

*DRAFT Notes to the CDCF Advisory Committee on the Review, Monitoring and Verification of
Community Benefits*

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The Community Development Carbon Fund (CDCF) supports small-scale renewable energy, energy efficiency, and solid waste to energy conversion projects. Its unique feature is that these projects also provide significant and measurable development benefits to communities living in the immediate project vicinity or with a historical, cultural or economic affiliation to the project.

These benefits may arise from the project itself such as village or neighborhood electrification, improved air quality or increased employment and income. They may include basic social services such as schools or health centers, or basic infrastructure such as water, irrigation, local roads or markets. In these cases, it is envisaged that project implementers or other contracted entities such as NGOs, will work with communities to identify priority needs and organize and implement small-scale projects that address these needs.

As such, the CDCF represents a pioneer effort that focuses on small-scale projects at the local level in the least developed countries and poor communities of developing countries, through the Clean Development Mechanism (CDM) of the Kyoto Protocol, the 1997 agreement to limit man-made climate altering greenhouse gas emissions.

i. Project Proposal Review Process

The World Bank Carbon Finance team has prepared procedures by which CDCF project proposals are assessed to determine that proposed community benefits are appropriate, feasible, and verifiable. The first step is for project developers to provide basic information in the original project document known as the Project Idea Note (PIN). This includes details about the economic, environmental, and social benefits the project will bring to the communities affected by the project. From this information, a determination is made by a review committee of Bank staff as to whether the proposal meets CDCF criteria, including the provision of community benefits. If this is not clear from the PIN, additional information is requested.

Once the PIN is approved, the project developers are requested to provide more detailed project information in the form of a Project Concept Note (PCN), including further details about the community benefits component of the project. For this purpose, a Community Benefits Questionnaire consisting of 10 questions (see copy attached) is provided. The questionnaire is meant to elicit basic information about the community benefits, whether direct or indirect, that will arise from the project, how these benefits will be provided, measured, and maintained, how the community will participate in the project, and how much this component of the project will cost.

Once the PCN and benefits questionnaire are submitted, the information will be assessed by the Bank review committee to determine whether all aspects of the project, including the community benefits component, are fully explained and feasible. To date, no projects have reached this stage so it yet to be established as to how this final assessment will be made. However, it is clear

that project developers must demonstrate as a minimum that the benefits proposed can be achieved with the resources available to the project from all sources, that communities themselves have a say in selecting the benefits to be provided, that they will participate in implementing and maintaining the benefits, and that the project activities will not create other economic, environmental or social problems within the affected communities. This assessment will also be part of the “due diligence” review done by the Bank prior to approval of all projects.

At present, a Senior Social Development Specialist from the Community Driven Development (CDD) anchor of the Bank is working with the CDCF team to develop, test, and finalize review tools and procedures that will help define and assess proposed community benefits as part of the overall CDCF project review process. It is proposed that these tools and procedures will be tested and verified via direct on-site contact with at least three CDCF projects of different types and in different settings. Based on this experience, revisions will be proposed as necessary for review and final approval by the CDCF team. It is expected that the project development process will allow for this to occur within the next six to 12 months. It is also expected that the CDCF Advisory Group will participate in these initial and subsequent visits to assess procedures related to the review and monitoring of community benefits

It is clear that the different types of benefits proposed will involve different requirements, both in terms of review procedures and criteria, and in terms of organization and inputs at the community level. In each case, however, it is desirable that all stages in the project cycle be conducted in partnership with a representative community organization or local government entity. That means the initial project proposal should indicate the community counterpart with which the project will be planned and implemented. It should also make clear what role this entity will play in the post-project phase. In the absence of such a counterpart, and given the time constraints involved, it may be necessary for a local NGO or other civil society organization to serve as an intermediary between the community and project developers. In such cases, it will be very important to ensure this intermediary is sufficiently experienced and trusted by the local people to be effective. Cost will also be a factor as payment for services to this organization will reduce the funding available for community benefits.

In the case of community benefits such as electrification, it will be necessary to identify whether this will involve providing electricity to community facilities and infrastructure such as schools, health centers and water supplies, to individual households, or both. In each case, it will be important to indicate the installation and connection costs, the recurrent costs, and how these costs will be met. Responsibility for maintenance should also be clarified to ensure the service can be fully utilized at the household and/or community level in a sustainable manner.

For all projects it will be vital, through community dialogue and consensus building, to ensure that individuals, community leaders, and local government officials agree on the benefits to be provided and, more importantly, on the counterpart contributions required both for initial and recurrent costs. This agreement should be expressed in a written agreement that clearly describes the roles and responsibilities of all parties. To the extent possible, it will always be preferable that benefits provided via CDCF projects be combined with other development initiatives that may be underway or planned in the community as this will help ensure integration and contribute to sustainability.

Where providing community benefits will involve working with a counterpart organization, it is important that project developers indicate early on who the community counterpart will be. The review process should also carefully consider how capable, how representative, and how trusted this organization is. This is important as the project proposal should indicate as early as possible what specific benefits will be provided. To do this, it will be necessary to engage the community in a dialogue that includes all stakeholders and gives all elements of the community the opportunity to express their priorities and to reach agreement on what should be done in a consensual manner. For this purpose and to liaise with the community throughout the project cycle, the project developer may wish to engage an NGO or facilitators who possess the necessary skills in such techniques as rapid appraisal, participatory monitoring, and capacity building.

It will also be important to ensure effective communications with the community during the start-up and implementation phases of the project, including with local leaders and government officials. The issues related to recurrent costs should also be agreed upon early on to ensure the benefits can be sustained. These elements should be included in a detailed project plan that clearly identifies the implementing partners, the roles and responsibilities of each, what each will contribute, and the steps involved to implement the project. This plan should be presented to the Bank CDCF review committee prior to starting the project. It should also include baseline information pertinent to the benefits to be provided, and several measurable indicators that will enable effective monitoring and verification of the benefits.

ii. Implementation, Monitoring & Verification of Community Benefits

Following the project start-up phase, the focus will shift to project implementation and monitoring in order to ensure the plan for community benefits is followed and to verify the proposed benefits are realized. To this end, the Social Development Specialist will work with the CDCF team, the CDCF Advisory Group, and the research community in the Bank and externally to establish a framework and methodologies to assess and verify the community benefits resulting from CDCF projects. This framework may also consider the contribution these results make to larger development outcomes in specific communities and/or areas. This will be done to enable the Bank and its advisors to understand the contribution CDCF (and possibly other carbon funds with certified community benefits) make to sustainable development at the local level.

This work will occur in collaboration with qualified NGOs and development consultancies, and with other interested partners such as DFID and IDRC. Such a framework and methodology will be prepared and tested with at least two CDCF projects with visits from members of the CDCF review team and Advisory Group. This will include conducting simple baseline studies and preparing a performance monitoring plan (with performance indicators, time-specific targets, means of verification, etc.) to provide the basis for verification and certification of the proposed community benefits. These monitoring plans will also indicate how information will be gathered and utilized, with community involvement to the extent possible. This initial work will contribute to the preparation of the tools and methods to be used to measure direct and indirect community benefits across the spectrum of CDCF projects.

SUMMARY OF CDCF BENEFITS REVIEW & MONITORING PROCESS

i. Proposal Review Process

Steps:

1. PIN submitted to World Bank CDCF by Project Developer / Sponsor.
2. PIN reviewed by CDCF Review Committee
3. More detailed PCN (with Benefits Questionnaire) submitted by Project Developer / Sponsor.
4. PCN reviewed by CDCF Review Committee

Results:

1. Determination of the nature and extent of development benefits the project will provide.
2. Identification of Stakeholders and Implementing Agent
3. Project Clearance into CDCF Pipeline.

ii. Project Appraisal, Contracting and Implementation

Steps:

1. Preparation of Community Benefits Plan (including benefits implementation plan & budget, baseline data, and monitoring and reporting plan).
2. Appraisal & Approval of Plan
3. Negotiation of Contracts to Supply Community Benefits (part of ERPA)
4. Initial Verification of Implementation and Monitoring arrangements at Commissioning
5. Project Monitoring and Reports.

Results:

1. Key Stakeholders Identified
2. Roles & Responsibilities Defined
3. Implementation Plan Approved
4. Project Commissioned
5. Project Monitoring Conducted
6. Benefits Achieved & Reported

Community Development Carbon Fund (CDCF)

Questions to Assess Community Benefits Arising from CDCF Projects

30 September, 2003

1. *Please identify and describe the communities that will benefit from this project, giving details about their location, population, social composition, economic activities, and major problems.*
2. Please list and describe the specific community benefits that will result from this project.
3. Please describe how these communities will be involved in planning, implementing, and managing these benefits.
4. Please describe any underprivileged or minority groups in the community and indicate how they will participate in and benefit from the project.
5. Please list government and/or other organizations and institutions (local, regional, national) that will participate in and contribute to the project and describe their role in providing the community benefits.
6. Please describe how the community benefits could be measured and verified.
7. Please describe how the community benefits will be maintained and sustained after the project is completed. Who will be responsible for this?
8. Please describe any negative environmental, social or economic consequences that could arise from the community benefits component of the project and indicate how these will be addressed and managed.
9. Please describe how you intend to ensure effective communications and positive relations with the community, government and other partners during implementation of the project.
10. Please provide a summary budget for the community benefits component of the project.