Community-Led Procurement

Carmen Malena and Guy Holloway
CIVICUS

Tool summary

The procurement of equipment and materials such as, for e.g., construction materials and school books by government agencies for provision of public infrastructure and services and the process of contracting out these works are often plagued by graft, corruption, mismanagement and inefficiency leading to poor quality public works and services and wastage of precious public resources. In this backdrop, Community-led procurement (CLP) enables local communities to implement and control the procurement process through their own organizations often resulting in more openness and accountability, reduced corruption and wastage, better value for money, increased use of local workers/contractors and better quality works/services. CLP also helps citizens to be better informed about available public resources and projects and to manage their development in accordance with their own vision.

What is it?

Top-down government procurement strategies have historically been plagued by inefficiency and waste. The lack of knowledge at the local level of the costs, the processes and actors involved, and the slow but often cumbersome systems for transfers of government finances, not only hinder the procurement process but also render it obscure. Lack of transparency and accountability makes the procurement processes susceptible to the abuse of funds and corruption. In some cases the government stipulates national level ‘accredited’ service delivery organisations which often result in the use of technologies that are inappropriate to local conditions and inefficient expenditure patterns. It is against this backdrop that Community-led Procurement (CLP) has gained momentum as a participatory tool to foster greater accountability and transparency in the procurement process.

Community-led Procurement (CLP) is commonly understood as the development of systems to manage programme or project funds from local government and/or donors and using them in ways that are determined by the community in order to acquire products, contractors and services, generally through locally elected community organisations. Through the development of CLP proposals, forums are constituted to enable community organizations to interact with the local government and the private sector, participate in the procurement process and/or ultimately to regulate the process itself. Such initiatives develop local technical capacity to deal with budgets, private contractors, legal structures and legal rights. These also support the creation of a transparent and accountable
procurement system understandable to members of local communities who are the potential beneficiaries of the programme or project. CLP programmes are developed in order to build pragmatic partnerships between citizens, local governments, and the private sector.

**How is it done?**

Key steps in implementing CLP are:

1. **Prepare and initiate the process**
   - Identify government/donor funds available for community purposes.
   - Investigate governmental and/or donors’ procedural guidelines for procurement of goods and services. Work with local government officials who might be able to offer support or guidance on procedures.
   - Determine which communities will be involved.
   - Consult the local community about prioritized needs such as for e.g. water and sanitation, health, education, roads, etc. and the proposed projects/investments.
   - Assess the economic and organisational capacity of the local community to determine the type of local materials, products, resources and expertise that could potentially be used for the project.
   - Support the establishment of a Community Procurement Committee, possibly through a local election while ensuring representation of all social groups and particularly the more marginalized groups such as women, youth and the poor. The community organization must be created as a legal entity with the authority to conduct business on behalf of the community.
   - Support the drafting of a CLP proposal by the community organisation/committee based upon the criteria specified by the agencies involved such as the local or national government, banks, and donors.

2. **Build capacity and structures**
   - Assess the technical and financial knowledge and the capacity of the Community Procurement Committee.
   - Organize the necessary training and provide technical assistance for the Committee members on relevant financial regulations, procurement guidelines, contract laws, implementation standards, etc.
   - Establish structures for the community to receive funding from government or donor sources, and methods for transferring money to contractors or others for purchasing materials, equipments and services. Since it may
not be possible to use banking systems in geographically remote/isolated areas, appropriate alternatives for such areas must be found.

- Hold meetings with the contractors and the government about the possible mechanisms for transfer of funds and their operation. Note that money does not necessarily have to be transferred to the account of the community organisation. The crucial aspect is that the community is able to exercise full control over the procurement process.

3. **Procurement of goods and services**

- Support the Committee in designing procedures and guidelines for the procurement of materials and services and community monitoring of project implementation. Ensure mechanisms for transparency and community oversight of the committee are in place.
- Establish clear policies for competitive and open bidding by suppliers and contractors. Whenever possible, promote the use of local suppliers, contractors and local labour whenever possible.
- Prepare draft contracts that clearly define standards for products and services and assign precise responsibilities and tasks of those providing them. The contracts must be legally binding so that they can be used to hold contractors or suppliers accountable. The contracts may also specify clauses for warranties and penalties.
- Develop proper monitoring, evaluation and auditing procedures to enable reporting to the community and donors. There should be a consultative process with the community to decide on the type of indicators that signify completion of a given public work in adherence to acceptable standards. Implementation should be monitored on an ongoing basis to ensure that it complies with the time schedule and adheres to quality standards.
- Ensure that regular maintenance requirements are also addressed which may be procured externally or provided by community members.

**Benefits**

- Promotes community dialogue and consensus building through information-gathering and collective financial management.
- Strengthens citizen voice and community empowerment.
- Educates the community on available budgets and establishes realistic expectations about budgetary expenditures.
- Builds the technical capacity of both local communities and local government officials in procurement practices.
- Results in greater transparency and accountability in procurement practices.
- If successfully implemented, helps to curb corruption and waste, save money and generate local employment and asset creation.

**Challenges and lessons**

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

☞ This report documents and critically assesses the community-led participatory approach to slum upgrading taken by Pamoja Trust, a non-governmental organization founded in Kenya to promote access to land, shelter and services for urban poor communities.

☞ This handbook focuses on the design of programs providing direct financing to communities. It describes one particular set of arrangements - those where the responsibilities for managing financial resources, and contracting service providers, is vested in community organizations, or committees.

De Silva, S. Community-Based Contracting: A Review of Stakeholder Experience World Bank (2000)
☞ In an effort to identify strengths and weaknesses of community contracting, this paper reviews the findings of a series of consultations with World Bank task teams, project and social fund staff, community representatives, local government officials, service providers like suppliers, NGOs, etc., and contractors who work on community-managed projects and gives a synthesis of lessons learned, good practice procedures, constraints and possible solutions.

This ILO publication recognizes the need for a comprehensive approach to building capacity at local level for the planning, works implementation and supervision, as well as maintenance of the created assets and provides inputs on key organizational issues to be addressed in this regard.


This Manual is meant for community based organizations involved in procurement processes and provides comprehensive guidelines for administering financial procedures related community-led procurement


This thought provoking paper argues the case for community based development strategies for natural resource management, basic infrastructure provision and primary social services along with design inputs and case studies.


The recommendations made in this paper are based on an analysis of a sample of procurement audits/ex-post reviews of social funds worldwide and are useful for improving the procurement process. The document also provides a description of World Bank’s instruments in the procurement area.


This is a reference guide containing experiences, lessons learned and practical suggestions to facilitate the increased use of community driven development in Bank-financed projects.
Case studies

Community Development Fund, Ethiopia

Ethiopia’s Community Development Fund (CDF) was created with the support from the private sector, which made credit available to communities to undertake their own water projects. The project organised communities into legal committees which were able to manage funds and procurement processes for the implementation of water projects. CLP was instrumental in reducing the construction time by half while substantially increasing the community participation and ownership. The development of technical skills, including financial management on the part of community members helped to establish the foundation for greater civic involvement in local budgeting and community work. For more information visit http://www.irc.nl/page/31406 and click on CDF Achievements and Disbursement Process.doc.

PROSANEAR - People, Poverty and Pipes: Community participation in water and sanitation for the urban poor in Brazil, World Bank

The Brazilian government and the World Bank collaborated to rejuvenate the water and sanitation in shanty towns. The project consulted a large number of local communities and incorporated their ideas and suggestions into the planning, managing and financing of the project. The local community decided upon quality standards and sourced much of the labour from the local community. In addition, the communities also financed a portion of the project and set up committees to oversee the implementation and maintenance of the project. For more information, visit http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/07/26/000012009_20050726125626/Rendered/PDF/331090rev0working1prosanear.pdf

The Community-led Infrastructure Finance Facility (CLIFF) in Mumbai, India

Supported by DFID and other donors and administered by Homeless International, the Community Led Infrastructure Finance Facility (CLIFF) is distinctly different from municipal Development Fund mechanisms. It provides venture capital and other financial products directly to organizations of the urban poor, rather than to government, to support community-led slum upgrading schemes conceived in partnership with city authorities. CLIFF can only therefore work where poor communities have built the capacity to manage slum-upgrading initiatives. CLIFF uses finance as a tool to bring poor communities (and the organizations which support them) right into the heart of urban development
planning and action. The Milan Nagar scheme in Mumbai received CLIFF support because it was the first community-led development to test how Mumbai’s slum upgrading policies could provide affordable housing solutions for pavement dwellers in practice.

For more information visit:
http://www.dfid.gov.uk/Working-with-DFID/Funding-Schemes/Funding-for-specific-countries-or-regions/CLIFF/