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Revenue distribution for empowerment and democratisation

by BRIAN CHILD

> **"Revenue distribution has been invaluable for organising communities to use scarce financial resources effectively, and for restructuring the political economy of a community with an organisation that is transparent, highly participatory, equitable, and functional"**

Introduction

This paper describes the revenue distribution process introduced to Zimbabwe's CAMPFIRE[1] programme in 1990, and transferred to the Luangwa Valley in Zambia between 1996 and 2001. In Zimbabwe in the late 1980s, wildlife was on its last legs. The capacity of the state conservation agency was weakening daily and, as a centrally managed resource, wildlife was increasingly prone to corruption. It needed to compete on a level economic playing field with the 'cow and the plough', and provide tangible benefits to those who determined land use. Fundamental changes to the political economy of wildlife were needed, and the rights of benefit, management and allocation or disposal needed to be devolved to landholders.

For me, revenue distribution started at a workshop on Sentinel game ranch when I was the CAMPFIRE coordinator in the Zimbabwean wildlife department. Rancher Colin Bristow explained to the district council that he now farmed wildlife because it was a better business in hot, dry, drought-prone areas. At this meeting, I agreed to travel around the district with key officials to assess wildlife potentials. This was the beginning of a highly effective partnership and we made several camping trips to talk to local communities. After six months, Beitbridge District Council formally accepted revolutionary new principles to manage wildlife revenues. All revenues would be returned to the community where they were generated (as with livestock). Individuals in these communities could have complete discretion over how they used this money, provided the decision was made collectively (again, replicating crops or cattle).

The Ministry of Local Government tried to stop us distributing revenues, claiming that it was responsible for development. My boss, George Pangeti, confirmed the legality of revenue distribution and the council officials, who were devoted, even fanatical, about these new principles, put pressure on the district administrator. When they insisted that the district administrator be the person to tell the people of Chik-

[1] Communal Areas Management Programme for Indigenous Resources

warakwara that they would not be getting their payouts, he changed his mind, and insisted on officiating at the first revenue distribution ceremony and promoting the concept!

The methodology developed in Chikwarakwara community was rapidly adopted by other communities in CAMPFIRE. It was later refined in the Luangwa Valley in Zambia, with stronger constitutions, village-level double-entry booking keeping, and quarterly participatory audits.

Revenue distribution organises communities to use scarce financial resources effectively. It restructures the political economy of a community with an organisation that is transparent, highly participatory, equitable, and functional. The process puts people at the centre of decision-making and accountability as they:

- control decisions about budget planning and resource allocation;
- elect and **instruct** leaders to implement their workplan; and
- regularly control performance through quarterly meetings with the right to sanction or remove officials (i.e. political accountability).

Many outsiders focus on the highly visible cash in this process, but miss the profound social, political and managerial processes that the cash symbolises.

Background

CBNRM (community-based natural resource management) aims to revolutionise the political economy of resource governance by devolving authority and benefits for high-value wild resources from the state to rural communities. This requires a realignment of institutions that govern the way people interact with their environment. At the heart of effective CBNRM is the principle of discretion: that local people have the right to make and control their own choices. This has profound implications:

- **economically**, it combines individual choice with property rights, which lays the foundation for liberal free-market economies;
- **theoretically**, this generates economic growth by allocating wild resources to higher valued uses, and reduces poverty if this economic growth is captured locally; and
- **politically**, discretion results in democratisation and political freedom.

Using revenue distribution to develop accountable, democratic local institutions

This section describes the process of organising communities to use financial resources effectively. The process involved five steps and took about three days: day one (or more) for education and training; day two for a formal annual general meeting (AGM) and elections; and day three for the revenue distribution ceremony.

"Enormous improvements in conservation incentives, organisational performance and democratic empowerment are associated with revenue distribution. Yet perhaps the most important benefit of all is the intangible process of democratic socialisation that is not captured in this data"

Step one: organising the community with membership lists and constitutions

The first step was to facilitate the community to define their geographical boundaries and criteria for membership (i.e. which individuals or households were entitled to benefits). We worked from a template constitution that:

- entrenches members' rights to make choices and instruct the elected leadership of the community (rather than the other way around) through an annual budget and workplan;
- provides clear mechanisms and rights to review performance against these choices (e.g. the quarterly review of variance from budget); and
- defines administrative procedures (e.g. elections, accountability, and dispute resolution).

It usually took many hours over several days for a community to define rules of membership. A key operational detail was creating a membership list, which we read out in public several times, ensuring nobody was left off and leading to a refined definition of membership as individual cases were discussed against the agreed membership definition.

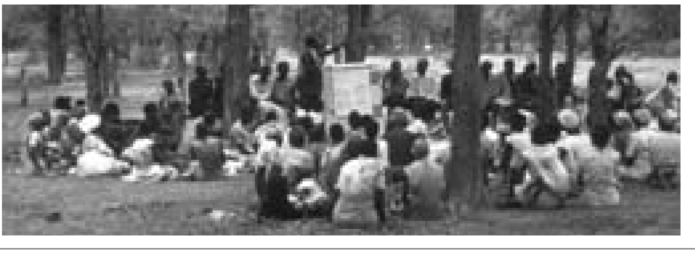
Step two: clarifying the source and amount of revenue

The second step was to list, on a flip chart, how many animals were shot and the price paid for them, and explain any other fees (e.g. concession fees) or idiosyncrasies about income. Initially, community members were completely unaware of how valuable wildlife was. They were astounded that, for example, a warthog is worth the same as a cow, and a buffalo worth twenty oxen. Simple A4 pictures of an animal and its value proved extremely effective for teaching communities about wildlife values. The best example of strengthening the link between wildlife and benefit was

Figure 1: Developing a budget

The whole community meets to discuss how to allocate their money. This results in a budget.

It is useful if the budget summarises agreed expenditure in terms of:
- cash dividends;
- social projects and activities;
- natural resource management; and
- administrative costs.



The columns should summarise:

- total expenditure for each budget line; and
- the contribution that each individual is making to this.

where the safari operator counted out the money for each animal shot in front of the community, while explaining the location and circumstances of each animal hunted.

Most of the revenue in CAMPFIRE and Luangwa comes from big game hunting, with the international client paying some $35,000 for an elephant hunt and associated outfitting services, and competitive marketing (see article 5) enabling communities to obtain trophy fees of some $10-12,000.[2] At the end of step two, we were able to publicly calculate (on a flipchart) the expected income for each registered member.

Step three: choosing how to allocate the money

The process of planning and allocating wildlife revenues is an invaluable entry point for developing capacity in decision-making and project management. In the first years, we started by merely voting to prioritise uses of money. Later, we required people proposing projects to draw up budgets and workplans for public scrutiny.

The whole community meets (in plenary and/or breakout groups) to brainstorm expenditure priorities and discuss tradeoffs. The right to take cash injects considerable vigour into this process. Choices break into four categories:
- cash;
- projects and activities (including water, health and schooling, savings clubs, football clubs, food relief, support to aged or marginalised groups);
- investments in wildlife and natural resource management (such as community game guards); and
- administrative expenses.

A carefully planned flipchart is extremely important. Possible projects and activities are listed in a column on a flipchart (Figure 1). The second column lists the cost of each proposed project or activity. These numbers are often too big for rural

[2] All figures quoted are in Zimbabwean dollars

THEME SECTION

People receiving cash in Mahenya

Photo: Brian Child

people to grasp. So a third column describes the personal contribution expected from each member. This focuses minds and gets individuals personally involved in the decision-making process – it creates real participation.

At the public meeting, the community then prioritises and modifies these suggestions (on the flip chart). They may modify strategies and costs, until they collectively agree what to do with their money. This table is an annual budget and workplan, providing clear instructions to elected committees (see step 4) for spending the community's income. Unchecked committees often spend 40-80% of the budget on administration (in other words, their own allowances, travel etc.). Involving the whole community avoids this, and ensures transparency.

While external facilitators and officials may clarify technical aspects of projects, they should never impose their priorities. Their primary role is to protect procedural integrity by ensuring that decisions are made by the membership not the committee, that the community has full discretionary choice, and that traditional leaders or officials never impose decisions on them.

In my opinion the practice of setting guidelines for expenditure (e.g. 35% for wildlife management) is counter-productive. It is often a covert way for officials/NGOs to exert their own priorities. Instead, tracking financial decisions is invaluable for monitoring how well a programme is really working. For example, in one area, five villages took a disproportionate amount of cash (compared to the other 40 villages in Luangwa) reflecting serious problems of leadership and accountability. So the community (sensibly) took cash to prevent it being stolen. Similarly, tracking payments of wildlife management measures real willingness to pay for conservation in a way that is not possible if communities are obliged to allocate, say, 30% for conservation. In my experience in Zimbabwe and Zambia, communities allocate 40% of their money as cash, 40% for projects, and 10% each for adminis-

Buckets for money in Mahenya

Photo: Brian Child

tration and wildlife management. In drought years the cash allocation often increases, but communities will sometimes give up all cash if a particular project is very important to them.

Step four: the annual general meeting

We learnt to separate the above learning process from an AGM to formalise a community's reports and decisions. We often structured the AGM as follows:

- A formal report from the chair and treasurer on the previous year's activities, including a narrative report and a report on finances.
- An audit report presented by an outsider. In Luangwa, we trained field facilitators to do teaching audits (i.e. in a soft approach that also had the purpose of training community-elected treasurers on-the-job), but formalised the process using the project accountant. An attempt to hire a 'real' accountant failed because they could not adjust to a participatory development process.
- Presentation and formal adoption of workplans and budgets.
- Election of a new committee. In my experience, annual elections are essential for accountability and especially for reinforcing the members' authority over the leadership, and far outweigh any claim that training effort is wasted.
- The new committee is then publicly presented with the budget and workplan, and told that they are accountable to these community instructions. This reinforces the principle that the membership instructs the elected leadership. Continual reinforcement is essential to reverse the unhealthy norm that committees instruct communities.

Step five: the revenue distribution ceremony

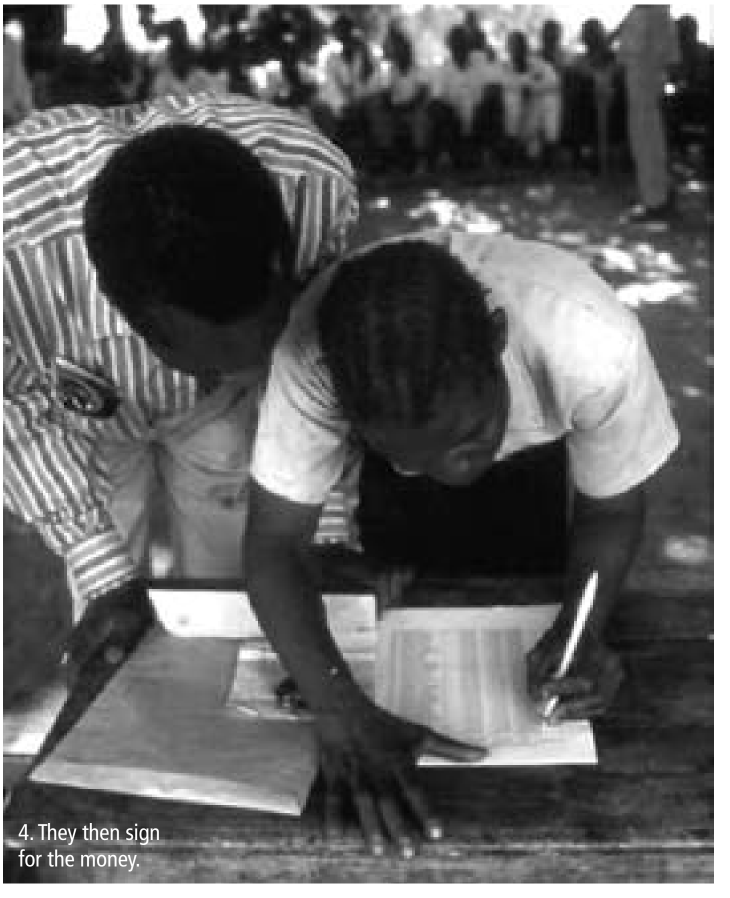
The process culminates in a revenue distribution ceremony, which is a celebration and visualisation of the process described above (Figure 2). The ceremony should start dramatically, with the wildlife income being presented to the community in small banknotes placed centre-stage on a table. This is followed by speeches, after which each member is called up and paid the full amount of money owing to them. In Chikwarakwara, for example, the community earned $60,000 so each of the 150 members got $400 in cash. They agreed to invest $25,500 in a grinding mill and

Figure 2: The revenue distribution ceremony.

1. The leadership brings in and presents the cash to the community (the basket on the chairman's shoulder contains $60,000 in small notes).

2. Each individual then gets their full payment.

3. Each person pays back an amount into buckets according to the projects they collectively chose (paper hanging under each bucket states, for example, 'Grinding Mill, $25,500 = $170 each').



4. They then sign for the money.

Figure 3: Accountability requires books AND public scrutiny

The treasurer keeps a simple double-entry cash analysis book and a file for receipts and vouchers (left).

Each quarter, the treasurer lists and explains each line item of expenditure to the whole community (right).

$4,500 for the school, so each member paid back $170 into a green basin for the mill and $30 into an orange basin for the school. These basins were well labelled using flipchart paper, e.g. 'Grinding Mill Project: Individual = $170. Total = $25,500'.

Each member then signs (or thumb prints) a pay sheet summarising their take home cash and project contributions. Accountability is improved by having a community leader present the new committee to the community, using the highly visible buckets of money to clarify who is responsible for implementing different projects.

Accountability mechanisms

This process is ideal for institutionalising three documents and processes:

- a constitution;
- a set of financial books; and
- a minute book to record decisions.

Though exciting, even a full revenue distribution process will not ensure transparency and accountability to the citizens. Each community should also hold quarterly general meetings to monitor progress. In Luangwa, we made these meetings obligatory if the community was to get the next financial payout. We also constantly made members aware of their right to expect information on finances, project implementation and wildlife management activities, believing that bottom-up control mechanisms were essential for sustainability. For example, the committee was required to present a financial variance report to the community, using a flip chart to compare expenditure against the budget. They often described every item of expenditure as recorded in the cashbook, as well as the progress of various projects and activities (Figure 3). As the support agency, our role was to provide an independent report on the books. Misappropriation rates in CBNRM programmes where revenues are controlled by committees with little genuine community participation (or NGO oversight) are commonly 40–80%. In the Luangwa villages, we found that full participation resulted in losses of less than 1% of revenues.

Some lessons for managing the revenue distribution process

Revenue distribution is about far more than cash. Indeed, cash is used as a mechanism for organising a community around principles of democratic and discretionary decision-making. It is a potent symbol of empowerment and the devolution of rights. And it can be used rather like oil in a car to find and fix leaks and other problems in the organisational mechanisms.

Scale is critical, and revenue distribution works in communities of 150-400 members because they are small enough for oral societies to meet regularly and collectively.

Correct identification of loose-tight properties is also critical.[3] We should insist on **procedural conformance to a set of democratic/organisational principles**, yet should not impose operational decisions. My advice is to insist on, and monitor, clearly defined procedural guidelines that entrench the community's right to make decisions, and include regular internal reporting to enable the community to track if its decisions are implemented. Perhaps the main role of support agencies should be to provide sensitive, but tough, external monitoring of procedural conformance. This should protect the conditions for the emergence of sound local governance (e.g. prevent élite capture), at least until these principles are embedded in cultural norms and/or functional legal institutions. The difficult practical issue is how to sustain quality conformance management for the length of time needed for cultural change in a project-driven environment. Equally, it is important not to interfere in choices made, so that people have full discretion over their finances including the right to share it amongst themselves as cash.

The following lessons are about the practicalities of managing the revenue distribution process itself.

- It was important to run workshops over several days, framing issues on one day, but giving people at least a day to digest and discuss such matters at home before any formal decisions.
- The three to four day revenue distribution process provides a meaningful opportunity to discuss hunting, tourism, changes in exchange rate, HIV/AIDS and other issues relevant to the community. Meetings invariably started at least an hour late. But this was also a critically important opportunity to talk to people and canvass opinions as they drifted in, and often informed the content and direction of meetings.
- Knowledge affects power relationships. Never just train the leadership, normally comprising elected committees, traditional leaders and some key community employees such as game guards. Always make training and decision forums open to the whole community, and entice the 'followership' to attend. If more than 40% of the members (ranging from 150-400) were absent, we usually delayed meetings.
- We always reinforced and discussed the constitution, emphasising the community's right to instruct the leadership and hold it accountable.
- Be very clear about your role. In Luangwa, communities had perfected a dependent and subservient role, placing the obligation to deliver results on us. Our response was to transfer responsibility to them and our mantra was: 'the only thing that we give you is knowledge, not even a pen'.
- To strengthen institutional memory and local ownership, we trained local leaders or facilitators to run the process, keeping external facilitators in the background. To reinforce and monitor the learning process, we invited a member of the community to repeat each stage of the explanation.
- A valuable organisational insight from the Luangwa Valley was the effectiveness of placing high-level technical expertise in the field, directly supporting 10-14 locally recruited community facilitators (one per five to seven Village Action Groups). It cost us less than $150,000 to make a radical difference to 50,000 people.
- An invaluable tool was a half-page questionnaire we applied to three individuals in each of the 45 villages twice a year to track understanding of the value of wildlife, constitutions, finances, project implementation, and to rate their committee.

For further information on this, Child and Peterson (1991) provide a step-by-step description and analysis of the first revenue distribution, while Child et al. (1997) put this in the context of the larger CAMPFIRE programme. Child and Dalal Clayton (2004) give more details about the Luangwa Valley programme.

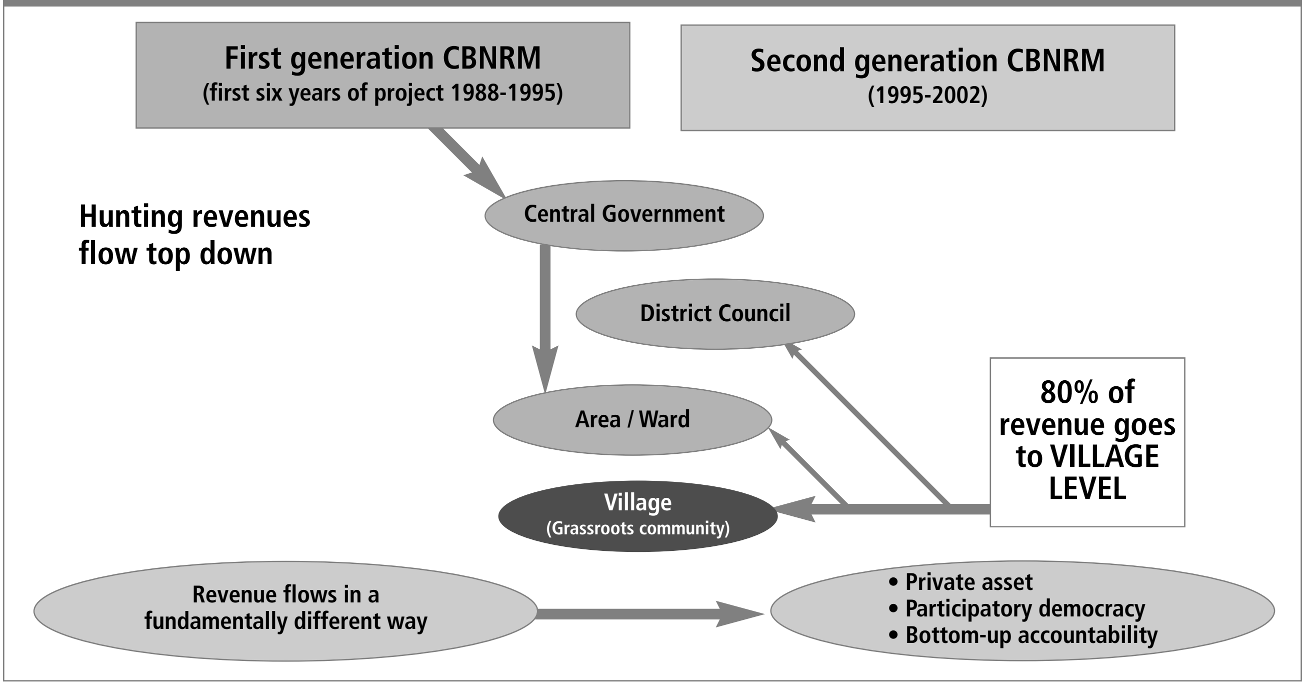
Results and impacts

Revenue distribution proved highly effective for poverty alleviation, especially if defined broadly as the absence not only of income, but also of discretion, voice and participation. Cash benefits were often small, but nevertheless significant. More importantly, cash was a potent symbol of proprietorship, fostering fiscal responsibility, getting people to volunteer to implement social projects, and creating positive attitudes towards conservation. The process provided a vehicle for organisational development, and supported a democratic process far deeper than occasional elections. People exercised free choice in allocating resources and selecting leaders. They imposed accountability and transparency on the system, thereby practicing and ingraining their democratic rights. Communities learnt about financial management and accountability, with mechanisms to hold their representatives accountable being more important than good bookkeeping. The measurable net result (in Luangwa) was that more social projects were completed quicker with fewer conflicts than from the same amount of money handled in a top-down manner.

[3] 'Loose-tight' is a phrase coined by Peters and Waterman (1982) to emphasise the importance of simultaneously centralising and insisting on adherence to core values or principles but decentralising managerial autonomy and operational choices.

Table 1: Comparing top-down and bottom-up accountability, Luangwa Valley Project		
Performance Metric	Top-down (most decisions made by six chiefs and six 'elected' chairs)	Bottom-up (decisions made through revenue distribution process)
Participation days	A few hundred	75,000 or more
Benefits	About ten projects (no records available!)	200+ schools, clinics, wells, etc. 20,500 adults got cash each year
Financial accountability	40–80% unaccounted for	Less than 1% of $180,000 at village level unaccounted for
Investment in wildlife management	None	18% of revenues allocated to game guards, water supplies, electric fences, by year 6

Figure 4: A comparison of revenue flows and power relationships in 'First' (left) and 'Second Generation' (right) CBNRM programmes



The data we have comparing the top-down and bottom-up (i.e. representational and traditional versus participatory democracy) from Luangwa suggests that enormous improvements in conservation incentives, organisational performance and democratic empowerment are associated with revenue distribution. Yet perhaps the most important benefit is the intangible process of democratic socialisation that is not captured in this data. We also found that organised communities were able to obtain funding from other sources such as social investment matching funds (see Table 1).

Conceptual learning

Revenue distribution fundamentally alters the nature and structure of community governance (Figure 4). In early ('first generation') CBNRM, project finances flowed downwards and decisions were centralised to appointed or elected leaders. Residents received some benefits (usually projects), but organisational development and democratisation were limited, while links between wildlife and benefit remained tenuous without a considerable extension effort.

Revenue distribution turns accountability mechanisms on their head, with control of revenues and decisions by individuals creating downward accountability through participatory face-to-face democratic processes. Operationally, we found it more difficult to work with six representational organisations, and cheaper to support 45 villages because of the internal checks and balances in the bottom-up system. Personally, I have no doubt that village-level participatory democracy is a powerful instrument for political economic change. However, it is a serious threat to the paternalistic status quo, and may not be able to sustain itself.

Developing such systems requires politically or administratively well-placed individuals at a high level to:

- insist on conforming to democratic procedures, and protect against the capture of benefits, power and information by the local élites; and
- defend against re-centralisation of authority by the state and even NGOs.

Interestingly, the revenue distribution process has maintained and even re-exerted itself in the difficult conditions of contemporary Zimbabwe, yet collapsed almost immediately in Zambia when key personalities in the government, project and donor changed, despite this project being better institutionalised than CAMPFIRE at the local level.

I recently heard Douglass North drawing a convincing dichotomy between states where laws and norms are strong enough to enable 'impersonal' exchange to occur, and those where decisions are invariably personalised and controlled by closely linked politicians and businessmen. I can only speculate that the robustness of CAMPFIRE bears some relationship to the depersonalised administrative and legal advantages that Zimbabwe still has, and suggest that CBNRM will only work in personalised states like Zambia if strong personalities are present to guide and defend the process.

The approach worked well in Zimbabwe and Zambia, but processes need to be adjusted to local circumstances. But I increasingly believe that principles are more universal. So we might need to modify details in establishing similar systems in the more arid areas of Botswana and Namibia, where there are practical constraints to holding regular meetings. While not all the activities described in the steps may be applicable in all circumstances, the principles that emerge are clear. Methods need to be found to ensure that revenue distribution:

- clearly links the income to wildlife and to its sustainable use;
- is decided on by the community as a whole; and
- has mechanisms for the community to confirm that their instructions (i.e. the budget) are followed.

Done insightfully, the revenue distribution process is a powerful tool for promoting devolution, accountability and effective forms of local democratic governance.

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