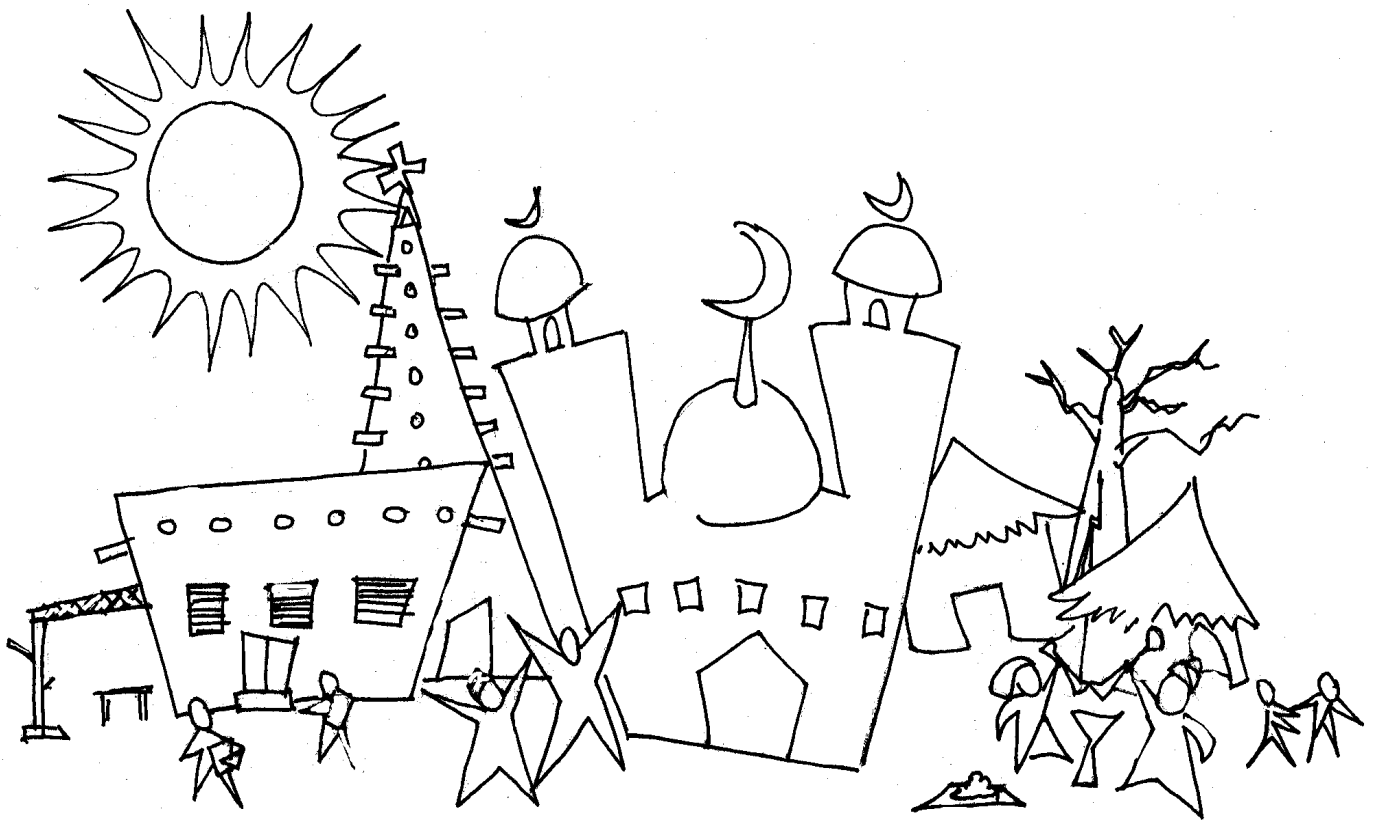


A CED Training Guide for Peace Corps Volunteers

## Module 1

# Understanding CED



## MODULE 1

# UNDERSTANDING COMMUNITY ECONOMIC DEVELOPMENT (CED)

## A VOLUNTEER'S STORY

### Developing a Community

*Kubease was considered a sleepy and not especially attractive village in the Republic of Ghana. The villagers are mainly small farmers, and a few have jobs in a nearby town. Bobiri Butterfly Reserve is situated two and one-half miles from Kubease; the road to the reserve passes right through the village. But residents derived very little economic benefit from the tourists and scientists who visited the reserve.*

*A business Volunteer was the catalyst who changed the community. He formed a committee of nine villagers and introduced them to the possibilities for community economic development. An impressive entrance to Kubease with a welcome sign was erected. A tourism information center and toilet facilities were built. Houses were replastered, and a local artist painted murals depicting African lifestyles on some of the houses. Sidewalks were built, trees planted, and an open pavilion constructed. Village merchants learned what goods and services visitors like and how to provide customer service. A bicycle rental shop opened to serve those who came by bus and wanted to ride rather than walk to the butterfly reserve.*

*Kubease has become a pleasant place where visitors stop and spend some of their money. Citizens enjoy both the new prosperity and improved community environment.*

\* \* \* \* \*

Community economic development is a process by which communities enhance the quality of life of their residents by creating new community and business wealth. CED concepts, and techniques to put these concepts into action, are presented through experiential activities, Volunteer stories, and readings. You will find out how Volunteers work with individuals and community groups to improve communities' economies. By the time you finish this module you should have gained the knowledge, skills, and attitudes to:

- Explain how CED differs from traditional economic development.
- Describe a significant shift in development strategy that has occurred over the last several years.

- Demonstrate ability to use strengths, weaknesses, opportunities, and threats (SWOT) analysis for CED.
- Identify five activities that a community might undertake to improve the quality of life of their residents by creating new community wealth.
- Identify four activities that a community might undertake to build community capacity.

## CED—A DEVELOPMENT STRATEGY

The synergy of working with an entire community rather than individual businesses appears to leverage economic benefits. There is no single successful CED approach because communities differ widely in their geographic attributes, social organization, economic resources, structure, and capacity of their political institutions. Each community, therefore, has a unique set of economic development challenges—this makes working in CED interesting.

Regardless of the community, several factors increase the likelihood of successful CED:

- Understanding the strengths and weaknesses of the local economy and its comparative advantages.
- Local leadership that brings together the human knowledge and financial resources of three sectors of society: government, business, and the third sector (nongovernmental organizations, or NGOs).
- Policies and programs that are planned around local needs and use local resources.
- A development facilitator with the right attitudes, skills, and knowledge willing to assist the community. This could be your job as a Peace Corps Volunteer (PCV).

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*“Nothing is permanent but change.”*

— Heraclitus, 500 BC

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## A MINI HISTORY OF “THE FIELD OF DEVELOPMENT”

The Marshall Plan for the reconstruction of Europe after World War II is credited with launching “the field of development.” Shortly after the Marshall Plan was begun, a number of international organizations were established. One of these was the World Bank, then known as the International Bank for Reconstruction and Development. Established originally to facilitate the reconstruction of postwar Europe, the World Bank went on to provide aid for the development of what became known as the Third World. The United States Agency for International Development (USAID), the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT), now

known as the World Trade Organization (WTO), were also established. In addition to these government-sponsored organizations, international NGOs such as Care, PLAN, and Save the Children grew substantially during the postwar period.

The reconstruction process in Europe led development practitioners to believe that major infrastructure projects such as roads, dams, and other large-scale efforts were the most effective means to develop a society and a nation. What became apparent many years later is that the approaches used in Europe did not work when transferred to Third World countries. They had little effect on bringing developing countries out of poverty.

The visions of the 1950s and 1960s for a better world—full employment, decent incomes, universal primary education, health for all, safe water supplies, stable populations, and fair terms of trade between rich and poor countries—have not yet been realized in the Third World.

Practitioners have learned that to successfully develop the Third World requires not only addressing the infrastructure, but also requires a broader transformation that includes building the capacity of people, organizations, and communities.

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### A LEARNING MOMENT

Statistics taken from the 1999 United Nations Development Programme (UNDP) *Human Development Report*:

More than 880 million people lack access to health services, and 2.6 billion lack access to basic sanitation.

About 840 million people are malnourished; the overall consumption of the richest fifth of the world's people is 16 times that of the poorest fifth.

Nearly 1.3 billion people live on less than a dollar a day, and close to one billion cannot meet their basic consumption requirements. The share in global income of the richest fifth of the world's people is 74 times that of the poorest fifth.

More than 250 million children are working as child laborers.

Every year nearly 3 million people die from air pollution—more than 80 percent of them from indoor air pollution—and more than 5 million die from diarrhea diseases caused by water contamination.

\* \* \* \* \*

The Cold War, too, affected development in many countries. Competition for allies between the Western and Eastern blocs influenced the type of development aid that was offered and the projects that were undertaken. Military advantages

at times were given greater consideration than the needs of the underdeveloped countries. The fall of the Berlin Wall in 1989 marked the end of the Cold War. Our understanding of the importance of civil societies has improved with the lessons learned as communist societies have moved toward open societies with free markets. Today, strategies that empower people to build civil societies are being incorporated into Third World development programs.

Beginning in the 1990s and continuing today, globalization is a major force that affects Third World development. Globalization has been in fast forward, but the world's ability to understand and react to it has been in slow motion. Global markets, new trading groups—the European Union (EU) and North American Free Trade Agreement (NAFTA), for example—faster transportation, and the rapid flow of information are linking millions of people more closely than ever before. However, in less developed countries billions of people are not beneficiaries of globalization and in some cases are victims of globalization.

From the time the Peace Corps was formed in the early 1960s through today, various development theories and approaches have emerged and been modified or discarded: Growth to Equity, Minimum Needs Programs, the trickle-down theory, the trickle-up theory, and Basic Human Needs Programs. In applying these theories and approaches, development professionals came to understand better and experienced some success. Today, development professionals are applying their experience to a range of new theories and approaches, such as participatory methods, environmentally sustainable programs, replicable projects, promoting civil societies, and many others. And they are still learning.

**What the development community has learned through the years is that fundamentally people develop themselves. They are not “developed.”**

The development field is wide and vast. Development is the building of latrines and a water supply system in small villages. Development is maternal and child health, reduction in communicable diseases, knowledge of nutrition, and more. It is education: preschool, primary, secondary, university, guidance counseling, sports, teacher training, and school management. It is economic development: generating new income, creating micro and small businesses, building employee skills, promoting the entrepreneurial spirit, and securing investment capital.

The Peace Corps works at the grass-roots level where Volunteers can make a difference in communities through the building of human capacity. PCVs try to understand individuals and groups, learn their aspirations, and work with them to build lasting “good” change in their communities. Over the next two years as a PCV you can join with others working and learning in the dynamic and ever-changing “field of development.”

### ACTIVITY 1:1

#### HOW INCREASING BUSINESS ACTIVITY MULTIPLIES COMMUNITY INCOME

Note: It is more fun and makes for a more dramatic experience to use role play to illustrate the situations.

##### **Situation 1:**

Assume Mr. X brings home a salary of \$100. His family lives in the community of Lalaville, which has no businesses. What is the increase in community income? \_\_\_\_\_

Did you answer \$100? You are right!

##### **Situation 2:**

Now assume a local store opens in Lalaville and Mr. X's family spends \$50 of his salary at the local store to purchase food and household supplies. The store owner and clerk live in Mr. X's community. Of the \$50 spent by Mr. X's family, \$4 is the profit of the store owner, \$1 goes to pay the salary of the clerk, and the other \$45 goes outside the community to pay for the merchandise. Mr. X's family spends his other \$50 outside the community to purchase a \$10 school uniform for his daughter and a \$40 chair for the family's home. How much did Mr. X's salary increase income in the community? \_\_\_\_\_

Did you answer \$105? You are right.

##### **Situation 3:**

Two more businesses open in Lalaville, a seamstress who makes school uniforms and a furniture maker. The seamstress makes a profit of \$3 on each school uniform she sells for \$10, and the furniture maker makes a profit of \$5 on each chair he sells for \$40. Both purchase their raw materials outside the community. How much did Mr. X's salary increase income in the community if, in addition to his purchase at the local store, he bought the school uniform and chair locally?  
\_\_\_\_\_

Did you answer \$113? You are correct. This is assuming that the store clerk, seamstress, or furniture maker did not make any purchases at the local store or from each other, which would slightly increase community income.

Continued

Activity 1:1, continued

**Situation 4:**

Can you think of ideas for more businesses that would continue to circulate the funds in the community and would further increase the community's income?

Do you see that the more times earnings circulate in the community before they leave the community the greater the increase in community income? Economists call this the *multiplier effect*.

What about the income of people in neighboring communities? Doesn't this strategy of keeping funds circulating in Lalaville deprive them of income? It is true that other communities will not receive the dollars as quickly. However, eventually the \$100 will leave Lalaville, just as it did in Situation 1. Considering the time-value of money, neighboring communities are somewhat worse off.

Discuss the following questions with your fellow trainees.

- What conclusions can you make about increasing the income of a community from the activity you just completed?
- What CED strategies might you suggest for communities based on your conclusions?

Note: For possible answers to these two questions, see Activity 1:1 Sample Answers, at the end of this module.

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*“When I was arguing that helping a one-meal family to become a two-meal family or enabling a woman without a change of clothing to afford to buy a second piece of clothing is a development miracle, I was ridiculed. That is not development, I was reminded sternly. Development is economic growth of the economy, they said; growth will bring everything. We carried out our work as if we were engaged in some very undesirable activities. When the UNDP’s Human Development Report came out, we felt vindicated. We were no longer back street operators; we felt we were in the mainstream.”*

— Professor Muhammad Yunus, Founder  
Grameen Bank, Bangladesh

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## WHY CED IS UNIQUE

Community economic development is an integrated holistic strategy that works at the community level to build citizens’ capacity to take control of their own economic futures. CED has been successful in alleviating poverty in both developed and underdeveloped countries. CED assists families in meeting some of their basic economic needs—paying the school fees for their children, gaining access to basic health care, and providing nutritious food for the family. CED is an approach that highlights community cooperation. It is extremely difficult for one person to create a better business environment. It takes a collective effort for businesses to thrive and the economic well-being of community members to improve.

Study the following table to learn how CED differs from traditional approaches to economic development. Note how development lessons of the last 40 years have been incorporated into CED and how CED is consistent with the Peace Corps’ development strategy.



CONTRAST BETWEEN  
COMMUNITY AND TRADITIONAL ECONOMIC  
DEVELOPMENT

	<b>Community Economic Development</b>	<b>Traditional Economic Development</b>
<b>Economic vision comes from:</b>	Residents seeking improvement	Investors seeking profit
<b>Perspective:</b>	Long-term, sustainable, and fair to citizens	Short-term profit
<b>Focus:</b>	The development process	Products and results
<b>Overall goal:</b>	Development of people and communities and economic growth	Economic growth in general
<b>Objectives:</b>	<ul style="list-style-type: none"> <li>• Create jobs and benefits for residents</li> <li>• Improve income distribution</li> <li>• Produce goods and services for residents</li> <li>• Invest community resources in self-sustaining activities</li> <li>• Revitalize depressed local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term profits (jobs and benefits are byproducts of seeking profits)</li> <li>• Produce economic activity</li> <li>• Invest community resources in whatever is most profitable</li> <li>• Promote growth in a cost-effective manner</li> </ul>
<b>Resources:</b>	Starts with local people and material resources	Seeks least costly human and material resources
<b>Expertise:</b>	Supplements local experience and talents with outsiders	Supplements outside expertise with local people's experience and talents

Note: *Community economic development (CED)* and *municipal development (MD)* have much in common. The distinguishing characteristic is who assumes leadership. In CED, citizen groups take responsibility for initiating economic development and partner with businesses and local government to achieve economic development. In MD projects, the local government is the most active player, and it seeks to enlist the assistance of businesses and citizens groups to develop the local economy and improve residents' quality of life.

A slightly expanded version of MD, local economic development (LED), includes regional governments or associations of regional municipal governments. The LED approach is similar to the MD approach; the primary leadership comes from regional governments or associations of regional governments.

When PCVs and other development workers assist an MD project, they focus on strengthening the municipal government through such activities as improving the skills of municipal employees and the ability of elected officials to analyze problems, identify resources, make decisions, and provide leadership. When PCVs and other development workers facilitate CED projects, they focus on building the capacity of citizen groups to analyze problems, identify resources, make decisions, and provide leadership.

MD and CED use many of the same strategies to achieve their goals: create business and provide business development services, improve infrastructure, train the workforce, improve education, develop public-private partnerships, and promote a spirit of cooperation.

The CED approach is based on the assumption that development starts at the grass-roots level and the initiative, creativity, and energies of the people can be used to improve their own lives. It implies that through consciousness-raising, people at the grass-roots level can realize their own potentials. In an *ideal* situation, the members of the community organize themselves in a voluntary democratic manner to:

- Define their problems, assets, and aspirations;
- Develop plans and strategies; and
- Implement plans with maximum community participation to reap the benefits.

## CED ACTIVITIES

The uniqueness of CED is its equally important goals of initiating economic growth and building community capacity. To better understand the core CED activities, we have divided them into those that primarily impact economic growth and those that primarily impact community capacity.

## CORE ECONOMIC GROWTH ACTIVITIES

**Increasing business activity:** Because business is the engine of growth of a neighborhood, a town, or a city, CED efforts are directed toward:

- Creating new businesses,
- Renovating and expanding existing businesses,
- Attracting new businesses, and
- Assuring an adequate supply of local skilled workers.

Micro and small businesses generate income and create jobs. CED groups support the start-up and growth of informal and small businesses through:

- Provision of low cost nonfinancial services: information dissemination, technical assistance, management training, creation of networks among businesses, and access to markets.
- Facilitating the availability of financial services (credit and savings) through the attraction and/or creation of credit unions, village banks, or other types of microfinance institutions.
- Engaging as partners in major projects to organize business centers, business incubators, cooperatives, or business parks that benefit microenterprises and small businesses.

### AN NGO'S PARTICIPATION IN CED

To combat the unemployment and poverty that plague Boston's Roxbury community, Nuestra Comunidad (Spanish for Our Community) Development Corporation launched a microenterprise initiative named Village Pushcarts in 1998. It purchased 10 pushcarts and rented them to residents.

Pushcarts are one of the oldest, most successful forms of urban enterprise. They represent a CED strategy because they offer a unique competitive advantage: low-income entrepreneurs can start a business with limited capital, and brightly decorated pushcarts contribute to the commercial vibrancy and festive look of a community.

**Influencing national and international policies:** One of the most important lessons that communities embarking on CED activities learn is what they can and cannot do. Although CED activities must be tailored to local comparative advantage, the activities still occur within both a wider national and international context—contexts that profoundly influence the effectiveness of CED efforts.

The national government influences CED projects by making fiscal and economic policies that structure the economy, as well as by setting the nation's

financial, legal, and physical infrastructure. National governments create the economic and political environment in which local economic development can take place and structure how the community accesses the national and global marketplace. Put simply, national governments set the tax, regulatory, and legal structure that shapes the overall national business climate, which helps or hinders business growth.

High taxes and regulations place heavy burdens on businesses, especially small businesses. Taxes compete directly with money that a business would use to reinvest in the firm. Reinvestment creates jobs and expands the tax base through increased production and increased revenues.

Although national policy impacts local economics, citizens groups and local governments may mitigate negative effects of national policy by acting as a:

- **Catalyst:** Working to strengthen local governments by encouraging decentralized systems and national economic reforms.
- **Team player:** Understanding national economic policies and working with national officials to implement effective economic projects.
- **Information and service provider:** Providing services that help businesses navigate through the national tax and regulatory systems.

**Improving infrastructure:** Another factor to consider before embarking on a CED plan is the impact of infrastructure on the community's economy. Local economic development is held back by inadequate infrastructure. Infrastructure is the foundation of a good business climate because it facilitates trade. The main components of infrastructure are:

- A reliable transportation system means that companies can transport their products and receive materials. A good transportation system facilitates the movement of the labor force, allowing employees to get to work efficiently, thereby losing less work or production time.
- Reliable and reasonably priced utilities are important to businesses and to citizens' quality of life.
- Telecommunication is a fundamental factor in the elimination of time, distance, and geography as barriers to market competitiveness and access to information.
- Land management activities such as zoning, redeveloping blighted property, preserving historic landmarks, and offering land as a business incentive are approaches that have been used in CED.
- Municipal services affect the quality of residents' lives. Municipal services include fire, police, health department and emergency services, and garbage collection; they often serve as incentives for the creation, expansion, and attraction of business. These services create local jobs, and without these municipal services local economic development will not reach its potential.

When CED efforts are successful, business activity increases, the tax base increases, and government can provide better services without relying on tax increases.

The biggest obstacle to revitalizing infrastructure is the cost. Because infrastructure is a public good, investment in infrastructure remains, to a great degree, a public sector responsibility. However, CED players can make a difference by looking for creative ways for a community to improve its infrastructure and by facilitating partnerships between the government, business, and third sector (citizen groups or NGOs) to address infrastructure issues.

**Sustaining development:** Sustainable development is defined as development that meets present needs without reducing the ability of future generations to meet their needs. Sustainable development provides a framework under which communities can use natural resources efficiently, create efficient infrastructures, protect and enhance quality of life, and create new businesses to strengthen the economy. Sustainable forms of development are oriented toward redevelopment, reuse, and recycling.

#### **CORE COMMUNITY CAPACITY-BUILDING ACTIVITIES**

Stabilizing distressed communities requires more than creating new business activity and decent housing. Part of what makes CED unique is the comprehensive economic development strategy that combines physical development activities with an array of capacity-building activities. Capacity-building activities build the ability of individuals and organizations to work together to take control of their economic future. Communities that have built capacity can turn their ideas into action.

**Expanding, diverse, inclusive citizen participation:** Where capacity is being built, an ever-increasing number of people are included and participate in all types of community activities and decisions.

**Enlarging the leadership base:** Community leaders that bring new people into decision-making are building community capacity. Also, providing opportunities to acquire skills and to learn and practice leadership is an important part of developing the community leadership base.

**Strengthening individual skills:** A community that uses a variety of resources to create opportunities for individuals' skill development is building community capacity in an important way. As individuals develop new skills and expertise, the capacity of both the individual and the community is increased.

**Creating a strategic community agenda:** Creating a vision of the best future is one step in bringing a community together. When individuals and organizations consider future changes and plan together, the result is a strategic community agenda. Setting a community-wide agenda is one way to understand and manage change.

**Increasing the effectiveness of community organizations and institutions:**

All types of civic organizations and traditional institutions—such as churches, schools, and newspapers—are the mainstays of community capacity building. When organizations and institutions are run well and efficiently, the community will be stronger.

**Using resources efficiently:** Ideally, the community should select and use resources in the same way a smart consumer makes a purchase. Communities have to balance the use of resources today with the resource needs of future generations. A community faces many choices in allocating resources. Which activities or projects will make the best use of scarce resources? Should the community seek external resources or rely on locally available resources? In most communities, human capital is the most readily available resource. People are a community's most valuable resource!

The degree to which each community successfully promotes economic development depends on the community's capacity to:

- Understand the local economy,
- Identify key goals,
- Design doable activities and projects to achieve the goals, and
- Provide leadership in mobilizing the people/resources of the local economy.

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A LEARNING MOMENT

Reread the Volunteer story near the beginning of this module. What were the simple things the community of Kubease did to bring additional income to the community? To improve the infrastructure? To improve the residents' quality of life?

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Now it is time to apply what you have just learned about CED and its core activities by analyzing a local community's economic condition. SWOT (strength, weaknesses, opportunities, and threat) analysis is a useful method to collect and organize information. You may have used this technique before to analyze a private business.

## ACTIVITY 1:2

### COMMUNITY ECONOMICS SWOT ANALYSIS

Residents tend to focus on problems internal to their neighborhood or community when analyzing a situation. They often overlook the community's assets or fail to consider the external environment in which the community functions.

SWOT analysis (strengths, weaknesses, opportunities, and threats) helps residents take a more balanced look at their community. SWOT analysis forces residents to identify both strengths and weaknesses internal to the community and to look at opportunities and threats in the surrounding economic environment as well.

Practice using SWOT analysis in small groups. If possible, ask some local residents and/or Volunteers who have been in the country for several months to participate. Choose a local community with which you are familiar, such as your training community. Use the form at the end of this activity to complete a SWOT analysis.

1. List the strengths, which are located within the community and enhance its economic potential of the community. Examples: a stable local government is stable, workers are skilled, town is on a well-maintained highway.
2. List the weaknesses, which are also located within the community but hinder its economic potential. Examples: Electricity goes off and on several times a day, most unemployed workers are unskilled, secondary school does not exist in the community.
3. List the threats and opportunities. These are outside the community.

Review the Core Economic Growth Activities and the Core Community Capacity-Building Activities in this module to determine if there are other ideas that should be included in your SWOT analysis.

After completing the SWOT Analysis:

- Look at each strength and determine at least one action to capitalize on the strength.
- Look at each weakness and determine one action that could help eliminate the weakness.

Continued

Activity 1:2, continued

- Look at each opportunity and determine at least one action for the community to take advantage of the opportunity.
- Look at each threat and determine at least one action to prepare the community to deal with the threat.

SWOT analysis can be the first information-gathering step in designing a CED plan for a community.

Who would you involve in conducting a community SWOT analysis?

Continued



Activity 1:2, continued

**SWOT ANALYSIS**

**INTERNAL**

Strengths:

Weaknesses:

**EXTERNAL**

Opportunities:

Threats:

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*There are risks and costs to a program of action.  
But they are far less than the long-range risks  
and costs of comfortable inaction.*

— John F. Kennedy

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In your travels through the first CED module you encountered a mini lesson in the history of development and were introduced to the philosophy of CED and its core issues. You also practiced using SWOT analysis to analyze the economics of a local community.

Before you put this module away, take a minute to look through the suggested ICE and Internet references in the Resources section at the end of the module. If you see something that interests you, ask your trainers if a copy is available or how you can obtain one. The Internet contains almost unlimited information on a variety of topics including development and CED. Unfortunately, Internet access is not yet available at all Peace Corps training sites. Check with your trainers to determine if this resource is available.

As a final task, review the skills, knowledge, and attitude objectives at the beginning of the module. Test yourself. You are responsible for your own learning! Have you mastered the skills, knowledge, and attitude objectives? If so, Congratulations!

If there are items you are unsure of or want to know more about:

- Reread the material in the module.
- Investigate the materials in the Resources section.
- Discuss the material in this module with other trainees; share ideas and experiences. Volunteers come to the Peace Corps with various backgrounds and skills. You can learn a lot from your fellow trainees.
- Talk to your trainers. They are one of your resources as you prepare for your Peace Corps assignment.

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## KEY TERMS

Key terms are defined as they are used in this module. A space is provided to write the translation of a word or phrase into the local language. Building a local language vocabulary of terms related to CED prepares you to function effectively in this area of development. Work with your language instructors to find the appropriate translation and definitions in the local language and build your technical vocabulary as you study this module.

**Capacity** is the ability to put an idea into action.

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**Community** is a group of people having interests, work, ownership, or participation in common.

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**Community-based organizations (CBOs)** are those whose mission is primarily focused to meet a specific social or human-service need within a given community. The need may be of national concern as well and, in fact, the CBO may be part of a national association. The difference is that the small organization within a community is focusing on a particular problem within the demographic context of its immediate environment.

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**Community economic development** is a process by which communities enhance the quality of life of their residents by creating new community and business wealth.

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**Development** is the process of making positive changes. When the number of life choices increases, development has occurred.

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**Empowerment** happens when people have the power to make their own choices. To become empowered people need to acquire the capacity to put their ideas into action and have the freedom to do so.

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**Goals** are broad statements of the desired changes that are expected to occur as the result of planned actions.

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**Microenterprise** is commonly considered a business with fewer than 10 workers, including the owner (some definitions say five or fewer workers including the owner). Most microenterprises support only one family.

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**Nongovernmental organization (NGO)** is the most common name used internationally for an organization formed to help others that is not governmental or a for-profit business.

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**Small business** is commonly considered to have fewer than 50 employees.

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## RESOURCES

These resources are available through the Peace Corps Information Collection and Exchange (ICE). The citations are presented as they appear in *The Whole ICE Catalog*.

*Building Communities From the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets.* John P. Kretzmann and John L. McKnight. (ACTA Publications.) 1993. 376 pp. (ICE No. CD051)

Guide to asset-based community development, summarizing lessons learned by studying successful community-building initiatives in hundreds of U.S. neighborhoods. Outlines what local communities can do to start their own asset-based development, including how to rediscover local assets; how to combine and mobilize strengths; and how “outsiders” in the government can effectively contribute to the process of asset-based development.

*Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey.* Michael Winer and Karen Ray. (Wilder Foundation.) 1996. 179 pp. (ICE No. CD053)

Gives expert advice on how to establish and operate a successful collaboration, including how to find and attract the right people, build trust, and change conflict into cooperation. Handbook includes numerous worksheets, sidebars, and tips for a successful collaboration.

*The Cutting Edge: Small Business and Progress.* Ernst A. Brugger, Jane Nelson, and Lloyd Timberlake. (McGraw Hill Interamericana in Chile.) 1994. 170 pp. (ICE No. SB190)

[Distribution to Peace Corps In-Country Resource Centers Only]

Explores the potential of small business to become the “cutting edge” of economic progress and development in Latin America. Straightforward description of the realities of small business and how the system can work against owners of small enterprises. Positive and optimistic look at the opportunities that small businesses can provide. Text includes excellent photographs and is bilingual (English and Spanish).

*Roles of the Volunteer in Development: Toolkits for Capacity Building.* (Peace Corps ICE.) 2002. 225 pp. (ICE No. T0005)

This unique publication is a series of toolkits that can be separated into seven booklets. The introductory booklet provides an overview of the Peace Corps’ philosophy of development, introduces the capacity-building roles a Volunteer might play, and then provides guidance for Volunteers in identifying what roles they will play. The other six booklets each address one of the roles: Learner, Co-Trainer, Co-Facilitator, Mentor, Change Agent, and Co-Planner. In each booklet, there is a chart delineating the knowledge, skills, and attitudes needed for the role; background readings on the role; and activities to learn more about and gain skills in carrying out the role. The booklets can be used as self-study, or used in conjunction with training sessions.

**Internet:**

[www.undp.org](http://www.undp.org) — United Nations Development Program

[www.pactpub.com/PMEpdf.html](http://www.pactpub.com/PMEpdf.html) — Participating Agencies Collaborating Together

[www.aed.org](http://www.aed.org) — Academy for Educational Development

[www.idealists.org](http://www.idealists.org) — great information and links

[www.sid.org](http://www.sid.org) — Society for International Development

[www.devdir.org](http://www.devdir.org) — The Directory of Development Organizations

A guide to microfinance institutions, small enterprise development organizations, NGOs/PDOs, development agencies, international organizations, private-sector institutions, banks, government ministries, universities, and development consulting firms.

Many of these sites have links to other sites that will be helpful to your work.

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## ACTIVITY 1:1 Reference

### SAMPLE ANSWERS

Two conclusions can be drawn from the situations described.

1. Bringing new money into a community increases community income;
2. Circulating money within a community from one business to another increases community income.

CED strategies include (1) identifying citizens' needs to purchase goods and services and attracting businesses to the community to meet these needs, and (2) encouraging citizens to "buy locally" to keep money circulating in the community.

In a healthy local economy, money circulates and recirculates. The benefits produced by these funds are retained within the community, making local people better off and economic growth possible. CED groups use both strategies to increase the income of community residents.

## TRAINER'S NOTES

### MODULE 1 UNDERSTANDING COMMUNITY ECONOMIC DEVELOPMENT (CED)

**Overview:**

Training participants acquire an understanding of community economic development (CED) through readings and experiential activities. In the last part of the module, the Peace Corps Volunteer's preferred role in CED as a catalyst/facilitator in development is explained.

**Time:**

Reading 1 hour  
Activities and debriefing 3 hours

**Materials:**

Flip chart paper, pens, markers, colored construction paper, scissors, colored pencils, large poster paper, note paper. Peace Corps Information Collection and Exchange (ICE) materials listed in the Resources section at the end of the module.

**Preparation:**

You are encouraged to adapt these materials to fit your local community economic conditions and training situation. Your experience as a trainer with first-hand knowledge of the training plan, the post's projects, and the country is critical in adapting these CED training modules.

As you prepare a training schedule for this first CED module, "Understanding Community Economic Development (CED)":

- Create situations where training participants can work with the community and listen to the community's wants and aspirations.
- Look for ways to integrate language, cross-cultural, health, and safety training with technical training. For example, host families are resources for technical training as well as language learning and cross-cultural understanding.

## TRAINER'S NOTES

### ACTIVITY 1:1 HOW INCREASING BUSINESS ACTIVITY MULTIPLIES COMMUNITY INCOME

**Overview:**

This activity illustrates for training participants how community income is increased when new funds are brought into the community and recirculated.

**Time:** 30 minutes

**Materials:**

Photocopies of play local money.

Note: Do not use photocopies of actual currency. This is illegal in many countries. Make your own play local money if none exists.

**Preparation:**

This activity will be more effective if you use the local currency, the name of a local community, and actual residents for Mr. X, the seamstress, and the furniture maker. Photocopy play local money to use in the role-play.

**Debriefing the experience and processing the learnings:**

Discuss ways that local communities can attract new money and recirculate funds. How can PCVs work with community groups to facilitate these strategies? Concentrate on simple, doable suggestions. To help participants screen their own ideas, ask the following questions.

- Is the activity one that community residents would want to do?
- Will residents be able to see the results of the activity?
- Is the activity financially doable?
- Can the activity be accomplished in a relatively short time?
- Which residents will the activity benefit?



## TRAINER'S NOTES

### ACTIVITY 1:2 COMMUNITY SWOT ANALYSIS

#### **Overview:**

This activity introduces a useful tool and provides participants an opportunity to practice its application using a local CED example.

#### **Materials:**

Flip charts and markers if participants want to share their SWOT analysis with the larger group.

#### **Procedure:**

- Have participants work in groups of two or three. If possible, ask some local residents and/or Volunteers who have been in the country for several months to participate.
- Choose a local community with which participants are familiar. It may be your training community.
- Use the SWOT analysis form provided or draw the form on flip charts.
- List the community's strengths, which are located within the community and enhance its economic potential. Examples: Local government is stable, workers are skilled, town is on a well-maintained highway.
- List the weaknesses, which are also located within the community but hinder its economic potential. Examples: Electricity goes off and on several times a day, most unemployed workers are unskilled, secondary school does not exist in the community.
- List the opportunities and threats. These are outside the community.
- Ask participants to review the Core Economic Growth Activities and the Core Community Capacity-Building Activities in the module to determine if there are other ideas that should be included in the SWOT analysis.

Continued

Trainer's Notes, Activity 1:2, continued

**Debriefing the experience and processing the learnings:**

After participants have completed the SWOT analysis:

- Look at each strength and determine at least one action to capitalize on the strength.
- Look at each weakness and determine one action that could help eliminate the weakness.
- Look at each opportunity and determine at least one action for the community to take advantage of the opportunity.
- Look at each threat and determine at least one action to prepare the community to deal with the threat.

Discuss the use of SWOT analysis as a first information-gathering step in designing a CED plan for a community. (This idea will be expanded on in later CED modules.)

Ask participants, "Who would you want to involve in a community SWOT analysis?" Encourage them to be inclusive and not just involve community leaders.