Enabling East Asian Communities
To Drive Local Development:

*East Asia Region CDD Flagship Report*

December 1, 2007
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Enabling East Asian Communities to Drive Local Development:

EAP CDD Flagship Report

Executive Summary

Community Driven Development (CDD) is an approach to operations that seeks to increase community groups’ control over local development resources. To meet this broad objective, CDD operations take many different forms. For results over time, they must work appropriately with local government institutions, opening new channels for citizens to influence local public decisions while strengthening local government capacity. As part of East Asia’s trend toward decentralization, the East Asia region has led much of the World Bank Group’s recent CDD innovation. With a particular focus on empowering communities to demand better local infrastructure services, the World Bank East Asia region has developed context-specific CDD approaches across sectors. This report examines the East Asia experience with CDD and sets out an agenda for the region to move forward in supporting community-driven approaches.

Across regions and specifically in East Asia, CDD is a promising element of how the World Bank Group supports governance in partner countries. The World Bank Group’s governance and anti-corruption strategy recommends comprehensive support for both the supply of good public servant capacity and enhanced opportunities for citizens to demand better public services. As a contribution to efforts to promote capable and accountable local governance, CDD approaches offer valuable examples of how the World Bank can support the demand-side efforts through which non-executive actors can hold local governments to account. As the World Bank begins to implement this strategy, it will consider the appropriate role and scope of CDD approaches to strengthen governance institutions.

Outside of the Bank, development practitioners for many years have enthusiastically supported approaches that seek to empower local communities, giving them greater control over resources. The World Bank’s CDD support seeks to build on these experiences. However, within the World Bank there has been some controversy over CDD. While many clients and country teams have found these approaches useful to meet different objectives, DEC and IEG reports questioned the value of World Bank support for community driven development.

One point of agreement in the controversy is that application of CDD approaches, like of all Bank operations, should be informed by existing experience and evidence. The East Asia region offers lots of both. The region’s CDD portfolio is large and growing. And while there are many opportunities to learn more, those operations have also generated a solid amount of careful evidence of CDD results. As a starting point for more general
thinking about how to increase the demand for good local governance as East Asia decentralizes, this report draws lessons to date from East Asia’s CDD efforts.

**Section I: CDD institutional context**

Operations taking a community-driven development approach necessarily interact with local governments. A simple typology of local government characteristics helps frame options for designing CDD operations that deliver sustainable results.

**Figure 1. Adapting CDD to Local Institutional Context**

Using this broad organizing framework of accountable and capable governance, we can situate local government characteristics in two dimensions: their responsiveness to community inputs and their capacity to deliver local government services. On the vertical axis Figure 1 presents LGU responsiveness or openness to demand for good local governance. On the horizontal axis it presents the implementation capacity or supply of good local governance. As stylized examples of how to apply this framework, we can map specific countries to these responsiveness and capacity dimensions. However, there is assuredly variation within countries in where local governments lie in this schema. Further, as institutions change, under influences of decentralization support, CDD or new leadership, local government units migrate around this local governance space.

Successful CDD approaches respond to these local government characteristics. Seeking to increase community control over local resources, CDD approaches focus primarily on empowerment, or how to increase opportunities for citizen participation. CDD instruments are particularly useful for encouraging local governments to be more open to participation, or for moving in the vertical direction and enhancing demand for effective local government. However, because the overall goal of local development is to promote effective and responsive local government, i.e., to move local government up and to the right in this framework, CDD efforts need to be combined with other efforts to improve
local governance capacity to implement local development. That support to the supply of
good local governance, moving in the horizontal direction, often accompanies
decentralization initiatives. As the Bank works with clients to improve local governance,
it needs to consider ways that CDD can complement other efforts to strengthen local
capacity through broader support to decentralization and public sector governance.

**Sectoral Scope.** Community Driven Development seeks to give community groups
greater control over local investments. With more leeway to set priorities, communities
should not be constrained to consider investments limited to specific sectors.
Accordingly, CDD operations do not fall neatly into sectoral categories: many of the
most comprehensive and effective CDD operations are multi-sectoral. However, sector-
specific operations often take CDD approaches, seeking to give greater control to
communities of, *e.g.*, water resource or transport service users.

**Results Framework for CDD Operations.** Despite this diversity of institutional and
sectoral context for CDD operations, there are some common elements of how East
Asia’s CDD operations work. To track CDD results, it is useful to describe common
CDD inputs, outputs and outcomes. A broad template for a CDD results framework has
the following structure.

**Figure 2. Generic Results Template for CDD Approaches**

![Diagram of CDD Results Framework]

**Section II. Evidence**

To learn from East Asia’s CDD experience, this report has gathered and presents the
large volume of research on CDD. Although there are some 42 active CDD operations in
East Asia, most of the available research was conducted on the five largest and longest-
lived CDD operations. Reports are available electronically through http://eapcddflagship. 

Each piece of analysis was conducted to answer questions relevant to a specific operation. Together they provide a body of evidence about key aspects of CDD effectiveness.

**CDD Results Hypotheses.** Organized according to the CDD results template, we have evidence to consider the following six results hypotheses about CDD in East Asia. CDD operations purport to:

**Activities**
1. Reach poor communities
2. Involve communities in decision-making and implementation
**Program Outputs**
3. Deliver infrastructure in a cost-effective, quality manner
4. Promote O&M systems leading to sustainable service delivery
**Program Outcomes**
5. Increase incomes of participant communities
6. Improve the dynamics of how communities interact with local government

It is inherently difficult to analyze CDD effects. These operations involve a large number of small, decentralized activities and aim to change institutions. Gathering independent data about these activities is costly and time-consuming. There are few accepted methods to measure community empowerment. Beyond these measurement difficulties, because CDD approaches give opportunities for communities to compete to be included, those communities that end up getting resources are not typical representatives of their area. Community selection makes impact evaluation difficult.

Beyond these CDD specific challenges, we would like to test CDD operations against the counterfactual of alternative uses of World Bank resources. In practice alternative operations provide resources from central government ministries to specific investment projects. It is difficult to compare these operations with CDD. For example, where CDD operations seek empowerment outcomes, there are few if any alternative World Bank operations working toward these objectives. Further, CDD operations in East Asia support very small-scale, tertiary infrastructure, outputs rarely produced by more traditional operations. Finally, as noted below, for traditional World Bank operations, there is not available a significant volume of impact analysis of the degree of rigor demanded of CDD operations.

**1. CDD approaches reach poor communities**

To enhance people’s participation and influence in local decision-making, CDD operations claim to direct resources and benefits to poor people. This effort can be framed as a two-stage process: targeting poor geographic areas and then targeting poor members of geographic communities. Evidence from CDD operations in the Philippines, Indonesia, and Vietnam shows success in targeting poor areas. Extensive poverty mapping in the regions allows common and effective techniques to identify poor local areas.
There is less evidence to judge CDD’s focus on poor groups within communities. Most CDD operations in the region support public goods infrastructure, which, by and large, benefits the whole community. While some members of the community may gain disproportionately from a rural feeder road, the entire geographic area benefits to some degree.

2. CDD approaches involve communities in decision-making and implementation
CDD operations seek to broaden the number of people participating in public decision-making and resource use, focusing on traditionally disadvantaged groups. In many East Asian villages, local decisions do not traditionally invite regular, broad citizen input, much less input from communities’ most disadvantaged members. Against this counterfactual, CDD approaches seek to increase disadvantaged people’s voice in decision-making.

Evidence from Mongolia, Cambodia, Vietnam, Indonesia and the Philippines suggests that CDD approaches increase community-members’ participation in decision-making. Analysis of data from Indonesia, the Philippines and Cambodia shows increased women’s involvement compared to other villages and, in Indonesia, satisfaction among women that their voice was heard. However, evidence from Vietnam indicates that CDD approaches have not made significant advances in the degree to which ethnic minority groups become more actively involved in local decisions.

3. CDD approaches deliver cost-effective, quality infrastructure
CDD approaches seek to produce the dual outputs of small-scale physical assets for service delivery (e.g., roads, bridges, water systems) and enhanced institutional capacity for participation. East Asia evidence suggests that infrastructure constructed through CDD approaches costs less than that produced by normal government production methods. In general, technical evaluators judge this infrastructure to be of acceptable quality. As an infrastructure delivery mechanism, CDD operations can derive significant efficiency gains using local materials and labor. These cost savings result from institutional outputs. Community involvement encourages local contractors to charge less and stay within agreed budgets, since stakeholders know the budget, are present on the building site, and feel ownership over the end product.

While the evidence on cost savings through CDD approaches is encouraging, for operational guidance it would be useful to compare it with World Bank support for other more traditional infrastructure delivery methods. Unfortunately, there is not available data on the cost effectiveness of infrastructure which the World Bank supports through more traditional lending.

4. CDD approaches promote O&M systems that lead to sustainable service delivery
Operations and maintenance activities sit at the nexus between CDD’s physical and institutional outputs. Sustainable benefits of physical infrastructure depend both on the quality of their construction and institutional mechanisms to maintain them. Based on studies in Cambodia, Vietnam, the Philippines and Indonesia, there is mixed evidence
that CDD operations produce sustainable O&M systems. In general, we observe better O&M in those CDD operations more fully integrated with local government systems. Based on sustainability standards which CDD operations establish for themselves (e.g., functioning maintenance groups, active maintenance plans), in general CDD operations fall short. While these findings offer valuable impetus to improve O&M systems for CDD, they would be more useful if we could compare them against appropriate standards on the quality of O&M for traditional investment operations the World Bank Group supports.

5. CDD approaches increase incomes of participant communities
Through the delivery of small scale infrastructure and livelihoods projects, CDD operations aim to increase incomes. Based on a limited sample of larger, longer-lived projects, East Asia’s CDD efforts have significantly increased the income of participant communities. Ex-post Economic Internal Rates of Return (EIRR) are quite high, averaging 52.7 percent for Indonesia’s KDP and 20 percent for the Philippines KALAHI operation. Comparing income changes between treatment and comparison communities in Indonesia, a difference-in-difference impact evaluation shows that average incomes increased more in communities that participate in KDP than in comparators. As evidence of a KDP “dosage effect”, communities involved in more rounds of KDP had larger increases than those participating for a shorter time.

6. CDD approaches change dynamics of how communities interact with local government
CDD approaches seek to empower communities to influence local development decision-making and resource use. We have some evidence on these institutional impacts. However, there needs to be much more systematic and rigorous efforts to identify and understand these effects.

Evidence from Thailand, the Philippines, and Indonesia suggests that CDD approaches increased citizen participation in decision making. Analysis of experience from Thailand and the Philippines indicates that CDD approaches change local institutions. They increase information flow between villagers and leaders and among villages. They strengthen local organizations. A rigorous, path-breaking corruption study based on the Indonesia KDP operation found that the threat of audits is the most effective mechanism to reduce corruption, suggesting that CDD operations should support these audits. Because the study did not compare villages where no participatory anti-corruption efforts were present, it cannot offer direct evidence of the value of citizen participation vis a vis no such involvement. However, it does call into question the relative effectiveness of citizen participation efforts to reduce corruption, rather than change its form.

Section III. Lessons Learned and Moving Forward
Through the examination of analytic evidence and through consideration of how the flagship CDD operations have evolved, this investigation of East Asia’s CDD experience has produced practical lessons and guidance for the region’s future support for these approaches.
Operational Implications of Evidence

The results hypotheses examined through hard evidence lead to operational guidance, including suggestions to use mapping technology for improved mapping, the possibilities of CDD approaches to save costs for tertiary infrastructure provision, strengthen operations and maintenance systems, and combine the threat of audits with bottom-up participatory techniques to reduce local corruption.

Organize CDD Diversity.

As discussed throughout this report, EAP supports CDD in many countries, many sectors, with many objectives and implementation approaches. This diversity underscores that community driven development is an approach, not an operational template, and that allowing greater community control can deliver development results in many operational contexts.

Considering CDD an approach, the report presents three frameworks to organize operations that support greater community control over local decisions, budgets, and implementation. Without becoming overly rigid templates these help to clarify and organize the region’s support for community driven development. They can also help consolidate CDD efforts into a common framework that can enhance policy discussion with clients about support for the demand for good local governance. The frameworks can also promote more productive discussions among CDD practitioners about differences in the ends, means and contexts of diverse operations that take a CDD approach. Finally, they can help practitioners both within the Bank and among clients to understand and design CDD approaches to respond to local institutional context and to promote CDD innovation.

Encourage CDD Innovation

Far from stifling creativity, these frameworks for considering when and how CDD operations can be applied allow more structured thinking about potential CDD innovations. Thinking clearly about CDD as an approach that can serve different objectives in different settings within and across sectors, the region can consider new ways to support CDD, for example, as a tool for reconstruction in post-disaster and post-conflict settings, to promote environmental and rural livelihood objectives, and to support sector-specific and cost-effective rural infrastructure.

As part of the region’s commitment to support CDD, it has had the vision to try to learn from experience to date and to share those experiences. A crucial factor in the possible future success in the World Bank’s efforts to promote effective local governance is that it continues to support CDD innovation. The most effective way for the region to offer that support is to reduce the institutional constraints of TTLs working to develop innovative examples. Indeed, it should provide institutional incentives for TTLs to try CDD approaches in new ways, particularly through some of the more traditional infrastructure operations.
A Time and Place for “Parallel Service Delivery”

Despite heated debate about “parallel service delivery” mechanisms, it is best to be pragmatic when designing CDD approaches. There are times and places where it makes sense to provide resources directly to community groups, outside of formal government institutions. When local government institutions do not operate, such as in post-conflict and post-disaster reconstruction settings, CDD support for parallel service delivery can make sense. There needs to be more country-team collaboration to transition from these parallel systems to embedding them in formal local government institutions.

Monitor CDD results

Information flow and constant examination is the hallmark of good CDD practice, within operations, within countries and across them. Understanding implementation successes and challenges requires an open attitude towards transparency of information, learning from successes and failures, and peer learning. These efforts to learn require significant time and resources. Within CDD operations, it is imperative that resources be set aside for learning of many types, from activity monitoring and grievance procedures, through local peer learning opportunities, to rigorous impact evaluation and process analysis.

To encourage that effort to collect results evidence, Annex 1 presents a guidance note on preparing results frameworks for a CDD operation, including a discussion of indicators, data needs and technical skills. The Region’s Results Secretariat is involved in this ongoing work program to understand better what World Bank-supported CDD operations achieve. If these efforts are followed across CDD operations, it will help to deepen and broaden some of the findings presented here, informing operations.

Share CDD Operational Experience

As noted above, CDD learning needs to happen with project teams, but also within country teams and across countries. East Asia needs to continue to lead the Bank in CDD learning by enhancing how it shares CDD lessons across sectors and countries. Cross sectoral learning about CDD is difficult. But with integration of the Sustainable Development Network (wherein essentially all CDD operations are housed), management support for expanding CDD approaches across sectors, and resources for CDD learning, there are great opportunities to apply these approaches more successfully and at lower fixed cost in several settings and sectors towards different objectives.

To encourage that operational learning, the Region has established a Global Development Learning Network project with the objective of building a CDD community of practice. Through a series of GDLN virtual learning conferences, CDD practitioners will share lessons of experience concerning decentralization, local governance and livelihood-supporting operations.

Support CDD Research

While these results are encouraging and point to important directions for practitioners, we derive many of these findings from a few cases. Given the variety of
CDD operations, it is difficult to know whether those cases are representative. Further, it will be useful to know more about how results differ according to institutional context or CDD mode of operation. Accordingly, East Asia needs to continue to lead the World Bank’s efforts to get more information about CDD impact and results.

Our understanding of how to pursue CDD operations more effectively would be enhanced by deeper and broader research, providing insights into other questions relevant for CDD operations as well as discerning how they compare to alternative approaches. There are opportunities to pursue additional analytic work through support from available trust funds, including TFESSD resources that have supported the East Asia CDD Flagship work to date. That research agenda should focus on:

- Quantifying the value of participation;
- Developing alternative quality and cost effectiveness measures;
- Comparing corruption across delivery mechanisms; and
- Tracking institutional change.

**Overall Trajectory for CDD Support**

For sustainable development, the principles of increased community input to local development decision-making, resources and implementation need to become imbedded in formal and informal norms of local governance. East Asia’s experience with CDD suggests the following trajectory to ensure this sustainability.

- CDD approaches need to be designed on a careful understanding of local governance institutions.
- It is often productive to start with small experiments to try different operational practices.
- Practitioners need to examine the results of those experiments and build consensus around what seems to work best.
- Based on that learning, the World Bank can scale up those experiences through broader project, program or policy lending.

This approach to operations that is flexible and responsive to experimentation represents a departure from the standard World Bank operational practice. In general, operations are designed fully before Board approval and then follow that preset trajectory through implementation. This alternative, flexible model has resource implications, in that CDD operations require enhanced supervision budgets and openness to restructuring during implementation. If it is interested in pursuing effective CDD approaches, East Asia management needs to plan for these enhanced resource requirements.

**Conclusion**

Overall, the broad vision is clear for how CDD operations can promote more responsive and effective local authorizing environment. Partner governments with World Bank support need to apply simultaneously top-down, supply-side efforts focused on local government capacity and bottom-up, demand-side efforts focused on communities. The supply of responsive government services needs to be enhanced through analysis of financial, legal, human resource and incentive constraints hindering these local
government capacities. Policy dialog and investment operations need to relax these constraints. Of equal importance, demand for effective government services needs to be enhanced by changes to local institutions so as to promote greater citizen awareness, participation and accountability measures for local decisions and service delivery.

East Asia’s experience with CDD suggests these demand-side approaches deliver results. However, to make the most of this experience, the region needs to be more systematic and strategic in how it learns from and shares its CDD experience. It needs to gather comparable evidence about alternative ways to achieve institutional change objectives, such as promoting the demand for good governance. And it needs to encourage more CDD innovation. If it does support this learning and innovation, the region can take full advantage of the vital, multi-sectoral role that these approaches play to promote decentralization, enhance governance, and advance towards a vision of effective, responsive and sustainable local development.
Enabling East Asian Communities
to Drive Local Development

Draft EAP CDD Flagship Report

Local development activities have profound impact on poor people’s welfare. Communities and local governments interact closest to where people live and where essential public services are delivered, such as local transport, water supply, health and education. Vibrant local development requires productive, balanced interaction between empowered communities and capable and accountable local governments. For this interface to function best, well-organized, well-informed communities demand development results, holding local authorities to account and, through participation in decisions and oversight of public service delivery, ensure that those authorities remain effective and open to citizen input. In tandem, local governments supply the capacity to deliver services, reliable resources and a desire to meet local citizens’ needs. As a vision for local development, the supply of and demand for effective and responsive government are well-matched.

In this ideal vision, it is good development practice for authority, responsibility and resources to be decentralized to local governments. With a healthy interaction between responsive authorities and empowered communities, investment resources are directed to highest priority needs, governments deliver services efficiently, and, because corrupt officials either never seek authority or are immediately identified and sanctioned, public resources are not misused. Decentralization flourishes, public servants eschew corruption, and communities drive local development.

Now let’s get back to reality. While this vision for how local development can operate sets a useful ideal, there are few if any examples of such fully functioning, effective interactions. Local authorities rarely supply capable, responsive local public services. Few communities exercise informed, organized and consistent demand for those services. As East Asia decentralizes government authority and grapples with improving governance, the pressing operational challenge is to understand how local governments and communities really operate and how they can move closer to this local development ideal. Such movement to improve local development requires attention to both the supply of and demand for effective, responsive local government services.

Building on the grass-roots development experience of many bilateral and non-government practitioners, Community Driven Development (CDD) approaches represent the World Bank’s primary efforts to promote demand for effective local development. The ideal of CDD is that it “gives control of decisions and resources to community groups”\(^1\). Towards that ideal, East Asia’s CDD operations seek to enhance citizens’ capacity to influence decision-making and resource use for better local governance.

\(^1\) https://www.worldbank.org/cdd
In Section I, this report lays out the scope of CDD operations in East Asia and presents three frameworks for organizing them: according to local government context, sectoral scope, and primary development objectives. Organizing six results hypotheses according to a generic CDD results template, Section II presents available evidence from East Asia’s CDD experience. And Section III summarizes lessons learned from this flagship effort.

**Section I. Framing East Asia’s Support for CDD**

Operations that support community driven development approaches make up roughly 10 percent of the World Bank’s lending portfolio. Because East Asia is a hub of CDD innovation and enthusiasm, operations with CDD components constitute closer to 15 percent of the region’s lending. Table 1 presents the 42 active CDD operations in East Asia\(^2\). This population is very diverse. Within it, some operations spend nearly all project resources to increase community control over local development, while others have only minor components that take a CDD approach. To respond to different institutional environments, projects adopt a number of different implementation arrangements. Further, they are mapped to and focus on different sectors. Finally, based on implementation arrangements and sectoral focus, these CDD operations reflect a range of development objectives. This section presents three frameworks to organize these CDD operations.

A few flagship operations lead the region’s CDD portfolio. These are the product of iterative CDD experience within country, building over time on CDD approaches supported by clients, bilateral donors, non-government organizations and the World Bank. These flagship CDD operations play significant roles in their country portfolios, providing large lending volumes or anchoring sectoral programs.

Successful CDD operations require learning by doing. Since CDD operations support a large number of decentralized, community-level activities, that learning must be based on transparent, timely information flow and probing honest examination of successes and failures. Particularly in East Asia’s flagship CDD operations, clients and country teams have collected extensive data and conducted broad ranging research to understand what works and what does not. Accordingly, the majority of data available for CDD approaches in East Asia comes from these leading operations. Among them, some have pursued particularly rigorous or thorough operational learning. While this report has sought to gather as broad evidence as possible, it weights its analysis and findings according to the scale, longevity and robustness of each CDD operation and its evidence. Accordingly, the report draws heavily from e.g., Indonesia’s KDP,

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\(^2\) Active projects as of September 22, 2006. The CDD Anchor maintains a list of operations that take a CDD approach for briefings to senior management. The list results from project task team leaders designating whether the operation involves Community Driven Development approaches. Table 1 is excerpted from that global list, with loan amounts verified by EAP COSU. As part of the CDD Anchor’s monitoring, TTLs designate the amount of the loan using a CDD approach. In Table 1, those operations with more than 75 percent of resources using a CDD amount are indicated in bold lettering, those with less than 75 percent are indicated with italics.
Cambodia’s RILGP, the Philippines KALAHI-CIDSS, and Vietnam’s NMPRP and CBRIP.

Table 1. East Asia’s Active CDD Operations

<table>
<thead>
<tr>
<th>Country</th>
<th>Name of Project / Sector</th>
<th>Board Date</th>
<th>IBRD/IDA Amount (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>Biodiversity and Protected Areas M.</td>
<td>2/8/00</td>
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<td>Provincial and Peri-Urban WS&amp;S</td>
<td>4/22/03</td>
<td>18.4</td>
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<td>Cambodia</td>
<td>Rural Inv. &amp; Local Governance</td>
<td>4/22/03</td>
<td>22.0</td>
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<td>Cambodia</td>
<td>Education Sector Support Project</td>
<td>5/12/05</td>
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<td>China</td>
<td>Sustainable Forestry Dev.</td>
<td>04/16/02</td>
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<td>China</td>
<td>Poor Rural Communities Dev.</td>
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Local Government Capacity and Responsiveness

Supporting demand for effective and responsive local government, CDD approaches in East Asia work to enhance citizen’s capacity to influence decision-making and resource-use for local service delivery. To that end, they must work within countries’ varied institutional contexts. Obviously, there are no simple categories to summarize the complex historical, political and cultural factors that determine how local governments operate. However, because community driven development focuses on the interaction between community groups and decentralized authorities, it is useful to start with the capacity and character of local governments. Considering the ideal of how local governments could supply effective and responsive services, we can compare how different East Asian local governments approximate that standard and the best ways to design CDD operations in response to that context.

As noted above, ideally, local governments should be capable and responsive to local citizens. Accordingly, we can situate local government characteristics in two dimensions, their responsiveness to community inputs and their capacity to deliver local government services. Figure 1 presents LGU responsiveness or openness to demand for good local governance on the vertical axis and implementation capacity or supply of local governance on the horizontal axis. Specific countries offer examples of combinations of high or low responsiveness or capacity. However, there is assuredly variation within countries concerning where local governments lie in these dimensions. Further, as institutions change, under influences of decentralization support, CDD or new leadership, local government units migrate around this governance space.

**High capacity, Low responsiveness.** Some East Asian local governments have strong capacity to exercise authority and provide local services, though are relatively unaware of or unresponsive to local citizen’s interests. These local government units have reliable human and financial resources at their disposal and administer those resources efficiently. In East Asia, strong implementation capacity often arises from a history of exercising authority that LGUs derive from central government strength. These administrative units focus on upward accountability, relying on central or provincial governments for authority and resources. Accordingly, downward accountability mechanisms may not be in place to provide incentives for local government officials to be interested in or responsive to local stakeholders’ demands. For example, in Vietnam, local commune-level governments derive strong capacity to provide local services from central government and have a deep history of authority and control over commune affairs.

**Low capacity, High responsiveness.** In a second category of local authorizing environment, the local government has weak authority and implementation capacity, though is relatively open and responsive to citizen input. This combination may result from local governments recently having been formed or reconfigured, perhaps as a result of decentralization. With a short history of operating as a legal entity, local governments are staffed with relatively inexperienced officials, lack legitimacy and the authority that comes with it, and have little access to or control over financial resources. However,
perhaps because of this lack of capacity and the control that comes with it, these local
governments are not deeply entrenched in powerful positions. Accordingly, they are
relatively open to citizen input into decision making and resource use. For example, in
Cambodia, local government units have a relatively short history, in that local
government units were created or revivified in the 1990s. As a result, these decentralized
administrative units had only limited ability to provide services that respond to local
demands. Their officials lacked experience, authority, implementation capability and
discretionary resources. While this lack of experience and capacity hindered LGU
effectiveness, these LGUs were more responsive to local citizens’ demands.

**Low capacity, Low responsiveness.** In East Asia, a third broad category of local
authorizing environment arises when the local government demonstrates both low
implementation capacity and little interest or responsiveness to citizen input. This
combination may result from local governments with a long history of formal legal
authority and control over what local resources are available, though lacking sufficient
resources, implementation capacity or interest to provide effective local services to
citizens. LGUs are entrenched, suffering from a history of mis-using official resources
for personal gain. Local authorities see themselves as authoritarian figures rather than
public servants. For example, in Indonesia, well-defined administrative structures have
for many years reached to the kecamatan and desa. These LGUs were traditionally seats
for local government strong men and cronies, who, deriving their power from association
with the Soeharto regime, were corrupt and unresponsive. After the financial crisis and
political upheaval of the late 1990s and the Soeharto regime fell, kecamatan and desa
authorities continued a tradition of being rigid and unresponsive to citizen’s demands.
LGUs could be placed in the lower left corner of Figure 1, with low capacity and low
responsiveness.

**CDD Modalities in Local Contexts**

Simple two-dimensional categories cannot adequately model the legal, historical
and cultural characteristics embedded in local authorizing environments, likewise, there
are no simple design rules for how CDD approaches can best serve those environments.
But these broad categories of local government capacity suggest different CDD
modalities. Based on these categories of local government environment, Figure 1
illustrates how CDD approaches in East Asia have been tailored to each of these local
government environments.

Where local governments are of high capacity but low responsiveness, it is
appropriate and necessary for CDD approaches to work with and through local
government units. With an aim to promoting local service delivery that is effective and
responsive to community demands, the CDD challenge is to shift how these LGUs
operate. When adequately resourced they can deliver high quality services, though they
need to be more responsive to community demands. Given that LGUs derive their
authority from central government, the World Bank directs resources through local
governments. In these institutional environments, development actors interested in
working in villages must work through LGUs, encouraging LGUs to shift from thinking
of their role as being a local authority to being local public servants, from viewing people
as subjects to viewing them as citizens. In this setting CDD operations need to encourage substantive community participation in LGU planning and implementation decisions. To be most effective in creating this change, support for “bottom-up” initiatives needs to be combined with “top-down” incentives for LGU staff create incentives for downward accountability, so that they are open to and encourage community participation.

Figure 1. CDD Modalities in Local Institutional Environments

The World Bank’s CDD support in Vietnam falls into this category. The Northern Mountains Poverty Reduction Project (NMPRP) and the Community Based Rural Infrastructure Project (CBRIP) work to encourage commune ownership of local infrastructure investment. These operations work as innovations to national government programs already focused on the poorest and most difficult communes. They support participatory community planning exercises, encouraging local district and commune peoples committees to encourage community awareness of and input into investment decisions and implementation of community investments.

When local governments have weak implementation capacity but are open to community input, CDD approaches in East Asia also support local government units. In these cases they focus on LGU responsiveness to community input to enhance their implementation capacity. Lacking institutional entrenchment, there is more opportunity to work with, alter and strengthen LGUs. Since these institutional environments often arise from central government decisions to decentralize authority and responsibility, the Bank supports newly-created local government units through its CDD operations. To support LGU’s maturation into responsive service providers, the Bank’s CDD approaches focus on opening channels for citizen input, building capacity for these LGUs to solicit and listen to citizens’ voices. World Bank support to the Cambodia SEILA program
through the Rural Investment and Local Governance Project (RILGP) follows this CDD modality.

In the third category, where local governments are ineffectual and entrenched, there is a strong case to focus CDD operations on local institutions outside of government, providing resources directly to community groups. Because local government bodies have proven themselves unable to provide local services and unresponsive to citizens’ needs, there is benefit in demonstrating the capabilities of other local organizations to provide services. In this setting, CDD approaches facilitate community discussions of what needs to be done, organize collective support to address those needs, and provide resources directly to community groups, establishing funding sources and procedures parallel to those of the existing local government. Opening a parallel channel for local development decision making and financing, this approach can demonstrate that communities need not be beholden to corrupt or moribund local government units if they would like to improve local public services. That demonstration also sends a message to local governments, i.e., that people in the areas it serves might be better considered citizens rather than subjects. In this model, the CDD operation can have sustainable impact by changing local institutions, empowering citizens to hold their local authorities to account and creating incentives for those LGUs to become more responsive and effective.

Despite the potential for empowering communities through support to organizations outside of government, this community-focused approach brings up other crucial development issues for the Bank. Given the Bank’s mandate to work with central governments, this model is only feasible if there is a firm agreement from the Bank’s central government clients to fund local decision-making and resource allocation systems. Central government clients would be willing to use IBRD or IDA resources to support community groups when they recognize the local government capacity is very weak.

Further, because the additional local development resources for these CDD approaches are financed through World Bank investment projects, they will at some point

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**KDP’s Institutional Evolution**

At the time of Indonesia’s financial and political crisis, what would become the Kecamatan Development Program was a small pilot operation. Based on extensive analysis of local institutions, the operation was scaled up to support poor communities during that crisis. Given the lost credibility of local government actors, the operation did not work with or through those local formal institutions.

Over the intervening years of implementation, the operation grew in scale and scope. Along the way, there were constant efforts to examining what worked and what did not, experimenting with different approaches and adjusting accordingly. After ten years of such iterative efforts, the operation was well honed as a tool to empower local communities for self-sustained poverty alleviation.

As a result of its successful evolution, the Government of Indonesia was sufficiently impressed with KDP and UPP results that it recently decided to adopt the CDD approach as a national policy for poverty alleviation and social accountability. While KDP originally was instituted through a parallel delivery mechanism, it has evolved into a model that our client is committed to scale up and mainstream.
stop flowing. To promote the long-term sustainability of this support for community involvement in local service delivery, CDD approaches must develop means to transition support to local governments. They need to leverage the successes in empowering communities to enhance local government capacity. However, the sequencing of how to move out of the bottom-right cell of the matrix in Figure 1, to provide support through local government, is an on-going operational challenge. If local governments continue to be ineffective and unresponsive, it does not make sense to provide resources to them. Such transition strategies must involve simultaneous and complementary support for the supply of good local government services from the top-down and demand for those services from the bottom up.

As the World Bank Group launches its Governance and Anti-Corruption Strategy and Implementation Plan, it has committed to supporting the demand for good governance. This demand-side effort focuses on the role of multiple stakeholders to hold local authorities to account, ensuring that transparent, participatory planning and implementation takes place. A major theme of the GAC is to scale up and mainstream demand-side approaches. In this realm a great deal of the World Bank’s experience results from its CDD operations. As the WBG moves into GAC implementation, it needs to examine and learn from its CDD experience about how to promote the demand for good governance within its mandate.

**Sectoral scope of CDD operations**

In describing the modalities of CDD operations in East Asia, the above discussion draws on key examples of World Bank operations, *i.e.*, Vietnam NMPRP and CBRIP, Cambodia RILGP, and Indonesia KDP. Though working on CDD in different institutional environments, these operations are all multi-sectoral in that World Bank resources finance a broad range of local infrastructure. Considering approaches supporting effective and responsive local development, multi-sectoral operations make up the core of East Asia’s CDD portfolio. However, beyond this core, there are several other types of operations that adopt a CDD approach, in that they seek to enhance citizen’s capacity to influence decision-making and resource for local development. However, these other operations have a more sectoral focus, depending largely on the community the operation targets. Broadly, CDD operations can be organized according to alternative ways to identify communities.³

**Multi-sector Integrated Service Delivery and Local Development:** As described above, to strengthen the interface between local governments and their community constituents, the core of East Asia’s CDD operations support multi-sector local service delivery and seek to institutionalize participatory processes in local citizen-government interactions. The core component in these programs usually involves block grants to local governments to fund area (village/commune) development plans. Those plans include sub-projects that cover an open menu of social and economic infrastructure projects for local services. These operations define community geographically as those

³This is inspired by a typology of CDD operations developed by Dan Songco and Janmejay Singh in a report for the Asian Development Bank: *A Review of Community Driven Development and Related Approaches at the Asian Development Bank*, April 2006.
within a local administrative area. This type of operations encompasses the core of East Asia CDD operations and the majority of the region’s CDD lending.

In East Asia as in many other parts of the world, one of the settings where multi-sectoral CDD approaches are often applied is in post-conflict, post-disaster, or post-economic crisis situations. For example, as the World Bank Group mobilized resources to support clients whose people were struck by the tsunami, many responses used CDD approaches. These can foster rapid micro-level reconstruction and recovery, combined with some degree of social cohesion and reconciliation.

**Common Property Resource Management:** CDD approaches often rely on collective action. As such, they relate directly to community-based management of common property resources, such as water, forests, fisheries, grazing lands, coral reefs, etc. Community is defined as the users of the common resource, such as the village water users association, regional fishery association, etc. Working within a single World Bank sector, many community-based natural resource management operations in the region involve CDD approaches.

**Single Sector Service Delivery:** These operations introduce community participation into sectoral projects, such as transport, irrigation, health and education. In line with the overall CDD objective of increasing the capability of citizens to influence decisions and resource use, they seek to empower users of the service by increasing the accountability of providers towards them or through transferring control of service provision or management to those users. This transfer seeks to increase the use and quality of these services. Given this focus, the definition of community is the “community of users” of the service, such as transport or electricity service users, village health committees or community school management committees.

**Results Framework for CDD Operations**

As discussed above, East Asia’s CDD operations work through various modalities, depending on institutional context. Further, operations work on many sectors, sometimes taking a multi-sector perspective, other times adopting different definitions of “community” to focus on natural resource management, a specific sector, or livelihoods. Despite this variety, in so far as these operations work toward promoting a local development vision, there are some common elements of what CDD approaches seek to achieve and how they work to achieve them. To different degrees depending on modality and scope, CDD approaches aim to deliver categories of results. To learn from the diversity of CDD experience in the region, it is useful to identify those results and draw out evidence of progress towards achieving them. Based on a general logical framework developed first for South Asia’s CDD operations, then adapted for broader use across the World Bank, Figure 2 presents a generic framework for CDD results.
CDD operations ultimately seek to produce sustainable well-being. Toward this highest order objective, programs seek to deliver different combinations of improved service delivery, empowerment of communities, and expanded livelihood opportunities. These development objectives are intertwined, working towards a local development vision. Often depending on the sectoral unit responsible, some operations place improved service delivery as the end to be achieved through enhanced local capacity to act collectively. Others place empowerment as an end in itself, achieved by greater voice in how local government services respond to community needs. The majority of East Asian CDD operations have not to date put specific emphasis on generating private livelihoods opportunities through CDD. In other parts of the Bank, notably South Asia, many CDD operations have promoted local producers communities.

Looking at the development objectives of East Asia’s CDD operations, one gets a better sense for how improved service delivery and empowerment work in tandem. In the above list of CDD operations, 23 percent state that community empowerment is the primary objective. The remaining 77 percent list service delivery as the primary objective. However, as one would expect of CDD operations supporting local development, of this 77 percent there is a heavy concentration on the need to empower communities: 34 percent of total operations say that empowering communities is the primary means to improve services, 20 percent look to empowerment and local government strengthening in roughly equal measure, and 23 percent work primarily with local governments though promote community participation.

Toward these interconnected development objectives of service delivery, empowerment and livelihoods, East Asia’s CDD operations produce two types of outputs: more and better distributed assets, and stronger, more responsive institutions. CDD helps to move toward a vision of local development, producing institutional outputs
of more participatory norms and behaviors to make local investment decisions. Further, CDD operations deliver small scale public goods infrastructure, which are in themselves valuable assets.

To produce these program outputs, CDD operations spend resources on two broad categories of activities: building the capacity of local institutions and investing in (mostly) public goods infrastructure. Regardless of modality or sectoral scope, CDD operations support community facilitation. They organize community groups, promote their engagement in local development decisions and project implementation, and convince local authorities of the value of these community voices. Experience shows that community facilitation alone does not help promote institutional change. If those community groups have no control over resources to work on their suggestions, they are quickly discouraged, so CDD operations provide resources, usually in East Asia to build public infrastructure. For this reason, operations that focus on individual livelihoods are better able to organize people.

Section II: Evidence

CDD Results Hypotheses

As an approach that has found great enthusiasm among the World Bank’s East Asian development partners, CDD purports to achieve significant results. Building from evidence coming from the core East Asia flagship operations, a growing body of evidence shows CDD approaches deliver. We have evidence to consider the following six results hypotheses about CDD approaches in East Asia, organized based on the CDD Results Framework to consider activities, program outputs and program outcomes:

Activities
1. They reach poor communities
2. They involve communities in decision-making and implementation

Program Outputs
3. They deliver infrastructure in a cost-effective, quality manner
4. They are able to promote systems for O&M that lead to sustainable service delivery

Program Outcomes
5. They increase incomes of participant communities
6. They improve the dynamics of how communities interact with local government

These hypotheses cover important elements of East Asia’s CDD experience and can be addressed through available data. Further, there are other important hypotheses that the Region needs to consider that are not included in this list because of lack of evidence. For example, we lack sufficient evidence as to whether CDD approaches lead to choices of infrastructure that best reflect community preferences. There is an urgent need to compare the results of bottom-up, demand-driven CDD approaches deliver results with alternative, top-down, supply-driven approaches. This comparison would be
particularly valuable given that much of the Bank’s development support works directly with central government implementing agencies.

Outside of the Bank, development practitioners for many years have enthusiastically supported approaches that seek to empower local communities, giving them greater control over resources. The World Bank’s CDD approaches seek to build on these experiences. However, within the World Bank there has been some controversy over CDD. While many clients and country teams have found these approaches useful to meet several different objectives, DEC and IEG reports questioned the value of World Bank support for community driven development. One of the prime concerns expressed is that there is not sufficient evidence of CDD effectiveness to justify extensive use of CDD approaches.

It is inherently difficult to analyze CDD effects. These operations involve a large number of small, decentralized activities and aim to change institutions. Gathering independent data about these activities is costly and time-consuming. There are few accepted methods to measure community empowerment. Beyond these measurement difficulties, because CDD approaches give opportunities for communities to compete to be included, those communities that end up getting resources are not typical representatives of their area. Community selection makes impact evaluation difficult.

Beyond these CDD specific challenges, we would like to test CDD operations against the counterfactual of alternative uses of World Bank resources. In practice alternative operations provide resources from central government ministries to specific investment projects. It is difficult to compare these operations with CDD. For example, where CDD operations seek empowerment outcomes, there are few if any alternative World Bank operations working toward these objectives. Further, CDD operations in East Asia support very small-scale, tertiary infrastructure, outputs rarely produced by more traditional operations. Finally, as noted below, traditional World Bank operations are not evaluated for their impact with a degree of rigor demanded of CDD operations.

1. CDD approaches reach poor communities

As part of the objective to enhance people’s participation and influence in local decision-making, CDD operations claim to direct resources and benefits to poor people. This effort can be framed as a two-stage process. The first stage is the geographic targeting of administrative units to ensure resources reach poor areas of the country. The second stage refers to the extent to which resources benefit poor households within participating communities. Often through well-defined poverty mapping techniques and household surveys, East Asia’s CDD operations provide evidence that project resources are targeted toward poor communities. However, political, administrative and data constraints prevent these operations from exclusively targeting the poorest households.

To meet the first-stage objective, CDD operations employ a variety of geographic targeting strategies that seek, to different degrees, to select poor administrative units for project participation. In the Philippines, the KALAHI-CIDSS project sought to select the
poorest quartile of municipalities in the 40 provinces where poverty incidence was above the national average. Poverty mapping techniques were then used to establish a list of potential municipalities, finalized through consultations with provincial and municipal governments, and civil society groups. In Indonesia, the Kecamatan Development Project (KDP) used a similar strategy. BAPPENAS, the National Development Planning Agency, selected a list of 1500 kecamatan through a combination of household surveys and census data. It sent the list to district and provincial governments to confirm its accuracy, and then pared it down to 501 for KDP’s initial phase. The Northern Mountains Poverty Reduction Project (NMPRP) and Community Based Rural Infrastructure Project (CBRIP) programs relied upon a poverty map, along with a set of additional criteria under the rubric of “most difficult commune” characteristics. Finally, some projects, such as SEILA-RILG in Cambodia and Sustainable Livelihoods Project (SLP) in Mongolia, are nationwide, precluding the use of first-stage geographic targeting.

Although they generally incorporate accepted poverty-mapping techniques for identifying poor areas, the choice of strategy will frequently depend upon alternative factors such as political considerations, budget constraints and limitations in acquiring the necessary data for proper assessment. These additional criteria can entail deviations from results gained through the exclusive use of poverty-mapping. One example is the Education Quality Improvement Project (EQIP) in Cambodia where communes were initially selected on the basis of their location relative to the provincial center, with further expansion dictated by geographic convenience and political concerns. A combination of data limitations and budget constraints necessitated choosing communes that were easy to reach.

In Vietnam’s NMPRP and CBRIP operations, factors other than poverty indices were used to identify participating communities. A sophisticated poverty map was one factor for selecting communes. However, under the objective of targeting “most difficult” communes, additional criteria, such as “revolutionary communes”, remoteness from provincial and district centers, were included to satisfy the political considerations of reaching areas viewed as troubled.

Even if poverty-mapping is used exclusively, different criteria can alter the ranking and nature of selected administrative units. For example, if the primary criterion is to maximize the number of poor people included in the program, then urban areas, where population density ensures large numbers of poor people, are likely to be targeted. Alternatively, if the objective is to reach the poorest people in the country, the program will likely target rural areas, where poverty headcount and poverty gaps are typically higher. For example, using poverty mapping completed after project implementation had begun, Alatas (2005) generated a list of 986 kecamatan, and ranked them according to “number of poor” and “poverty headcount” criteria. Table 2 compares the hypothetical

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targeting results for two ranking methods (“number of poor”, poverty headcount) with the actual results from project targeting in KDP and non-KDP areas. The results differ significantly depending on which criterion is used to rank kecamatan. The rankings using poverty mapping demonstrate how better targeting results could have been achieved had that analysis been available during program design. Using poverty mapping and either ranking method would have resulted in a more pro-poor targeting strategy. The poorer results suggest that additional criteria, possibly resulting from consultations with sub-national government units, lessened the effectiveness of a targeting strategy based originally on household and census data.

Table [2]: Comparison of original targeting results with ex-post poverty mapping across indicators for KDP 1 Phase 1.

<table>
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<th>% of poor population covered</th>
<th>% of population that is poor</th>
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<tr>
<td>Original Targeting- no poverty mapping</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>“Number of poor”- poverty mapping ranking</td>
<td>52</td>
<td>28</td>
</tr>
<tr>
<td>“Poverty headcount”- poverty mapping ranking</td>
<td>38</td>
<td>40</td>
</tr>
<tr>
<td>Non-KDP</td>
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Source: Alatas (2005), pp. 9-10.

The targeting mechanisms discussed above suggest that CDD operations can focus even more tightly on pro-poor areas, relying on poverty mapping techniques. But even without that sole focus on survey and census data, and entertaining other considerations, EAP CDD operations that seek to target the poor are still successful. In the KALAHI – CIDSS project, in the Philippines, several measures of poverty (incidence, mean per capita expenditures) were higher in treatment villages than in control villages. A detailed poverty mapping exercise\(^7\) in the Philippines verified that the KALAHI operation was very successful in meeting its targeting objectives of focusing resources only on municipalities in the bottom quartile of the poorest provinces. Among a group of municipalities that represent “leakage” to relatively richer municipalities, there was no evidence that they were above the provincial mean for poverty incidence. Further, independent analysis suggests that 68 percent of municipalities participating in the program were in its targeted “bottom quartile” objective.\(^8\) In KDP, three different measures indicate that the targeting strategy selected areas poorer than for Indonesia as a whole. For the rural population, 26.5 percent were poor in KDP program areas compared with 21.7 percent in the rural population for non-KDP areas. When looking at the total population, the gap is even larger with 24.4 percent for KDP and 13.9 percent for non-

\(^6\) Note: although a change in poverty ranking changes the distribution of participating and non-participating kecamatan, given the relatively smaller size of KDP areas vs. non-KDP areas, the original estimates of poverty indicators for non-KDP areas as comparators are not likely to change significantly.


\(^8\) Ibid.
Given different targeting objectives, there are some clear recommendations. Programs whose stated objective is to target the poor should rely on poverty mapping techniques, as they are technically robust and give transparent decision criteria. To meet the client’s objectives, alternative considerations or constraints become unavoidable. But to make the process transparent and accountable, these alternative criteria should be explicitly described, verifying why specific locations were selected under the methodology.

Second, although the evidence that CDD operations are targeting poor areas is encouraging, no evidence currently exists on the targeting households within communities. Assessing the performance of this “second stage” of targeting is not possible without detailed data on household and village-level incomes, which given the relatively small size of most Bank operations, is unlikely to be available in national household surveys. Even if the poorest households were identified, the public good nature of many infrastructure sub-projects makes it difficult to provide a quantitative assessment of the extent to which the poorest benefit relative to others in the community. In order to make such an assessment, projects will need to conduct specific surveys to obtain detailed income/expenditure data and determine which individuals use project resources to a greater extent.

2. CDD approaches involve communities in decision-making and implementation.

As an institutional output, CDD operations seek to broaden the number of people participating in public decision-making and resource use, focusing specifically on the involvement of traditionally disadvantaged groups within communities, including women, minorities and the poor. To promote institutional change, CDD operations often support meetings where community members can air their needs and concerns, come together to agree on common positions, undertake collective action, and help build local infrastructure. There is limited and mixed evidence on whether meetings actually involve the most disadvantaged members of the community and whether that involvement leads to greater effective influence over decisions.

A first cut measure of participation is whether a large proportion of households are represented in key decision-making meetings. There is a fair amount of evidence from across the region on overall participation rates. In Mongolia, the SLP Midterm Review indicated that 20 percent of the entire population of provinces under the Local Initiative Fund CDD component participated in project implementation. In Cambodia, 78 percent of respondents in a study of irrigation projects indicated that they had attended

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a Village Development Council Meeting to discuss the proposed project. Also from SEILA-RILG, Biddulph (2005) in a study on empowerment found that among randomly selected villagers, 49 percent said they had been involved in the project selection process. Finally, in the Philippines, the ARCDP Impact Assessment found that 48 percent of People’s Organizations participating in the project indicated that attendance at general assembly meetings was over 90 percent. In addition, 41 percent had 90 percent rates of members’ participation in other organization activities.

When looking at the data presented on participation rates, it is important to consider the contextual and operational environments within which individuals are making decisions to participate. For example, in Mongolia, we expect lower rates of participation in project activities since households are separated by several kilometers. This is in contrast to the Philippines where in addition to higher population density, established institutions for community members coming together, People’s Organizations are a readily identifiable vehicle for generating participation in CDD activities. A further consideration is the kind of potential benefits for community members. When projects offer resources grants to individuals or households for livelihoods support, entrepreneurship or income generation activities, they may be more likely to participate in meetings to decide how resources are allocated, in contrast to allocations for purely public goods.

Although contextual factors can decrease the propensity to participate in project activities, the role of community facilitators in mobilizing community members remains critical. The SLP project in Mongolia provides an example comparing two CDD components with similar objectives and procedures, but differing in terms of the extent of community facilitation. Out of 21 provinces nationwide, 8 participated in a special JSDF-funded Local Initiatives Fund (LIF) program where community facilitators at the district level actively disseminated information on project procedures and promoted participation in village-level meetings. The remaining 13 provinces participated in the Local Development Fund (LDF) component, which also offered grants to local governments for community-identified projects, but lacked facilitators. Discussions with the SLP project team indicated that compared with the experiences of provinces under LIF, participation in project processes and involvement in project selection for LDF provinces was extremely poor.

Although achieving high participation rates within communities is important for CDD objectives, the inclusion of previously disadvantaged groups is a measure of whether decision-making process are shifting from elites to the community as a whole. If women, minorities and the poor remain uninvolved, elites are far more likely to retain

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control within the community. Evidence on CDD operations’ success in promoting participation among these groups comes from Indonesia, the Philippines and Cambodia.

Women in CDD operations attend decision-making activities more frequently compared to limited evidence in non-CDD projects. In KDP, in Indonesia, women’s attendance rates at community meetings were between 26 and 45 percent\textsuperscript{14}, based on the administrative data collected from the project management information system. Independent data on KDP meetings concerned with the implementation of roads projects\textsuperscript{15} confirmed these results, showing that in the eight types of meetings which KDP requires, 36.5 percent of participants were women.\textsuperscript{16} For comparison, in a study of ten other government schemes which attempted to replicate KDP, women’s attendance rates at non-KDP meetings were less than 1 percent.\textsuperscript{17} In a qualitative study of KDP in conflict areas, 54.5 percent and 94.6 percent of key informants in East Java and Nusa Tenaggara, respectively, indicated that participation rates in KDP meetings were higher than for other government meetings.\textsuperscript{18} In Cambodia, in a study of 25 irrigation projects under the SEILA/RILG program, 68 percent of women respondents took part in Village Development Council (VDC) meetings.\textsuperscript{19}

From two projects in the Philippines, there is additional qualitative evidence on women’s participation in decision-making, using key informant surveys of members of local government and village leaders. The Mindanao Rural Development Project (MRDP) Terminal Evaluation Report suggests that for the Community Fund for Agricultural Development (CFAD) component, women benefit more than men in terms of project outcomes, comprising 56 percent of all sub-project beneficiaries.\textsuperscript{20} A Community Based Resource Management Project (CBRMP) impact evaluation compares rates of women’s participation in People’s Organization activities and measures of

\textsuperscript{16} It is important to note that one of the eight meetings was designed as a “women’s only meeting”, where 96 percent of participants were women. Among the four types of meetings where the data was of highest reliability, excluding the “women’s only meeting”, the percent of women attending ranged from 19 percent to 31 percent.
\textsuperscript{19} Aruna Technology (2006), p 81. It should be noted that of the 333 respondents in the survey, only 66 were women.
\textsuperscript{20} Associated Resources for Management and Development, Inc. (2004) “Mindanao Rural Development Program (MRDP) APL 1 Program Terminal Evaluation”: Kidapawan City, MRDP Project Office, p. 25. Note that the 56 percent rate of women beneficiaries is derived from the evaluation’s household survey. Given participation rates of beneficiaries in project identification (72 percent), meeting attendance (63 percent), active membership in People’s Organizations (30 percent), and sub-project proposal suggestion at decision meetings (6.6 percent) the study concludes that women participated in project implementation to a greater degree, but fails to provide direct evidence of women’s participation rates.
women’s empowerment with a control group based on key informant surveys.\textsuperscript{21} Women in CBRMP People’s Organizations showed higher rates of participation and levels of influence for such criteria as decision-making processes, identifying potential projects, formulating organizational policies, as well as project planning, implementation, M&E and maintenance.

The results of the CBRMP and MRDP highlight that while attendance at meetings is a necessary condition to enhance real involvement in decision-making, it is also not sufficient. The quality of participation in meetings matters. Although quantitative evidence points toward frequent meeting attendance for women in Indonesia and Cambodia, women may not exercise proportional influence over decision-making. As two studies on the NMPRP in Vietnam suggest, absent a concerted effort to encourage women’s participation, other operations did not have as much success as the examples cited above. By objective and design, many of the communities involved in NMPRP are ethnic minority villages, where within households men are far more likely to have language skills, the capacity to implement project procedures and experience in dealing with extra-household affairs. The Construction Experiences Lessons Learned study in NMPRP found that 30 percent of attendees at meetings were women, but that most did not participate, often due to language barriers.\textsuperscript{22} Additional qualitative research by Shanks comparing the relative success of the Vietnam NMPRP and CBRIP noted that a lack of capacity disadvantages women in terms of both attendance and active participation in meetings.\textsuperscript{23}

Despite these results, there is evidence from Indonesia of active participation by women. Returning to household survey data from KDP,\textsuperscript{24} while women were slightly less likely to speak at meetings than their male counterparts, they did speak up to a significant degree. For example, at the planning and implementation meetings, women represented 31 percent of participants and 21 percent of those who spoke. Compared to other data that suggests the norm for women’s participation in local decision-making meetings to be 0.5 percent, this women’s participation rate is an extraordinary increase from norms outside of KDP. Against the goal of ideal equality of attendance and speaking up, this data does suggest that women lag behind men in terms of active participation. However, they are not shut out of the discussion or simply attending only to be told what decisions will be made. This same independent data on KDP included survey questions on whether or not those participating in meetings felt that their voices had been heard through the CDD process and were represented in the resulting community sub-project outcomes. Among women, 60 percent felt their voice had been heard, which corresponds closely to the 61 percent of men who felt so. The more encouraging results for KDP are not surprising given the mechanisms in place to encourage women’s participation. Special meetings were set aside as “women-only”. At

\textsuperscript{24} Authors’ analysis of Olken primary data.
project selection meetings, one of proposals had to be submitted by women’s groups, providing a built-in opportunity and forum for women to articulate their voice and needs. Although comparable information about the intensity of participation in non-CDD meetings is not available, this evidence suggests that, through a set of procedures that encourages women’s participation in decision-making, KDP has had some success in promoting such participation.

Evidence on the participation of the poorest community members is limited. While it is relatively straightforward to identify whether CDD operations promote the participation of women in decision-making, it is more difficult to identify participation of the poor. Unlike gender, a person’s poverty status is not as readily apparent to outside observers. Moreover, if geographic targeting is effective at reaching the poorest areas, the richest person in the community, while a local “elite”, is likely still to be in the bottom half or lower of a national distribution. If the developed world is any indication, social change is unlikely to emerge from pressures by societies’ most destitute. Rather, change is likely to be promoted by those of middle status seeking to exert what they consider to be their rightful degree of influence against traditional, entrenched elites who maintain their authority through long-standing social norms. The Olken study of corruption in KDP confirms this view, finding that middle-class participants within the village were more likely to speak at meetings (15 percent of whom spoke) than the rich (5 percent) or the poor (3 percent).25

Using key informant surveys in Indonesia and Cambodia, additional qualitative evidence points to CDD operations encouraging participation among poorer community members. Considering data from the Second Urban Poverty Project in Indonesia26, a change in the project’s procedures to a more democratic process in the selection of community board members led to a 50 percent higher proportion of non-elite representation on the board and increased project participation among the poor. In Cambodia’s SEILA/RILG program, 49 percent of randomly selected villagers and 32 percent of very poor villagers said they had participated in the selection process for local infrastructure.27 Finally, in KDP 60 percent of community members attending meetings were from the poorest groups in the village.28

Not all CDD operations specifically target ethnic minorities, but limited evidence exists on the extent to which they participate in project activities. The MRDP impact evaluation found that only 21.9 percent of direct project beneficiaries were ethnic minorities, far below the target of 40 percent.29 Similar to the situation in Vietnam noted, ethnic minority participation was hindered by lack of capacity and the need for strong and focused facilitation in order to overcome reluctance to participate.

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Looking at marginalized groups as a whole, in a survey using key informants, the KDP Conflict Study concluded that marginalized groups are more likely to take part in KDP meetings than in other village government meetings. As shown in Table 3, 78 percent of respondents indicated that ethnic minorities increased their participation in KDP meetings compared to government meetings. In total, compared to control sites, 50 percent more villagers reported that more marginalized groups were coming to village meetings in KDP areas than to government meetings in control sites. Three-quarters of all villagers in areas that had received KDP for the longest time (four years) reported that more groups came to village meetings than in the past. The study found that decision-making in village meetings has also become more democratic over time, and that this effect is greater in KDP areas than in the control sites. Contrary evidence from the Thailand SIF evaluation suggests that the competitive process led community groups to exclude the most disadvantaged, for fear their participation might hinder village effectiveness in preparing a good proposal and getting resources.

Table [3]: Percentage of respondents citing increased participation

<table>
<thead>
<tr>
<th>Group</th>
<th>East Java</th>
<th>NTT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(% respondents citing increased participation)</td>
<td>(% respondents citing increased participation)</td>
</tr>
<tr>
<td>Women</td>
<td>54.5</td>
<td>94.6</td>
</tr>
<tr>
<td>Poor People</td>
<td>30.3</td>
<td>93.5</td>
</tr>
<tr>
<td>Ordinary Villagers</td>
<td>40.9</td>
<td>87.1</td>
</tr>
<tr>
<td>Minority Ethnic Groups</td>
<td>-</td>
<td>78.5</td>
</tr>
<tr>
<td>Remote Hamlets</td>
<td>28.8</td>
<td>77.4</td>
</tr>
<tr>
<td>Minority Religious Groups</td>
<td>1.5</td>
<td>53.8</td>
</tr>
<tr>
<td>Opposition to Village Government</td>
<td>24.2</td>
<td>26.9</td>
</tr>
<tr>
<td>Others</td>
<td>24.2</td>
<td>1.1</td>
</tr>
</tbody>
</table>


Taken as a whole, the evidence for inclusion of marginalized groups in CDD operations is not broad. As with income, it is difficult to obtain data on the dynamics of meetings, active vs. passive participation and the identification of marginalized groups. If CDD operations are to move forward on assessing participation, we need more data on the extent and quality of participation of various groups. To the extent that it is possible, this points toward a role for Management Information Systems (MIS) as a more cost-effective alternative to specialized studies. Although many MIS systems already collect some of this data, an expansion of the scope and depth of what is collected is likely needed.

3. CDD approaches deliver cost-effective, quality infrastructure

Much of the discussion surrounding CDD operations focuses on the benefits of participatory and capacity-building processes. However, for those benefits to be relevant, CDD operations must also deliver cost-effective infrastructure of sufficient quality, to avoid the perception of a tradeoff between benefits gained from infrastructure delivery

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30 Barron (2006), pp. 120-121.
and community mobilization in CDD operations. East Asia evidence suggests that CDD-constructed sub-projects cost less than government alternatives and are judged to be of acceptable quality by technical evaluators.

CDD operations can derive significant cost savings using local materials and labor. Whether sourced directly from the community, or offered as part of mandatory community contributions, community inputs can be valued below the cost faced by government contractors in larger regional markets. Materials can be purchased directly from local sources, avoiding the sometimes double and triple-handling that increases final prices. Community contributed labor is typically unpaid, but cost calculations include the value of the opportunity cost that labor contributions entail. Several factors, such as the reluctance or inability to join the labor market or available time given seasonal agricultural activities, may imply an opportunity cost for community contributed labor that is less than prevailing market wages. Transportation costs of getting inputs to the project site are reduced when they are sourced directly from the community. As Torrens (2005) notes in the Economic Analysis of KDP, these factors become larger the more remote the location of construction: transportation costs of materials rises and the value of labor has a greater potential to diverge from regional levels the farther away a community is located from a district or municipal center.31 Finally, community involvement, in the form of knowledge of the budget, presence on the building site, and a sense of ownership over the end product, may ensure that local contractors charge less and are more careful to stay to agreed costs than they would otherwise be.

There are ample reasons why CDD operations may build small-scale infrastructure more cheaply than traditional means. To demonstrate cost-effectiveness, studies of CDD operations in the region have attempted to establish meaningful comparisons with equivalent government alternatives. In the Philippines, studies for the KALAHI and ARCDP projects compared the total cost of government infrastructure by locating examples of sub-projects that were similar in design and scope to those produced from KALAHI and ARCDP operations. The KALAHI study analyzed the cost-effectiveness of water systems, road rehabilitation, school buildings, health care centers, and day care centers, finding the per unit average of the total infrastructure grant plus stated community contributions. These per unit construction costs for CDD-constructed infrastructure were then compared to per unit benchmarks for government-produced projects from the National Project Management Organization project database. As shown in Table 4, KALAHI program sub-projects demonstrated significant cost savings for four categories of infrastructure. For example, considering 436 road rehabilitation projects, the study found cost savings of between 59 and 90 percent.32 CDD water systems saved between 71 and 76 percent over government financed alternatives, and health care systems saved 44 percent. School buildings were produced with only mild savings, while CDD day care centers were produced at higher cost.

31 Torrens (2005), p 23.
Table 4: Cost Savings per unit for CDD operations as a percentage of government-produced infrastructure sub-projects

<table>
<thead>
<tr>
<th></th>
<th># of projects</th>
<th>Average Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KALAHI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water System</td>
<td>393</td>
<td>71-76%</td>
</tr>
<tr>
<td>Road Rehabilitation</td>
<td>436</td>
<td>59-90%</td>
</tr>
<tr>
<td>School Building</td>
<td>117</td>
<td>7.4%</td>
</tr>
<tr>
<td>Health Care Center</td>
<td>143</td>
<td>44%</td>
</tr>
<tr>
<td>Day Care Center</td>
<td>104</td>
<td>-25%</td>
</tr>
<tr>
<td><strong>KDP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Supply</td>
<td>41</td>
<td>36%</td>
</tr>
<tr>
<td>Roads/Bridges</td>
<td>55</td>
<td>32%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>17</td>
<td>23%</td>
</tr>
<tr>
<td><strong>SEILA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VN6 Well</td>
<td>66</td>
<td>20%</td>
</tr>
<tr>
<td>Open Mixed Well</td>
<td>78</td>
<td>16%</td>
</tr>
<tr>
<td>Afridev Well</td>
<td>59</td>
<td>-38%</td>
</tr>
<tr>
<td>Single 60cm culvert</td>
<td>74</td>
<td>22%</td>
</tr>
<tr>
<td>Single 80cm culvert</td>
<td>65</td>
<td>29%</td>
</tr>
<tr>
<td>Single 100cm culvert</td>
<td>61</td>
<td>26%</td>
</tr>
<tr>
<td>Double 60cm culvert</td>
<td>41</td>
<td>25%</td>
</tr>
<tr>
<td>Double 80cm culvert</td>
<td>40</td>
<td>28%</td>
</tr>
<tr>
<td>Double 100cm culvert</td>
<td>46</td>
<td>26%</td>
</tr>
<tr>
<td>Box Culvert 2 x 5m</td>
<td>16</td>
<td>6%</td>
</tr>
<tr>
<td>Concrete bridge 4m long</td>
<td>4</td>
<td>24%</td>
</tr>
<tr>
<td>Brick School room</td>
<td>95</td>
<td>-24%</td>
</tr>
</tbody>
</table>


Using similar methodology, the ARCDP study compared the per unit costs of sub-project road components with components built by the government implemented Comprehensive Agrarian Reform Program (CARP), and Department of Public Works and Highways (DPWH) programs. As shown in Table 5, comparing the per unit costs of two components common to both programs, ARCDP generated a cost savings of between 33 percent and 38 percent in Isabela Province, and 9 percent and 60 percent in Leyte Province. Finally, for NMPRP in Vietnam, the Construction Experiences Lessons Learned study determined that costs were similar after comparing a small number of sub-projects with like sub-projects from a similar government program.

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34 WSP International (2005) “Construction Experiences Lessons Learned Study.”: Hanoi, World Bank, p 12. A handful of projects were compared with P135, a similar government-run project designed to bring needed infrastructure to poor communes. A second program, RT2, had higher costs in comparison with NMPRP road projects, but with a higher standard of quality.
Table 5: Cost savings per unit for ARCDP road project components as a percentage of per unit component costs for CARP and DPWH road projects

<table>
<thead>
<tr>
<th></th>
<th>Isabela Province</th>
<th>Lleyte Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Base Course</td>
<td>33.44%</td>
<td>60.45%</td>
</tr>
<tr>
<td>Structural Concrete Unit Cost</td>
<td>38.47%</td>
<td>9.45%</td>
</tr>
</tbody>
</table>

Source: Resources, Environment, and Economics Center for Studies, Inc. (2004), pp 18-19, Cost-effectiveness Study. Note that for Lleyte province, the component is “sub-base” rather than “base”.

The technique of using “similar” government-produced infrastructure as a cost comparator suffers from the difficulty of finding sub-projects with equivalent size, design features and materials used. Studies on the cost-effectiveness of CDD operations in Indonesia and Cambodia avoid this problem by using the per unit rates for government materials and labor to recost the actual design of sub-projects in KDP and SEILA/RILG. For example, in the Economic Impact Analysis study of KDP, the equivalent cost to a government-implemented project for the amount of materials and labor used by KDP was compared with the actual costs of KDP sub-projects, including community swadaya contributions. For 55 roads and bridges and 41 water supply sub-projects the actual costs were 32 percent and 36 percent less, respectively, than the same design recosted at government rates. The average cost of seventeen irrigation projects averaged 24 percent below recosted government estimates. Similarly, in a study on commune level-service delivery in SEILA-RILG in Cambodia, a government-contracted “reference cost” was estimated using the average cost of materials across nearby provinces and assuming allowances for transportation, profit and overhead. Comparing these estimates to the contract price for SEILA-RILG sub-projects, the results showed a more modest but significant savings of 6-29 percent for various types of project infrastructure (including wells, road sub-components and schools). Only Afridev-type wells were built at a higher cost.

Although the results outlined above suggest that CDD operations do in fact deliver infrastructure at a lower cost than alternatives, there are reasons to view the evidence skeptically. First, the actual costs may be understated given the nature of CDD operations. As noted, only some of the studies outlined above include the value of community contributions when calculating sub-project cost. The time that villagers contribute to help build CDD infrastructure reflects the value of foregone activities. But even for those studies that include the value of community-contributed labor, they do not include the costs of community mobilization, a significant part of the CDD approach. For example, CDD approaches require and promote significant community participation.

36 Romeo, L and Spyckerelle, L. (2004), “Decentralization Reforms and Commune-Level Services Delivery in Cambodia.” Case Study submitted for Asian Development Bank Workshop, "Local Government Pro-Poor Service Delivery", Manila, p 24. Reference cost was calculated as the sum of materials costs (valued at the average cost of the three provinces included in the study), and transport costs at $6 per ton. An allowance of 10 percent of materials and transport costs was then added for profit and overhead.
in meetings to plan and oversee local infrastructure investments. The value of the time villagers spend in attending meetings is an opportunity cost that is not accounted for even in the most carefully done studies. While these participation costs are real, they need to be judged against alternatives that also involve “socialization” processes requiring people to invest their scarce time.

Second, although comparisons with equivalent government projects are useful in considering alternatives, further evidence is needed on the cost-effectiveness of other forms of World Bank infrastructure delivery, specifically, their effectiveness in reducing costs below government equivalents.

In order to realize the cost savings outlined above, CDD operations must show that they deliver infrastructure of a similar quality to that produced by governments. The participatory nature of the CDD approach provides some impetus to expect this result. First, if as a result of the participatory process, community members feel project-built infrastructure appropriately reflects their needs, they will be more inclined to demand quality in construction. Further, in so far as community groups are physically present in the villages where these assets are being built, they can monitor the progress, ensuring within their technical capacities that the work is done well and that the resources designated for the project are actually used.

Countering these factors supporting higher quality infrastructure delivery is the fact that CDD operations generally involve a great number of small, broadly dispersed investments. Accordingly, it may be more difficult for central ministries to oversee construction of a large group of small public assets. It may be the case that there is more corruption in smaller, far-flung investments, as they are physically more distant from inspections and disciplinary measures. Likewise, one could argue that, removed from easy oversight by official inspectors and involving community participation, those responsible for building these investments would not be willing or able to meet technical building standards, and communities may not have the capacity to monitor technical quality effectively.

The focus on ensuring cost-effectiveness can also present challenges for maintaining quality. When communities seek to expand the functionality and scope of sub-projects (e.g., adding sanitation facilities in school buildings, or modifying the route of planned roads), they force a tradeoff between selecting a design whose costs are beyond the allocated budget, and reducing the quality of the design and/or materials. Torrens (2005), in the Economic Impact Analysis of KDP, indicated that although many communities in this situation filled the budget shortfall through increased community contributions, they often elected instead to take shortcuts in technical design and materials that threatened the long-term use and quality of the infrastructure. In addition, communities participating in the NMMPRP and CBRIP projects in Vietnam faced pressure to conserve on costs to lessen the burden of community contributions and demonstrate cost-effectiveness, leading to contract values that were set below

37 Torrens (2005), p 11. The most common cited shortcut was eliminating roadside drainage in construction.
Despite these concerns, current evidence suggests that CDD operations deliver infrastructure at an acceptable level of quality. Unlike with cost comparisons, differentiated design and materials-used make direct comparisons to government infrastructure quality more problematic. The approach taken by studies of CDD infrastructure quality in the region is to evaluate to what extent a set of established criteria are met to an acceptable/satisfactory level based on evaluations by professionally-trained technical auditors. For example, in two technical reviews of KDP in Indonesia, sub-projects are given ratings by technical evaluation teams across a range of criteria and then placed into categories based on the number of successful ratings. In the KDP Study of Construction Quality, 70.74 percent of KDP sub-projects were rated satisfactory and 32.75 percent highly satisfactory by technical consultants. A second review of 113 sub-projects completed as part of the KDP Economic Impact Analysis rated 47 percent as “very good”, 46 percent as “acceptable” and only 6 percent as “not acceptable”.

Two studies on SEILA/RILG infrastructure quality in Cambodia use similar methodology. The Technical Audit Report looked at the quality of design and construction of 120 infrastructure project contracts. Auditors rated projects as acceptable for several criteria including “Appropriateness of the choice of project output” (82.5 percent), “Design appropriateness” (77.5 percent), “Conformance of construction with design specifications” (95.8 percent), and “Appropriateness of contract price versus implemented work” where 81.6 percent of projects had a visible quantity of output more than 97.5 percent of that shown in the contract. In the Socio-Economic Evaluation of Irrigation Projects, a survey of 25 irrigation sub-projects found that 76 percent were rated at an acceptable or greater level by technical auditors, and 84 percent were consistent with design specifications. In Vietnam, a review of construction quality for the NMPRP project noted that sub-projects were of comparable or better quality than sub-projects under a similar government program and rated the overall quality of the

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39 National Management Consultants and Kecamatan Development Program Secretariat (2005), “Final Report Evaluation of Infrastructure Quality KDP Cycle IV”: Jakarta, National Management Consultant for KDP National Secretariat, Directorate General Community and Rural Development, Ministry of Home Affairs pp 7-8. The study conducted technical evaluations of infrastructure from KDP2 Cycle 4 in 184 villages. Technical evaluation teams rated each project on a number of criteria. Projects were placed in one of five categories, ranging from “very good to poor” based upon the number of minor and major problems identified among the criteria.
40 Torrens (2005), pp 31-32. Projects were given a YES/NO rating over a series of criteria assessing factors such as meeting technical specifications, need for modifications, time to complete project, costs in line with budget and establishment of O&M procedures. Sub-projects given a YES rating in over 80 percent of the criteria were given a “very good” overall rating. 60 percent was the threshold for “acceptable”, with below 60 percent being rated “not acceptable.”
infrastructure satisfactory. In the Philippines, the Impact Assessment Study for ARCDP found that although the absolute costs per kilometer were higher than two comparable government programs, ARCDP roads were of better quality and used components such as embankments that were not present in CARP roads.

The results outlined above suggest that CDD operations are generally delivering infrastructure of an acceptable quality. However, they suffer from the concern that they are satisfying specific criteria created independently for each study, rather than broader standards of quality. As noted above, direct comparison to the quality of government comparables is difficult to achieve. In order to strengthen technical evaluations, to the extent that they do not already do so, studies should attempt to utilize standards adopted by governments for technical audits when evaluating CDD infrastructure quality. Establishing commonality of evaluation criteria and standards avoids the problem of setting criteria that are easier to meet, rather than consistent with standards used by alternatives.

4. CDD approaches promote O&M systems that lead to sustainable service delivery

Operations and maintenance activities sit at the nexus between physical and institutional outputs, where the sustainable benefits of roads, bridges and water systems that CDD approaches produce depend on the quality of their construction and institutional mechanisms to keep them in good shape. If CDD operations produce infrastructure that neither community groups nor local government service providers maintain, their benefits will be short lived. Through a focus on community participation and building the capacity of local communities for collective action, CDD operations seek to create a self-supporting framework for communities to maintain the effectiveness of infrastructure built in conjunction with the program. Moreover, the typically mandatory community contributions should provide a sense of ownership over infrastructure that will create a stronger incentive to ensure that it remains viable.

Based on studies in Cambodia, Vietnam, Philippines and Indonesia, there is mixed evidence that CDD approaches produce sustainable O&M systems. Communities often fail to plan and budget for proper maintenance. In KDP, the Infrastructure Impact study indicated that only 49.72 percent of the communities sampled had a written maintenance plan. Even when planning is in place, maintenance groups do not always remain active. The KDP Infrastructure Impact Study found that 38 percent of communities had active maintenance groups, 59.5 percent had formed groups that were less active and 2.5 percent had not formed groups at all. Finally, evidence from the

43 WSP (2005), pp 8-9. Teams of two engineers visited three communes from one district in each of six project provinces and conducted walkover surveys using external measurements. Results were compared with similar projects from government program P135.
KALAHI Economic Analysis Mid-term Review indicated that across a group of 140 sub-projects, only 54 percent had satisfactory maintenance being performed.46 Likely because of its more comprehensive involvement with local government units, Cambodia’s SEILA/RILG had higher rates of planning and organization for O&M activities. According to the Technical Audit Report 75.3 percent percent of infrastructure investments were judged to have sustainable maintenance plans according to auditors. However, more organization did not yield more active maintenance activity. The report found that despite O&M arrangements, maintenance had only been performed in 26.7 percent of projects and 37.5 percent of projects exhibited a need for maintenance that had not been met.47 Similarly in the Philippines, the ARCDP Impact Assessment study indicated that 78 percent of municipalities had organized maintenance groups and 47 percent had created rules and regulations regarding use and maintenance of facilities; but in terms of actual activity, only 42 percent of key informants said maintenance work had been done.48 Even in Vietnam, where local government is more effective at delivering services, maintenance activity is neglected: the Construction Experiences Lessons Learned study for NMPRP found that, 50 percent of community development boards had financing plans for maintenance and that maintenance was generally neglected.49

While the impact of lack of planning on maintenance and infrastructure quality has yet to be systematically evaluated, there is some evidence that the neglect of maintenance can have large effects on the lifetime and future effectiveness of infrastructure and consequently the benefits provided to communities. In Vietnam, the same NMPRP study concluded that because maintenance is frequently neglected, much of the infrastructure is deteriorating.50 Similarly, a small study of 12 infrastructure sub-projects in MRDP in the Philippines found that only 6 of those projects were receiving proper maintenance, and that the lack of maintenance will reduce infrastructure lifetimes by 50 percent and increase future maintenance costs by 100 percent due to early poor maintenance efforts.51 Finally, in KALAHI, Areral (2006) estimates that the EIRR of roads and school projects becomes negative, assuming a reduction in the lifetime of infrastructure of 50 percent.52

The results suggest that community ownership is not a strong enough incentive by itself to create a successful maintenance regime within communities. To some extent, this may be a function of the public good nature of much of the infrastructure. In Mongolia, discussions with the Sustainable Livelihoods Project (SLP) project team, and government officials and beneficiaries at the district level indicated that beneficiaries

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50 Ibid, pp. 9-10.
were more likely to work to maintain infrastructure the more directly it affected their livelihoods. In the wide-open grasslands of Mongolia, herding families were more eager to donate funds and time to ensuring that wells, used for livestock, were properly maintained. However, in the district center, maintenance for sub-projects such as school and health clinic upgrading and cultural centers had to be provided by the district government.

Given the potential inadequacy of the ownership incentive, two factors may be critical in successful O&M. The first is capacity. Although community members may want to conduct maintenance, they may not have the technical skill to do so effectively. Technical support, in the form of routine checks and assistance, needs to be provided by the government or project facilitators. The second is financial resources. Studies on NMPRP and CBRIP in Vietnam and KDP in Indonesia point towards the inability of communities to continue to make financial and labor contributions for O&M, given their current state of poverty. Torrens (2005) indicated that community contributions fund KDP maintenance activity, but that this burden could not be sustained when maintenance required more than limited contributions of free labor. In Vietnam, Shanks (2005) states that the requirement of communities to provide funding and resources for O&M activities is not a viable and sustainable procedure, particularly in larger projects requiring more financial resources and technical capacity. LGU’s are a likely candidate to take on the responsibility for providing resources, but often face stretched budgets with little opportunity to find excess funds for unplanned expenditures. The result is financing schemes whereby communities cannot meet their original plans or obligations and governments are unable to find the resources to make up the gap.

An example of a procedure from the Philippines shows how the MRDP and ARCDP projects have been able to address this problem to some extent. Although community maintenance efforts are a part of maintenance programs, LGU’s are ultimately responsible for maintaining infrastructure quality. If provincial auditors determine that proper maintenance is not being done, the entire grant portion of the infrastructure must be repaid by the LGU. Since grants are typically 90 percent of total project costs, this represents a potentially large fiscal burden. As noted above, ARCDP community-based maintenance efforts have similar rates of success/failure as other projects in the region. However, in discussions with MRDP and ARCDP project teams, maintenance is routinely inspected and performed by the LGU’s when there is a shortfall in the community to avoid having to pay back the grant out of the LGU budget. The teams indicated that this procedure had been successful as a means of ensuring good maintenance as the payback requirement was rarely exercised province.

Despite this somewhat negative assessment, there are two important caveats to consider. First, because most of the projects evaluated during the course of the flagship have only been active for a few years, many sub-projects have not been completed. A careful evaluation of maintenance efforts will not be possible until a few years from now. Second, there is currently no available evidence from possible comparators, either from the government or alternative approaches within Bank projects, to demonstrate that sub-

projects in CDD operations are maintained more poorly than similar infrastructure produced through government programs. Without such a comparison, it is not clear whether maintenance in CDD operations is better or poorer than alternatives.

A successful maintenance regime will likely require both budgeted LGU resources and community contributions for the maintenance of infrastructure produced from CDD operations. Committed support must be present from both local government service providers and government agencies at the provincial and national level, to offer technical assistance and budgeted funds. Equally important is involvement on the part of communities. Community members are in a position to contribute free labor and routine monitoring for O&M activities that would place a strain on LGU’s were they responsible for all aspects of maintenance. This points to successful O&M programs as dependent upon the interface between bottom-up community contributions and top-down resources and management: communities lack the capacity, resources and technical ability to sustain maintenance over time, whereas local governments need communities to ease the maintenance burden that large numbers of small-scale infrastructure place on their budgets.

5. CDD approaches increase incomes of participant communities

CDD operations aim to increase incomes through the delivery of small scale infrastructure and livelihoods projects. As CDD operations include, to varying degrees, community input into how resources are used, projects that are selected should better match community preferences. If communities know more about what kind of sub-projects will maximize their income potential, then CDD operations should generate higher EIRR’s than alternative approaches. Current evidence indicates that from a limited sample of projects, income generation as measured through Economic Internal Rates of Return (EIRR) is high for several different types of infrastructure

Economic analyses of CDD projects in the Philippines and Indonesia have attempted to capture income flows by estimating the EIRR for sub-projects in three program areas. As seen in Table 6, in KDP, the average EIRR over 113 sub-projects was 52.7 percent and ranged from 38.62 to 67.64 percent across three infrastructure categories. For the Philippines, KALAHI sub-projects saw an average return of 20 percent, ranging from 15.54 percent for school buildings to 65.05 percent for gravity-based water systems. Finally, MRDP sub-projects yielded EIRR’s ranging from 12 percent for farm-to-market roads, to 56 percent for community livelihoods projects.

54 Torrens (2005), pp 14-17. All costs converted to economic values using a .8 conversion factor. The economic value of a day of unskilled labor was calculated using a factor of .1352 (used in the initial economic analysis of KDP). 113 projects were analyzed (41 water supply, 55 roads/bridges, 17 irrigation). The assumed lifetime of sub-projects is 10 years. 8 projects with very high EIRR were taken out of this analysis.

55 Araral (2006), pp 2-20. The EIRR was calculated for 1,175 subprojects in 7 categories (drinking water systems (pump and gravity), roads (improvement and construction), school buildings, health facilities and day care centers), covering 82 percent of total sub-projects costs in the program. Estimated overall costs included direct costs of construction as well as indirect costs, including social preparation, technical assistance and capacity building, as well as funds for monitoring and evaluation and future maintenance.
Table 6: Average EIRR by type of infrastructure subproject.

<table>
<thead>
<tr>
<th># of projects</th>
<th>KALAHI</th>
<th>Average EIRR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Road Improvement</td>
<td>354</td>
</tr>
<tr>
<td></td>
<td>Road Construction</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>School Building</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Day Care Center</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>Water Systems- Pumps</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td>Water System- Gravity</td>
<td>221</td>
</tr>
<tr>
<td></td>
<td>Health Station</td>
<td>143</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1175</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># of projects</th>
<th>KDP</th>
<th>Average EIRR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water Supply</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Roads/Bridges</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Irrigation</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>113</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># of projects</th>
<th>MRDP</th>
<th>Average EIRR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Farm to Market Roads</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Irrigation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water Supply</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community Fund Livelihood (mostly crop and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>livestock production)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>


Environmental costs were judged to be negligible. Costs for non-traded goods were adjusted using conversion factors to take into account the difference between financial and economic prices. Average benefits per household estimated for a range of benefits for each subproject type were based on a January 2006 survey of 25 percent of subprojects completed in the past 16 months (see table 9, p6). Subprojects are assumed to realize the full benefit for each year of operation, immediately ceasing at the end of the projected lifetime. School buildings, health facilities and day care centers are assumed to have a lifetime of 15 years; road and water supply projects are assumed to last 10 years. A 15 percent discount rate is used, taken from the National Economic Development Authority of the Philippines.

While EIRR is a measure of the increase in income that occurs after the project is built, it does not indicate how much of those income flows were a direct result of the intervention, in contrast to changes that would have occurred had the project not been built. Alatas (2005) uses a control group derived from a propensity score matching process and standard difference-in-differences methodology to measure the impact of the program on incomes for communities in KDP. As shown in Table 7, across three cycles, program impact was positive. The difference in monthly per capita income between KDP and Non-KDP kecamatan increases with the number of years of participation in the program, suggesting that benefits. Alatas suggests that these results could stem from the sustained positive effects of better governance over consecutive years and the increasing effectiveness of community facilitators as they gain experience in the program.

Table 7: Difference in Monthly Per capita Expenditure between KDP Kecamatan and matched Non-KDP Kecamatan

<table>
<thead>
<tr>
<th>YEARS</th>
<th>Cycle 1</th>
<th>Diff in</th>
<th>Cycle 2</th>
<th>Diff in</th>
<th>Cycle 3</th>
<th>Diff in</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ex-Post</td>
<td>Ex-Ante</td>
<td>Diff</td>
<td>Ex-Post</td>
<td>Ex-Ante</td>
<td>Diff</td>
</tr>
<tr>
<td>2001</td>
<td>-193</td>
<td>-446</td>
<td>253</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>503</td>
<td>-446</td>
<td>949</td>
<td>37</td>
<td>466</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>1275</td>
<td>-900</td>
<td>2175</td>
<td>37</td>
<td>1326</td>
<td>1745</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2175</td>
<td>37</td>
<td>1326</td>
<td>1745</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1631</td>
<td>113</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Alatas. “An Evaluation of the Kecamatan Development Program.” p 20. All values are in constant 1996 rupiah (‘000).

The relatively high average EIRR’s noted above indicate significant realized impacts on communities. Large returns are typically found when project infrastructure enables communities to engage in new activities or vastly increase the productive capacity of current activities. In the Economic Impact Analysis of KDP study noted above, 8 projects from KDP generated returns of over 100%. Two of these sub-projects built roads which allowed large trucks to haul salt and limestone gravel in large quantities, where previously they were transported using motorbikes with small bags. In another KDP project, a 50% increase in irrigated land area allowed for two harvests per year instead of one, and a subsequent twofold increase in production. Because the benefit of subprojects is immediate and assumed to be sustained throughout the lifetime of the program, the EIRR can appear large relative to projects where benefit flows do not accrue until several years after implementation has begun.

Despite these instances, the scale and variance of returns across categories should also be viewed with caution. Results can be dependent upon assumptions, particularly

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57 Alatas (2005), pp. 11-12. A weakness of the Alatas approach is the lack of an available panel for both the treatment and control groups. Methodological problems in matching the standard error of the samples across time periods reduces confidence in the accuracy and significance of the results, rendering the approach ultimately more speculative than similar methods using panel data.

the manner in which benefits and parameters are estimated. An example of the
sensitivity of results to small changes in parameters is seen by comparing the results from
the KALAHI Economic Analysis Mid Term Review (Araral (2006)) with a previous
economic analysis of the program, the KALAHI Economic Analysis Update (2005). The
latter indicated that the EIRR for a smaller sample of water systems projects was 170%.59
The Araral (2006) study was able to sample more projects in generating averages for
indicators such as incremental water demand and time needed to fetch water. Small
changes in the values for these indicators relative to the 2005 data resulted in an
estimated EIRR of 60% for water supply projects.60 The 2006 KALAHI study also
demonstrated that reductions in benefits or increases in costs by more than 20% rendered
the EIRR negative in three infrastructure categories.

Due to the sensitivity of results to differences in methodology, even among
studies of the same program, it is difficult to compare EIRR’s with other CDD operations
or to non-CDD alternatives, reducing their effectiveness as an indicator. A first step
toward overcoming this problem is to implement a standard methodology specifying how
benefits, costs and parameters are selected and measured across the region. In theory,
such a standardized methodology would provide a common benchmark, allowing for
more meaningful comparisons. However, context-specific factors still create problems
for comparisons across projects. For example, differences in the average distance to
water could increase the EIRR’s for water projects in areas where ex-ante distances are
large, as the time savings gained from access to the new water source is larger. Studies
attempting to compare across projects must be careful in assessing the extent to which
such contextual factors affect cost and benefit calculations. Given these problems, a more
effective comparator would be to look at equivalent government programs operating in
the same geographical areas, or areas with similar characteristics.

Finally, as with cost-effectiveness, studies that measure the EIRR for sub-projects
do not include the costs due to social mobilization such as the value of time spent in
meetings or project activities aside from contributed labor for sub-project construction.
Given the typically large funding for social mobilization in CDD operations, including
these costs may have large negative effects on calculated EIRR. But it would be
inaccurate to consider activities such as community participation as simply a cost. There
are other potential direct benefits that come from participation, in the form of enhanced
information, accountability, and empowerment. However, given the difficulties of
measuring these benefits (as noted below), attempts to incorporate them into EIRR
calculations will ultimately prove speculative.

6. CDD approaches change the dynamics of how communities
interact with local government

The overarching characteristic of CDD approaches is that they seek to enhance
people’s capacity to influence decision-making and use of resources in the local
authorizing environment. This characteristic encompasses a wide nexus of concepts such

60 Areral (2006), pp 8-10.
as capacity for collective action, accountability, institutional development, empowerment and the capacity to influence decision-making. Further, the mechanisms that CDD approaches use to promote these broad institutional changes vary with institutional contexts at the outset. In Indonesia, given the history of weak and ineffective local governments, projects might seek to place control of resources directly in the hands of communities so that they can both decide how best they are to be used, and gain capacity through project implementation. In contrast, a project in Vietnam where local governments are relatively effective, but control is centralized, CDD operations might focus on increasing the mechanisms through which communities participate in the decision-making process at the local level, creating change in the way local governments interact with communities. For a country like Mongolia, the objective might be to ensure that herders are able to demand from government the technical capacity and resources to sustain livelihoods in livestock management.

Based on these different methods and institutional contexts, there are many aspects of institutional change that CDD approaches seek to affect. Accordingly, there is not a simple set of outcomes with accompanying indicators or a well-developed set of tools for measurement. However, limited progress on overcoming these difficulties is being made, as East Asia CDD operations have been the locus of much of the most interesting and innovative work, combining qualitative field work with quantitative analysis. The evidence that is available falls into three broad categories: institutional and organizational capacity of communities, ability to hold institutions accountable, and ability to influence local decisions.

For communities to be successful in the later two categories, holding government accountable and influencing decision-making in the local authorizing environment, they need a base level of organizational and institutional capacity in the form of greater access to information and ability to undertake collective action, often described as forms of social capital. One approach is to compare indicators in areas participating in CDD operations versus a control group.

In Thailand, an Evaluation of Social Capital in the SIF project demonstrated that villages participating in the Thailand Social Investment Fund had higher levels of social capital across a range of indicators, compared to control villages selected using a propensity score matching technique. Trust, capacity for collective action, and the strength of horizontal and vertical linkages of community groups were found to be significantly higher for villages participating in the SIF. In addition, simple regression models indicated that participation in SIF had a significant effect on similar indicators.61 One problem in interpreting these differences is the difficulty in attributing to the program increased levels of social capital. Given that the demands of generating project proposals and contributing to project implementation require forms of social organization and capacity for collective action, it is likely that some of the differences are due to the SIF selecting participating villages with higher levels of these characteristics. Thus, CDD operations can create situations in which they both select villages with greater

61 Chase “Thailand Social Capital Evaluation.”
initial community capabilities and then subsequently also have an impact on expanding those capabilities.

The study demonstrated how a mixed methods approach of qualitative data informing quantitative analysis can be effective in overcoming the problem of identifying selection vs. impact effects. Propensity score matching techniques generated a control group based on observed indicators, including geographic, economic and demographic characteristics; teams of researchers then collected data on a variety of social capital indicators, resulting in significant measured differences between SIF and control group villages. Qualitative methods were then used to interpret why those differences were observed by drawing on the experiences of field researchers in semi-structured interviews with key informants. One group of social capital indicators, higher norms of trust and capacity for collective action were found to be already present in SIF villages compared to control groups, which is not surprising given their necessity for succeeding in the SIF program. A second set, those dealing with information flows, and vertical and horizontal networks and organizational collaboration, were viewed as resulting from the program.

Two additional examples come from the Philippines. In the Impact Assessment study for ARCDP, Agrarian Rural Communities (ARC) participating in the program saw large increases in their Organization Maturity Rating (OMR), a yearly evaluation of the capacity of People’s Organizations conducted by the Philippine government. PO’s are rated on a set of criteria evaluating their financial sustainability and organizational effectiveness. In 1997, 66% of ARC PO’s in project areas were rated 1 or 2 (out of a maximum of 5). By 2001, although nationwide 66% of PO’s were given a rating of 3, 61% of ARC PO’s in the project were given a rating of 5. As shown in Table 8 below, Agrarian Rural Beneficiaries (ARB’s) who participated as members of organizations saw increases in total asset value, real income and access to credit, compared with individuals in projects areas who were not members of PO’s, and individuals outside of project areas. Finally, key informants in the CBRMP Impact Evaluation rated PO’s in project areas higher than control PO’s on criteria such as credit worthiness, ability to manage projects, managing the relationship with LGUs and collecting from member borrowers.

Table 8: Percentage change in value for Total Assets, Real Income and Credit between 1997 and 2003

<table>
<thead>
<tr>
<th></th>
<th>PO ARB</th>
<th>Non-PO ARB</th>
<th>Non-ARB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Asset Value</td>
<td>32%</td>
<td>-12%</td>
<td>-1%</td>
</tr>
<tr>
<td>Real Income</td>
<td>6%</td>
<td>-25%</td>
<td>3%</td>
</tr>
<tr>
<td>Credit</td>
<td>37%</td>
<td>-88%</td>
<td>-43%</td>
</tr>
</tbody>
</table>


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A second category of institutional change is the accountability of local government. CDD operations seek to provide mechanisms for communities to utilize their capacity to hold local government and institutions accountable. One measure is the extent to which such mechanisms reduce the amount of funds lost to corruption/waste in sub-projects. In Indonesia, Olken (2005), utilized a randomized experiment to evaluate the effectiveness of grassroots monitoring and the threat of external audits in reducing the amount of missing funds in KDP subprojects. The study found that villages whose sub-projects were externally audited showed an 8 percentage point reduction in the amount of missing funds. Olken also notes that the threat of audits is the primary mechanism in reducing corruption, as projects slated to be evaluated showed similar reductions in funds leakage compared to projects that were actually audited.  

The study points toward two issues of importance in designing accountability mechanisms. The first is the targeting of monitoring activities. Results for grassroots monitoring efforts, in the form of increased participation through distributed invitations to village meetings were mixed. Invitations had a positive but insignificant effect in reducing the amount of missing funds for materials and total overall funds, but demonstrated a significant 18 percentage point reduction in missing funds for wages paid to unskilled labor. These results suggest that individuals care more about their own interests in the form of wages, than ensuring a well-built public good. This is in concert with the discussion of maintenance efforts in Mongolia discussed above: individuals are more likely to effectively participate in activities such as maintenance or monitoring when they directly affect livelihoods, compared to public goods.

A second issue is the complementarity or substitutability of mechanisms to reduce corruption. The Olken study investigated the interaction between the democratic process in the form of elections and audits and found that in villages where officials face an upcoming election, the amount of missing funds is 31 percentage points less than in control villages. This suggests that auditing and elections are complementary mechanisms, as the threat of negative audits drawing poor attention to candidates is successful in further increasing their incentive to prevent fund leakage. As an alternative example, in communities that have the capacity to use widely available financial data, external audits might be less effective, since communities are already monitoring project financial management internally. In contrast, in communities unable to interpret such information, external auditors may prove more effective. Also in Indonesia, a study for

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64 Olken (2005), pp 19-33. A sample of 477 road-building or road-improvement projects was used to estimate the effect of audits and invitations in treatment villages on the logged difference between reported and actual project funds. Simple OLS estimation procedures were then used in conjunction with a set of control variables. In the case of audits, results were significant at the 5 percent level, whereas invitations were significant at the 10 percent level.

65 Olken (2005), pp 30-32. A second hypothesis posits that villagers can more readily detect shortages in wage payments than materials, lacking the technical capacity/skills to determine whether shortages are occurring. Olken believes that there is more evidence to support the private incentives hypothesis over the information hypothesis. By interacting the percentage of labor from outside the village with the invitations treatment, the decrease in the amount of missing labor funds is smaller. Since only those in the village attend accountability meetings, this implies that workers are attending meetings to ensure funds for labor are being used correctly. Olken notes that the percent of outside workers may be endogenous and cautions the above analysis as being speculative.
UPP2 on the efficacy of democratic selection methods in improving governance and accountability found that democratically elected board members showed a stronger disposition toward accountability and working hard for good results than appointed members.\textsuperscript{66}

A final consideration is the lack of evidence on the effectiveness of different accountability mechanisms. Currently, there are few studies of the same caliber as Olken (2005). In developing accountability mechanisms, most projects rely on information on the ground to advise generally accepted theory. However, this is not always correct. “Conventional theory” of CDD would have suggested that grassroots monitoring in KDP would have been effective as communities are closer and more involved in projects than central government agencies responsible for limiting corruption. The Olken study shows that this sort of “conventional theory” may not always apply. More research and the documentation of qualitative experiences on the effectiveness of various mechanisms to control corruption in CDD operations are needed to better inform future project design.

A final dimension to empowerment is the capacity to not only demand better governance, but to influence what decisions are made within the authorizing environment. Evidence to date is limited due to the difficulty in assessing when change in decision-making occurs. One approach is to look at changes in the decision-making process. In Indonesia, Barron (2006) showed that 67% of key informants in KDP villages participating in their 4\textsuperscript{th} year of the program indicated that decision-making had become more democratic, compared to 46% in villages that had just begun to participate.\textsuperscript{67} As more democratic decision-making shifts power away from elites toward the community at large, the evidence suggests KDP had a positive impact on community influence in the local authorizing environment. A second approach is a qualitative assessment through focus-group discussion and semi-structured interviews with key informants. The CBRMP Impact Evaluation used a qualitative survey of key informants to conclude that communities participating in the program were more likely to be able to influence local natural resource management policies, such as mangrove and fish sanctuary protection, than in control communities.\textsuperscript{68} Finally, using similar methodology the Thailand SIF Evaluation noted that SIF villages had better relations with government officials, empowering villagers to identify alternative sources of influence, express their voice to officials, and sustain development activities through their own initiative.

The limited and somewhat speculative nature of the evidence indicates that future evaluations face significant technical constraints in measuring empowerment and institutional change indicators. However, the studies presented also point to promising methodologies, such as randomization and mixing quantitative and qualitative methods that can be looked to as models for future studies. The former demonstrates that a rigorous quantitative methodology, given the significant resources they require, can be

\textsuperscript{66} Fritzen (2005), pp 18-22.
\textsuperscript{67} Barron (2006), p 127.
\textsuperscript{68} Resources, Environment, and Economics Center for Studies, Inc. (2006), pp 116-118. Policies affected include: illegal logging and fishing laws, 3-year moratorium on mangrove entry, mangrove protection, fish sanctuary protection.
applied to evaluating less well-defined concepts such as accountability. The latter is an example of how qualitative data can be used in a quantitative manner to gain deeper insight into the dynamics of institutional change at the interface between local government and communities. Regardless of the methodological approach, the diversity of evidence on empowerment and institutional change points toward the need to consider how such changes are dependent on the contextual environment. The flagship has identified three areas that are to some extent common denominators for CDD operations in the region, but because there are few commonalities among the institutional and project contexts, no common set of CDD indicators will be useful for all operations. For future evaluations within these areas, emphasis must instead be placed on what indicators needs to be evaluated given technical constraints in the project-specific context.

Section III. Lessons Learned and Moving Forward

This investigation of East Asia’s CDD experience and evidence has produced practical lessons. The results hypotheses examined through hard evidence lead to operational guidance. Beyond that, the broader effort to consider East Asia’s CDD experience produces some operational principles that can apply to the region’s future CDD work, including how to frame CDD design and results, lessons for how the region moves forward with CDD approaches, and future questions to examine.

Operational implications of evidence.

Because CDD operations involve a large number of small, decentralized activities, and aim to change institutions, CDD evidence is hard to obtain. Nonetheless, East Asia has produced an impressive amount of analysis of CDD results, summarized above. That evidence leads to operationally useful findings:

- Work to date shows that, if governments are interested in reaching poor people, they can use sophisticated poverty mapping techniques to target CDD resources to poorest local areas.
- CDD operations involve broad community participation in decision-making, including that of relatively disadvantaged groups. However, extra community facilitation is necessary to encourage participation of women, ethnic minorities and the poorest community members.
- CDD approaches deliver small scale infrastructure at significant savings compared to government standards with acceptable quality, so CDD approaches are a valuable infrastructure delivery system.
- We need to strengthen systems for operations and maintenance of small-scale infrastructure built through CDD, for in practice O&M falls below self-established standards. Better links to local government systems improve O&M.
- Measured by economic internal rates of return, CDD operations demonstrate impressive income returns to participating communities. When they target poor areas, they are an effective poverty reduction tool.
- CDD approaches can change local institutions, often increasing transparency of local government information, capacity of local associations, and citizen’s influence over decision making.
- While demand-side efforts are helpful for institutional change, when looking to reduce local corruption, random audits and the threat of audits is highly effective.
Organize CDD Diversity.

Beyond these direct implications of the evidence collected, there are several more indirect lessons for the region about how it can make the most of CDD approaches. As discussed throughout this report, EAP supports CDD in many countries, many sectors, with many objectives and implementation approaches. This diversity underscores that community driven development is an approach, not an operational template, and that allowing greater community control can deliver development results in many operational contexts. However, many debates around CDD arise because people have experience with one example CDD implementation and do not recognize that there are and should be many ways to encourage communities to drive development.

Considering CDD an approach, the report presents three different frameworks to organize operations that support greater community control over local decisions, budgets, and implementation. The institutional framework of Figure 1 highlights the importance of the local governance context for CDD. It decomposes effective local development into responsiveness and implementation capacity. This distinction can clarify thinking about local government characteristics and how CDD needs to be designed in response to that context.

The report also presents a way to think about CDD in different sectors: the core of East Asia’s CDD experience is multi-sectoral, where the community is defined geographically as those people living within a local administrative area. But there are also opportunities to support CDD approaches in specific sectors, defining the community in terms of access to natural resources or as users of specific services.

Finally, the report offers a means to organize CDD approaches through results. The generic results framework highlights common activities, outputs, and across CDD, making clear that CDD approaches are applied to support the interrelated objectives of improved service delivery, community empowerment and increased livelihoods security. Though each seeks to support all three of these objectives to different degrees, CDD operations in East Asia roughly fall into those that put empowerment as their primary objective, and those that focus on improved service delivery.

These three different ways of thinking about CDD help to clarify and organize the region’s support for community driven development. Without becoming overly rigid templates, these frameworks can help to answer questions about where, why and how the Bank supports CDD. They can also help consolidate CDD efforts into a common framework that can enhance policy discussion with clients about support for the demand for good local governance. The frameworks can also promote more productive discussions among CDD practitioners about differences in the ends, means and contexts of diverse operations that take a CDD approach. Finally, they can help practitioners both within the Bank and among clients to understand and design CDD approaches to respond to local institutional context and to promote CDD innovation.
Beyond these broad objectives, the frameworks serve the following, more specific needs:

- They establish the institutional ideal of responsive, capable local governance;
- They help task teams recognize that within countries, local governments should be situated in different places on this schema, and CDD approaches should be designed to respond to that local flexibility;
- They encourage task teams to think about trajectories towards this local development ideal and how, when combined with other instruments, the CDD approach can support those trajectories;
- They help distinguish supply and demand-side activities, which helps for thinking about the GAC implementation plan and the role of CDD for that governance agenda;
- CDD is a strong, widely-used tool for supporting the demand for good governance that promotes greater local governance responsiveness, using local governance as an entry point;
- The frameworks also highlights that CDD can be an effective approach to increase or maintain responsiveness, but that the movement towards the local development ideal often will require decentralization support as well. For movement to capable, responsive local government, the Bank needs to consider supply and demand simultaneously;
- Task teams need to think clearly about the definition of “community” they are focusing on, which allows a clearer articulation of whether the operation is multi-sectoral or sectorally focused. There exists an extensive opportunity to apply CDD approaches more often in sectoral operations, particularly as the World Bank Group seeks to scale-up and mainstream demand for good governance through GAC implementation; and
- While CDD approaches aim toward the interrelated development objectives of community empowerment, improved service delivery and increased livelihoods security, it is helpful for task teams to work with clients to agree on which of these objectives is primary and which is secondary.

**Encourage CDD Innovation**

Far from stifling creativity, these frameworks for considering when and how CDD operations can be applied allow more structured thinking about potential CDD innovations. Thinking clearly about CDD as an approach that can serve different objectives in different settings within and across sectors, the region can consider new ways to support CDD innovation.

Already, there are several realms wherein CDD approaches have been applied in innovative circumstances for diverse ends in East Asia. For example:

- With the tsunami reconstruction effort as a prime example, CDD approaches have been used throughout the Region as a means to respond to disasters
- When carefully applied, CDD approaches have proven particularly effective in other regions as a means to provide reconstruction resources in conflict and post-conflict areas. There are examples in East Asia of applying CDD approaches in these settings, examples worthy of being expanded.
Given high-level Government buy-in, the CDD approach in Vietnam has evolved to operate through a policy loan.

In Indonesia the government and the World Bank have explored community-based conditional cash transfers as a large scale poverty safety net.

While there has not to date been extensive success in using CDD approaches to address long-term environmental concerns, there are several efforts to encourage these applications. For example, in China, CDD approaches have been productively used to promote watershed management, e.g., in the Loess plateau.

While there is demand from several clients for livelihood support, these innovations are relatively underexplored in East Asia, exceptions include Mongolia and Indonesia. There are some limited examples of CDD approaches being productively applied for private goods provision in communities. East Asia should explore how to make more of its CDD experience to promote livelihoods and rural production.

Finally, many of the principles of CDD can be very productively applied in sectoral operations, particularly in infrastructure. Given the GAC focus on the demand for good governance and the integration of the Sustainable Development Network, the region should be much more proactive in supporting CDD approaches in infrastructure sectors.

It is difficult to ascertain all the factors accounting for innovation in a country or sector. It depends upon the interests of partner governments and the opportunities available in East Asian countries. Overall, to date East Asia’s management has been receptive to CDD innovation, allowing and encouraging new ways of doing business. For example, the region’s Operational Services Unit (OSU) was helpful in resolving procurement and fiduciary bottlenecks that arise when trying to experiment with new ways for the World Bank to do business. And importantly, there has been creativity, entrepreneurship, and tenacity of individual CDD task team leaders to promote these innovations and learn from them.

As part of the region’s commitment to support CDD, it has had the vision to try to learn from experience to date and to share those experiences. A crucial factor in the possible future success in the World Bank’s efforts to promote effective local governance is that it continues to support CDD innovation. The most effective way for the region to offer that support is to reduce the institutional constraints of TTLs working to develop innovative examples. Indeed, it should provide institutional incentives for TTLs to try CDD approaches in new ways, particularly through some of the more traditional infrastructure operations.

**A Time and Place for “Parallel Service Delivery”**

While there is space for many different institutional arrangements to support CDD approaches, what has generated some of the most passionate debate is the Bank’s support for “parallel systems”, i.e., to use CDD approaches that directly support community groups without much interaction with local government units. As noted above, implementing a “parallel system”, the KDP operation in Indonesia is a flagship operation that teams around the region and world consider and, sometimes, seek to emulate.
Arguments about whether or not to support these independent funding sources and processes tend to get doctrinal: because the Bank’s clients are governments, many contend we must always work with and strengthen formal government institutions.

But it is best to be pragmatic when designing CDD approaches. There are times and places where it makes sense to provide resources directly to community groups, outside of formal government institutions. For instance, when local government institutions do not operate, CDD support for parallel service delivery can make sense. In post-conflict and emergency situations, CDD approaches have been extremely valuable, for instance in Aceh, KDP mechanisms worked effectively to deliver post-Tsumani reconstruction. Obviously, these efforts to set up parallel service delivery mechanisms need to have the full support of the World Bank Group’s central government clients.

The use of parallel service delivery mechanisms generates important discussions of sequencing and sustainability. If the CDD operation has set up such a mechanism, the direct financial benefits flowing through it will end when the project is over. This presents the operational challenges of establishing a transition strategy to imbed the community driven development approach into local government structures. If the parallel system were set up because those local governments were not working, effective sequencing requires support for the implementation capacity of those local government units, i.e., efforts to move in the horizontal direction of the institutional framework.

Monitor CDD results

Information flow and constant examination is the hallmark of good CDD practice. That principle applies both within countries and across them. Because these approaches are so decentralized, different things work in different settings. We need to understand implementation successes and challenges. That requires an open attitude towards transparency of information, learning from successes and failures, and peer learning. These efforts to learn require significant time and resources. Within CDD operations, it is imperative that resources be set aside for learning of many types, from activity monitoring and grievance procedures, through local peer learning opportunities, to rigorous impact evaluation and process analysis.

While the institutional and operational variety of CDD approaches makes it difficult to establish identical standards for measuring CDD activities, outputs and outcomes across settings, we can capture common elements in a CDD results template. That framework recognizes the joint outputs of enhancing local assets and encouraging institutional change. It also clarifies what evidence we need to gather about CDD inputs, outputs and outcomes.

To encourage that effort to collect results evidence, Annex 1 presents a guidance note on preparing results frameworks for a CDD operation, including a discussion of indicators, data needs and technical skills. The Region’s Results Secretariat is involved in this ongoing work program to understand better what World Bank-supported CDD operations achieve. If these efforts are followed across CDD operations, it will help to deepen and broaden some of the findings presented here, informing operations.
Share CDD Operational Experience

As noted above, CDD learning needs to happen with project teams, but also within country teams and across countries. East Asia needs to continue to lead the Bank in CDD learning by enhancing how it shares CDD lessons across sectors. As demonstrated by the EAP CDD flagship process itself (ahem), cross sectoral learning about CDD is difficult. But with integration of the Sustainable Development Network (wherein essentially all CDD operations are housed), management support for expanding CDD approaches across sectors, and resources for CDD learning, there can be great opportunities to apply these approaches more successfully and at lower fixed cost in several settings and sectors towards different objectives.

Beyond these analytic findings, practitioners can glean a great deal of operational insight from cataloging CDD activities and processes across contexts. For example, many CDD operations focus on improving local governance by promoting transparency, participation and accountability. From that varied set of cross-country experiences, there are valuable lessons about tactics for improving the Bank’s support for the demand for good governance. Key categories of activities include process and fiduciary reviews, efforts to generate more open information, stakeholder oversight of procurement processes, audits, and competitive pressure. To encourage that operational learning, the Region has established a Global Development Learning Network project with the objective of building a CDD community of practice. Through a series of GDLN virtual learning conferences, CDD practitioners will share lessons of experience concerning decentralization, local governance and livelihood-supporting operations.

Support CDD Research

While these results are encouraging and point to important directions for practitioners, we derive many of these findings from a few cases. Given the variety of CDD operations, it is difficult to know whether those cases are representative. Further, it will be useful to know more about how results differ according to institutional context or CDD mode of operation. Accordingly, East Asia needs to continue to lead the World Bank’s efforts to get more information about CDD impact and results.

Our understanding of how to pursue CDD operations more effectively would be enhanced by deeper and broader research, providing insights into other questions relevant for CDD operations as well as discerning how they compare to alternative approaches. There are opportunities to pursue additional analytic work through support from available trust funds, including TFESSD resources that have supported the East Asia CDD Flagship work to date. That future research agenda should focus on the following issues:

- **Participation in decision-making.** Are CDD approaches more effective than status quo institutions or other alternative innovations in promoting citizen participation in decision-making? What mechanisms involve disadvantaged groups within communities, including women, ethnic minorities and those poorest members of these already poor areas? Does participation as generated through CDD operations spill over to other local government decision-making? Are those
participatory behaviors sustained beyond the life of the operation’s funding, so that CDD efforts lead to institutional change?

- **Alternative Quality and cost effectiveness measures.** Available evidence on the cost effectiveness of CDD local infrastructure compares that cost with government cost norms. It would be useful to compare these cost-savings with those of infrastructure the World Bank supports through other, non-CDD means.

- **Alternative Operations and Maintenance outcomes.** While evidence suggests that O&M of CDD investments falls below standards CDD operations set for themselves, how do those O&M results compare to those of other small-scale rural infrastructure?

- **Comparing corruption across delivery mechanisms.** Given the World Bank’s focus on improving governance and reducing corruption, the East Asia CDD research has provided valuable insights about local level corruption, particularly as it pertains to small scale infrastructure. Those insights have helped advance thinking about how to measure corruption and how corrupt behavior adjusts to efforts to control it. For comparison, it would be worthwhile to ascertain, using similar methodology, the degrees and forms of corruption in more traditional infrastructure investments the World Bank supports.

- **Tracking institutional change.** Because CDD operations cite development objectives of changing local institutions, the onus is on CDD practitioners to define with care how to identify and track institutional changes. CDD operations in East Asia have made some progress in establishing measurement mechanisms of local empowerment and social capital. However, more research needs to hone those methods and establish standards for comparing institutional characteristics across communities and across time. We can use those improved methods to understand local institutional characteristics absent CDD influence. With more of this local governance comparison information, we can gauge whether CDD approaches are relatively more or less effective than alternatives to bring about institutional change. Further, we can learn what CDD activities empower communities in different institutional contexts.

### Overall Trajectory for CDD Support

For long-term sustainable development, the principles of increased community input to local development decision-making, resources and implementation need to become imbedded in formal and informal norms of local governance practice. East Asia’s experience with CDD, particularly in Indonesia, Vietnam and Cambodia, suggests the following trajectory to ensure this sustainability.

- As noted above, CDD approaches need to be designed on a careful understanding of local governance institutions, particularly concerning their responsiveness, effectiveness, and incentives for local authorities to be accountable upwards or downwards.

- It is often productive to start with small experiments to try different operational practices. This experimental approach seems to work particularly well when expanding new CDD operations into new sectoral realms or towards new development objectives.
• Given this experimentation, practitioners need to examine the results of those experiments and build consensus around what seems to work best at all levels, both within an operation, with a country team and within the region as a whole.

• Based on that learning, the World Bank can scale up those experiences through broader project lending, all the while treating them as experiments in what works.

This approach to operations that is flexible and responsive to experimentation represents a departure from the standard World Bank operational practice. In general, operations are designed fully before Board approval and then follow that preset trajectory through implementation. This alternative, flexible model has resource implications, in that CDD operations require enhanced supervision budgets and openness to restructuring during implementation. If it is interested in pursuing effective CDD approaches, East Asia management needs to plan for these enhanced resource requirements.

Conclusion

Overall, the broad vision is clear for how CDD operations can promote more responsive, effective and sustainable local development. With World Bank support, partner governments need to apply both top-down, supply-side efforts focused on local government capacity and bottom-up, demand-side efforts focused on communities. The supply of responsive government services needs to be enhanced through analysis of financial, legal, human resource and incentive constraints hindering these local government capacities. Policy dialog and investment operations need to relax these constraints. Of equal importance, demand for effective government services needs to be enhanced by changes to local institutions so as to promote greater citizen awareness, participation and accountability measures for local decisions and service delivery.

East Asia’s experience with CDD suggests these demand-side approaches deliver results. However, to make the most of this experience, the region needs to be more systematic and strategic in how it learns from and shares its CDD experience. It needs to gather comparable evidence about alternative ways to achieve institutional change objectives, such as promoting the demand for good governance. And it needs to find ways reduce its own internal institutional constraints to allow more CDD innovation. If it does support this learning and innovation, the region can take full advantage of the vital, multi-sectoral role that these approaches play to promote decentralization, enhance governance, and advance towards a vision of productive, effective and responsive local development.
References


Annex I:

Preparing a Results Framework for a CDD project: a Guidance Note

Background
In recent years, the World Bank has supported an increasing number of Community Driven Development (CDD) projects in a variety of regions and sectors. As described in the EAP CDD Flagship, CDD operations fall into the following not mutually exclusive categories: multi-sector integrated service delivery and local development, common property resource management, single sector service delivery, emergency, post-conflict of post-disaster recovery, social investment funds and, livelihoods and microfinance.

Even though development projects have been delivering results since their early days, only recently has the development community started to carefully think about results and ways to achieve them. The World Bank now has a Results Secretariat to catalyze and coordinate the implementation of the results agenda. As part of this agenda, as a planning and a management tool, task teams are producing a results framework in lieu of the logframe when preparing their projects.

While coming up with a results framework is challenging in any context, it is especially so for CDD projects for the following reasons. First, compared with other projects, CDD operations tend to have objectives that cannot be easily measured. For example coming up with a indicator appraising progress made on “empowerment” is not an easy task. Second, by their very design, those projects are highly decentralized. This poses a great challenge for monitoring the projects and ensuring the information collected is reliable. Third, since the community members have their say in the sub-project to be implemented in their community, one does not know ex-ante what the project will deliver exactly. Therefore, it can be difficult to set meaningful targets before the project starts.

In addition, there is deep skepticism about CDD approaches and thus those projects are under added scrutiny. This is one of the reasons why the CDD community has devoted significant efforts to understand impacts of CDD projects. However this should not be an excuse for leniency but rather should encourage the development of innovative ways to measure results. This is critical both to make the projects more responsive to the targeted communities’ needs and increase support to those operations.

However, it does not mean that preparing a high quality results framework for a CDD project is impossible. We hope this note will help task teams when preparing a results framework. Specifically, we will discuss steps to be followed in the preparation of the results framework, characteristics that indicators should have and suggest ways to collect the necessary information in a cost-effective way. Finally, we also provide examples of potential results/outcomes indicators for various types of CDD projects. To the extent possible, we also discuss cost implications of the different options presented in the note.
as well as resources that are available to task team while preparing their results framework.

Guidance on preparing a results framework\textsuperscript{69}

We will now briefly suggest steps that task teams could follow while preparing their results framework. To ensure buy-in and build consensus among local counterparts, a collaborative process is imperative. The following steps are common to all types of projects. Concurrently we will discuss specific concerns with CDD operations and how they can be mitigated.

1. Think carefully about what the project should achieve.

During this first step, the team should focus on the big picture and try to figure out what they would like the project to achieve. While some CDD projects put the emphasis on service delivery, others see empowerment as an end in itself. The task team will have to assist the government counterpart on which road to take.

In this note we are only concerned with projects. However, some projects are part of programs (e.g. APL) and, in such situations, the team should ensure that the project objective fit into the overall program purpose.

2. Organize a workshop with local partners to brainstorm about the goals the project should achieve.

This should happen as early as possible during project preparation (preferably during the first preparation mission). It is important that high levels of management be invited (and participate) to this workshop. Indeed, to ensure significant buy-in from management this process should be seen as strategic rather than as technical.

During this workshop, which should last a couple of days, the discussions should focus on the Project Development Objective (PDO) and the intermediate results. We understand that setting up such a meeting can be challenging as the various stakeholders may not see the value of doing so. However, the teams should try their very best as those meetings can be incredibly effective.

Deciding on the PDO is a crucial step. It is important that the objective (singular) focus on what the target group will do differently if the project is successful. Indeed as the PAD Guidelines suggest, the PDO should answer the question: “If the project is successful, what will be its principal outcome for the primary target group?” As such, the focus should be on outcomes and neither on outputs nor on impacts. Indeed, for example, if the project delivers goods and services what matters is not what is provided but rather how the target group (e.g. households) uses them. At another level, so many factors influence impacts that it makes more sense for the project to focus on outcomes. In addition, the team should make every effort possible in order to have a specific, not too broad,

\textsuperscript{69} For a sample results framework, please refer to pages 15-19 of the following document: http://siteresources.worldbank.org/INTINVLENDING/Resources/PADguide.pdf
objective. Otherwise, the stated objective(s) are more likely to be beyond reach for the project.

The team should start the workshop with a presentation on what CDD projects that are widely considered to be “good” achieved. Below are resources the team could use:

**On the KALAHI-CIDSS in the Philippines:**

**On the KDP in Indonesia:**

**On the PNIR in Senegal:**

**On the TASAF in Tanzania:**
http://dev360.worldbank.org/pdfs/english/tanzania.pdf (also available in French and Spanish)

**For the “Nepal Water Projet” Video:**
Luc, can you provide information on how to access this video?

To help the team, we provide, at the end of this note, examples of PDO/outcome indicators for different types of CDD projects. They could be discussed during the workshop with the local counterparts.

### 3. Think about the results/outcomes indicators and the precise targets.

Once an agreement has been reached on the PDO and the intermediate results, the team should start thinking about the results and outcomes indicators as well as the targets associated to those indicators. This can be challenging in the context of a CDD operation as the task team does not know ex-ante exactly what the project will deliver. In addition, the team should discuss what is feasible in terms of data collection (see below for a discussion of those issues).

As stated before, the focus should be on outcomes. As such, the indicators should be selected to measure behavioral changes rather than project’s impacts. If the project’s emphasis is on goods and services delivery, good outcome indicators should focus on use of those goods and services as well as overall satisfaction levels with them.
4. Organize a workshop with local partners to agree on the final wording of the PDO, the intermediate results and, the results and outcomes indicators.

During this workshop, the discussion should focus on the choice of results and outcomes indicators. The responsibilities and timing of data collection for the various indicators should also be discussed. This meeting could take place during a pre-appraisal or appraisal mission.

The process of selecting the indicators should be followed with great care. During this process, it is crucial that team members have a clear idea of what characteristics results and outcomes indicators should possess to be labeled as strong. The focus should be on selecting indicators that measure change in behavior. The process of selecting strong results/outcomes indicators for a CDD project is particularly exigent for some of the reasons highlighted above: objectives that are not easily measurable, lack of information ex-ante on what the project will deliver. However, this should not be an excuse for not coming up with a good results framework. To facilitate this process, we also provide, in an annex, a list of results/outcome indicators that could be used by the task team.

At the very least, to be classified as strong, outcomes indicators should be SMART\(^70\) (i.e. Specific, Measurable, Attributable, Realistic and, Timely). We will now describe in more details each of those characteristics and give examples, from CDD operations of strong and weak indicators. Please note that when we say that indicator x is strong, it does not mean that it is a good indicator overall but only that it has the characteristic we are interested in.

By specific we mean that the indicator is related to the results we want to achieve and only to that result.

- **Strong:** “EIRR for major type of infrastructure>30%”
- **Weak:** “# officials trained in budgeting and planning principles and procedures.”

This indicator is problematic because there is no attempt to try to capture what those officials do differently as a result of the trainings.

By measurable we mean that the indicator is very clearly defined and that there is an agreement and how to measure it. For example, since most CDD projects operate in rural settings, it is imperative to specify the timing of data collection. Otherwise, the observed changes could be due to seasonality rather than to the intervention.

- **Strong:** “Share of LGU funds attributed though participatory process”
- **Weak:** “Increase in demand responsiveness to priorities identified in municipal plans.”

This indicator is problematic because ‘demand responsiveness to priorities’ is not clearly defined.

\(^70\) An additional test to check whether the PDO is good or not is: “Can you find outcome indicators that are SMART?” If the answer is no, the team should go back to the PDO and try to find a better one.
By **attributable** we mean that the changes in the indicator can be attributed to the project. As such, an “attributable indicator” might require reference to the situation in non-treatment communities.

- **Strong:** “% of HH in targeted communities that directly benefited from infrastructure improvements”
- **Weak:** “% of HH able to articulate problems and discuss nature of poverty in their neighborhood.” This indicator is problematic because there is no reference to the baseline situation.

By **realistic** we mean that the target for the indicator can be achieved in a practical manner.

- **Strong:** “80% satisfaction levels from beneficiaries regarding improved service and local level governance”
- **Weak:** “Villagers aware of their rights.” This indicator is problematic because it is too broad. It seems highly unlikely that the project can reach such a target.

By **targeted** we mean that the indicator identifies the particular group we want the project to impact.

- **Strong:** “40% participation rate of women and poorest community members in planning and decision-making meetings”
- **Weak:** “Improved social capital and organizational development.” This indicator is problematic because the group whose social capital we want to improve is not specified.

In addition, even though some of the indicators discussed below are not strong results/outcomes indicators, they could still be integrated in the M&E system for management purposes. Indeed, while they do not measure results (e.g. number of staff trained) they can be highly valuable to check the status of project implementation and thus to improve project management.

To the extent possible, when reporting the information, all the indicators should be cross-referenced with socio-economic (i.e. poverty levels, gender, ethnic group, age, etc.) and location data.

**How to go about collecting the necessary information?**

First of all, one needs to acknowledge that collecting quality information for a CDD project is very challenging. This is the case because, as those projects tend to be highly decentralized, the data collection effort will have to be spread across numerous geographical areas. This in itself will be costly and will require significant amount of supervision to ensure the information collected is of good quality.

Furthermore, it is difficult to collect quality information on some of the ‘fuzzy’ goals of CDD (e.g. empowerment, increased trust, etc.). First, one needs to come up with innovative ways to measure results. This increases the need to think carefully about the results framework and the M&E system more broadly. Second, it is unlikely that
representative baseline data is available on social dynamics in targeted communities. This might be an issue since CDD projects tend to work with and try to modify those dynamics. Therefore, it might be necessary to collect that kind of data before project implementation. Third, this exacerbates the common problem of finding qualified M&E specialist for the project. Indeed, such a position for a CDD project might require knowledge of both quantitative and qualitative methods.

Given the constraints discussed above, task teams should first ensure that sufficient funds should be allocated to M&E and supervision activities both on the government side and on the World Bank side. As a general rule, between 1 and 2 percent of the project loan should be assigned to M&E activities. As noted by Wassenich and Whiteside (2004), even if one can wonder why spend 2% of a project loan on M&E, it seems like a small price to pay to understand whether the remaining 98% are well spent.

Second, the M&E system should be designed to respond to the project’s needs while being user-friendly. One should acknowledge that it is pointless to hire an international consultant to design a top of the line M&E system unless qualified local staff is available to run the system efficiently after the consultant has left. Indeed, it is far from being uncommon to see a very well designed M&E system left unused because the project M&E staff does not have the capacity to use it to its full potential.

How to use the M&E system to its full potential?

A well-designed and well-functioning M&E system is a very valuable management tool. A good M&E system provides timely information on relevant issues that can help management make decisions based on facts and not on anecdotes which helps improve project’s quality. A good example of that is the M&E system for the KDP in Indonesia where monitoring and evaluation were integral components of overall project management. Managers were often informed of the findings which were used to improve the design and operations of KDP.

However, the M&E system should not be restricted to collecting information for project monitoring and management. Elements of results should be introduced also. If possible, most indicators included in the results framework should be included in the M&E system. This would help increase the likelihood that the project is managed for results.

Thus, the team should devote significant effort on M&E issues early in the project cycle to avoid problems later in the cycle. It might even be worth having a team member focusing only on M&E issues. The team should also take advantage of the extensive network of project facilitators who could prove very useful in collecting some of the necessary information. Recognizing that the facilitators might have some distorted incentives when collecting the information, it is important to budget for some regular

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For more information on M&E systems for Social Funds and CDD projects please see:

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audits of data collection. Anyway, even if the information they collect is not of very high quality it would still prove useful to management.

What about baseline information?\textsuperscript{72}

Having baseline data available is very important for at least a couple of reasons. First, it ensures that the project’s rationale is based on facts and not on anecdotes. Second, lack of a good baseline makes it difficult to measure project’s impacts rigorously.

For all IDA country, collecting baseline data is even more important. Indeed, one of the project level indicators for IDA’s contributions to country outcomes is “Percent of first IDA Project Status Reports with satisfactory baseline data on expected outcomes for projects initiated after July 2003.”

During preparation, team should try to find out what sort of data is available in the country that could be used as a baseline for the data. If none of the information available is deemed sufficient to serve as a baseline, the team should plan for quality baseline data. Given the very specific objectives of CDD operations, it is likely that both quantitative and qualitative data will have to be collected.

What about impact evaluation?\textsuperscript{73}

An additional way to gather quality information on the project’s results and outcomes is through a carefully planned and designed impact evaluation. Data should be collected on household before, during and after project implementation in both treatment and control communities. This tool would be especially useful for measuring results on social dynamics and local governance issues. Planning such an impact evaluation is not easy but task teams can request support on those issues from the CDD team in SDV. This should be done as early as possible in the project cycle.

Rigorous impact evaluations are not inexpensive. Indeed, as cited in Wassenitch and Whiteside (2004), an evaluation with before/after and treatment/control can cost from US$250,000 to US$500,000. However, given the wealth of operationally relevant information that they provide, their price seems about right. They can be funded through a variety of mechanisms: either by the Government using the project loan or by the Bank through Trust funds, the project budget and the research support budget.

\textsuperscript{72} Recommendations for developing a quality baseline are available at: http://siteresources.worldbank.org/INTSOUTHASIA/Resources/DevelopingHighQualityBaseline.ppt
a good example of a baseline for a CDD project is: http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2005/07/28/000160016_20050728154734/Rendered/PDF/32405a10PH0whi10may20final01public1.pdf
\textsuperscript{73} For more details, please refer to: http://siteresources.worldbank.org/INTISPMA/Resources/Training-Events-and-Materials/cdd_ie.pdf
What kind of additional studies should the project fund?

In addition to the M&E system, the task team should plan specific studies to gather some of the necessary information to measure results. For example, technical and financial audits of sub-projects could help understand the quality of the infrastructure built, the timing and the cost of construction as well whether financial reporting requirements were fulfilled.

The team could also take advantage of the various project economic analyses to be performed during the project cycle (midterm and final). Instead of focusing on narrow financial indicators, those analyses should also include broader analyses of funds spent on social preparation. A good example is the KALAHI-CIDSS MTR Economic Analysis.

As the quality of sub-projects is a common area of concern for CDD projects, we recommend that task team commission a study on this topic. It should also assess whether the infrastructures needing staffing (e.g. schools, health clinic, etc.) are staffed accordingly.

Timeline

For each phase of the project cycle, we suggest steps that a task team should follow to prepare the results framework, ensure that quality baseline data is available and that a well-designed and well-functioning M&E system is in place.

We suggest that one team member be explicitly responsible for the Results Framework and for preparing the M&E system.

Preparation

- Explore existing data that might be relevant for the project’s baseline.
- First workshop with local partners to discuss the Project Development Objective and the intermediate results. (about 2 days).
- Second workshop with local partners to agree on the PDO, the intermediate results and the outcome indicators. During this workshop, the team should clarify with the local partners how the indicators will be measured, what kind of data will have to be collected and who will be responsible for data collection. (about 2 days).
- Start thinking about the M&E system

Appraisal

- If the information available in the country is not deemed sufficient, the task team should make arrangements to collect quality baseline data. The data collection exercise should be finalized before project implementation starts. (about 6 months).
- Work with the local partners to prepare the M&E system.
- Ensure that the operation manual clearly state the field teams’ responsibilities in terms of data collection.
Implementation and Supervision

- Train the local staff on how to use the M&E system. Launch the M&E system and ensure that it is working properly.
- Ensure that the progress reports are of good quality and are released on time. Those reports should be used by management to understand what works and what does not and to modify the way the project is operating accordingly.
- Data similar to the baseline should be collected during the MTR. This should allow the project’s management team to measure project’s preliminary impacts and to make the necessary adjustments to project design.

Implementation and Completion

- Use the progress reports released up-to-date to prepare the Implementation Completion Report

Evaluation

- Launch the last round of data collection. A note explaining what worked, what did not and why should be prepared and disseminated to teams preparing similar projects.

Cost

Results framework

Depending on the context, this process will be more or less time consuming and thus more or less costly. Indeed, a large part of this process will be to convinced local partners that a good results framework will help the project. Time spent setting up the workshop and getting the local partners on board. Plus time cost for the team member in charge of preparing the results framework.

M&E

M&E systems vary greatly in their design. Some systems are developed with only monitoring in mind while others have been designed to provide timely information to managers so they can improve project design and implementation. We strongly teams to focus on the latter.

As expected, cost will increase with the system complexity. As stated before, between 1 and 2 percent of the project loan should be assigned to M&E activities.

Baseline

The cost of putting together baseline data will vary greatly depending on the context. If “sufficient” data is available in the country, the cost will be limited to the time of finding out that the data exists and to the potential fee to access it. The cost will increase if data needs to be collected. Best practice would suggest collecting quantitative and qualitative
data in both control and treatment areas. This would cost between USD100,000 and
USD200,000. However, the team can decide to collect only qualitative or only
quantitative data which would reduce the cost.

Resources Available

Note: We will need to include much more detailed information. It is important that the
results secretariat ensure that enough resources are available to teams. Indeed, due to
the public good nature of the information provided, the global benefits of collecting
baseline data are greater than the benefits to the project teams.

Some Trust Funds could be used as well as PHRD grants.

In addition, M&E expenses should be financed either by the project loan or by a grant
from other donors.

Examples - Infrastructure/Public Goods CDD

Please note that we do not discuss targets in this section as they are highly context-
specific.

Project Development Objective

Successful CDD projects within this “category” usually achieve one of the following
• Increase the use of (and the satisfaction with) basic infrastructure and social
  services
• Increase communities’ capacity to plan, implement and maintain development
  projects
• Improve participation in local governance

As such, we suggest the following “generic PDOs” for this category of CDD projects:

• Villagers in targeted communities use (and are satisfied with) basic infrastructure
  and social services that they select, implement and maintain through a
  participatory process.

• Villagers in targeted communities increase their influence over decisions that
  affect them at the local level.

Outcome indicators

• % change in the % of community members who feel confident in their ability to
  influence decision-making in the targeted communities.
    ➢ This can be measured through the following question: “I want to ask you
  how you perceive the decision-making process in your community. On a
  scale from 1 to 5, where 1 means a very small extent and 5 a very great
  extent, to what extent do you feel you have a say in a decision that affects
your community?” If a rigorous impact evaluation is set up this could be integrated into the quantitative survey. Otherwise, the facilitators could ask the question to about 20/30 villagers during one of their visits.

- % change in the % of women (or any other group the project is targeting) in local decision-making bodies in the targeted communities.
  - During their first and their last visits to the village, the facilitators should be able to obtain the necessary information.
- % change in the % of HH in the targeted communities using basic social and economic infrastructure (water system, rural road, school, health clinic, etc.).
  - If a rigorous impact evaluation is set up this could be integrated into the quantitative survey. Otherwise, a short questionnaire should be developed and could be fielded by facilitators during their first and their last visits in the village.
- Change in HH per capita expenditures/incomes in the beneficiary communities. **MIGHT BE TOO OPTIMISTIC TO EXPECT CHANGES AT THAT LEVEL**
  - If a rigorous impact evaluation is set up this could be integrated into the quantitative survey. Otherwise, it might be possible to obtain such information from large scale socio-economic surveys.

**For a component “Community Grants”**

- EIRR for major infrastructure types.
  - This could be easily integrated in the project’s economic analyses. As such, the additional cost would be minimal. Good examples are the economic analyses for the KALAHI-CIDSS and the KDP.
- % of users satisfied with the goods and services delivered through the project.
  - A two-stage question could be asked. “Do you ‘use’ the subproject?” “If so, are you satisfied with the service?” (Give a scale). If a rigorous impact evaluation is set up this could be integrated into the quantitative survey. Otherwise, the facilitators could ask the question to about 20/30 villagers during their last visit to the village.
- % of subprojects where the necessary maintenance operations are taking place.
  - The task team should set up some technical audits which, among other things, could look into those issues. The team should ensure that the sample of subprojects is representative of the subprojects funded through the project as the quality of maintenance is likely to be dependent upon subproject type.

**For a component “Capacity Enhancing”**

- Change in the % of LGU funds allocated through participatory process in the targeted communities.
  - % change in the number of HH in the targeted communities requiring services (business permit, tax certificate, etc.) from the local government.
  - This can be measured through the following question: “In this past year, did you or any member of your family require some service (give
examples) from the local government?” If a rigorous impact evaluation is set up this could be integrated into the quantitative survey. Otherwise, the facilitators could ask the question to about 20/30 villagers during their first and their last visits.

- % change in the % of users of local government services (in the targeted communities) satisfied with the services they receive.
  - This could be measured as a follow-up to the above question. “If so, were you satisfied with the service obtained?” (Give a scale).
- % change in voter turnout during local elections (if any) in the targeted communities.
  - This information should be available from the agency responsible for organizing the elections.

For a component “Coordination, Monitoring and Evaluation”
- The M&E system is functional.
- % of studies and evaluation findings used to improve the project.

Below is a list of indicators that the team should consider collecting for day-to-day management purposes:

1. Number and type of infrastructure built.
2. Unit cost broken down by type of infrastructure built (should incorporate communities’ contributions).
3. Local contribution as a share of total sub-project cost.
4. Percentage of infrastructure built ranked as satisfactory (according to national guidelines).
5. Percentage of infrastructure built in a timely manner, within budget and that meet financial reporting requirements.
6. Number/type/quality of training provided to local government staff.
7. Number/type/quality of training provided to facilitators.
8. Number of targeted villages experiencing an increase in attendance at village meetings.
9. Number/quality/type of civic information and education programs delivered.
10. Number of proposals submitted.
11. Percentage of poor and women (or any other marginalized group) involved in planning, execution and maintenance.
12. Percentage of villagers which are satisfied with the choice of sub-project.
13. Number of complaints and their resolution.

Examples - Livelihoods CDD