

SRI LANKA

Village Self-Help Learning Initiative

Unleashing the Power of Rural Communities

The Village Self-Help Learning Initiative Pilot (VSHLI) sought to introduce and test a direct funding mechanism for community driven development (CDD), in a country that had little or no experience with these approaches. Past poverty reduction programs by the Government generally had poor levels of sustainability and economic viability, using supply side activities that did not involve the targeted beneficiaries in the development of their chosen

microprojects, resulting in a mismatch between needs and investment activities and poor asset ownership, and maintenance.

In 2000, the Japan Social Development Fund (JSDF) stepped in to provide US\$ 750,000 to pilot an innovative model of participatory community development in three of Sri Lanka's poorest villages. The goal was to empower vulnerable groups such as women, youth, and farmers to make effective decisions, to plan and implement programs and managing their own funds through participatory development

and partnership among villagers, the state, and civil society.

The VSHLI pilot, for the first time, enabled villagers to organize, identify needs, and implement their own development projects. The pilot started in three and expanded to 12 villages, benefiting 3,140 households, each represented in a "village company"

by one family member. Given the success of the pilot, subsequent projects expanded the program to 1,000 more villages, coming to be known as the **"Gemi Diriya"** ("the strength of villages"). In 2008, the Gemi Diriya project was singled out by UNDP as one of 20 outstanding and replicable poverty reduction programs worldwide.

Specifically, the JSDF grant financed:

- 1. Local Capacity Building of Village Organizations and Partnerships** for communities to manage their affairs, and account for the use of funds through transparent standardized systems. This required strengthening of local governments, and the development of partnerships with federations of village organizations, the private sector, and NGOs
- 2. Development of Village Information Systems and Participatory Monitoring**, providing tools and skills to prepare local Village Development Plans, carry out standardized monitoring and evaluation, and promote accountability for village development projects by measuring progress and results.
- 3. Subprojects** which improved the diversity of livelihood options and economic activity in the villages. 26 subprojects were developed —micro-enterprises and basic infrastructure or social services, selected through their **Village Development Plans**.

Some key features of this pilot defined the success of the community-led implementation of this grant:

- The success of the project hinged on the ability to mobilize over 80% of households to become due-paying members of an autonomous Village

"Bank staff found themselves watching from the sidelines—a process that was entirely community driven, with youth playing a leading role. This reflected the empowerment of community members who had wholeheartedly embraced the decision-making and management process"
 -The Bank Task Team



Organizations (VO), legally registered as people's companies, where officers were democratically elected annually to manage the organization.

joined their Village Organizations. Vulnerable youth and women comprised 66% of decision-making positions at the village level, and were empowered to drive their own development. Youth became interested in the development of their villages rather than migrating to urban areas

- The Village Self-Help model was embedded within an ethical framework of “**10 Golden Rules**” which emphasize good governance, equity, transparency, and cost efficiency when dealing with public finances (see table below).
- The **participatory nature of decision making** in the project led to improved targeting of the poor and governance, transparency and accountability at the village level.
- Villagers gained confidence and voice in deciding and implementing their development priorities** and benefited from extensive infrastructure and income-generating activities.
- Implementation problems were solved mainly through **community brainstorming and problem solving**.
- The project contracted NGOs to carry out initial information campaigns in villages, to facilitate participatory planning, and support formation of the VOs and training of its officers. **NGOs exited after completing the preparation institution-building activities.**

Project Data
 Implementing Agency: *Mahaweli Authority of Sri Lanka*
 Grant (TF026603) Amount: *\$750,000*
 Implementation Period: *04/03/2001 to 03/31/2005*

The VO is left to function by itself and may contract technical expertise using its **Capacity Building Fund** and/or receive support from technical project field teams from the project. Village organizations are responsible for prioritizing and managing local development needs and funds, including investments in infrastructure and economic livelihood. A long-term process of capacity and institutional development supports the development and sustainability of Village Organizations and their self-financing federations, as well as promoting partnerships with the private sector and responsible local governments.

A new cadre of **Community Professionals (CP)** was introduced and about 55 villagers were trained and employed in this new capacity, to drive village self-help activities. This was a new opportunity for employment among villagers who were previously unemployed. The CPs carries out various tasks, mainly:

Improved Governance and Opportunities for the Poorest

The majority of community members (77%), identified as the poor and poorest households

- Check compliance of villages with the “10 Golden Rules” when implementing Village Development Plans.

Village Organization’s 10 Golden Rules		
1	We Contribute to Our Development	Everyone in the village must contribute time, money and labor to develop and implement activities to improve living conditions in the village
2	We Practice Self-Help	We must learn to manage our affairs by ourselves in a sustainable manner
3	We are Accountable to the Village for our Actions	We have full freedom in our decision-making process and management of financial resources and must be accountable for our actions
4	Good Governance is Key to Success	The Village Organization is built on the principle of trust among all villagers and with partners and other villages. A breach in trust may result in a loss of funds
5	We Develop our Village Step-by-Step	Development is a gradual process, one step at a time, planning what we can afford and manage with success
6	We Apply Cost-Effectiveness Criteria	Economy is of the essence when using public funds, avoid waste, and treat village funds as your own.
7	We are Open and Transparent in Our Dealings	Everyone has access to all information related to village activities, and any misuse of funds is reported immediately and penalized
8	We Uphold the Principles of Equity and Inclusion	Ensure that all village members, especially the needy (the landless, the unemployed, and women) participate and share in the development process and its benefits
9	We Act in a Timely Manner and Ensure Quality	We must implement activities according to the schedule and maintain quality standards
10	We Seek Help When Needed	Before problems grow to be unmanageable, seek timely support from partners, Community Professionals and NGOs

- Identify knowledge or skill gaps that need external assistance from other villages with experience or from the project team and build community-to-community networks
- Build community member confidence by sharing with them their own experiences of how others may have resolved problems and facilitated knowledge exchange

In response to the need for trained community members six district and one national **Community Professional Learning and Training Centers** were established. These centers are self-sustaining from fees and contributions collected.

Access to Credit for the Poor

Youth and women, who make up a disproportionately large percentage of Sri Lanka's poor and unemployed, were the primary beneficiaries of the JSDF project. Before the project, about 70% of households in the project villages had no access to credit and marketing facilities. Now, almost 20,000 self-organized savings and production groups have been set up and are actively mobilizing savings. About 147,000 households have benefited from the savings and credit funds established.

Savings groups have used their cumulative savings of US\$2.25 million to leverage credit equal to about ten times that amount, and have invested \$17.6 million in more than 125 types of income-generating activities. They have also attracted funding and technical assistance from 15 major private sector agencies.

Improved infrastructure and services

Investments in local infrastructure have allowed for partnerships between communities and the private sector, better market linkages and access to basic services. These included drinking water access systems, rural roads and bridges, and ICT centers. For example, in the village of Madumasingulla, the construction of a bridge allowed safe crossing of a stream that in turn provided access to schools, increased trade and land values. In Pitakanda village, the construction of a village access road allowed for a five-fold increase of trading vehicles entering the village.

Community infrastructure and services are now delivered through a mechanism that is equal to or better than traditional programs, yet costs about 30 to 40 percent less.

Increase in agriculture and other income earning opportunities

Farming families in the project area have produced over 2 million kilograms of produce for markets in partnership with private companies and state

agencies. The value of goods traded is in excess of Rs. 360 million (US\$3 million) and has benefited over 29,000 rural households, of which 83 percent are among the poor and poorest households.

Households in the project area also diversified their income, moving from a dependency on subsistence agriculture and wage labor to operating both on-farm and off-farm enterprises. As the project intentionally targeted both young and old, households now benefit from a diversified stream of income.

Through skills development training and off-farm employment poor women and formerly unemployed youth are contributing substantially to the welfare of households. About 22,000 people have benefitted from skills development activities. Their services, as Community Professional, are being demanded by other village communities and programs.

More recently, the project has partnered with Cargill's, a growing retail chain in Sri Lanka, to provide an Accelerated Skills Acquisition Program (ASAP) for youth in project villages. This training targets youth before they are placed in jobs, to build their interpersonal and professional skills.

Access to Information Technology

The VSHLI project used information and communication technology to link villagers to each other, the government, and the market. The Information Technology SHED (ITSBED) Program, which won the Manthan Award South Asia for "best e-content for development" in the e-enterprise and livelihood category, was piloted in about 30 villages and is now scaling up to over 1000 villages with the help of federations and community professionals.

In support of ITSBED, and coinciding with the government's Year of English and IT, Village Organizations used capacity building funds to train 400 youth in information and communication



PILOT VILLAGE ORGANIZATION MEMBER

Senarath Jayaweera is a self-employed a member of a small VO group under the Gemidiriya Project. Prior to his membership his income was insufficient to feed his family. After joining Gemidiriya, his technical and marketing skills, and knowledge of information technology improved, resulting in increased income. He presented his **bamboo productions** at the Rural Livelihood Expo 2005 Trade Fair and Exhibition held in India

technology so they can strengthen and maintain the Village Community Information Centers that are emerging throughout the project area.

Lessons Learned

- The inexperience of the targeted communities in organizing, setting and following unfamiliar rules, and absorbing abstract ideas, required intensive support from the Bank team. The pilot was a new way of implementing projects and changed attitudes in the country and within the Bank.
- **Inexperience does not equal a lack of capability**, and most success is achieved when communities themselves are fully in charge of the focus and methods of their development.
- **Building a cadre of Community Professionals (CP)** from local community members is key to the success of a CDD program. The CPs promote and facilitate community driven approaches while building confidence and acting as problem solvers.
- Community Professionals with a stake in their community's development have a comparative advantage and are **better suited to mobilize their community and ensure sustainability** when compared to external facilitators who lack local knowledge, and frequently leave the community without sustainable support mechanisms on completion of the project.
- **Simple and clear principles**—participation, inclusion, transparency, accountability and cost sharing—agreed up-front with communities ensure the commitment of key stakeholders.
- **Defining clear operating guidelines, processes and procedures**, codified in a Community Operational Manual, helped each Village Organization succeed while enforcing transparency and accountability.
- **Capacity building is more effective** if it is done through learning by doing, exposure visits and experimentation.
- **Community micro-financing activities not only mobilized savings and credit but also set in motion a social process** for managing a rural financial institution that is run by the communities themselves.
- **Community control of funds leads to more cost-effective solutions**, resulting in at least a 40% reduction in investment costs.
- Regular, systematic, **intensive and skilful use of social accountability tools** by communities ensures effective implementation and good governance at the local level.
- Active **participation and leadership of women**

and youth ensures transparency, sustainability and better targeting. Youth Circles have been especially successful in ensuring ethnic integration and inclusion of ethnic minorities.

- The **holistic approach to development** demonstrated by this grant is yet another example of where **inclusive participation has led to successful project implementation and poverty reduction**.

Follow-on Projects

One of the greatest lessons to come out of the Village Self-Help Project was that a relatively small but skillfully targeted investment, which relies on broad partnerships and local autonomy, has the potential to expand and impact millions of lives. The initial JSDF funding was a quick response to a perceived need. Its focus on community-driven development unleashed the enthusiasm and drive of people who had become entrenched in poverty, but who still had the spirit to fight their way out of it, given sufficient resources and support.

The success of the VSHLI and the follow-on Gemidiriya projects have influenced the Sri Lankan Government's other poverty programs—"Gamaneguma" and "Samurdhi"—to adopt the CDD approach. Subsequently, the World Bank approved an Adaptable Program Loan (APL) for US\$181 million as part of a 12-year program (two IDA Credits totaling US\$116 million approved to date, with Government counterpart funding of US\$25 million). This longer-term commitment to reducing poverty will expand coverage to an additional 5,000 village communities for Community Development and Livelihood Improvement. With strong economic growth rates, a peace agreement, and the continued success of a large number of Gemi diriya villages, Sri Lanka is on track to achieving most of the Millennium Development Goals by 2015.



WEGAMA VILLAGE ORGANIZATION
Infrastructure Project:
Diyadulla Kandura Drinking
Water Project

Key Resources

See <http://www.itshed.net>

The **Japan Social Development Fund** -- JSDF Good Practice Notes seek to share achievements, knowledge and lessons learned from the implementation of JSDF projects over the past decade. The JSDF is a partnership between the Government of Japan and the World Bank to support innovative social programs that directly meet the needs of the poorest and most vulnerable groups in developing countries. JSDF projects meet four basic requirements: Innovative, introducing new approaches to development; Responsive to the needy, by directly meeting the needs of vulnerable, marginalized, and disadvantaged groups; Rapid response activities that deliver short-term results and benefits to targeted beneficiaries; and Community capacity building activities that empower local governments, NGOs, and disenfranchised groups, while promoting stakeholders participation and ownership.