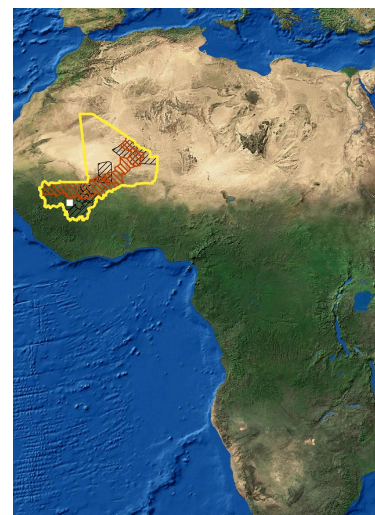


The demand-driven approach: advantages and risks

IFAD's strategy in Mali was defined in the **Country Strategic Opportunities Paper (COSOP)** of 1997. According to that paper, past approaches to rural development had been top-down, that is, predetermined by the design of interventions and by public administration planning, resulting in projects that were not fully responsive to people's priorities. Against this background, the COSOP advocated a new intervention paradigm, a *demand-driven approach*, that entailed *open* interventions, i.e. that were without pre-determined components or a subsector focus and involved beneficiaries in the design and implementation of projects/programmes. That approach was first adopted for a project that is still under implementation, namely, the Sahelian Areas Development Fund Programme (FODESA).



Other projects that are deemed to have been inspired by the demand-driven approach, albeit with some variations, are the Northern Regions Investment and Rural Development Programme and the Kidal Integrated Rural Development Programme. However, as they are both in the early stages of implementation, important lessons can be drawn only from FODESA at the present time. These are not, however, simply lessons drawn from an individual project, as similar evidence was conveyed by a World Bank thematic evaluation entitled *Effectiveness of World Bank Support for Community-Based and -Driven Development* (2005). Such lessons therefore deserve to be taken into consideration in future, at least in the same region.

Priority accorded to people's demand and to grass-roots organizations

In Mali, IFAD's approach has entailed requesting rural communities in the Sahelian zone to formulate proposals for micro projects (in health, education or income-generating activities) that would be largely financed by project funds, although contributions would be required from the communities themselves. Initially, the approach did not imply any *a priori* orientation on the type of micro projects to be financed. Community mobilization exercises were contracted out to local non-governmental organizations with a view to strengthening the capacity of communities to plan interventions. Project management was entrusted to private associations that were meant to represent local farmer organizations and elected community officials, although it was found that only 4-5% of existing farmer organizations in the region were represented in project management associations. Experience has shown that, in principle, it is possible to entrust the management of development operations to grass-roots organizations — a significant political accomplishment in a country with a strong tradition of top-down state-directed interventions.

Mobilizing beneficiary contributions

The demand-driven approach requires that beneficiaries contribute to the cost of micro projects by providing financial resources. Although beneficiary contributions represent only a small proportion (7%) of investment costs, it is nevertheless difficult to obtain them, thereby lengthening set-up periods and reducing the number of micro projects. The question then arises as to whether such contributions are appropriate when attempting to reach very poor communities and households and reduce mass poverty. A few simple figures clarify the extent of the problem: in the intervention areas, 2 336 villages, representing 81% of the total, were classified as poorest but only 7% of them obtained approval of a micro project request. Instead, of the 27 non-poor villages (1% of the total), 56% had a micro project request approved. The evaluation demonstrated that having to provide financial contributions represented a major bottleneck for poor communities.

An approach that favours social investments

Social projects (such as, for example, water points or literacy centres) account for 70% of approved micro projects, compared with 28% of income-generating projects and 2% concerned with environmental issues. Villagers clearly have a need for social projects, which is understandable given the limited social infrastructure in their localities. This preference is also due to a village-based approach that favours such types of investments, whereas production projects are probably better addressed through individual producers and their organizations (subsector groups or associations).

In view of the foregoing and in order to improve coverage, steps have been taken to reduce the project cycle, promote equipment for use by women and young people, stimulate productive investment and limit social projects to 40%. Regardless of the merits of these measures, they clearly orient a demand that is seen to drive projects. At the same time, there is also the risk of favouring projects with low economic viability or negative returns (as in the case of multiple soap-making units) when no adequate technical assessment is provided and productive micro projects are decided on the basis of a community-based approach rather than involving individuals or professional associations.

The risk of scattered activities

In spite of the corrective measures taken to avoid geographical dispersion, the risk of fragmentation of demand-driven approaches is indeed very real. With an average of only 1.1 micro project per concerned village, it is difficult to generate strong social or economic dynamics. Moreover, since the demand-driven approach has not yet been embedded in the decentralization framework, it has been difficult to ensure either territorial consistency or the representativeness of associations.

EXAMPLES OF SCATTERED ACTIVITIES

- **The value of micro projects corresponds to an average of CFAF 10,000 (less than US\$20) per person, which is a limited amount for interventions for the most part titled towards infrastructure. Building one well per community is useful but not sufficient to generate the growth and development dynamics originally envisaged.**
- **Although support for grass-roots organizations is one of the main thrusts (mainly via training and advisory assistance), its effectiveness has been reduced by fragmentation of tasks among multiple operators. Moreover, although some experiences have been tested for subsector organization, approaches continue to be *administrative* and the support has not been provided with sufficient consistency to elicit production projects that are designed and/or carried out by the organizations themselves.**
- **There is no overall strategy with regard to local production subsectors. This lack of an economic *framework* is probably the greatest risk involved in such demand-driven approaches. Although *targeting* by village or by community appears to be well adapted to collective social infrastructure, it is less relevant for economic development, which is based above all on *individual* initiatives and micro projects with support to subsectors that transcend the geographic boundaries of the communities or villages targeted.**

Progress made and key issues to be addressed

Although demand-driven interventions represent progress over top-down approaches to development operations, consideration must be given to the risks involved. In light of available experience, certain design traps should be avoided, i.e.:

- Demand-driven approaches bear an inherent risk in terms of fragmenting and scattering activities. With the benefit of hindsight, it is clear that geographical planning and synergies among the components should not be overlooked during the preparatory phase.
- There is a obvious need for both top-down and bottom-up infrastructure planning to allow for combining heavy and light investments within the framework of local development plans at various levels. Integration with the decentralization process is crucial, particularly for social or community-based projects.
- Productive micro projects are better designed in consultation with professional organizations, private-sector enterprises and competent technicians rather than during plenary village meetings. Development programmes aimed at the commodity chain (taking account of competitiveness, processing and marketing issues) may help improve the profitability of income-generating interventions.
- The development of local production dynamics presupposes that any investments made will be backed up by credit on a sustainable basis. This will call for the expansion of microfinance components and their integration with other components.

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