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Empowering Communities: The Local Initiatives Support Program in Russia

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KEY MESSAGES

- Prosperity from economic growth is not shared evenly among Russia's population and regions. Local communities and rural territories face serious development challenges: including poor living conditions, infrastructure, and services and lack of citizens' participation in decision-making processes.
- The Russian Federation Local Initiatives Support Program (RF LISP) aims to address community challenges by introducing a participatory approach to the development and rehabilitation of local-level social infrastructure. Specifically, LISP channels funds from regional budgets to finance participatory projects in poorer local communities.
- For the period 2009–14, LISP has been implemented in six regions and has resulted in more than 1,200 projects with over 1 million beneficiaries.
- Key factors for LISP success are the following: (i) mainstreaming of LISP into the national administrative system and budget process, and (ii) providing the Bank's technical assistance at all stages of project implementation to share international experience in community-driven development (CDD) projects, and ensuring transparency and quality of LISP procedures.

Development Challenges for Russia's Rural Communities

In spite of recent economic growth in Russia, poverty, unemployment, and low-quality social services and infrastructure continue to be major challenges in rural areas, which contain over a quarter of the population and 42 percent of the poor.

Among Russia's rural residents:

- only 32 percent have centralized water supply systems,
- only 5 percent have sewerage, and
- over 28 percent have no access to hard-surfaced roads.¹

The predominant centralized approach to public resource management has been inefficient in addressing local issues. Most funds are collected at the higher levels and then channeled down to finance expensive infrastructure projects in big cities and rayon (district) centers, a "top-down" approach that does not adequately identify local budget priorities. As a result, big budget allocations fail to contribute to improving living conditions in small rural settlements, and also discourage trust between the population and local authorities. The over-centralized approach to local governance also has resulted in weak self-governance capacity at the level of settlement authorities and exclusion of local populations from the decision-making processes.

The LISP Response to Community Challenges

In 2009, Stavropol Krai was the first Russian region to launch the Local Initiatives Support Program (LISP) and sign a Reimbursable Advisory Services (RAS) agreement with the World Bank for technical assistance in LISP preparation and implementation. LISP has been designed as a community-driven development (CDD) project aimed to improve local social infrastructure on a participatory basis. LISP has been based on international best practices and aims to support development utilizing community resources and encouraging citizen involvement in resolving social and economic issues. It also has aimed to support regional governments in the design, capacity-

¹Federal State Statistics Service, Russian Statistical Yearbook – 2013 (Moscow: Federal State Statistics Service, 2014).

building, and monitoring of LISP to ensure greater involvement of the population in the decision-making process, and quality and transparency of LISP procedures.

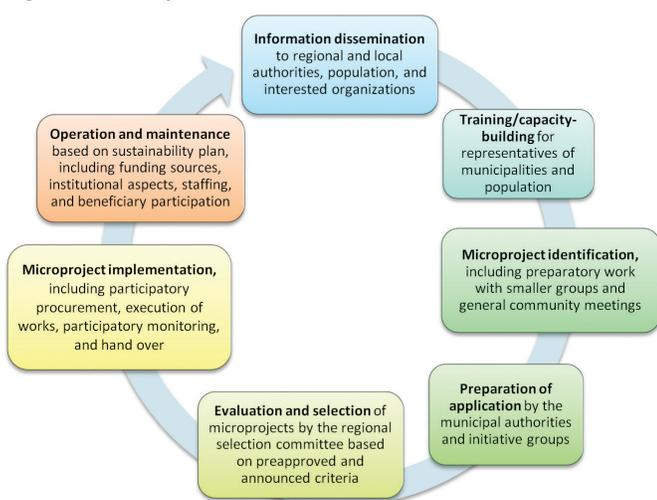
Currently, LISP is being implemented in six Russian regions: Stavropol and Khabarovsk Krai; Kirov, Tver, and Nizhegorodskaya Oblasts; and the Republic of Bashkortostan. Successful implementation in those regions has resulted in a huge and growing demand for LISP and corresponding Bank services in other regions of Russia. Since its launch in 2010, the biggest regional LISP program for Kirov Oblast has an annual budget of about US\$10 million, and already resulted in over 1,000 successfully completed projects.

LISP provides subsidies to settlements to finance subprojects – jointly prepared by citizens and municipal authorities – to develop local social and communal infrastructure². Project funds aim to:

- Improve local social services, including construction or renovation of community centers, and local cultural and sports facilities;
- Develop local-level social, communal, and economic infrastructure, including roads and bridges, water supply, gas distribution networks; and
- Promote the rehabilitation and/or development of natural resource and environmental protection, including sewage and waste treatment plants, soil-protecting measures, and garbage removal and disposal.

The subsidies are competitively granted based on the level of local population involvement and expected impact on beneficiaries. The set of criteria has been determined for each of the participating regions to capture their specific conditions and needs, level of local citizen participation, estimated social and economic impact, investment effectiveness, and micro-projects' sustainability.

Figure 1: LISP Lifecycle



The Russian Federation (RF) LISP mechanism and procedures, including the cycle of LISP project identification, preparation, and

implementation, are similar to those in other Social Investment Fund (SIF)/CDD-type projects (Figure 1). At the same time, Russia's LISP has an important distinctive feature by having regional LISPs completely built into the state administrative and budgetary system and operating under legislation and regulations of the Russian Federation. The regional grants have been transferred from regional to municipal budgets; financial resources from all other sources, including community and local business co-financing, are also registered on the budget accounts of the municipalities, which are responsible for contract procurement according to Russia's legislation.

LISP Key Outputs

LISP has proven to be successful in addressing key community development challenges by directly improving social infrastructure, engaging the population in decision-making processes, and building trust within the community, as well as between communities and local authorities.

Improving Local Infrastructure. In Russia, over 1,200 projects have been delivered by RF LISP to date (Table 1). Projects including the rehabilitation of roads, water supply systems, and cultural centers are the most popular.

Project typology varies by region, revealing its specific needs and priorities. In Stavropol Krai, with large settlements, the population gives priority to community centers. Many of the centers built in Soviet times have not been renovated for many years and are currently completely degraded. In the poorest region, Kirov Oblast, rural roads and water supply systems are considered priority issues. In the better-off regions, there is no specific outstanding problem, thus the distribution of projects by type is more even.

Table 1: Number of Implemented Subprojects up to 2013, by Typology and Region

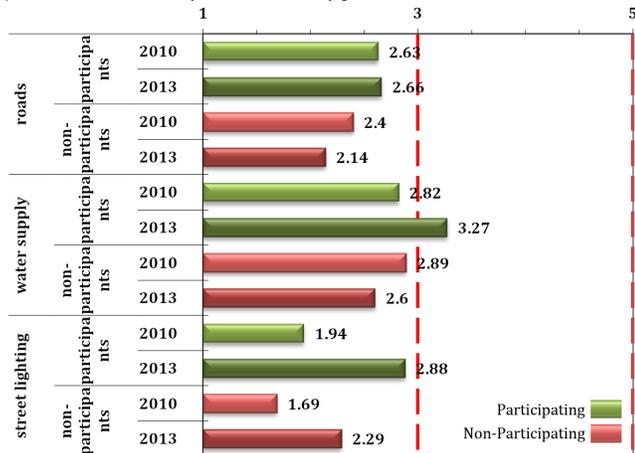
Type of sub-projects	Stavropol Krai	Kirov Oblast	Nizhegorodskaya Oblast (pilot)	Tver Oblast (pilot)
Water supply	16	259	3	15
Roads	24	317	7	6
Community centers	110	52	2	15
Sport facilities	18	48	1	5
Settlements improvement	21	93	2	1
Playgrounds	20	-	3	4
Pavement	10	-	2	-
Street lightening	2	47	-	1
Other types	21	104	12	6
Total	242	920	32	53

² The upper limit for these regional subsidies vary from roughly US\$17,000 to \$100,000, depending on the region, year of implementation, and specific design of the project; on average, the cost is about US\$50,000–\$60,000.

Improved infrastructure directly resulted in the population's increased satisfaction with the quality of the social services. For instance, in Kirov Oblast in 2013, the population's satisfaction level with roads, street lighting, and water supply services in LISP-participating territories was significantly higher than in nonparticipating areas.³

Figure 2: Population's Level of Satisfaction with the Quality of Local Social Services

(5-point scale, where 1 = "very bad" and 5 = "very good")



Source: Kirov Oblast LISP Sociological Survey, 2010-13.

Engaging Citizens. Up to 18 percent of the adult population in participating settlements has been directly involved in LISP decision-making processes through community hearings. Even more people have participated in other joint activities, including neighborhood and other smaller group meetings, public opinion surveys, and mandatory community meetings – which, in some cases, have attracted up to 70 percent of the adult population. Moreover, more than 4,000 people have been involved in the work of community initiative groups, which, in cooperation with the municipal authorities, helped to prepare project applications, mobilize beneficiaries and safeguarding the local contribution, monitor project implementation, and organize activities aimed at project sustainability.

The practical involvement of the population has resulted in a change in the people's attitude toward participatory decision-making. For example, in Kirov Oblast, the share of people in LISP-participating communities who see meetings as a mere formality significantly declined during the period of LISP implementation from 54 percent in 2010 to 25 percent in 2013 (Source: Kirov Oblast LISP Sociological Survey, 2010-13.).

Growing Trust. An important indicator of trust is the level of local co-financing of program activities.

The average beneficiary in-cash contribution in Kirov, Tver, and Nizhegorodskaya Oblasts is about 10-12 percent of project cost. In some cases, beneficiaries contribute up to 50 percent of the project cost. The share of other contributions is also high; the average share of the municipal budget in project cost varies from 10 to 30 percent, and the average co-financing from other sources varies from 4 to 7 percent. On whole, the average local co-financing share amounts from 16 to 44 percent (Table 2).

Overall, the majority of the population is highly appreciative

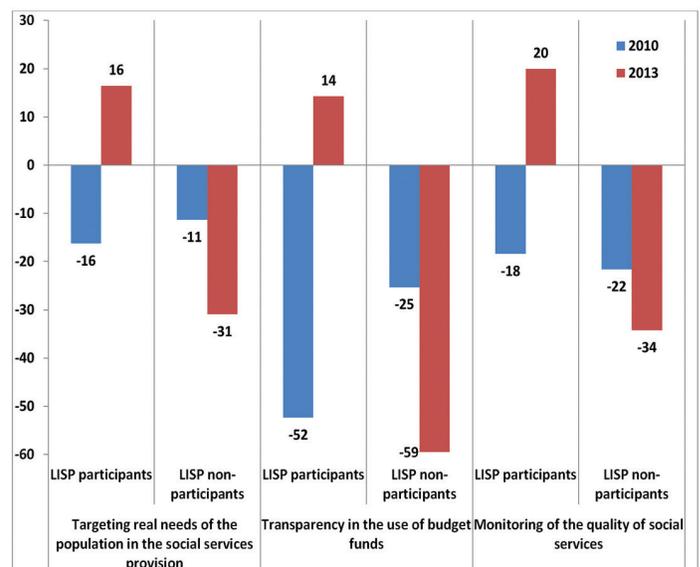
of LISP activities with 89 percent saying the program should be continued (Source: Kirov Oblast LISP Sociological Survey, 2010-13.).

Table 2: Share of LISP Subproject Co-financing by Region

Financing Source	Stavropol Krai	Kirov Oblast	Tver Oblast	Nizhegorodskaya Oblast
Regional budget	84.5%	71%	56%	63%
Local co-financing, including	15.5%	29%	44%	37%
• population contribution	1.7%	10%	6%	13%
• municipal budget	9.8%	12%	30%	19%
• legal entities	4%	7%	3%	5%
• deputies of representative bodies	-	-	4%	-
Total, %	100%	100%	100%	100%

Residents of LISP implementing regions have particularly appreciated the project to solve the most critical social needs of the population, improve the transparency of budget funds, and monitor the quality of social services (Figure 3).

Figure 3: Population's Level of Satisfaction with Self-Governance (balance of positive and negative assessments)



Source: Kirov Oblast LISP Sociological Survey, 2010-13.

In Kirov Oblast, the vast majority of the population believes that the problems solved under LISP are "important" or "very important" with 55 percent stating "very important" and 35 percent stating "important" in the 2013 survey (Source: Kirov Oblast LISP Sociological Survey.).

³The impact of LISP was assessed in Kirov Oblast through a LISP impact assessment study carried out in accordance with the Kirov LISP RAS agreement. The Bank team worked out the design and contracted an independent private company to implement the study, which was carried out in 2010 (basic survey) and 2013 (follow-up survey).

Moreover, most people believed that community meetings helped to identify and address their real needs and an overwhelming majority of the population have regularly utilized LISP project deliverables.

Overall, in Kirov Oblast, the results of the survey have shown that LISP projects have clearly had a positive impact on many key aspects of local communities' well-being.

Key Factors of Success/Lessons Learned

Key factors in LISP success are the following: (i) mainstreaming of LISP into the national administrative system and budget process, and (ii) technical assistance by the Bank at all stages of LISP project cycle.

Compared to other World Bank Social Investment Fund (SIF)/CDD-type projects, Russia's LISP has an important distinctive features. As previously mentioned, the regional LISPs are embedded into the state and budgetary systems. These systems in turn feed into and operate under legislation and regulations of the Russian Federation. This mainstreaming of regional grants affords municipal budgets to use a wide range of financial resources-including community and local business co-financing-easy access and control of contract procurement.

The Bank's ongoing technical assistance to the local stakeholders and monitoring at all stages of project implementation are additional factors in LISP success. In addition to the team's regular monitoring visits to the regions, the Bank's local consultants visit all the participating communities and report back to the Bank and the regional governments at each important stage of project implementation.

The success of the project has been ensured and enhanced by public awareness activities that are built into the project design. LISP as a program and its community programs are completely transparent, which is of tremendous importance from the local stakeholders' perspective.

Another important factor of LISP success is that the Bank has supported a process of permanent knowledge sharing between the participating regions. This involves the organization and delivery of annual regional LISP conferences, seminars, and training, with the participation of representatives of both implementing and interested regions of the RF; and the dissemination of LISP lessons and results on the federal level and in the interested regions (for example, through various analytical notes and papers, brochures, etc.). The best practices and lessons learned from the projects already implemented are widely used and incorporated into the project designs of the newcomer LISP regions.

All the above-mentioned factors have ensured both the increased number of LISP regions and communities that have been involved in each of the participating regions.

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