement the grant from the World Bank and gave technology support. Members of the two village committees were absorbed into project grassroots organizations. The contribution of these committee members to the pilot project was generally positive (although there were also adverse effects, which must be discussed and dealt with in future projects).
- (ii) **NGOs shared their knowledge and experience in poverty reduction and rural development.** The involvement of the three NGOs in what was essentially a government activity in the PRC improved the way the project

was organized and implemented, and made up for local government deficiencies in human resources and technology. Highly localized and stable staffing (particularly in the case of Plan International), clear division of work, and collaboration with local government had a positive impact on the pilot project.

- (iii) **Innovative implementation mechanisms were developed especially for the pilot project.** The use of these innovative mechanisms for community mobilization, decision making, competition, management, facilitation, and complaint handling helped to standardize implementation and guaranteed the quality of the project.
- (iv) **The pilot project built the capacity of government, NGOs, facilitators, and communities,** thereby ensuring that its impact would be sustained beyond its close.
- (v) **Vulnerable groups were specifically targeted.** Poor households were assigned development priority, rural women received equal rights to development, and small and vulnerable communities had priority in development funding.
- (vi) **Other social and cultural factors helped.** Social forces within communities, existing social capital and human resources in the communities, local culture, and traditional governance all had an important role in the project and its successful outcome.

Conclusions

115. The CDD approach adopted in the PRC and used in the pilot project was government led in design, policy guidance, and funding and technology support. It was focused on empowerment, socially integrative, comprehensive in capacity building, and innovative in its support mechanisms. This thorough, systematic, and sustainable new approach to poverty reduction and development in the PRC will have wider applicability in the country and in the rest of Asia and the Pacific.

Recommendations

116. CDD can be expanded to reduce poverty and develop the countryside, not only in the PRC but also in other parts of the region. In the PRC, expansion can take either of two forms:

- (i) **Cooperation between the central government and international organizations** on more projects using the same framework adopted in the CDD pilot project. In October 2007, an extended CDD pilot project was launched in Shaanxi province, with the support of Plan International and the LGOP. It covered 20 administrative villages in Baishui and Pucheng counties, and used the same project design as the CDD pilot project.
- (ii) **Use of the CDD approach in rural development projects led by various government departments.**

117. But expansion faces a number of challenges. It requires the following:

- (i) **Large amounts of human and material resources.** The CDD pilot project maximized its benefits with limited funds. But the county project offices and local government departments in charge of poverty reduction also put in large amounts of human and material resources, and the facilitators and grassroots project organizations devoted much time and energy to the pilot project. Expanded implementation will strain the resources of local government and grassroots project organizations. Local government will be challenged to put together and train the huge teams of facilitators that will be needed to serve vast areas, and to ensure the sustainability of those teams. Local government must also find out how more social forces such as international and national NGOs can be absorbed into CDD projects.
- (ii) **The ability to deal with complex procedures.** The cyclic and complex implementation procedures were designed to help communities become better able to make important decisions on their own, and to organize, manage, and monitor themselves. But the procedures also caused difficulties. Villagers, hampered by low literacy, often took a long time to learn and

master the procedures, particularly since this was the first time a project of this kind had ever been implemented in the country. Fund disbursements slowed, delaying implementation and dampening to some degree the enthusiasm of communities and their trust in government.

- (iii) **Innovative implementation mechanisms.** The mechanisms developed for the pilot project still need to be improved and supplemented. For example, although the participation rate of women in many communities was high in all aspects of the project, women's empowerment was still generally constrained by traditional notions like the gender division of labor. In some communities, the real participation rate of women was low and women were seldom able to give voice to their development needs. A women's empowerment mechanism must be established in the rural areas to safeguard women's rights and interests in development projects.
- (iv) **Cooperation between government and NGOs.** NGOs involved in the project showed their expertise in poverty reduction and filled an important role that complemented the role of government. However, problems in cooperation between government and NGOs, which surfaced during the pilot project, need to be looked into. The expanded implementation of the CDD approach will also call for technical assistance from a large number of professional NGOs. Besides experienced international NGOs, national and local NGOs will be greatly needed. At present, not enough NGOs in the country meet the quality standards.
- (v) **Capacity building of individuals and communities.** Capacity building, the core purpose of the CDD pilot project, was realized through detailed operating procedures and relevant mechanisms, and with extended support from facilitators. On the whole, communities improved their capacity for self-organization, decision making, and self-monitoring. But training for individuals and households in agricultural technology, to improve their productivity, was pursued with much less vigor.

118. These various challenges and difficulties will have to be dealt with in any future expansion of the CDD project.

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The CDD Pilot Project in the People's Republic of China Sharing Knowledge on Community-Driven Development

This report summarizes the experience and lessons learned in a community-driven development pilot project in the People's Republic of China from 2006 to 2009. The involvement of government and nongovernment organizations, innovative project implementation mechanisms, capacity building, and targeting of vulnerable groups were all instrumental in the success of the project, which had a positive impact on individual and community well-being, on the provision of local government services, and in reducing poverty.

The report also discusses challenges that arose during the project that will have to be addressed before the community-driven development approach is more widely implemented in the country and elsewhere in Asia.

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