

# **Community Response to the Counterpart Funding Policy in Poverty Reduction Projects In Ghana**

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## **Abstract**

The demand for the payment of counterpart funding towards the cost of implementing poverty reduction projects has been identified as a means of ensuring participatory and sustainable development. The application of this policy for the implementation of especially poverty reduction projects has received mixed reactions. This paper seeks to investigate the rationality for poor communities to pay counterpart funding towards the cost of implementing poverty reduction projects in their communities and the sustainability of such project. Using the case of poverty reduction projects in the Mfantseman district in Ghana it was established that poor communities could contribute towards the implementation of poverty reduction projects through proper project planning and phasing. When communities are enabled to meet their obligations within the counterpart funding policy, sustainability through community participation in the maintenance of facilities can be guaranteed. In view of this revelation it is recommended that Communities must be helped to prepare and implement operation and maintenance plans to ensure that the high sense of ownership demonstrated through the payment of counterpart funding could be translated into projects sustainability.

**Key Words:** Community Participation, Counterpart Funding, Development Partners, Sustainability

## **Introduction**

### **Background to the Problem**

In recent years, the World Bank and other development partners have increased their focus on community participation and are supporting initiatives that would increase access of the poor to basic social and economic infrastructure and services, and empower communities through participation in the selection, implementation, and operation and maintenance of development projects. One of the vehicles for promoting community participation and improving access of the

poor to basic social and economic infrastructure and services is the counterpart funding policy which has been fashioned out recently.

The counterpart funding policy which operates through the concept of cost sharing with the view to promote ownership and ensure sustainability of development projects. It is based on the sustainable livelihood approach to poverty reduction attributed to Chambers and Conway (1992), which is grounded on the premise that the poor do not just have needs, but they have assets and as a result the objectives of poverty reduction should be to strengthen the ability of the poor to pursue their own livelihood strategies and be active agents for changing their own lives.

Many studies give credence to the need for community participation in development interventions. According to Narayan et al (2000), the poor, among others, want community-driven development programs so that they could shape their own destinies, end corruption and ensure accountability.

Parker and Serrano (2000) in a study on counterpart funding policy in Bolivia, Honduras, Peru, Zimbabwe, Cambodia, Malawi and Zambia pointed out that rural communities were willing to contribute to the financing of projects as long as they could see the need for the project and were kept informed about the terms and applications of their financial contribution. Although the minimum level of contribution requested by donor agencies vary across countries (from 10 percent in Peru to 25 percent in Zambia), it was not uncommon for communities to contribute more than the minimum.

A similar study by Sara and Katz (1997) on water supply of 1875 households in communities in six countries namely, Benin, Bolivia, Honduras, Indonesia, Pakistan and Uganda, revealed that water system sustainability was significantly higher when communities controlled key investment decisions and paid part of the investment cost. The study also revealed that demands were best articulated when communities contributed to investment cost and controlled investment choices.

The use of the counterpart funding policy in poverty reduction projects is therefore a means of ensuring ownership and sustainability of development interventions through the inculcation of the culture of cost sharing as a form of community participation.

### **Problem Statement**

The concept of community participation in development has been fashioned out in line with available evidence to ensure that poverty reduction interventions are more sustainable and meaningful to the needs of beneficiaries. The essence of community participation in development is to get the populace involved in taking decisions that affect their well being. It seeks to give

communities the responsibility to manage their own affairs especially with regard to planning, implementation, monitoring and evaluation of development projects and programs. Community participation has therefore been viewed as a means of improving the quality of life of the people on a sustainable basis.

Associated with community participation is the issue of counterpart funding, which is currently being used in a number of poverty reduction projects and programs in Ghana. As a policy, communities are required to pay counterpart funding towards the cost of development projects in their communities. The counterpart funding, which could be in the form of cash, service fees, supply of materials and communal labor towards the implementation of development projects, is to promote ownership and ensure sustainability of projects.

It has been argued that the counterpart funding policy in poverty reduction projects has been a bane and a blessing. This is because on one hand, it has helped to improve access to social services and reduced poverty in some communities, whilst on the other hand, it has worsened the poverty situation in some poor communities in terms of access to basic social services like potable water, health and educational facilities due to their inability to pay the counterpart funds required for such projects.

Moreover some of the projects implemented under the counterpart funding policy appear unsustainable and are hardly maintained. In some cases, the communities still look up to outside agencies and individuals for the maintenance of such facilities.

In view of these revelations, this study sought to find answers to the following fundamental questions:

- Is the payment of counterpart funding alone enough to promote ownership and sustainability of poverty reduction projects?
- Are the poor capable and willing to pay counterpart funding towards poverty reduction projects?

### **Research Objectives**

In order to respond to the research questions stated above the study sought to examine the response of communities to the counterpart funding policy in poverty reduction projects in Ghana. The specific objectives of the study included the following.

- To examine the responses of communities towards the payment of counterpart funds;
- To find out whether the payment of counterpart funding promotes ownership and ensures project sustainability;

- To analyze the constraints associated with the payment of counterpart funds in poverty reduction projects; and,
- To make policy recommendations on the payment of counterpart funds in poverty reduction projects.

### **Scope and Methodology**

A substantial part of the data for this paper was collected by the second author in the early part of 2005 in partial fulfillment for the award of a Master of Science degree in planning. It focused on poverty reduction projects implemented through three poverty reduction interventions that use the counterpart funding approach, namely Plan Ghana (PLAN), European Union Micro projects Program, and the Social Investment Fund (SIF). The Mfantseman district was selected for the study because it is one of the recipients of the products of the three poverty reduction interventions. The district is also one of the poorest in the central region.

Using the Mfantseman district as a case study, purposive sampling and simple random sampling techniques were used in the selection of respondents from four target groups namely the District Assembly, the Development partners, the beneficiary communities of the projects identified, the Projects Management Committees that supervised the implementation of these projects for the collection of primary data. In all 20 percent of the sampling frame was covered by the survey. The data was collected through formal interviews and focus group discussions. Additional information on the selection of the sample is given in appendix 1. Simple descriptive statistical tools such as percentages and absolute figures were used in the analysis of the quantitative primary data collected.

### **Discussion of Major Findings and Recommendations**

The findings of the study are analyzed under four main themes in line with main objectives of the study. These include the essence of the counterpart funding policy, community response to the policy, ownership and sustainability, and constraints of the policy.

#### **The Essence of the Counterpart Funding Policy**

The study established a consistency with regard to the rationale for the counterpart funding policy. All the three institutions studied indicated that the communities were asked to contribute towards the cost of projects in order to promote a sense of ownership of the projects, and to help the communities to nurture a maintenance culture that would ensure the sustainability of the projects. The institutions viewed the communities as partners in development and as partners there was the need for them to contribute their quota to their own development. They indicated that communities, whether rich or poor, were endowed with human and material resources which they

could tap to meet their share of projects cost. They contended that when poor communities use their own resources to supplement the assistance from development partners, their egos are boosted and these promote ownership and management of the projects. This was in line with the sustainable livelihood approach to poverty reduction (Chambers and Conway 1992; Moser 1998; Bebbington, 1999; Osmani, 2003). This brings to the fore the importance the new thinking in development theory and practice that poor communities were not mere recipients of handouts but rather active participants of their own development.

According to the organizations studied, the poor could undertake a number of activities to meet their share of project cost. They could provide land, security and shelter for project materials and also manage the implementation of projects. The poor could also provide local materials like sand, stones/gravels, water and use their labor to undertake specific project activities. The development partners observed that when communities participate in development intervention through the payment of counterpart funds, they see the project as their own i.e. a fruit of their labor. This gives them a sense of ownership and ensures the sustainability of projects.

### **Community Response to the Policy**

Generally, the communities indicated their willingness to contribute towards the cost of implementation of projects. The enthusiasm with which the communities tackled the projects was very high. According to the communities, they willingly participated in the implementation of the projects because they needed the projects for the development of their communities, although their participation was a requirement by the development partners. This epitomizes the importance of community participation in decision making on projects that affect people's lives. It also confirms the established view of Parker and Serrano (2000) that rural communities were willing to contribute to the financing of projects as long as they saw the need for the projects and were kept informed about the terms and applications of their financial contributions. There is therefore the need to sensitize communities on the need for any project and to constantly inform and update them about their contributions and how their contributions are applied in order guarantee their participation in the implementation and maintenance of projects. For this to be effective, the participation of the communities in project decision-making should not be limited to project identification. Communities should be actively involved in the design of projects especially in the determination of projects implementation periods.

The communities paid their share of projects cost through the provision of sand, stones/gravels and water and communal labor for project activities like block molding, foundation trench excavation, concrete works and other activities that demanded the use of unskilled labor. None of the communities paid cash directly to defray part of their project cost. However, in some cases

the communities made cash contributions to purchase sand and/or stones for the implementation of the projects.

The communities also provided land for the implementation of the projects. However, whilst the EU Micro projects Program and PLAN Ghana placed monetary value on the land provided by the communities, the SIF did not value land as a contribution from the communities. Since land is a valuable property there was the need for a policy shift to value the land provided by communities to augment the contributions of the communities. The project cost could be calculated to include the cost of land.

In nine of the eighteen projects studied, (that is 50 percent), the communities paid their 10 percent counterpart funding in full. Some communities even contributed more than what was required under the counterpart funding policy. The revelation that in 50 percent of the projects the communities contributed all or more than the minimum gives credence to the view established earlier that rural communities were willing to contribute towards the cost of projects, even beyond the minimum, as long as they realized the need for the projects and were kept informed about the terms and conditions of their contributions (Parker and Serrano, 2000). This implies that for communities to contribute effectively in project implementation, the projects must be their felt need and there should be effective community sensitization. It must be noted however that the duration of projects had implication for output of communities in terms of material contributions

For the remaining 50% of the projects the communities were not able to pay their 10 percent counterpart funds in full (refer to table 1). Most of the communities that implemented projects which were awarded on contract (i.e. SIF projects) or quasi contract (i.e. EU projects) were not able to pay their counterpart funds in full. The average community contribution as a percentage of total project cost was 8.7 percent. This was mainly because the project durations were too short and inflexible because they were time bound.

In most of these cases the Mfantseman District Assembly had to support the communities to pay their counterpart funds. The Assembly made upfront payment of 50 percent of the required 10 percent community contribution for communities that implemented SIF projects. It also paid 3 to 5 percent of the contributions that the communities under the EU Micro projects Program support were required to pay. According to the Assembly, the counterpart funds that the communities were required to pay were high and as a result they found it increasingly difficult to pay the required amount within the stipulated time, especially when the duration of projects was short. It was established through consultations with the development partners that it is not only the Mfantseman District Assembly that paid counterpart funding for communities and that the practice

was actually widespread in the country. This calls for a second look at the policy. If the essence of the policy is to promote community ownership and sustainability of projects, and the District Assembly pays substantial amount on behalf of communities, will this not defeat the essence of the policy? If more communities were not able to pay in full their share of the project cost in full thus leading to the District Assemblies paying up to 50 percent of their part of the counterpart funds, then there is the need for a downward review of the percentage of project cost that the communities are required to pay as counterpart funds.

### **Ownership and Sustainability of Projects**

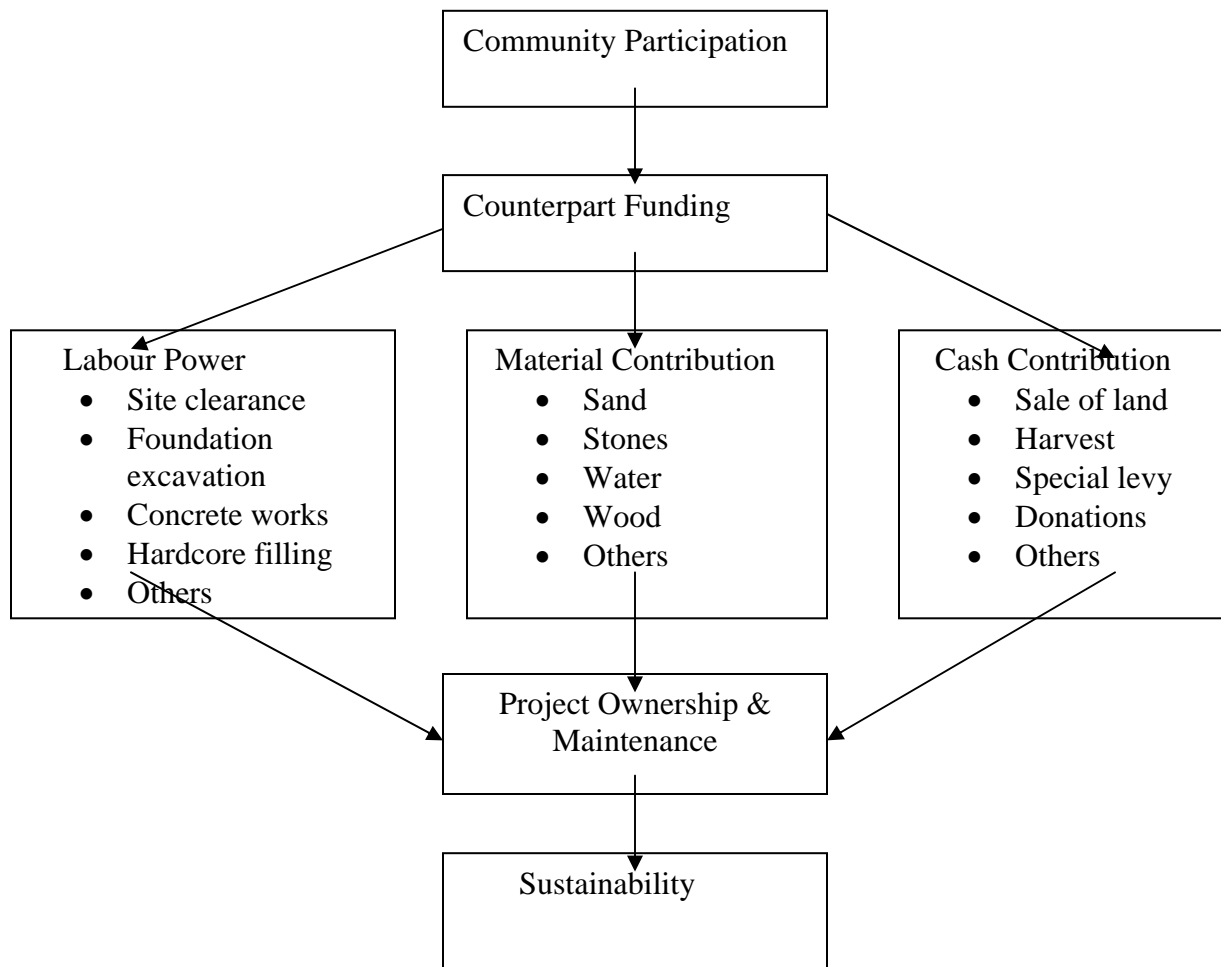
It was established that community participation promotes a sense of ownership of projects in communities. It was however revealed that community ownership of projects and the sustainability of the projects did not move in tandem. The community ownership of the projects was not translated into sustainability of the projects. This was contrary to the popular perception that community ownership of projects results in the maintenance of projects and hence the sustainability of such projects.

During the study, a physical inspection of the projects that were due for maintenance/repairs revealed that the communities had failed to periodically maintain/repair the facilities provided under the projects. Some of the structures or buildings had defective windows, doors and locks; the furniture was wobbling and the paint on some of the buildings had discolored. When the communities were quizzed as to why the projects had not been maintained, they cited lack of funds as the underlying factor, and called on the development partners and the District Assembly to help them in the maintenance of the projects. One can attribute the failure of communities to maintain the projects to poor maintenance culture on the part of the communities. This was evident in the general poor housing condition in the communities. There is therefore the need to inculcate the culture of maintenance among the people in the communities.

Fig 1 below depicts a framework establishing the operationalisation of the counterpart funding policy derived for the study. The various forms and dimensions that communities contributed to the implementation of the projects are indicated. The communities paid their counterpart funds through three main ways; namely, labor power, material contribution and cash contribution. They used their labor to pay, in full or in part, their counterpart fund, depending on the nature of the project. They cleared the site for the project, excavated the foundation, and carried out concrete works and hardcore filling among others. Aside the labor, they also made material contribution to defray their counterpart funds. They provided sand, stones/gravels, wood especially for roofing, water among others as their input into the implementation of the projects. In some cases, the communities made cash contribution through levies, harvests, donations among others to procure

materials like sand and stone for the project as part of their contribution. The District Assembly also paid cash to defray part of the counterpart funds for some communities

**Fig 1. Framework for Community Participation through Counterpart Funding**



**Constraints on the Implementation of the Counterpart Funding Policy**

The study also revealed that the communities, the development partners and the District Assembly faced some constraints with regard to the implementation of the counterpart funding policy.

The implementation period for most of the projects coincided with the farming and fishing seasons due to the non involvement of communities in decisions on project implementation periods at the project design stage. This impacted negatively on the participation of the communities as well the economic activities of the people. The participation of the communities in



the design of the projects could be likened to what Fowler (2000) referred to as 'shallow participation'.

The communities encountered some difficulties in the supply of local materials like sand and stones/gravels. This was in part attributable to non availability of the material in some communities and in part to the flooding of their sand pit, during the raining season which made sand winning impossible. This resulted in prolonged implementation periods in the case of projects that were implemented under the Community Managed Approach. In the case of projects that were time bound the communities were not able to pay their share of the project cost in full and on time. Some of the communities therefore appealed to the development partners to help them procure materials that were not readily available in the communities whilst others called for a downward review of the counterpart funds that they were requested to pay.

The introduction of partisan politics into the implementation of the projects also militated against effective community participation. It was revealed that some political leaders had deliberately urged people not to contribute towards the implementation of projects because government is supposed to provide free of charge.

Another revelation from the study was that according to some of the development partners, the payment of counterpart funds by communities delayed the implementation of projects and also disrupted work plans and budgets. This was particularly the case when projects had short implementation periods where communities found it increasingly difficult to raise their proportion of the project costs as counterpart funds.

### **Recommendations**

Based on the findings from the study, the following recommendations are made to improve the implementation of the counterpart funding policy in poverty reduction projects.

There is the need for more community sensitization prior to the implementation of projects and more importantly during the implementation period. The essence is to keep communities constantly reminded of their roles in project implementation and also fashion out strategies to carry out the expected roles. This is necessary because a community may be endowed adequately with all the needed resources like sand, stone, water, labor among others but the internal dynamics of the community may be such that constant direction and prompting by project officers will be required to mobilize them for action. This would also help to reduce the incidence of misinformation which affects community participation.

To address the issue of low community participation in project implementation, a much closer collaboration is necessary between the development partners, the District Assemblies and the communities for scheduling projects implementation periods in order to avoid the situation whereby project implementation periods coincide with major farming/fishing seasons - the source of livelihood of rural communities.

To encourage effective community participation and more importantly, enable communities to fully pay their counterpart funds, there is the need to look at the timeframe communities are required to provide their counterpart funds. Average project duration of 18 months is recommended. This would give the communities ample time to pay their counterpart funds and at the same time go about their economic activities. However, if there is the need to complete a project within a shorter timeframe, there would be the need for a downward review of the counterpart funds or the communities should be helped to procure materials which may not be readily available in their communities.

The upfront payment of counterpart funds for communities by District Assemblies defeats the essence of community participation. District Assemblies should rather encourage communities to use local materials and labor to pay their counterpart funds. However, if after project completion, some communities are not genuinely able to pay their counterpart funds in full, then the District Assembly could pay the difference.

To ensure sustainability of projects, communities must come out with implementable operation and maintenance plans during the project design stage. Such operation and maintenance plans would indicate fees fixing rate (where applicable), responsibility for management and maintenance, time to undertake repairs, source of fund for maintenance, fund raising arrangements among others. After completion of projects, the capacities of project management committees need to be constantly strengthened in project operation and maintenance to enable them (committees) operationalise the plans. This would inculcate the culture of maintenance in communities.

## **Conclusion**

Generally, the counterpart funding policy has received positive response from communities and can be said to be an effective means of promoting community development. The policy has enabled communities to implement a number of poverty reduction projects and as a result have improved their access to basic social and economic infrastructure. Therefore, when the policy is well packaged it would go a long way to complement the efforts of Government and District Assemblies in the fight against poverty in Ghana.

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**Table 1: Expected and Actual Community Contributions of Sampled Projects**

Community	Project Title: Construction of ..	Funding Organization	Total Project Cost	Project Duration	Expected 10 % Community Contribution	Actual Community Contribution	Actual Com. contribution as a % of Project Cost
Essuehyia	Pre-school with furniture	PLAN Ghana	99,800,000	28 months	9,980,000	20,210,000	20
Otabandze	Primary School Library with furniture	PLAN Ghana	120,040,000	18 months	12,004,000	21,120,000	18
Essarkyir	Primary School Block with furniture	PLAN Ghana	123,450,000	26 months	12,345,000	21,060,000	17
Abor	Primary School Block with furniture	PLAN Ghana	105,640,000	25 months	10,564,000	19,450,000	18
Asaafa	Pre-school with furniture	PLAN Ghana	91,615,000	33 months	9,161,500	11,300,000	12
Duadze	Pre-school with furniture	PLAN Ghana	98,130,000	29 months	9,813,000	10,980,000	11
Baifikrom	Primary School Library with furniture	PLAN Ghana	119,562,000	5 months	11,956,200	12,225,000	10
Abaka	Pre-school with furniture	PLAN Ghana	99,262,000	27 months	9,926,200	19,500,000	20
Sub Total			857,499,000	24 months	85,749,900	135,845,000	16

Cont.

Community	Project Title	Funding Organization	Total Project Cost	Project Duration	Expected 10 % Community Contribution	Actual Community Contribution	Actual Comm. contribution as a % of Project Cost
Essuehia	Construction of 24-Unit market Stalls	EU Micro-Projects Program (EUMPP)	47,450,297	7 months	4,745,030	2,500,000	5.3
Abor	Construction of 3-Unit Classroom Block	EUMPP	217,331,073	7 months	21,733,107	14,900,000	6.9
Asaafa	Construction of 10-Seater Vault Chamber Toilet	EU MPP	40,730,963	7 months	4,073,096	2,900,000	7.1
Duadze	Construction of 12-Seater Vault Chamber Toilet	EUMPP	40,730,963	7 months	4,073,096	2,900,000	7.1
Baifikrom	Construction of 3-Unit Classroom Block	EUMPP	159,996,000	7 months	15,999,600	10,500,000	6.6
Kyeakor	Construction of 24-Unit market Stalls	EUMPP	40,730,963	13 months	4,073,096	4,900,000	12.0
Kormanse	Rural Clinic	EUMPP	138,929,860	7 months	13,892,986	8,500,000	6.1
Sub Total			685,900,119	8 months	68,590,012	47,100,000	6.9
Essarkyir	Two 16-Seater Aqua Privy Toilet	SIF	160,000,000	11 months (Stalled)	16,000,000	0	0.0
Otabandze	3-Unit Classroom Block	SIF	190,000,000	5 months	19,000,000	8,000,000	4.2
Kyeakor	Primary School Block and KVIP	SIF	333,000,000	11 months (Stalled)	33,300,000	1,800,000	0.5
Sub-Total			683,000,000		68,300,000	9,800,000	1.4
GRAND TOTAL			2,226,399,119		222,639,912	192,745,000	8.7