

COMMUNITY-LED PROCUREMENT¹

Summary

The implementation of public works and the delivery of public programmes and services requires the purchase of equipment and goods (e.g. construction materials, school books, office furniture) and the contracting of service providers (e.g. builders, contractors, managers, service providers). The procurement of such goods and services by government agencies is sometimes plagued by graft, corruption, mismanagement and inefficiency, resulting in the waste of precious public resources and substandard public works and services. Community-led procurement (CLP) enables communities, through their own organisations, to implement and control the procurement process – often resulting in more openness and accountability, less corruption and waste, better value for money, the enhanced use of local workers/contractors and better quality works/services. CLP also allows citizens to be better informed about available public resources and projects and to manage their own development in their own image.

What is it?

Community-led procurement (CLP) is commonly understood as the development of systems to manage programme or project money from local government and/or donors - using it in ways that are determined by the community, to acquire products, contractors and services, generally through locally elected community organisations. Through the development of CLP proposals, forums are established for community organisations to interact and participate with local government and the private sector by having involvement, or possibly control, of procurement. These initiatives develop local technical capacity to deal with budgets, private contractors, legal structures and legal rights, and support the creation of a transparent and accountable procurement system understandable by members of local communities who are to benefit from the programme or project. CLP programmes build pragmatic partnerships between citizens, local governments, and the private sector.

Top-down government procurement strategies have historically been plagued by inefficiency and waste. The lack of knowledge at the local level of the costs, the processes, the actors involved, and the slow, often cumbersome systems for transfers of government finances both hinder and render opaque the procurement process. Lack of transparency and accountability leave procurement processes open to corruption on the part of government officials and contractors. In some cases, government designates national ‘accredited’ service delivery organisations, resulting in inappropriate technologies and inefficient spending patterns.

How is it done?

Key steps in implementing CLP:

1. Prepare and initiate the process

- Identify government/donor funds available for community purposes.
- Investigate governmental (and/or donor) procedural guidelines for procurement of goods and services. Work with local government officials who might be able to offer support or guidance on procedures.
- Determine which communities will be involved.

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- Consult with the local community about priority needs (e.g. water and sanitation, health, education, roads, etc.) and foreseen projects/investments.
- Assess the economic and organisational capacity of the local community. What local materials, products, resources and expertise could potentially be used for the project?
- Support the establishment of a community procurement committee: possibly through a local election, ideally seeking representation of all social groups, including more marginalised groups such as women, youth and the poor. The community organisation needs to be created as a legal entity, with the right to conduct business on the behalf of the community.
- Support the drafting of a CLP proposal by the community organisation/committee based upon the criteria specified by the agencies involved (e.g local or national government, banks, donors).

2. Build capacity and structures

- Assess the technical and financial knowledge and ability of the community procurement committee.
- Organise training and technical assistance as necessary for committee members on relevant financial regulations, procurement guidelines, contract law, implementation standards, etc.
- Establish structures for the community to receive funding from government or donor sources, and methods for transferring money to contractors or others for purchasing products and services. In remote settings, it may not be possible to use a banking systems and appropriate alternatives must be found.
- Hold meetings with contractors and government about possible transfer mechanisms and their application. Note that money does not necessarily need to be in the hands of the community organisation as long as they have full control over the procurement process.

3. Procurement of goods and services

- Support the committee in designing procedures and guidelines for the procurement of good and services and community monitoring of project implementation. Ensure mechanisms for transparency and community oversight of the committee.
- Establish clear policies for competitive and open bidding by suppliers and contractors. Promote the use of local suppliers, contractors and local labour whenever possible.
- Draft contracts that clearly define standards for products and services and the exact responsibilities and tasks of those providing them. The contracts must be legally binding so that they can be used to hold contractors or suppliers accountable. They may include clauses concerning guarantees and penalties.
- Develop monitoring, evaluation and auditing procedures for reporting to the community and donors. There should be a consultative process with the community to decide on indicators of acceptable completion. Implementation should be monitored on an ongoing basis to make sure that implementation is on schedule and to standard.
- Ensure that ongoing maintenance requirements are also addressed. Maintenance services may be procured externally or provided by community members.

Benefits

- Promotes community dialogue and consensus building through information gathering and collective financial management.
- Strengthens citizen voice and community empowerment.
- Educates the community on available budgets and establishes realistic projections for the expenditure of such budgets.

- Builds the technical capacity of both local communities and local government officials in procurement practices.
- Results in greater transparency and accountability in procurement practices.
- If successfully implemented, helps to curb corruption and waste, save money and generate local employment and asset creation.

Challenges and lessons

- Community led procurement may be a new concept/initiative for local government and there may not yet be structures or policies in place to accommodate such initiatives. CSOs need to work with local officials to develop relevant government policies and structures.
- It is possible that a community led process may be hijacked by the elites within the community who will then extract benefits for themselves through closed deals with contractors or service providers. This possibility should be discussed from the start, and appropriate monitoring measures be put in place.
- In order to ensure that poorer, more marginalised groups are not excluded, it is imperative that participatory processes are open and inclusive.
- Soliciting community support, particularly mobilizing contributions, may prove to be a burden for the poorest sections of the community.
- Communities may not easily develop the confidence and skills to deal with the management of procurement processes or they may find it difficult to deal with contractors and service providers. CSOs have an important role in both building such skills and protecting/promoting the rights of the community.
- Community-led procurement may be viewed by government officials as undercutting the government's role or as encroaching upon their political space. Governments may also be doubtful of the capacity of local communities to handle and sustain the process. Exposing government representatives to successful CLP initiatives, or involving them at different stages throughout the process, can help to overcome these challenges.

CASE STUDIES

Community Development Fund, Ethiopia

Ethiopia's Community Development Fund (CDF)

(<http://wedc.lboro.ac.uk/conferences/pdfs/30/Suominen.pdf>), with the aid of the private sector, helped provide credit to communities to undertake their own water projects. The project organised communities into legal committees who were able to manage funds and procurement processes for the implementation of water projects. In this case, CLP served to decrease construction time by half, while community participation and ownership increased. The develop of technical skills, including financial, on the part of community members helped to establish the foundation for greater civic involvement in local budgeting and community work.

Brazil Water and Sanitation, World Bank,

In Brazil, the Government and the World Bank collaborated rejuvenate the water and sanitation in shanty towns (http://www-wds.worldbank.org/external/default/WDSContentServer/TW3P/IB/2005/07/26/000012009_20050726125626/Rendered/PDF/331090rev0working1prosaneat.pdf). The project consulted with a large number of local communities, incorporating their ideas and suggestions into the planning, managing and financing of the project. The local community decided upon quality standards and sourced much of the labour from the local community. In addition,

communities financed a portion of the project and set up committees to oversee the implementation and maintenance of the project.

African Development Fund: Community Empowerment and Institutional Support Project – Kenya

http://www.afdb.org/pls/portal/docs/PAGE/ADB_ADMIN_PG/DOCUMENTS/OPERATION_SINFORMATION/KENYA%20CEISP%20AR%20EN.PDF

Community Development Fund: Rural Water Supply and Environmental Programme in Amhara Region A. Suominen and C. Fonseca, Rambol-Finnconsult and IRC

<http://www.irc.nl/redir/content/download/28052/296379/file/CDF%20achievements%20and%20disbursement%20process.doc>

The Urban Governance Initiative

http://www.goodgovernance-bappenas.go.id/publikasi_CD/cd_indikator/referensi_cd_indikator/Tugi%20&%20Worldbank/TUGI/THE_URBAN_GOVERNANCE_INITIA.HTM

RESOURCES

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http://www.sipa.columbia.edu/academics/concentrations/epd/2005_EPDreport_Kenya.pdf

Communities Taking the Lead: A Handbook on Direct Financing of Community Subprojects (2002) S. de Silva, World Bank

http://siteresources.worldbank.org/INTSF/Resources/395669-1124228448379/1563169-1133371159393/DeSilva_CommTakingLead.pdf

Building Local Government Capacity for Rural Infrastructure Works (2003) G. Edmonds and B. Johannessen

<http://www.ilo.org/public/english/employment/recon/eiip/download/buildcapacity.pdf#xml=http://ibp.forumone.com/cgi-bin/texis/webinator/search4/xml.txt?query=local+procurement+funds+tool&pr=IBP2&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=500&rlead=500&sufs=0&order=r&cq=&id=47f772ced7>

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Fiduciary Management for Community-Driven Development Projects: A Reference Guide (2002) World Bank

<http://siteresources.worldbank.org/INTPROCUREMENT/Resources/Fiduciary-Management-CDD.pdf>

Guide for Task Teams on Procurement Procedures for Use in Social Funds (2001) J. Cavero
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<http://info.worldbank.org/etools/docs/library/3544/procurementpaperfinal%2C%20Cavero%20Uriona.pdf>

Designing Community Based Development (1995) D. Narayan, World Bank

<http://siteresources.worldbank.org/INTRANETSOCIALDEVELOPMENT/214578-1111660828964/20486383/sdp07.pdf>