

Niger Benchmarking Study :
Harmonizing Decentralized Financial Management
Supported by the CDD Steering Committee for Africa

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Acronyms

ACA	Association of Chartered Accountants
ADF	African Development Foundation
AfDB	African Development Bank
CAP	Community Action Program
CDD	Community Driven Development
CDF	Community Development Facilitator
CECI	Centre Canadien d'Etude et de Coopération Internationale
CFAA	Country Financial Accountability Assessment
CG	Comité de Gestion (Management Committee)
CGT	Comité de Gestion de Terroirs
COSE	Comité Suivi-Evaluation (Monitoring and Evaluation Committee)
CPFA	Country Profile of Financial Accountability
CR	Commune Rurale
EU	European Union
FINIDA	Finnish International Development Association
FM	Financial management
FMS	Financial Management Specialist
GIE	Groupement d'Intérêts Economiques
GoL	Government of Lesotho
GTZ	German Technical Cooperation
IFAD	International Fund for Agricultural Development
IIA	Itinerant internal auditor
IEC	Information, education and communication
KDP	Kecamatan Development Project
LLI	Local level institutions
MASAF	Malawi Social Action Fund
MC	Management Committee (Comité de Gestion)
M&E	Monitoring and Evaluation
MoH	Ministry of Health
NGO	Non-governmental organization
NORAD	Norwegian Agency for Development Cooperation
O&M	Operations and maintenance
NRM	Natural Resource Management Project
PASP	Projet Protection Intégrée des Ressources Agro-Sylvo-Pastorales PIU Project Implementation Unit
PSI	Population Services International
PRSP	Poverty Reduction Strategy Paper
PTO	Parent Teacher Organization
SA	Special Account
SIDA	Swedish International Development Corporation
SSA	Secondary Special Account
SOE	Statement of Expenditures
UEMOA	Union Economique et Monétaire Ouest Africaine
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WUA	Water Users' Association

EXECUTIVE SUMMARY

The rationale for this paper grew from recognized weaknesses in decentralized financial management (FM) across the Africa Region's CDD projects, and particularly in the Niger portfolio. While guidelines for decentralized FM have been developed within the Bank and the Region, these have not yet been fully incorporated.

It is generally agreed that the success of Niger projects using community-driven development (CDD) principles is compromised by *weak financial management capacity* and a *lack of internal audits*. The number of projects in the portfolio using these principles for articulating demand or delivering local services has been growing. Several of these are under preparation, providing an opportunity to recognize and apply 'best practices' in decentralized FM. This paper, therefore, aims to *take stock* of existing decentralized FM practices across Niger's existing and planned CDD projects and to *make practical recommendations* for strengthening and harmonizing decentralized FM within the Niger portfolio.

In the course of this study, I interviewed task managers, team members, and financial management specialists at headquarters. I also traveled to Niger to speak with task managers and CDD practitioners about decentralized FM and visit project sites. The findings and recommendations below are drawn from these interviews, FM guidelines, and project-specific documentation. The recommendations reflect needs in decentralized FM specific to Niger, though many of them may be applicable to other country portfolios.

This paper is only a first step in ensuring strong, complementary decentralized FM systems across the CDD dimension of Niger's projects. Recommended next steps include (i) evaluation of the recommendations and development of a plan of action to address them; (ii) regular meetings between the Financial Management Specialist (FMS) in the Country Office and project Chief Accountants to provide support in strengthening and working across projects on decentralized FM; and (iii) translation of guidelines into French.

1. Predominant themes

Three predominant themes emerged from the work. First, the development of a strong local FM system is the most important step towards harmonizing decentralized FM across projects. Once that such systems are in place, task managers can look to other projects for innovations, cost savings, and for possibilities to collaborate with other projects.

Second, decisions concerning community-based FM must be based upon a rigorous assessment of communities' abilities to manage funds. Most communities in Niger have extremely high illiteracy rates (the national average is 85%) and limited capacity for financial management. Communities might be capable of managing a large injection of project funds, and providing for operations and maintenance costs of the sub-project installation. Yet we have not evaluated whether this is the case. There is a history of community-based FM in Niger, and it would be wise to learn from that history in making decisions about future community-based FM.

Third, training is critical. Empowering communities to manage their own development is means strengthening their capacity for diagnosis, planning, and consensus-building. The most

significant deficiency in decentralized FM seems to be a lack of initial and on-going training for local people and for community development facilitators. We need to ensure that both parties are able to take advantage of FM training, so that they have the essential tools to manage the development process.

2. Findings and Recommendations

Support to decentralized FM

The most frequently cited problems with decentralized FM in Niger are *weak financial management capacity* and the *lack of internal audits*. In addition, when internal audits do occur, they tend to flag problems without resolving them.

- *Recommendation 1:* An itinerant internal auditor (IIA) is suggested to address both of these problems. She can reinforce community and facilitate financial management capacity through internal audit and training visits to each project community in her geographic area. An IIA will impose rigor in the content and timeliness of financial reporting, while identifying community FM problems and offering immediate, hands-on training so that problems can be quickly addressed. IIAs can be shared across projects, so that they work intensively with a small set of communities on FM rather than spreading themselves over a large area, with significant overlap in which communities they work with.

Project overlaps

Communities' development priorities may meet criteria for financial support by more than one of the Bank's CDD projects (or components thereof). Without coordination, this overlap may mean a proliferation of committees, spreading community capacity for financial management and administrative thin.

Recommendation 2: Use the new PRSP poverty maps to anticipate overlaps.

Where they occur, establish which project will support community priorities (by sector) first.

Recommendation 3: Use the multi-sectoral Community Action Program (CAP) to support sub-projects not supported under other Bank CDD projects.

Recommendation 4: Use the first established project committee in a given community as the basic unit for all future projects, provided that the committee is functioning well.

Capacity constraints

a) Strengthening centralized FM capacity: A strong central FM creates the backbone that supports both deconcentrated FM capacity. However, this capacity is reportedly weak within sectoral ministries and the Ministry of Finance. Three major constraints exist : (i) there is no body for public accounting services exists within the Ministry of Finance; (ii) no measures have been undertaken to update the government's accounting system to the (now outdated) regional UEMOA system; (iii) the State Inspection Unit for public sector auditing exists only on paper; and (iv) no Association of Chartered Accountants exists to act as an internationally recognized source of external auditors for Bank and other projects.

- *Recommendation 1:* Adopt a common financial management system within each sector, across donors.
- *Recommendation 2:* Create regional accounts by line ministry or department, into which all donor funds entering each region would be deposited.
- *Recommendation 3:* Support the establishment of an Association of Chartered Accountants, in order to officially recognize Niger's strong private audit agencies and discourage the activities of any unscrupulous or unqualified accounting practitioners.
- *Recommendation 4:* Update the Country Profile of Financial Accountability, last done in 1997.

b) Strengthening deconcentrated FM: The two primary weaknesses in planning to strengthen deconcentrated FM capacity are a lack of knowledge about deconcentrated ministries' FM capacity and a lack of on-going, hands-on FM training for civil servants.

- *Recommendation 5:* After developing a strong FM system for a given ministry, carry out an assessment of financial capacity of regional and sub-regional line ministries and, once elected, local governments.

c) Evaluating and strengthening community FM capacity: With an illiteracy rate of 85% and average per capita income of \$190, Nigerien populations' ability to manage the flow of even relatively small sums of sub-project funds or to account for those funds is arguably quite low. At the same time, local level resources in financial management are frequently overlooked. A *local level institutions (LLI) study*, also supported by the CDD Steering Committee, will provide a preliminary examination of the financial management capacity of community-level institutions, but these efforts must continue.

- *Recommendation 6:* Incorporate identification of local resources in financial management into the CDD project participatory diagnostic.
- *Recommendation 7:* Identify an in-country training firm to adapt a financial management training module for both local people and for CDFs across several CDD projects and to administer the training prior to sub-project implementation.
- *Recommendation 8:* Develop a short FM manual for CDFs, based upon CDFs' hands-on training. A similar manual could be developed for local administrations.
- *Recommendation 9:* Agree upon a mechanism for on-going financial management training for facilitators and community financial managers. Use of an IA would be very efficient, particularly if her time is shared across several projects.

- *Recommendation 10:* Make initial and on-going arrangements for FM training clear from the outset, arrange FM training for necessary stakeholders early in the project cycle; and ensure that the project's IEC (Information, Education and Communication) component addresses financial accountability in its programming.

d) Assessing community capacity to make cash contributions for sub-project installation, operations and maintenance costs: Community contributions are typically pegged at 5-10% of total projects in cash, with an analogous percentage of in-kind contributions. There are several 'unknowns' in decision-making about community contributions.

- *Recommendation 11:* Support an 'ability and willingness to pay' to rationally calibrate community contributions to projects. This study would (i) examine the relationship, if any, between sub-project success and the size and nature of community contributions; (ii) assess communities' ability to pay for sub-project implementation, operations and maintenance costs; (iii) assess communities' willingness to pay, based upon initial community-level facilitation and the presumed alteration in community preferences; and (iv) establish the rough public value of frequently-chosen sub-projects and a sliding scale for community contributions based upon that value.

Banking

Finding banks that are reliable and well-suited to community needs: Two challenges face CDD projects in the use of private banks for transferring funds to communities or, some cases, to deconcentrated line ministries. First, little is known about the banks' capacity and reliability. Second, private commercial banks are wont to extend credit to rural producers, leaving few financing possibilities once CDD projects are closed. Furthermore, communities with bank accounts might not use them regularly.

- *Recommendation 1:* Undertake a study of the viability and accessibility of Niger's regional and sub-regional private banks. The study might focus on: (i) commercial viability; (ii) ease of use; and (iii) services to rural populations.
- *Recommendation 2:* Ensure that the community management committee not keep more than 50.000 F CFA on hand as petty cash.

Sub-project financial management

The important elements of sub-project FM include planning, programming and budgeting of sub-project activities, no matter how small; book-keeping; regular reporting; disbursement; procurement; and internal controls. The latter three will be addressed separately below.

- *Recommendation 1:* Sub-project planning, programming and budgeting: Require and ensure that each community sub-project plan, program and budget its activities.
- *Recommendation 2:* Book-keeping: Ensure use of a simple bookkeeping system. Its elements include: (i) notebook of sub-project budget control; (ii) notebook of expenditures in kind; (iii) card for each good (*fiches de stock*); (iv) bank account book (for MC); and (v) petty cash book (for MC)

- *Recommendation 3:* Encourage CDFs to support the Treasurer in keeping community accounts, as needed.
- *Recommendation 4:* Agree on a common reporting framework and software for basic community financial management, to complement the common financial management system.
- *Recommendation 5:* Ensure that a community reporting timeline is established, along with a means for collecting the data, while leaving accounting books in the community.

Disbursement and Procurement

a) Avoiding disbursement bottlenecks: Niger projects have had disbursement bottlenecks for four main reasons: (i) Special Accounts (SAs) are inconveniently located in Niamey; (ii) Secondary Special Accounts have insufficient funds relative to planned expenditures from those accounts; (iii) a middle person/entity stands between the Special Account and end-user of funds; and (iv) failure to collect and submit justification documents.

- *Recommendation 1:* Establish secondary SAs, closer to end-users of funds, and disburse funds directly from the SA to the end-user;
- *Recommendation 2:* Plan for disbursement to secondary SAs, based upon a reasonable estimate of the volume of funds anticipated during any one semester;
- *Recommendation 3:* At the community level, ensure that expenditures planned for one tranche of disbursed funds can be reasonably made within the time period given for spending those funds, to keep funds flowing;
- *Recommendation 4:* Base disbursement upon progress reports, and validate progress reports during internal audits; and
- *Recommendation 5:* Communities, facilitators and non-specialist accountants should receive intensive training on how to complete and substantiate expenses.

b) Strengthening community-based procurement: The Natural Resource Management project (PGRN) has the most developed of the community-based procurement systems in Niger. This model has the great virtue of being simple and easily used by communities. Project staff identified two slight problems with this system. First, bidders have difficulty providing all of the necessary documentation to furnish complete bids. Second, communities lack the incentive to negotiate costs down. Though they make their own contribution to each sub-project, the community considers the CDD funds ‘project.’

- *Recommendation 6:* Use the PGRN community-based procurement system as the model for Niger’s CDD projects when community-based procurement is appropriate;
- *Recommendation 7:* Ensure that bids are heavily advertised, in order to elicit as many competitive bids as possible
- *Recommendation 8:* Do not require that communities send bid invitations to suppliers for local shopping. Lower prices in Niger are typically gained through *discussion* rather than price wars between merchants. Encourage communities to negotiate costs down by allowing them to keep funds saved for further project purchases.

Operations and Maintenance Costs

Raising revenues for operations and maintenance costs: In general, planning for and ensuring community coverage of O&M costs is first a means of maintaining the sub-project. Second, and equally importantly, planning for O&M costs is an important part of increasing community capacity to manage their own development process. If sub-projects neglect O&M, they neglect one of the main arguments for CDD: that communities direct their own development process – successfully.

- *Recommendation 1:* Based upon the outcomes of the ability to pay study, verify that communities will be able and willing to pay for operations and maintenance costs over time;
- *Recommendation 2:* Ensure that each sub-project estimate, budget for and plan how to generate operations and maintenance costs, no matter how small;
- *Recommendation 3:* Plan for cost recovery. Experience has shown that the periodic collection of fees unrelated to the provision of sub-project services/benefits or to a community event (e.g., an annual community development general assembly) is typically not a sustainable system for cost recovery.

Internal controls

a) Accountability with teeth: CDD projects face particular financial risks which, if not managed well, have marred the reputations of otherwise solid projects. A strong internal control system, focusing on community participation and accountability of leaders to the community, can proxy for close external monitoring.

- *Recommendation 1:* Ensure that lines of responsibility for FM are clearly drawn, that the oversight body has the training and right to act upon their findings, and that management processes are made open to the public. While supra-village meetings may be more efficient, for example, they might exclude the participation of the people the project aims to target.
- *Recommendation 2:* Piggy-back onto the CAP's radio programming or others, to communicate accountability messages.

b) Community financial checks, balances and capacity to manage grant funding: Some communities have had difficulty managing matching grants much higher than the cash amounts they typically manage.

- *Recommendation 3:* Use results of the LLI study to gauge the size of matching grants.
- *Recommendation 4:* Ensure that each project community developed a strong financial management system, so that the community can fulfill its financial management obligations.
- *Recommendation 5:* Ensure that more than one person is necessary to initiate, authorize, execute and record a transaction without the intervention of someone else.
- *Recommendation 6:* Ensure that the MC Treasurer keeps sub-project books, while a Treasurer's Assistant manages sub-project cash.
- *Recommendation 7:* Require deposit of cash amounts once that they exceed 50,000 F CFA, in order to reduce the likelihood of the mismanagement of funds.
- *Recommendation 8:* Verify that the checks and balances do not unduly slow the flow of funds and do not cost more than the possible loss that could result from their absence.

Audits

External audits permit a verification of the internal controls and transactions of a CDD project by a person independent of project activities. Internal audits, in contrast, can be performed by project staff. The internal auditor carries out financial controls and reports to project management. Internal audits have historically been weak within the Niger CDD portfolio. A strong auditing system will have both regular internal audits as well as annual external *ex post* audits that examine community accounts.

- *Recommendation 1:* Make the itinerant internal auditor responsible for one planned audit of each CDD community, once a year. Alternatively, group communities in threes for cross-community audits. Facilitate a visit of two communities' Management Committees to the third. The two visiting MCs' responsibilities are to evaluate the first community's work and to make recommendations for improvement over the coming year.

Niger Benchmarking Study : ¹ Harmonizing Decentralized Financial Management

1 Introduction

- 1.1 The number of projects within the Niger portfolio using community-driven development (CDD) principles for articulating demand or delivering local services has been growing. Several of these are under preparation, providing an opportunity for recognizing and applying ‘best practices’ in decentralized financial management (FM). The strengthening all of Niger projects using CDD principles will help enormously in harmonizing decentralized FM, as the variation across FM practices often represents weaker FM systems rather than project-specific differences in the way FM works. The second part of the process will be to assess where decentralized FM can be harmonized and, in particular, coordinated across projects.
- 1.2 Although strong practices for decentralized financial management have been developed within the Bank, Africa Region CDD projects have not yet incorporated these best practices. In addition, some projects have not been adapted to the emerging fiscal and administrative decentralization programs of government. A 1997 survey of the region’s projects made observations that still apply today to characteristics of some projects in Niger, including: (i) procurement and disbursement could be handled more efficiently; (ii) community-based investments were often being implemented using procedures more appropriate for centralized and large investment projects; (iii) counterpart support was lacking; and (iv) existing approaches do not facilitate the transfer of resources to the end-beneficiaries.
- 1.3 This paper examines the decentralized financial management of existing and planned CDD projects in Niger.² It has two objectives: to *take stock* of the decentralized financial management of existing and planned CDD projects, and to make *practical recommendations* for strengthening and harmonizing decentralized financial management within the Niger portfolio.
- 1.4 In the course of this work, I interviewed the task managers and/or team specialists for the CDD projects and s at World Bank headquarters. During a May 01 mission to Niger, I interviewed CDD practitioners and visited both Bank and non-Bank CDD project sites, including the Natural Resource Management Project (NRM); the Community Action Program (CAP) pilot sites run by Karkara,³ Centre Canadien d’Etude et de Coopération Internationale (CECI) and CARE; and an African Development Foundation (ADF)/CARE project.

1 This paper was proposed as part of the Niger Country Team’s CDD “Benchmarking” exercise, which is aimed at strengthening and harmonizing CDD efforts in the portfolio. This work is financed from the regional CDD steering committee’s resources for FY01.

2 For the purposes of this paper, the term “CDD projects” refers to those operations which promote use of participatory appraisal methods at the community level, and which rely to some degree on community involvement and/or deconcentrated public administration for local service delivery.

³ Nigerien NGO.

The paper is organized as follows. I first introduce the basic elements of a strong decentralized financial management system and the roles of those who implement it. Next, findings and recommendations for strengthened, harmonized FM are presented. Finally, a summary table presents the characteristics of each project's decentralized FM. Annexes offer sample forms for community-based decentralized financial management, a list of resources (both people and literature) on different aspects of FM, and a list of the people interviewed.

I do not re-establish guidelines for simplified financial management, procurement and disbursement for CDD projects here. Good sets of such guidelines have been developed over the past few years. This paper can instead be read alongside any one of the resources listed in Box 1.

1.7 *A word on process:* This paper is the first step in ensuring strong, complementary decentralized FM systems across the CDD components of Niger's projects. Next steps might include:

- Evaluation of the recommendations and development of a plan of action to address them;
- Regular meetings between the Niger Resident Mission's (FMS) and project Chief Accountants to provide support in strengthening and working across projects on decentralized FM; and
- Translation of the Box 1 guidelines, for those not already available in French.

☞ **Box 1: Guidelines for Decentralized Financial Management, Procurement and Disbursement**

Each guide treats a slightly different subject matter. With these four, you will have the bulk of information necessary for creating a strong community-based financial management system, complemented by guidelines for decentralized procurement and disbursement:

Binswanger, Hans. 1998. *Guidelines for Simplified for Community-Based Investments*. World Bank: Processed. Available on-line under 'community contracting' at: <http://fpsi/fpsweb/FPSILite.nsf>.

De Silva, Samantha. 2000. *Community-based Contracting: A Review of Stakeholder Experience*. Washington, DC: World Bank. Also available on-line on the CDD website's procurement page: http://essd.worldbank.org/CDDWk2000.nsf/Gweb/cdd_procure. Also available in French.

Gopal, Gita. 1995. *Manual for Projects with Community Participation*. World Bank Discussion Papers (Africa Technical Department Series), n312. Also available through the ImageBank.

Ndiaye, Ahmadou Moustapha. Forthcoming. *Financial Management for Community-Driven Development (CDD) Projects: Guidelines for the Africa Region*. World Bank. Contact Brian Falconer, bfalconer@worldbank.org, for the most recent copy of this document.

References to other documents can be found in Annex II.

2 Brief Description of Each Project

The Niger “CDD projects” below are those operations which promote use of participatory appraisal methods at the community level, which rely to some degree on community involvement and/or deconcentrated public administration for local service delivery, and which include some measure of decentralized FM.

- 2.1 The **Education III** project encourages community participation in identifying needs for new schools, working primarily with Parent-Teacher Organizations (PTO) at the school or sub-regional level. Voluntary teachers (i.e. non-civil servants) are hired by communities, using subsidies from the central government to cover the teachers’ salaries. The PTO then tracks teachers’ progress, making teachers accountable to the community. A Basic Education project is planned for implementation in 2002, to follow up on the Education III project. Its decentralized institutional arrangements will be similar in the initial project phase, with a larger decentralized financial management component planned after an initial capacity-building of central financial management capacity.
- 2.2 In the **Health** project, decentralized and participatory planning occurs through an on-going district planning exercise. Key stakeholders at the district level, including community members, participate in the elaboration of district health plans and in the planning and programming of priority interventions. As a result, the population is more demanding of service quality and insists on decision-making power.
- 2.3 The **Urban** project encourages community participation by involving them in the identification and design of sub-projects and by defining their priorities in a program of small urban works, including both income-generating and non-income-generating sub-projects. The project provides communities with tools and skills to develop and manage their infrastructure. The civil works component of the project is executed by NIGETIP, an autonomous, not-for-profit agency, which is responsible for (i) executing a work program, including selection of consultants for the design of sub-projects and supervision of works, procurement of civil works contractors and management of the contracts; and (ii) undertaking activities to promote the private sector, sensitize contracting authorities and develop participation of beneficiaries.
- 2.4 The rural roads component of the **Transport** project involves communities in both construction and the maintenance. The first phase allowed the design of different institutional arrangements to be tested and the overall approach as well as the location of the pilot projects. These are to be carried out through multiple and extensive exchanges between the target communities (i.e. those having strongly expressed their need for and willingness to participate in a local road construction) and the team from the *Direction des Routes Rurales*.
- 2.5 Similarly, the **Water** project will actively involve participation of beneficiaries. In urban and peri-urban areas, neighborhood groups will decide on the location of new standpipes, select the concessionaires, and monitor user charges. They will also select the sanitation options and operators of sanitation facilities. Pupils, teachers, and parents are being involved in the preparation and implementation of the school sanitation sub-component. In rural areas, the project will promote community-based management by establishing water user associations

(WUAs), improving accountability of the committees, providing mechanisms for conflict resolution, and involving particularly women in the process.

- 2.6 The **Natural Resource Management project** is one of many in the Sahel and elsewhere that adopts the community-based approach to natural resource management. Since most natural resources are collectively owned, a community-based organization, the *Comité de Gestion de Terroirs* (CGT), is used as the link between the local population and all outside partners. The CGT is the main community level decision-making body and is composed of representatives of all the identified socio-economic groups existing within the community (farmers, herders, women, young, hunters, etc.). The CGT has responsibility over the area occupied by an average 5 to 6 villages, hamlets or people who agree, after a participatory approach has been carried out, to come together for this purpose and be recognized as a *Communauté Rurale* (CR).
- 2.7 The **Irrigation** and **Export** projects are complementary operations dealing with the supply and marketing of exportable crops, respectively. They do not work with village groupings *per se*, but use formal or informal common interest groups, *Groupements d'Intérêts Economique* (GIE), which resemble (or are) cooperatives. The Irrigation project provides services to these groups via an umbrella organization of private irrigators created by the project. This non-governmental organization (NGO) provides technical assistance on demand for the preparation of promising irrigation projects and in organizing groups of farmers. The Export project puts a matching grant facility at the disposal of these groups, who will manage the funds with some technical assistance from the project. Similar to the Irrigation project, it will help groups to organize.
- 2.8 For the **Community Action Program** under preparation, a variety of approaches are currently being tested in the pilot phase in accordance with standard practices of the service providers (NGOs). The likely structure is a community management committee (*Comité de Gestion*) and a monitoring and evaluation committee (*Comité de Suivi-Evaluation, COSE*). Through a participatory diagnostic process, communities will establish a local development plan and a means for charting their progress against that plan over time. Communities will manage the implementation of the plan's sub-projects, with support from a community development facilitator (CDF).

3 **What does decentralized financial management in Niger mean?**

Decentralized financial management includes the flow-of-funds, accounting, financial reporting and auditing systems that are or will be used at the local level in Niger.

What does 'local level' mean?

Niger's administrative structure has been inherited from the French system. The country is divided into 8 administrative regions, including Niamey,⁴ and a large number of districts (*prefectures*) and smaller sub-districts (*sous-prefectures*). These administrative units are headed, respectively, by governors, prefects and sub-prefects appointed by the central government. There are also 21 towns and cities that have appointed mayors.

⁴ Regions include Niamey, Agadez, Diffa, Dosso, Maradi, Tahoua, Tillaberi and Zinder.

The 'local level' refers to a village or group of villages that see themselves as a community. Villages are not formally recognized administrative units in Niger. As Niger's local government has yet to be elected, the Bank's current and planned CDD projects focus primarily on community-based financial management.

Can we anticipate decentralization nevertheless?

Yes! These administrative divisions and the way they are governed will change substantially when decentralization legislation is put into practice. The current government plans to hold local elections in a small portion of areas early in 2002.

There are several steps that the country team and/or project teams can take now to lay the groundwork for stronger decentralized financial management once elections do take place. These are outlined in the *Main Findings and Recommendations* section.

3.4 ***What makes up a strong decentralized financial management system?***

Two of the problems consistently highlighted in Niger decentralized financial management are *weak financial management capacity* and a *lack of rigorous internal audits*.

Part of the reason for weak financial management capacity is Niger's extremely high illiteracy rate: 85% at last count.⁵ Nevertheless, both a strong FM system and regular, quality training for its users, including the local people with experience in FM and/or competency in Arabic, can adequately address local FM needs.

3.5 A strong decentralized financial management system must include:

Compliance with the Bank's financial management policy (OP/BP 10.02). OP/BP 10.02 mandates that the borrower and the project implementing entities maintain financial management systems - including accounting, financial reporting, and auditing systems - adequate to ensure that they can provide the Bank with accurate and timely information regarding project resources and expenditures.

- Assurance that:
 - sufficient and adequate funds flow smoothly and regularly from those providing them (donors, central and local governments, etc.) to the communities or local government bodies implementing the activities;
 - funds are managed properly and efficiently by communities or by local governments;
 - ample and accurate information flows back smoothly and regularly from the communities and local governments to all stakeholders, including project beneficiaries and financiers;
 - accountability is stimulated through a strong flow of information on public investments between all levels of government and the public; and

⁵ World Development Indicators 2001.

- the financial management system strengthens the capacity of the community and local institutions to plan and manage financial arrangements for local development in the long term.

Procedures that are clear, easily understood and used by communities. Use of the financial management system must include appropriate training, both initial and on-going, in community-level financial management, and regular assessments of the effectiveness of that training.

Rigorous, regular internal audits, and *ex post* external audits. In addition to the internal controls, the usual external audit of the CDD as a whole by a suitably qualified auditor is required. The auditor will produce an audit report with opinions on the overall project financial statements, the overall project internal controls, the internal audit and the statement of expenditures (SOE), and accompanied by a management letter.

3.6 **Who might be involved in decentralized financial management in Niger?**

A typical CDD decentralized financial management structure is sketched out below. The innovation to the typical decentralized FM structure is the proposed ‘itinerant internal auditor,’ also described below.

Table 1: Representative decentralized financial management structure

Level	Unit	Actor(s) within each unit
National	Project Implementation Unit (PIU)	Chief Accountant, Internal Auditor
Regional	Regional PIU	Regional Accountant
Regional	Hub (virtual or physical) of several CDD projects	Itinerant Internal Auditor (IIA)
Regional/canton	Facilitating Agency (NGO/Consulting Firm/Line Ministry)	Community development facilitator (CDF)
Community	Community Assembly or Association	Management Committee (MC): President, Vice-President, Secretary, Treasurer, Assistant Treasurer

- **National PIU:** The Chief Accountant is responsible for each project’s financial management: accounting and financial reporting for the whole of the project at the national, regional and community levels. The Internal Auditor is responsible for internal audits and reports directly to the project coordinator.

☞ While project implementation through a line ministry can increase the chances for sustainability, of both the project and of benefits to government staff, there are frequently problems with civil servant motivation due to salary arrears and other difficulties. Instead of providing (typically inflated) per diem to civil servants, the **Water** project will offer *non-financial incentives*: coverage of transport costs for work and training to increase the accountants’ future marketability.

- **Regional PIU:** The Regional Accountant is responsible for book-keeping and reporting at the regional level.
- **Regional hub:** An *itinerant internal auditor* will reinforce community and facilitator financial management capacity through internal audit and training visits to each CDD community in her geographic area.

- At present, *internal audits tend to flag problems without resolving them*. An IIA will impose rigor in the content and timeliness of financial reporting, while identifying community FM problems and offering immediate, hands-on training so that the problems can be quickly addressed. She will have three responsibilities:

Ensure that the timeline and content of communities' financial reporting to CDD project(s) is respected by working primarily with facilitators. Arrange for or recommend additional training of trainers (TOT) in financial management as necessary;

- Perform an internal audits of each community's financial management on-site, a minimum of once-yearly;
- Reinforce community FM capacity during the internal audit with hands-on training. Arrange additional trainings for a group of communities based upon her assessment of communities' financial management capacity.

Box 2: Sharing Itinerant Internal Auditors Across Projects

☞ Instead of having an IIA by project in each region, several projects could collaborate to use a common pool of IIAs. Assignments made by geographic area would create *economies of scale* and *harmonization* in decentralized FM.

Each IIA would work with a smaller set of communities in the region on financial management for all projects, providing more intensive training. Assigning IIAs by geographic area would also promote harmonization of financial management practices across projects. One IIA, for example, would work with a community on FM for both the Irrigation and Agro-pastoral Export Promotion projects. By contrast, if each CDD project has its own itinerant auditor, financial management practices are likely to remain disparate across projects, and the community training in financial management superficial.

- **Sub-district/canton level:** The CDD facilitator supports CDD project activity at the community level. A typical facilitator works with more than one community. The facilitator's financial management responsibilities include:
 - Helping the community to put a financial management and accountability structure into place;
 - Providing or arranging for the initial training of the MC's President, Treasurer and Assistant Treasurer in financial management and that of sub-project financial managers, as applicable;

- Ensuring strong financial management, include regular, complete and accurate financial reporting, at the local level; and
 - Reinforcing local FM capacity on an on-going basis, as necessary.
- **Community level:** Depending on the project, a *community* can be a producer's association, a single village or a group of villages. The community's Management Committee (MC) manages and supports the financial management of each CDD sub-project. Some CDD projects will have managers for specific sub-projects (cereal banks, pharmacies, etc.). The responsibilities of the members of the MC include:
 - **President:** Manage CDD sub-project(s) at the local level. Allocate tasks to MC members and community so that responsibilities are equally distributed. Sign all MC communications and legally binding documents. Ensure that the community's reporting obligations to CDD project are respected. Hold regular public meetings to review develop plan and budget.
 - **Vice-President:** Assume responsibilities of the President in case of President's absence, sickness or death. Coordinate yearly elections of MC.
 - **Secretary:** Record and maintain archives of the minutes for all meetings of the MC and the village general assembly. Manage and keep records of all correspondence regarding the work of the MC.
 - **Treasurer:** Responsible for the MC's financial management, including the flow-of-funds, accounting, financial reporting and auditing systems. Open sub-project(s) bank accounts. Maintain notebook(s) of sub-project budget control. Maintain notebook of expenditures in kind, for each sub-project. Maintain bank account book. Maintain card of each good held by MC. Co-sign all MC financial transactions. Verify use of petty cash on a quarterly basis. With assistance of CDF as necessary, complete quarterly financial progress reports and ensure timely submission to CDF.
 - **Assistant treasurer:** Manage petty cash and petty cash book. Deposit locally-held cash to sub-project bank account once sum reaches 50.000 F CFA. Manage the flow of all sub-project funds. Co-sign all MC financial transactions.

4 Main Findings and Recommendations

4.1 Project overlaps

4.1.1 Once implemented, Niger CDD projects will overlap in both mandate and geography.

- Communities' development priorities may meet criteria for financial support by more than one of the Bank's CDD projects (or components thereof). The Health project, for example, might plan to do district-wide potable water education based upon communities' expressed desire for that education. The Water project might plan to

do potable water education as part of water supply rehabilitation for a sub-set of communities within that district. Who is responsible for paying for the education campaign – the Water project, or the Health?

- Without coordination, the geographic overlap of projects may mean a proliferation of committees in a given community, spreading community capacity for financial management and administrative thin.

Recommendation 1: Use Poverty Reduction Strategy Paper (PRSP)/CAP poverty maps to anticipate overlaps. In the case of overlaps, establish which project will support community priorities (by sector) first.

Recommendation 2: Use the CAP to support sub-projects not supported under other Bank CDD projects. Provide CAP community development facilitators with a short menu of sub-projects supported by other Bank CDD projects, and establish protocol for CAP community development facilitators to place communities in contact with CDFs for other Bank CDD projects.

Recommendation 3: Use the first established project committee in a given community as the basic unit for all future CDD projects, provided that the committee is functioning well. Focus first on strengthening the capacity of this committee and create additional committees incrementally over time. This avoids duplication of committees, allows the in-depth strengthening of community management capacity and creates a harmonized framework for sustaining sub-projects over time, by ensuring that sub-project investments do not surpass communities' ability to manage them.

4.2 Capacity Constraints

4.2.1 *How can central financial management be strengthened?*

Strong central financial management is a prerequisite to strong deconcentrated FM. At present, financial management by sector is *deconcentrated* rather than *decentralized*. Deconcentrated sector ministries are the regional or sub-regional branches of central sector ministries, accountable to and managed by the central ministry instead of local electorates. Deconcentrated ministries' financial management, then, is essentially that of the center. If the center uses a weak financial management system, deconcentrated ministries at best lack a strong tool to build their financial management capacity, and at worst exploit the weakness of the system to mismanage funds.

Experience from two Niger CDD projects suggests that capacity building for deconcentrated financial management should *follow* capacity building at the center, so that the center can create incentives for deconcentrated employees to use a given financial management system.⁶

⁶ Both the **Education III** and **Health** projects sought to strengthen deconcentrated FM capacity. The Education project planned for school headmasters to withdraw funds from regional secondary bank accounts to pay teacher salaries. Headmasters were either completely negligent in doing so, or slow in turning in the required proof of receipt of payment. The project modified procedures so that teachers came directly to Niamey to withdraw from the Central Special Account. The **Basic Education** project, building upon the lessons of Education III, plans to strengthen central financial management capacity before that of the regions or districts.

Furthermore, financial management capacity is reportedly weak within both sectoral ministries and the Ministry of Finance of Niger. Three major constraints exist : (i) no body for public accounting services exists within the Ministry of Finance, the natural home for such an office; (ii) no measures have been undertaken to update the government's accounting system to the now-outdated regional Union Economique et Monétaire Ouest Africaine (UEMOA) system: accounting is typically done by category rather than by objective and, as a result, the use of project funds cannot be tracked against projected outputs; and (iii) the State Inspection Unit for public sector auditing exists only on paper.⁷

In addition, no Association of Chartered Accountants (ACA) exists in Niger to act as an internationally recognized source of external auditors for Bank and other projects. The overall "seriousness, honesty and professionalism of private audit agencies is not guaranteed."⁸ About a dozen serious audit agencies can be used for external project audits, and the reputation of these agencies is tarnished by the absence of an ACA.

Recommendation 1: Adopt a common financial management system within each sector, across donors. The system would show the budget allocated to the sector by the administration and by each donor, reflecting the sector's total funding each calendar year. This step would increase the transparency and efficiency of sectoral financial management to the regional and sub-regional level, with greater efficiency if introduced by several donors. Both Zambia and Lesotho have experience in harmonizing financial management systems.⁹

Recommendation 2: Create regional accounts by line ministry or department, into which all donor funds entering each region would be deposited. Under the current segregation of accounts by donors, funds can easily be diverted, as no one donor knows for what other donors' funds are being used, and double-charging is possible. Alternatively, a line ministry could maintain a separate account for each donor but manage all accounts within its unique, transparent financial management framework.

Recommendation 3: Support the establishment of an Association of Chartered Accountants, in order to officially recognize Niger's strong private audit agencies and discourage the activities of the unscrupulous, unqualified accounting specialists. A draft law to create an ACA has been ready since 1991, but due to unqualified financial management practitioners' lobbying, it has not gained legislative popularity.¹⁰

The Health project trained project and government accountants in a budgeting-by-objective software (TOMPRO), planning to have project accountants support government accountants' adoption and use of the new system. Government accountants have been wont to adopt the new software, as it would make use of funds more transparent.

⁷ Berthier, 1997.

⁸ Berthier, 1997.

⁹ The Zambia Agricultural Sector Investment Program (SIP) used PriceWaterhouseCoopers to design a strong financial management system for the Ministry of Agriculture. ADF, IFAD, SIDA, NORAD and FINIDA partnered with the Bank to adopt use of this financial management system within their agriculture projects. Nwanze Okidegbe, nokidegbe@worldbank.org, task-managed this project; Tekola Dejene, tdejene@worldbank.org, maintains the follow-up. The Lesotho Health Sector Reform Project developed a financial management and information system for the Ministry of Health (MoH), reflecting GoL, AfDB, Ireland Aid, WHO, UNICEF and EU health funds managed within the MoH. Julie McLaughlin, jmclaughlin@worldbank.org, is the project task manager.

¹⁰ Berthier, 1997.

Macro Recommendation: Update the Country Profile of Financial Accountability (CPFA), last done in 1997, prior to Niger's coup, or prepare a more in-depth Country Financial Accountability Assessment (CFAA).

4.2.2 ***How can deconcentrated financial management be strengthened?***

The two primary weaknesses in planning to strengthen deconcentrated FM capacity are a lack of knowledge about deconcentrated ministries' FM capacity and a lack of on-going, hands-on FM training for civil servants.

Recommendation 4: After developing a strong FM system for a given ministry, carry out an assessment of financial capacity of regional and sub-regional line ministries and, once elected, local governments. The assessment would (i) evaluate strengths and weaknesses of deconcentrated/decentralized FM capacity and (ii) develop recommendations/initiatives for strengthening capacity and training civil servants to use the new FM system (*Rec 1*).

4.2.3 ***How can community financial management capacity be evaluated?***

With an illiteracy rate of 85% and *average* per capita income of \$190,¹¹ Nigerien populations' ability to manage the flow of even relatively small sums of sub-project funds or to account for those funds is arguably quite low.¹²

At the same time, local level resources in financial management are frequently overlooked. The **NRM** project in particular has trained local treasurers to do basic sub-project accounting. In some cases, however, the project overlooked local resources for financial management. Over 35 people of 500 in a village visited¹³ were literate and numerate in Arabic, yet financial management had fallen into disorder because it was done in French, the written language of the facilitator. Similarly, local resources such as teachers, health center staff or religious figures can often be tapped for financial management.

A *local level institutions (LLI) study*, also supported by the CDD Steering Committee, will examine the financial management capacity of Nigerien community-level institutions. It will examine the volume of funds that communities can reasonably be expected to manage.

Recommendation 5: Incorporate identification of local resources in financial management into the CDD project participatory diagnostic. Prioritize community financial management capacity before that of the facilitator or the project (gauging matching grant size to sums of money communities are capable of handling, or using Arabic for accounting, for example).

4.2.4 ***How can community financial management capacity be strengthened?***

The most significant deficiency in decentralized financial management seems to be a lack of initial and on-going training for both local people involved in sub-project financial management and for CDFs. FM training, the cornerstone of building strong financial

¹¹ World Development Indicators 2001.

¹² GTZ-Niger has worked extensively on community financial management capacity. The Projet Protection Intégrée des Ressources Agro-Sylvo-Pastorales (PASP) project is currently undertaking an ex-post evaluation of previous GTZ communities no longer receiving assistance, looking at the lasting effects of FM and other training under GTZ projects. Dietmar Schorlemer (paspgtz@intnet.ne), Director of the PASP, can provide further information on community FM capacity.

¹³ Site visit to Say, May 2001.

management capacity, was erratic at the site visited. For example, the cereal bank's first manager had passed away, and the second had not been trained. In addition, the initial formal training had not included discussion of financial reporting requirements nor roles and responsibilities within community-based financial management, both essential parts of the FM system.

Part of the inconsistency in community-based FM is reportedly the lack of a strong, standard training for this type of FM.¹⁴ Financial management training varies in strength and emphasis across projects, resulting in inconsistent practices taught and the duplication of effort across projects (mostly non-World Bank projects dealing with financial management). In other countries, Bank CDD projects have each developed their own community-based financial management systems rather than combining efforts to develop a single system – albeit with options for different circumstances – for all of CDD projects in that country.

There are considerable economies of scale in investing in financial management training for participants of *several* CDD projects, ideally in partnership with other donors, rather than training participants project-by-project. The written elements of the training can be summarized in a brief, *very* practitioner friendly FM manual for CDFs.

Initial training for both facilitators and community accountants should include, with some variation based upon literacy/numeracy levels:

- basic numeracy;
- budget planning, preparing and accounting;
- FM requirements, reporting obligations and reporting timeline;
- internal controls; and
- non-remuneration of community treasurer/MC/etc.

On-going training should be based upon community financial managers' periodic feedback on training needs as well as the assessment of the community development facilitator. One line in the community's quarterly monitoring report can suffice.

Recommendation 6 (Country Team): To increase coordination of decentralized financial management, develop a standard menu of community-based financial management tools for use across Bank CDD projects and, when possible, by other donors. Identify an in-country training firm to adapt a FM training module for both local people and for CDFs, including the components listed above, and to give them applied training based on that module prior to sub-project implementation.

Recommendation 7 (Country Team): Develop a short FM manual for CDFs. The manual should be based only on training that the CDF has had and should include blank and sample forms for each of the accounting steps involved as well as a short planning of community FM chronology. (Sample forms can be found in Annex I). A similar manual, again based on a training, could be developed for decentralized financial managers of line ministries.

¹⁴ Yaro interview, May 2001.

Recommendation 8 (Country Team): Agree upon a mechanism for on-going financial management training for facilitators and community financial managers. One option is to use the IIA to provide continual, on-site training for community financial managers and facilitators.

Recommendation Set 9 (Task Managers):

- Make initial and on-going arrangements for FM training clear from the outset;
- Arrange FM training for necessary stakeholders early in the project cycle; and
- Ensure that the project's Information, Education and Communication (IEC) component continues to communicate the availability and necessity of on-going FM training and establishes agreement between project management and beneficiary community financial managers' terms of reference.

4.2.5 ***What is community's capacity to make cash contributions for sub-project installation, operations and maintenance costs?***

A good deal of variation exists across CDD projects in terms of community contributions, without clear rationale as to why contribution is fixed as such. Community contributions are typically pegged at 5-10% of total projects in cash, with an analogous percentage of in-kind contributions. There are several 'unknowns' in decision-making about community contributions:

- Does the size or nature of community contributions have an effect upon communities' commitment to the project? Initial experience indicates that communities watch sub-project implementation more closely when they have made a significant cash contribution to it. Several Nigerien practitioners had observed that cash contributions made communities manage sub-project funds more closely and/or illustrate more sub-project ownership.¹⁵
- The community contribution is not based upon a calculus of communities' ability to pay for sub-project implementation, operation and maintenance costs. If at all, the calculus is based upon communities' ability to pay for implementation. As a result, communities are frequently unable to support costs of sub-project operation and maintenance.¹⁶
- We do not know whether facilitation affects the size of the community contribution. After an effective potable water discussion, for example, communities might choose to contribute more funds than anticipated, to train and subsidize a local potable water educator.
- The community contribution may be based upon the public goods nature of the sub-project, but a sliding scale for such contributions is not established.

Recommendation 10: Support an 'ability and willingness to pay' to rationally calibrate community contributions to CDD projects. This study would:

- Examine the relationship, if any, between sub-project success and the size and nature of community contributions;

¹⁵ ABC Ecologie, NRM interviews, May 2001. The **Transport** project also measures community demand for project intervention by their willingness to pay cash force account brigades to rehabilitate local roads.

¹⁶ Schorlemer interview, May 2001.

- Assess communities' ability to pay for sub-project implementation, operations and maintenance (O&M) costs;
- Assess communities' *willingness* to pay, based upon initial community-level facilitation and the presumed alteration in community preferences; and
- Establish the rough public value of frequently-chosen sub-projects and a sliding scale for community contributions based upon that value.

4.3 Banking

4.3.1 ***Many of the CDD projects will rely upon private banks to transfer funds directly to communities and/or contractors. How do we know which banks are reliable and best suited to communities' needs?***

Two challenges face CDD projects in the use of private banks for transferring funds to communities or, some cases, to deconcentrated line ministries.¹⁷ First, little is known about the banks' capacity and reliability, increasing the risk each project takes on in transferring project funds through these institutions. Second, private commercial banks are generally not interested in supplying credit for agriculture, particularly not for periods more than a year. Most producers have limited capital and no collateral. Because they are not organized, they are unable to pool resources to acquire bank loans and make investments for collective benefit. With no rural development banks for credit, either, less than three percent of rural Nigeriens has access to credit.¹⁸

Recommendation 1: Undertake a study of the viability of Niger's regional and sub-regional private banks. The study might focus on: (i) commercial viability; (ii) ease of use: Are the banks regional or sub-regional antennas of Niamey-based banks, to simplify the transfer of funds from the center? Are they accessible to rural populations? What are the most reliable banks closest to rural populations?; and (iii) services: Which banks currently extend services to rural populations, and to what extent? Which would be willing to establish protocol to use solidarity instead of collateral in order to extend credit to rural populations?

4.3.2 ***What should be our terms of reference for community use of private banks?***

While communities may have to travel long distances in order to withdraw project funds, the **NRM** experience in particular has shown that communities have little difficulty in doing so. By contrast, communities typically had little rule-of-thumb for depositing either revenues or community cash contributions into their bank accounts, instead keeping large sums of money hidden in villages.

Recommendation 2: Ensure that the community MC not keep more than 50.000 F CFA on hand as petty cash. Sums above that amount should be systematically deposited into the community's bank account, in order to reduce risk of mismanagement of funds and to encourage use of formal, reliable institutions.

4.4 Sub-project financial management

¹⁷ See Section 5's Summary Table of Niger CDD Projects for more information.

¹⁸ Irrigation Project Information Document, Jan 2001.

4.4.1 ***What are the important elements of sub-project financial management?***

While project manuals included well-designed sub-project financial management systems, communities' *use* of these systems is equally important. Use will increase with the design and training of community accountants and CDFs prior to sub-project implementation. The important elements include planning, programming and budgeting of sub-project activities, no matter how small; book-keeping; regular reporting; disbursement; procurement; and internal controls. The latter three will be addressed in separate sections below.

Sub-project planning, programming and budgeting:

Recommendation 1: Require and ensure that each community sub-project plan, program and budget its activities. The budget, plan and periodic review of the plan (monthly and annual meetings) can be quite simple. For a sample budget/plan form, please refer to Annex I. In order to ensure that communities have the capacity to manage the sums budgeted, please refer to the 'Community Capacity' section, above.

- Book-keeping: Communities' records need only be simple, accurate, timely and capable of generating the reports required by stakeholders. Bookkeeping was accurate and books well-kept at the community level.

Recommendation 2: Ensure use of a simple bookkeeping system (See Annex I for sample forms). Its elements include:

- Notebook of sub-project receipts and expenditures
- Notebook of receipts and expenditures in kind¹⁹
- Card for each good (Fiches de stock)
- Bank account book (for MC)
- Petty cash book (for MC)

The lack of on-going training and support for local people has proved one of the main hindrances to strong community-based financial management. Assistance in tracking and assessing the value of community in-kind contributions may be particularly necessary.

Recommendation 3: Encourage CDFs to support the Treasurer in keeping community accounts, as needed.

- Reporting: The regular reporting of financial management data is critical to both accurate reporting and capacity-building in financial management at the local level.

Recommendation 4 (Country Team): Agree on a common reporting framework and software for basic community financial management, to complement the common financial management system (Section 4.2.1).

Recommendation Set 5 (Task Managers):

¹⁹ Communities' in-kind contributions should be calculated at the market rate for the labor/services/goods donated.

Ensure that a timeline for turning in community-generated accounting data is established. Quarterly reports are generally sufficient. (See Annex I for a disbursement request/progress report form.)

- Ensure a means for collecting the data, while leaving accounting books in the community. Data can be collected by the facilitator, as collection by other project figures tends to appear as an audit and to discourage communities' engagement in managing funds as part of a larger project.

Future idea: Once community financial management and reporting system functions manually, a pilot might train CDFs to use stripped down hand-held computers to collect basic financial management data, for direct up-loading. This facilitates data aggregation and has been successfully used in India's Improvement of National Accounts project as a means of efficiently collecting census data.²⁰

4.5 Disbursement and Procurement

4.5.1 *How can disbursement bottlenecks be avoided?*

Niger CDD projects have had disbursement bottlenecks for four main reasons: Special Accounts (SAs) are inconveniently located in Niamey; Secondary SAs (SSAs) have insufficient funds, relative to planned expenditures from those accounts; a middle person/entity stands between the SA and end-user of funds; and failure to collect and submit justification documents.

Recommendation 1: Establish SSAs, closer to end-users of funds, and disburse funds directly from the SSA to the end-user;²¹

Recommendation 2: Plan for disbursement to SSAs, based upon a reasonable estimate of the volume of funds anticipated during any one semester;

Recommendation 3: At the community level, ensure that expenditures planned for one tranche of disbursed funds can be reasonably made within the time period given for spending those funds, in order to quickly report back on money spent and keep funds flowing;²²

Recommendation 4: Instead of submitting supporting documents, ensure that the CDF reviews supporting documents with the community MC's treasurer, filling out a progress report on the documents and FM (See Annex I). Base disbursement upon progress reports, and validate progress reports during internal audits; and

²⁰ Kathuria Sanjay was the Team Leader for this project, P050392.

²¹ The Education III project initially had headmasters managing their own school budgets in the form of salaries for teachers funded under the project. Headmasters were tardy or completely negligent in submitting the necessary justification documents, and the system was modified so that teachers withdrew their salaries directly from the Niamey-based SA.

²² The NRM project found that it was difficult to quickly provide justification documents for what were intended to be long-term investments. One alternative might be to ensure that any given tranche is used for purchasing one small part of work/goods towards a long-term investment in order to quickly report back on money spent and keep funds disbursing.

Recommendation 5: Communities, facilitators and non-specialist accountants²³ should receive intensive training on how to complete and substantiate expenses. This can ensure that purchases are made immediately after disbursement and that progress reports are quickly submitted, so that disbursement for the next phase will occur as and not long after the previous phase is completed.

4.5.2 ***How can community-based procurement be strengthened?***

Community-based procurement promotes community ownership of this stage of the CDD project as well as the same transparency and fairness intended within a standard procurement system. Whenever there is community participation in procurement, Bank Procurement Guideline 3.15 requires that those procedures be outlined in the Staff Appraisal Report, the President's Report and the Loan Agreement.²⁴

The **NRM** project has the most developed of the community-based procurement systems in Niger. This model has the great virtue of being simple and easily used by communities. There are two types of local procurement, *local shopping* and *local bidding*. Local shopping is used for sums too small for local bidding. Communities negotiate directly with suppliers for goods, services or works. Local shopping should be used for procurement of goods under 100,000 F CFA. For local bidding, the community's Procurement Committee, with the assistance of the CDF, sends a letter or oral request to local contractors known for furnishing the good or service sought. Those wishing to make bids, complete with a short set of necessary documents. The winning bid is chosen from those presenting complete bids.

NRM staff identified two slight problems with this system. First, bidders have difficulty providing all of the necessary documentation²⁵ to furnish complete bids. In one example given, the contract award was granted to the only bidder to furnish a complete bid. Second, communities lack the incentive to negotiate costs down with suppliers for local shopping, or bid costs for local bidding. Though they make their own contribution to each sub-project, the community considers the CDD funds 'project' and does not engage in as much negotiation as it would if it were using its own funds.²⁶

²³ The Health project trains nurses as district-level accountants, the lowest level of financial management within that project. There have been significant delays in turning in justification documents, as the nurses do not see the utility of doing so.

²⁴ Procurement Guidelines 3.15, Community Participation in Procurement, says that "...Where, in the interest of project sustainability, or to achieve certain social objectives of the project, it is desirable in selected project components to (i) call for the participation of local communities and/or non-governmental organizations (NGOs), or (ii) increase the utilization of local know-how and materials, or (iii) employ labor-intensive and other appropriate technologies, the procurement procedures, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided these are efficient. The procedures proposed shall be outlined in the Staff Appraisal Report, the President's Report and the Loan Agreement." These guidelines can be found on the OPR webpage at: www.worldbank.org/html/opr/procure/othrmeth.html.

²⁵ A complete bid includes: most recent year's tax returns (attestation de paiement d'impôts); proof of bank account; commercial license (registre de commerce); estimate for the work to be completed (facture pro-forma); estimate for installation costs (facture d'installation); and, if applicable, drawing of good to be furnished.

²⁶ Karbo interview, May 2001.

Recommendation 6: Ensure that community-based procurement procedures comply with Procurement Guideline 3.15.

Recommendation 7: Use the NRM community-based procurement system as the model for Niger's CDD projects when there are project-specific benefits to having community-based procurement;²⁷

Recommendation 8: Ensure that bids are heavily advertised, in order to elicit as many competitive bids as possible (in one example, bids were sent to five contractors but only one was able to submit all of the necessary documentation);

Recommendation 9: Do not require that communities send bid invitations to suppliers for local shopping. Local shopping requirements often ask communities to send an invitation to bid to three bidders. This requirement slows the procurement process exponentially and does not bring down bid costs, as lower prices in Niger are typically gained through *discussion* rather than price wars between merchants. Instead, encourage communities to negotiate costs further by allowing them to keep funds saved for further purchases within the project.²⁸

Recommendation 10: Use the **Urban** project's Roster of Entrepreneurs, by region, as a point of departure for a multi-project list of entrepreneurs eligible to present project bids. Keep the roster open for the duration of the project. Instead of requiring firms to re-submit their documentation with each bid, they do so once for registration on the regional roster.

4.6 Operations and Maintenance Costs

4.6.1 ***Plans for collecting fees for maintenance and operations costs seem fairly common – are there better ways of raising revenues for operations and maintenance costs?***

The brief answer is 'most likely.' A glance at Niger's CDD projects suggests several means of providing for O&M costs. The surest appears to be the **Water** project, which will have private firm(s) under contract to operate and maintain rehabilitated water systems. Water user fees will be remitted to the firm operating/maintaining the system. If the firms operating and maintaining the system are different, a portion of user fees (from operating) will be deposited into the WUA account and subsequently paid to the second firm. The **Health** project shows a similarly strong example. Based on the 1995 law for cost recovery in the health sector, communities may decide to pay directly for services and drugs, or may tax themselves on a regular basis (i.e. at harvest time), reserving these revenues for health care as needed. By contrast, other projects have few provisions for O&M costs, guesstimate the volume of those costs, or assume that the O&M costs are too small to budget for.

²⁷ The CAP's objective, for example, is to build community capacity. Community-based procurement provides one means of doing so. By contrast, the Water project's primary objective is the rehabilitation or installation of community water supply. The scale of this project may be too large for community-based procurement to be efficient.

²⁸ The NE Brazil Poverty Alleviation Project allows communities to keep funds saved during procurement in order to use them for any purposes that they see fit (De Silva, 2000:12). We recommend that communities be required to use money for purposes within the local development plan framework. An alternative means of bringing down costs is to draw up a list of unit costs by region, to be used to guide community-based procurement. The disadvantage of a unit cost system is that it is cumbersome and costly to maintain.

In general, planning for and ensuring community coverage of O&M costs is first a means of maintaining the sub-project. Second, and equally importantly, planning for O&M costs is an important part of increasing community capacity to manage their own development process. If sub-projects neglect O&M, they neglect one of the main arguments for CDD: that communities direct their own development process – successfully.

Recommendation 1: Based upon the outcomes of the ability to pay study (Section 4.1.1), verify that communities will be able and willing to pay for O&M costs over time. Assess whether a portion of these costs should be collected with the community contribution, up front;

Recommendation 2: Ensure that each sub-project estimate, budget for and plan how to generate O&M costs, no matter how small;

Recommendation 3: Plan for cost recovery by: systematically collecting user fees; collecting a portion of O&M fees up-front, at the same time that community contributions are collected; planning a complementary income-generating activity; and/or covering a portion of costs through collection at annual community development general assemblies. Experience has shown that the periodic collection of fees unrelated to the provision of sub-project services/benefits or to a community event (e.g., an annual community development general assembly) is typically not a sustainable system for cost recovery.

4.7 **Internal controls**

CDD projects face particular financial risks which, if not managed well, have marred the reputations of otherwise solid projects. Projects face three main risks: (i) given the multitude of stakeholders and transactions, it is difficult to have *ex ante* controls on each individual transaction; (ii) disbursements to end-users' accounts are typically based on progress reports, with justification documents kept at the community level, as verifying all documents at the sub-national PIU is extremely arduous and time-consuming; and (iii) the external audit, often mandated twice yearly, would not be cost effective if it were to examine all individual transactions.²⁹ CDD projects' internal control systems, then, should be particularly strong but not necessarily costly. They should include participation, accountability and transparency; financial checks and balances; and regular internal audits. Projects can reduce costs further by partnering to use the same internal control structures when working in the same communities.

4.7.1 ***Will 'accountability' and 'participation' really help my project?***

Experience indicates that both MC accountability to communities and broad community participation proxy for more formal internal controls on financial management. In order for accountability and participation to substitute for other types of internal controls, the accountability system needs teeth. How to expect a Monitoring and Evaluation Committee (*COSE, Comité Suivi-Evaluation*) to stay committed to oversight if they have no power to make the community MC act upon their findings, or if the lines of responsibility within the project are unclear?

Recommendation 1: Task managers might ask themselves:

²⁹ Ndiaye, Forthcoming:17.

- Are the lines of sub-project responsibility clearly drawn: can specific people or, at least, the MC be held responsible for decisions made?
- Are those charged with internal control or oversight – typically the M&E Committee - trained to do so? Do they have on-going support? Do they have the power to act upon their findings?
- Are the activities of the MC and M&E Committee well-publicized? How can community-level information be disseminated so that the average person in that community knows who the MC is, what it works on and how its activities are supervised?
- Does the MC hold regular meetings, open and accessible to the public?³⁰ Are socially marginalized groups able to participate? Are meetings held outside of the village? While supra-village meetings may be more efficient, they might exclude the participation of the people the project aims to target.
- Does the project's IEC component include sections on communicating financial management responsibilities, consequences of mismanagement and publicity of mismanaged funds?

Several of Niger's CDD projects are developing communications components, designed to inform potential stakeholders about the project as well as to serve as a form of control of sub-project finances. The CAP will develop a communications component that may use radio for enhancing transparency in communities' financial management (Box 3). A cautionary note : while an estimated 40% of rural Nigeriens have radio access, field visits suggest that men use radio far less than women. Alternative strategies should be developed to target women.

³⁰ The meeting schedule should coincide with community deliverables for project management, so that the Management Committee prepares for the community meeting and project reporting at the same time.

Recommendation 2: Other CDD projects can ‘buy in’ to the CAP’s radio programming, or to that being developed in a multi-donor radio initiative in Niger. Either strategy would build upon what the architects have already learned about IEC and radio programming, rather than re-commissioning similar studies under each project.

4.7.2 ***Do communities have the capacity to manage matching grant funds?***

Box 3: Rural radio’s potential for increasing sub-project transparency

At the district or regional level, *radio* can promote anti-corruption messages or general information on community financial management obligations. Indonesia’s Kecamatan Development Program (KDP) recommends using radio to broadcast public service announcements about the project, its principles and procedures (Village bulletins boards proved much less effective). Local radio stations could also hold interactive dialogues with project participants. Finally, radio can play a local enforcement role in terms of ensuring transparent management of funds, making public announcements if local investment funds are mismanaged and reporting on how the case was resolved.

Radio programming can also be used to communicate messages through entertainment. Population Services International (PSI) has an established record of using *radio soap operas* around family planning and HIV prevention themes : the soap opera format could also be used for communicating about corruption prevention. Similarly, the Uganda Debt Network and the Ugandan chapter of Transparency International have used **street theatre** to promote anti-corruption messages.

Sources: National Management Consultants; Zie Gariyo, Coordinator of the Uganda Debt Network; Joanne Moore, PSI-Washington.

Some communities have had difficulty managing matching grants much higher than the cash amounts they typically manage. Application of the local level institution analysis of communities’ financial management capacity (Section 4.2.3-4.2.5), including the *volume of funds* communities are able to manage, will increase communities’ ability to manage matching grants and therefore better *control* their own financial management.

Recommendation 3: Use results of the LLI study (Section 4.2.3) to gauge the size of matching grants.

4.7.3 ***Is a system of financial checks and balances in place at the community level?***

This system has several key characteristics, in the form of the recommendations below.

Recommendation 4: Ensure that each CDD community developed a strong financial management system, so that the community can fulfill its financial management obligations.

This includes book-keeping, procurement and disbursement and reporting. Is a timeline, division of responsibility and means for transmitting sub-project financial information to regional project management established and respected?

Recommendation 5: Ensure that more than one person is necessary to initiate, authorize, execute and record a transaction without the intervention of someone else.³¹ Stop funding of sub-projects where funds have been mismanaged. Use IEC to communicate *ex ante* the consequences of funds mismanagement and *ex post* that funds have been mismanaged, in order to use public pressure to reduce the chances of future funds mismanagement.

☞ Brainstorm as to the types of checks communities may use for the withdrawal of funds from bank accounts, in particular. Some projects ensure legitimate withdrawals by using a third party, such as the project's consulting firm or line ministry, to co-sign bank transactions. While this ensures *good* management, it prevents *autonomous* community financial management, one part of empowering communities to direct their own development process. Another option is to require two signatures for bank account withdrawals. Experience shows that fraudulent withdrawals are common even with the two-signature system. Part of the system might be to beef up the project's IEC component, as in *Recommendation 5* above.

Recommendation 6: Ensure that the MC Treasurer keeps sub-project books, while a Treasurer's Assistant manages sub-project cash.

Recommendation 7: Require deposit of cash amounts once that they exceed 50.000 F CFA. In order to reduce the likelihood of the mismanagement of funds, income generated for the community or contributions collected should be deposited into the community bank account as soon as the cash amount reaches 50.000 F CFA.

Recommendation 8: Check that the checks and balances do not unduly slow the flow of funds nor implementation and do not cost more than the possible loss that could result from their absence.³²

4.7.4 ***Are internal audits of sub-projects regular and independent of sub-project management?***

One of the problems consistently highlighted in Niger decentralized financial management is that there is a *lack of rigorous internal audits*. Field visits backed up this conclusion: in the community visited, the CDF occasionally verified MC accounts and the community's *commissaire aux comptes* looked over MC accounts once yearly. This type of audit is neither independent nor rigorous enough for an objective, in-depth accounting of community FM.

Especially given the high cost of external audits of each CDD sub-project, internal audits are extremely important in the assurance of good financial management practice at the community level.

³¹ Ndiaye, Forthcoming:17.

³² Ndiaye, Forthcoming:17.

Recommendation 9: Make the itinerant auditor responsible for one planned audit of each CDD community, once a year. Reinforce community FM capacity during the audit, doing on-site training. Arrange additional training for a group of communities based upon itinerant auditor's assessment of communities' financial management capacity. *For further description of the itinerant auditor, and cost-saving suggestions, see section 3.6.*

Alternate Recommendation: Group communities by three for *cross-community audits*. Facilitate a visit of two communities' MCs to the third. Ask the visited community to present micro-project implementation, maintenance, monitoring and financial management for that year. The two visiting MCs' responsibilities are to evaluate the first community's work and to make recommendations for improvement over the coming year.³³ Financial management recommendations should be submitted to the secondary PIU accountant.

The itinerant auditor may not be able to audit all communities' accounts every year. Cross-community audits could substitute for itinerant auditor audits on off-years. They *should* substitute for work by the *commissaire aux comptes*. The *commissaire*, living in the same community as the MC, typically lacks both the training and independence necessary to carry out rigorous community-level audits.

4.8 Audits

Audits permit a verification of the internal controls and transactions of a CDD project by a person independent of project activities. They have historically been weak within the Niger CDD portfolio. A strong auditing system will have both regular (annual) internal audits as well as external *ex post* audits that examine community accounts.

- **Annual internal audits** are recommended by FMS, in order to verify that sub-project funds are being properly used. If funds are **not** being properly used, the regional FMS should evaluate whether sub-project funding should continue, and under what conditions.
- **Annual audits of local government accounts** may be required if local government capacity building is part of the CDD project mandate. Niger's public audit institutions are not strong (Section 4.2.1). External auditors should therefore be engaged for these audits.
- **External audits** can be used for *ex post* evaluations. An *ex post* external audit of every sub-project is prohibitively expensive. An alternative is to first do an ex-post internal audit of every sub-project, no matter how small, and to do a usual external audit of the project as a whole by a suitably qualified auditor complying in all respects with OP/BP 10.02. A random sample of sub-projects may be audited in this situation.

³³ This approach, *public information hearings*, has been used in India since the 1980s. In order to follow specific micro-project progress, Mazdoor Kisan Shakti Sangathan (MKSS), a people's organisation working in Rajasthan, India since 1988, organized **public information hearings** to demand accountability from local government regarding development projects. Having gained access to development projects' muster rolls, bills and vouchers, MKSS activists convened a local assembly and presented the information. According to the records, 56,000 rupees were spent to construct water channels linking the village *talab* (pond) with the fields. The water channels, however, existed only on paper. For more information, consult <http://www.transparency.de/documents/work-papers/bhatia-dreze.html>.

5 Strengths, Discussion Points and Team Concerns in Decentralized Financial Management

<i>Project</i>	Strengths	Discussion Points	Team concerns
Education III/Basic Education	<ul style="list-style-type: none"> • Will strengthen central FM capacity before looking to strengthen decentralized/decentralized capacity • Procurement quality: Increase independent audits of goods/works/services • Procurement savings incentives: communities may choose different options in school construction, using savings for procurement of other school-related goods, works or services (All planned under Basic Education) 	<ul style="list-style-type: none"> • Local procurement: little formal bidding process for school construction • Teacher accountability to community lacks enforcement capacity: Parent-Teacher Organization doesn't have training to evaluate teachers and stop teacher payment based on non-performance • Operation and Maintenance Costs: currently assumes that communities will cover costs of maintaining school buildings, but has no formal planning for doing so • Funding mandate³⁴ : CAP 	<ul style="list-style-type: none"> • Teachers withdraw salary from Special Account: necessitates long travel distance but done because headmasters who initially withdrew funds from secondary accounts were late or completely negligent in submitting supporting documents

³⁴ Almost all of the CDD projects in the Niger portfolio will have some overlap with other CDD projects in terms of the sub-projects that each is to fund. A community might benefit from both CAP and Education interventions, for example, and request a school. All task managers need to decide which project will be responsible for **first** funding this intervention. This question will pose itself, at first blush, with: the CAP and the Education, Health, Urban, Transport and Water projects; and the Health and Water projects.

<i>Project</i>	Strengths	Discussion Points	Team concerns
Health	<p>Use of Secondary Special Accounts (SSAs) to speed disbursement</p> <ul style="list-style-type: none"> • Cost recovery plans strong: community contribution consists of payment for health services and drugs, or harvest-time taxes.³⁵ Contribution spaced out over time, to increase chances for funds to cover district projects' operations or maintenance costs. 	<ul style="list-style-type: none"> • Funding of SSAs: not high enough for districts to make all the expenditures planned for a given period • Disbursement: Delays in collecting supporting documents because district accountants were re-trained nurses and didn't see necessity of turning documents in on time. Are there sector-specific advantages to having nurses do district accounting? • Initiatives in Diffa, Tahoua have <i>all</i> public health funding managed transparently by the region's branch of MoH. This made clear the total amount of public health funds entering the region, from different donors. Would it be appropriate to, replicate this method in other regions? • Funding mandate : CAP, Water 	<ul style="list-style-type: none"> • Need to strengthen FM capacity within government, and need for mandate to do so. Strengthening of accounting capacity at regional level was tried, but civil servants were uninterested in applying lessons learned. Central MoH leadership did not motivate them to do so, either. Sustainability of FM learning: project operates outside of the MoH • Lack of literacy at community level poses risks when thinking about decentralizing FM to community level

³⁵ Based on the 1995 law for cost recovery in the health sector, communities may decide to pay directly for services and drugs, or may tax themselves on a regular basis (i.e. at harvest time), reserving these revenues for health care as needed.

<i>Project</i>	Strengths	Discussion Points	Team concerns
Urban	<ul style="list-style-type: none"> • Willingness-to-pay study on urban infrastructure improvements • Roster of entrepreneurs eligible to bid on sub-project procurement, by region: Roster could be expanded for use by other projects, or a similar roster developed • Community contribution in cash 	<ul style="list-style-type: none"> • Funding mandate: CAP 	
Transport	<ul style="list-style-type: none"> • Community Participation: Previous willingness to finance force account brigades' rehabilitation of roads used as measure of community demand for/commitment to road rehab 	<ul style="list-style-type: none"> • In past, rural road network unsustainable because of lack of funds for its maintenance. Is community FM planning strong enough to ensure that the same will not happen with the current project? 	

<i>Project</i>	Strengths	Discussion Points	Team concerns
Water	<ul style="list-style-type: none"> • Community contribution: In cash. If community mobilizes 1,000,000 F CFA, their application favored for water supply installation or rehabilitation. • O&M Plans: Good cost coverage. Private firm hired to operate water system, with a portion of proceeds channeled to the same or different firm for maintenance. • Incentives for deconcentrated line ministry civil servants: instead of <i>per diem</i>, project will cover transport costs and provide training opportunities. 	<ul style="list-style-type: none"> • Is the mechanism for transferring funds from a firm operating a water supply system to the firm maintaining it well-defined? The current plan channels the funds through the WUA: is this the most efficient channel? • Use of consulting firm/deconcentrated line ministry to co-sign WUA bank account transactions: though this reduces risk, it reduces communities' autonomy. • Funding mandate: CAP, Health 	<ul style="list-style-type: none"> • Lack of integrated, cross-sectoral approach to water sanitation education. How can we build upon one community structure (committee) to respond to several projects' needs, instead of creating many parallel management structures? • Viability of regional/sub-regional banks

<i>Project</i>	Strengths	Discussion Points	Team concerns
NRM	<ul style="list-style-type: none"> Community-based accounting Community-based procurement system: simple, transparent 	<ul style="list-style-type: none"> FM training: How can community feedback regarding their technical assistance needs must be formalized? Communities expressed specific training needs, but there was little response to that demand. FM training: facilitator needs to work with communities on continual basis Reporting: Community reporting timeline needs to be made clear, and communication canton-facilitator-community ameliorated to ensure that it is respected. System for collection or audit of justification documents needs strengthening 	<ul style="list-style-type: none"> Viability of regional/sub-regional banks for transferring funds to communities: though communities able to travel long distances in order to withdraw funds, using banking institutions closer to them would ease use Procurement: Inflation of bid costs: On-site managers report that communities have little motivation to negotiate costs down, as they view the funds as 'project' even with their own contribution. Project is testing use of unit cost lists for guiding local shopping. IEC: initial information campaign emphasized funding before development, attracting communities interested in funding rather than those committed to NRM (animator observation).
Irrigation	<ul style="list-style-type: none"> Community contribution: Creation of savings associations within community, to set aside money for community contributions, increases chances for sustainability. Less than 3% of rural Nigeriens have access to credit – creating sustainable means of generating capital is wise. Cooperation with Export project 	<p>FM training: Training in farm management skills (entrepreneurship, risk management) to promote financial sustainability a good idea.</p> <p>Can FM training be included, as well? Will producers' associations have capacity to pay for maintenance of irrigation systems?</p>	

<i>Project</i>	Strengths	Discussion Points	Team concerns
Export	<p>Community contribution: Project funds kick in only once that community cash contribution has been used up and the documentation thereof submitted. Creates strong check on community cash contribution.</p> <p>Co-financing in function of public value of sub-project (up to 80% of total costs)</p> <p>Cooperation with Irrigation project</p>	<ul style="list-style-type: none"> • Consultant to give technical assistance to producers' associations: how many communities will this person be responsible for? 	
CAP	<ul style="list-style-type: none"> • Accountability/checks and balances: integrated ME/FM control component • Participation: receives heavy emphasis, increasing broad project ownership and reduces chances for mismanagement of funds 	<ul style="list-style-type: none"> • Size of matching grant: what volume of funds are communities used to handling (commonly, not as individuals)? How much more can they handle? • O&M: will communities be able to support sub-project's operations and maintenance costs? Can a simple calculus be developed which could, in turn, tie in to the total size of the matching grant?³⁶ 	<ul style="list-style-type: none"> • Can we fold extension of credit into the CAP, given the lack of access to rural credit? • Participation across the community: 'Community' is currently a group of villages. Can we enhance the participation of marginalized groups – and of women especially - while maintaining a 'supra-village' structure? • FM training

³⁶ The calculus would need to roughly estimate the total cash that each household has disposable for development projects each year, including its increase over time, the division of that sum between the initial community contribution and subsequent operations and maintenance costs, including an estimate of the increase in O&M costs as the number of sub-projects increases over time. The final calculus should reflect the total local funding available to support O&M costs. Supposing that O&M costs are roughly 1-3% of the total cost of the project, the total value of annual/bi-annual sub-projects can then be calculated. In short, the size of the matching grant should not exceed the income communities have available to pay for sub-project O&M.

Annexes

Simple Accounting Tools

A simple financial management system can use the following notebooks/forms, for each sub-project :

- Notebook of sub-project budget control
- Notebook of expenditures in kind³⁷
- Fiche de stock (for all goods, in kind or purchased)
- Bank account book (for MC)
- Petty cash book (for MC)
- Disbursement request/financial progress report form

³⁷ Communities' in-kind contributions should be calculated at the market rate for the labor/services/goods donated.

Annex I.A: Notebook of sub-project budget control

CAHIER DE SUIVI DU BUDGET DU MICRO-PROJET

Montant du budget _____

Date	Libellé des opérations	Paiement pour :	Dépenses	Dépenses cumulées	Solde budgétaire

Annex I.B: Notebook of expenditures in kind

LIVRE DE CONTRIBUTIONS EN NATURE

Date	Nature du bien	Nombre d'Unité(s)	Valeur par Unité	Montant totale (N x V)	Montant cumulé

Annex I.C : Fiche de Stock

Nature du bien _____

Date	Désignation et destination	Entrées	Sorties	Existants

Annex I.D: Bank account book

LIVRE DE BANQUE

Date	Libellé des opérations	Nom du sous-projet	Recettes	Dépenses	Solde

Annex I.E: Petty cash book

LIVRE DE CAISSE

Date	Libellé des opérations	Recettes	Dépenses	Solde

Annex I.F: Disbursement request/progress report form

DEMANDE DE DEBLOCAGE

(An identical form can be used for quarterly FM progress reports, renamed the Suivi de Gestion Financière de Micro-Projet relatif à _____ and minus the entrepreneur's signature.)

COMMUNE DE _____, le _____
DEMANDEUR _____

(tranche n° _____)

Micro-Projet relatif à _____

Localisé à _____

Engagé le _____

Par (porteur de projet) _____

Coût total du projet _____

Apport des bénéficiaires _____

Subvention FIL _____

Débloques antérieurs _____

Débloques demandé _____

Objet du déblocage _____

Le Président du CG :

Le Trésorier du CG :

L'entrepreneur :

Resources on decentralized financial management

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Strategic resources

- Christian Fauliau, Sr. Economist, AFTR2. Harmonizing Software Resources.
- Julie McLaughlin, Sr. Health Specialist, AFTH1. Harmonizing Financial Management Systems.
- Joanne Moore (jmoore@psiwash.org). Population Services International. Radio Communications.
- Nwanze Okidegbe, Sr. Advisor, RDV. Harmonizing Financial Management Systems.
- Dietmar Schorlemer (paspgtz@intnet.ne). GTZ-Niger. Community Financial Management Capacity.

List of people interviewed

World Bank :

Name	Unit	Specialty
Daniel Sellen	AFTR2	Rural development (TTL for CAP, Export, Irrigation projects)
Noël Chabeuf	AFTR2	Natural resources management (TTL for NRM project)
Ousmane Dione	AFTU2	Rural water supply (Water Mgmt Spec. for Water project)
Philippe Dongier	SDV	CDD
Matar Fall	AFC14	Water Supply (TTL for Water project)
Magaye Gaye	AFTQK	Financial management
Djibrilla Karamoko	AFMNE	Health
Keith McLean	SDV	CDD, Decentralization
Moustapha Ndiaye	AFTQK	Financial management
Daniel Owen	SDV	CDD
Nwanze Okidegbe	RDV	Financial management
Rachidi Radji	AFTH3	Education (TTL for Education project)
Mahaman Salifou	AFTR2	Rural development
Josef Toledano	AFTR2	Rural development (Sr. Rural Dev. Spec. for CAP)
Mamadou Yaro	AFMNE	Financial management, disbursement

Non World Bank :

Name	Organization	Position
Michel Guay	CECI-Niger	Director, CAP Pilot
Christine Kamwendo	MASAF	Director, SSP, Malawi Social Action Fund
Atahirou Karbo	NRM-Niamey	Ingénieur Hydrogéologue et Spécialiste en Suivi Ecologique
Bohari Garba	CARE-Maradi	Director, CAP Pilot
Zakari Madagou	CARE-Niger	Coordinateur, Secteur Agriculture et Ressources Naturelles
Dietmar Schorlemer	GTZ-Niger	Conseiller Technique Principal
Mamadou Sani	GTZ-Niger	Responsable Suivi-Evaluation/Systèmes d'Info Géographique
Rémy Halgouet, Christophe Courtin	AFVP-Niger	Délégué, Délégué Adjoint
Daibiru Assimou	ABC-Écologie Niger	Vice-Président
Idé Yacouba	NRM-Say	Ingénieur Agronome

IDA-financed projects – basic data

Project	Status	Project Code	Effectiveness/ Closing dates	Task Manger(s)	Credit Amount (US\$)	Primary Ministry (tutelle)
Natural Resource Management	Active	P001967	10/10/96 - 31/3/02	Noël Chabeuf	26.7m	Rural Development
Water Supply and Sanitation	Effectiveness	P061558	??	Matar Fall	44.4m	Water Resources
Health II	Active	P001999	29/07/97 - 30/06/02	Denise Vaillancourt	40.0m	Health
Education III	Active (new phase in FY02)	P001980	26/09/95 - 31/12/00	Makha Ndao	41.4m	Education
Urban Infrastructure Rehabilitation	Active	P049691	31/03/98 - 31/12/01	Isaac De	20.0m	Primature
Transport Infrastructure Rehabilitation	Active (new phase in FY03)	P035608	12/05/98 - 31/01/03	Isaac De	28.0m	Primature
Agro-Pastoral Export Promotion	Effectiveness	P058730	15/12/00 - 16/12/05	Daniel Sellen, Salifou Mahaman	10.4m	Rural Development
Private Irrigation Promotion	Active (new phase in FY02)	P01994	06/01/96 12/31/01	Salifou Mahaman, Daniel Sellen	6.8m	Rural Development
Community Action Program	Preparation	P065991	01/01/02 - 12/31/06 (est.)	Daniel Sellen, Amadou Alassane	30.0m (est.)	Planning
HIV/AIDS Prevention and care	Preparation	P071612	June/2002 TBD	Denise Vaillancourt	25.0m (est.)	Health
Promotion of Advancement of Women (IDF)	Active	P069458	??	Elizabeth Morris-Hughes	0.4 m	Social Development, Population, Women, and Children