

# What Have Been the Impacts of World Bank Community-Driven Development Programs?

CDD Impact Evaluation Review and Operational & Research Implications

Susan Wong



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The World Bank  
Social Development Department  
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Washington, DC 20433

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Fax: 202-522-3247  
E-mail: [asksocial@worldbank.org](mailto:asksocial@worldbank.org)  
Online: [www.worldbank.org/socialdevelopment](http://www.worldbank.org/socialdevelopment)

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## List of Acronyms and Abbreviations

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ASIF	Armenian Social Investment Fund
CDC	Community Development Council in Afghanistan
CDD	Community-driven development
DIME	Development Impact Evaluation Initiative of the World Bank
DPIP	District Poverty Initiatives Program
FISE	Nicaragua Emergency Social Investment Fund ( <i>Fondo de Inversiones Social de Emergencia</i> )
FONCODES	National Fund for Social Compensation and Development in Peru ( <i>Fondo Nacional de Compensacion Desarrollo Social</i> )
GAM	Free Aceh Movement
GoBiFo	“Forge Ahead” in Sierra Leone’s national <i>lingua franca</i> , Krio
ICR	Implementation completion report
IE	Impact evaluation
KALAHI-CIDSS	<i>Kabit-bisig Laban Sa Kahirapan</i> –Comprehensive and Integrated Delivery of Social Services program
KDP	<i>Kecamatan</i> (subdistrict) Development Program
KDP-BRA	Kecamatan Development Program/Aceh Reintegration Body ( <i>Badan Reintegrasi Aceh</i> )
MILF	Moro Islamic Liberation Front
NGO	Nongovernmental organization
NPA	New People’s Army in the Philippines
NSP	National Solidarity Program in Afghanistan
O&M	Operations and maintenance
PAD	Project appraisal document
PAF	Poverty Alleviation Fund in Nepal
PNIR	National Rural Infrastructure Program ( <i>Programme National d’Infrastructures Rurales</i> ) in Senegal
PNPM-Generasi	National Program for Community Empowerment – Smart and Healthy Generation in Indonesia ( <i>Program Nasional Pemberdayaan Masyarakat Generasi Sehat dan Cerdas</i> )
PNPM-Rural	National Program for Community Empowerment in Rural Areas in Indonesia ( <i>Program Nasional Pemberdayaan Masyarakat</i> )
SF	Social funds
SHG	Self-help groups in India
SIF	Social investment funds
TASAF	Tanzania Social Action Fund (TASAF)
UPP	Urban Poverty Program in Indonesia
WB	The World Bank

*Note: All dollar amounts are U.S. dollars unless otherwise indicated.*

## **Executive Summary**

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Governments and the World Bank have very few tools to reach large numbers of the poor directly, particularly in the context of weak or fragile states, in post-conflict and post-disaster environments, or in areas with poor track records of service delivery within the bureaucracy. Community-driven development (CDD) potentially constitutes an important approach in the repertoire of development interventions because it is designed to place less stress on government line agencies by optimizing the use of community actors, yet at the same time reach very large numbers of poor people. Determining whether this approach is worth supporting requires rigorous evaluation to assess CDD's effectiveness in various settings. And if it does work, how can we strengthen its ability to deliver results as a second generation of CDD programs begins to emerge? This study aims to explore these issues.

Community- driven development (CDD) is an approach that emphasizes community control over planning decisions and investment resources. Over the past decade, it has become a key operational strategy for many national governments—as well as numerous international aid agencies—for the delivery of services. The philosophy behind CDD is that involving communities in local development decisions is not only an inherent citizen's right, but that participation can often lead to a better use of resources geared toward meeting the needs of communities. CDD has become a popular development intervention because of its approach toward empowering local decision-making and its reputation for getting resources to communities efficiently. The approach departs from traditional approaches to development by enabling communities and local institutions—rather than central governments—to take the lead in identifying and managing community-level investments. The World Bank currently supports approximately 400 CDD projects in 94 countries valued at almost \$30 billion. Over the past 10 years, CDD investments have represented between 5 and 10 percent of the overall World Bank lending portfolio.

There is a growing body of evidence documenting the impacts of CDD interventions. This paper reviews the results of impact evaluations of World Bank CDD projects, and discusses some of their operational and research implications.

The study's objectives are to (a) summarize and analyze impact evaluation results of World Bank CDD programs over the past 25 years, and (b) describe critical operational and research implications of these findings. This study aims to generate knowledge in answering key development impact questions for CDD programs and by doing so, to improve the quality of operations using evidence-based approaches.

This study differs from earlier reports in several important respects. First, the study team has updated the data sets, focusing especially but not exclusively on the latest generation of CDD impact evaluations from 2003 onwards. Several of the evaluations were completed in the last five years and thus were not covered in earlier summary reports. Second, whereas some recent reports (such as Mansuri and Rao, forthcoming) cover a very broad range of topics under the heading of “participatory development approaches”—including elections, decentralization, and school-based management—it is worth fractionating out and understanding more about a specific approach to participation from within the overall participatory approach universe, that is World Bank-supported CDD programs. This study thus focuses much more narrowly on this specific subset of CDD and its impact evaluation findings. Third, as mentioned above, this paper attempts to focus more than past studies on contextual factors and the operational implications of the findings. What has worked under what particular contexts, and why?

The audience for this study is geared toward task teams and client/government project teams, particularly as to how these findings are relevant for their operational work and the global participatory research agenda moving forward.

This paper looks at results across six key areas of interest:

1. What is the ***poverty or socioeconomic welfare impact*** of CDD/Social Fund programs?
2. ***Who benefits*** from these program interventions (poorest quintiles, women, ethnic groups)? Do they reach poor areas and poor households?
3. Do the programs ***improve access to and use of basic services***?
4. Do they ***improve social capital*** (using the standard proxy measurements for social capital – trust, collective action, association, groups and networks)?
5. Do they ***improve local governance*** (participation in local meetings, satisfaction and increased confidence with government officials, awareness of program activities, etc.)?
6. In conflict-affected areas, do CDD operations have any ***impact on violent conflict***?

The study examines some of the contextual factors behind these results and why there are (or are not) impacts along the aforementioned dimensions in order to derive certain operational and research implications.

This review only looks at World Bank CDD programs with robust impact evaluations. Generally this means that the evaluations use an experimental or quasi-experimental design based on significantly large samples. In other words, the studies have sufficiently large sample sizes as to claim some degree of internal validity, are well-constructed, and have control groups. Relevant information from accompanying qualitative studies, project design documents, and completion reports were also used to strengthen the discussion. To enhance quality control, the impact evaluations included in this study had to have undergone a peer review process. Lastly, the study team spoke to several CDD experts, task team leaders, and evaluators about these programs in order to understand more fully the contextual and design issues leading to the results.

Taking these criteria into account, this review focuses on 17 World Bank CDD programs in South and East Asia, Africa, Latin America, and Central Asia. Many of these programs were initiated as a response to economic and financial crises, disaster, and conflict. The results from the impact evaluations are as follows:

***Impacts on socioeconomic welfare.*** Most of the 17 projects did not have an explicit objective of impacting socioeconomic welfare during that phase of the project. Only three of the projects—those supporting primarily livelihood activities—had explicit goals of income poverty impacts. Most of the programs, especially Social Funds, focus more on health and education outcomes and access to services, such as road access. In addition, income improvements were considered long-term goals that were beyond the scope of several of these projects. Nevertheless, nine projects reviewed in this study reported on income poverty impacts as part of their evaluations. Out of the nine, seven had statistically significant positive impacts on household living standards and welfare.

**Poverty targeting.** Overall, most programs did well on geographical poverty targeting and selecting poor areas to operate. Programs that made use of poverty maps and the latest national statistical data were the most effective at geographical targeting. At the household level, most CDD programs invested in public goods—such as roads, bridges, schools, and health centers—that benefited the broader poor and non-poor community. However, programs were generally found to benefit more poor than non-poor households and individuals. Results are mixed based on certain socioeconomic characteristics (e.g. urban vs. rural) and types of investments.

**Access and utilization of services.** Evidence across the programs is generally strong regarding positive impacts on access to and use of services, especially in health, education, and drinking water.

**Social capital and governance.** Only a few of the impact evaluations measured for social capital (eight projects) and local governance (five projects), so the evidence is scarce. Based on the limited evidence to date, most projects have no impact on social capital, or at best mixed impacts. There is very little evidence of social capital spillover effects. For local governance, the evidence is more positive, however also mixed.

**Conflict.** Five impact evaluations—for Afghanistan, the Philippines, Indonesia (two evaluations), and Sierra Leone —examined CDD's impact in conflict situations. Not surprisingly, there is no impact on macro levels of violence except in the case of insurgency groups in the Philippines.

In sum, this review found generally positive evidence for poverty welfare reduction, poverty targeting, and increased access to services. As most of the project objectives and financial resources focused on improving access and service delivery, these projects achieved their stated aims. Evidence is limited and mixed however, on governance, social capital spillovers, and conflict impacts.

This study also looked at issues related to cost effectiveness and rates of return, and generally found positive results as compared to other modes of service delivery. Many of these programs showed between 13 and 40 percent lower costs for equivalent works.

Based on project and evaluation reports and discussions with project stakeholders, we propose several hypotheses to explain some of the more positive impacts on poverty reduction and improved access to services. Some factors contributing to success in these areas include (a) establishing a more participatory and inclusive model of service delivery, which allows communities to identify the poorest and their own development needs; (b) the provision of high quality and adequate facilitation and technical assistance; (c) capacity building for communities; (d) utilization of poverty maps to target resources to poor areas; (e) block grants of sufficient size over several years that are used for economically productive purposes; and (f) lastly, flexibility in project design and implementation with an approach of “growth in learning” over the medium and longer term.

Project teams cite several issues leading to the mixed results in some areas. Design issues include (a) lack of clear articulation of a governance reform and social transformation pathways; (b) the “project bubble” phenomenon, in which broader reforms are difficult to enact; and (c) limitations to community mobilization and challenges in reaching marginalized groups. Implementation challenges are also numerous, including financial disbursement delays; conflict-affected situations; natural disasters; difficulties in coordination with other ministries; operations and maintenance concerns; and less than optimal monitoring and evaluation systems.

This study points toward several important operational and research implications as a new generation of CDD programs emerge:

### ***Operational implications***

- On the operations front, project designers should be clear what their project objectives are and what can realistically be achieved, especially on the governance and social capital fronts within the social, political, and economic contexts in which the projects operate.
- Teams should work with the government to develop clearer roadmaps for institutional and governance reform. Institutional change will take time and there is no straight, quick pathway toward genuine reform.
- CDD programs are beginning to have longer time frames. The average duration of CDD projects included in this study is 11.8 years, implemented over several phases. These longer time frames provide an opportunity to discuss longer-term institutional reforms and a roadmap for institutional and social change.
- Project teams should use existing poverty maps and national statistical data to improve their geographical targeting toward poor areas. At the household level, several programs successfully used community participatory targeting to reach the more marginalized groups.
- Project designers need to better understand the impacts—both positive and negative—of development interventions in general, and CDD interventions specifically, in fragile and conflict-affected areas, and approach these situations cautiously in design. Past experience shows that there can be positive as well as negative impacts.
- Investing in capacity building and training for project staff and community groups is important for long-term sustainability, as well as potentially contributing to enhanced social capital formation and improved local governance.
- Arrangements for operations and maintenance (O&M) of subproject investments require greater attention in CDD projects. One possibility is to explore piloting various options for O&M arrangements within CDD programs.
- There is a need to experiment in developing stronger modes of collaboration with supply-side actors, including sectoral line-department actors as well as private sector agents such as financial intermediaries and banks (for microfinance activities). This is especially true for service delivery effectiveness and sustainability.

### ***Monitoring, reporting, and evaluation implications***

- Monitoring, reporting, and evaluation systems need to be improved in order to provide relevant information to project management to oversee their programs and adjust course as needed. Reporting and management information systems in particular require special attention. Rigorous impact evaluations of WB CDD programs are few and far between; only 17 or so rigorous impact evaluations have been conducted over the past 25 years.

- Longitudinal studies are scarce. The impact evaluations included in this study measured on average 3.1 years of project intervention, despite program durations averaging almost 12 years. There is a tension between (a) the need to obtain “quick” information on project impacts in order to inform future program directions, and (b) the time for some of these impacts to actually materialize. Certain impacts by their nature may take longer to appear, such as governance spillover effects or education learning outcomes. Many more long-term, high quality, and timely impact evaluations are required to inform decision making.

### ***Future Research Implications***

On the research front, there are several areas worth pursuing:

- Examine over time social capital and local governance impacts to better understand clear pathways of reform. Much more analytical work is warranted to examine the pathway for longer-term local governance reform and the enabling factors for broadening and sustaining the impacts of community-driven development. Related to this, local leadership transformation is also important to sustain these changes.
- Compare CDD approaches versus non-CDD approaches using other government service delivery mechanisms. None of the impact evaluations in this study compare “head on” CDD approaches with alternative modes of government service delivery. More evidence along these lines would greatly inform policy decision-making.
- Compare why some programs are able to reach excluded and marginalized groups better than other programs. This may have several design implications in terms of targeting criteria, training, and implementation modalities.
- Unpacking the black box of decision making is crucial. Very little is known or documented about how decisions are made regarding the allocation of resources. The issue of elite and/or political capture is also becoming a critical issue to explore further. How can we improve the accountability of decision-making bodies or councils in terms of design and implementation? Additional qualitative and ethnographic work in this area would be valuable.
- Lastly, issues of sustainability came up repeatedly in this review. Project reports raised two dimensions related to sustainability. First, CDD programs would benefit from more studies on technical quality and operations and maintenance to sustain physical investments. Second, institutional sustainability is important as well as linkages with government agencies and private sector actors to sustain investments. As mentioned above, longer-term evaluations are needed to assess whether program impacts attenuate or change.

## I. Introduction

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Community-driven development (CDD) is an approach that emphasizes community control over planning decisions and investment resources. Over the past decade, it has become a key operational strategy for many national governments—as well as numerous international aid agencies—for the delivery of services. The philosophy behind CDD is that involving communities in local development decisions is not only an inherent citizen’s right, but that participation can often lead to a better use of resources geared toward meeting community needs. CDD has become a popular development intervention because of its approach toward empowering local decision-making and its reputation for getting resources to communities efficiently. The approach departs from traditional approaches to development by enabling communities and local institutions—rather than central governments—to take the lead in identifying and managing community-level investments. The design of these programs has evolved considerably over the past two decades, and the level of decision-making authority varies as well. At their core, however, most of these programs generally aim to improve the living conditions of poor communities through participatory means.

The World Bank currently supports approximately 400 CDD projects<sup>1</sup> in 94 countries valued at almost \$30 billion. The largest number of projects is in Africa, followed by South Asia and Latin America. However, commitment amounts are highest in the East Asia Pacific, Africa, and South Asia regions. Over the past 10 years, CDD investments have represented between 5 and 10 percent of the overall World Bank lending portfolio.

There is a growing body of evidence documenting the impacts of CDD/Social Fund (SF) interventions.<sup>2</sup> This paper focuses on the results of impact evaluations of World Bank CDD projects and discusses some of their operational and research implications. This study is important for several reasons. First, impact evaluation is a priority topic among the 500-member-strong CDD community of practice at the World Bank. In a 2010 survey, the practice community identified establishing sound monitoring and evaluation systems as the top priority for future learning and training. Second, this analysis hopes to strengthen the operational dialogue among WB project task teams, government counterparts, and others by providing an evidence base regarding various types of CDD approaches. It serves as a reference for ongoing and future CDD operations to better design interventions based on lessons of what has or hasn’t worked in different country contexts. World Bank task teams working on CDD programs are the primary audience for this paper, but the lessons raise highly relevant issues for governments and development practitioners alike who are interested in community-led poverty reduction efforts.

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<sup>1</sup> This figure includes projects with CDD components. According to the WB CDD database, out of 400 active projects, 188 projects (47 percent) have a majority of their budget allocated for CDD-related components.

<sup>2</sup> For the purposes of this paper, Social Funds are included in the overall umbrella category of CDD programs.

## **II. Objectives of the Study**

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The study's objectives are (a) to summarize and analyze impact evaluation results of World Bank CDD programs over the past 25 years; and (b) to describe critical operational and research implications of these findings. This study aims to generate knowledge in answering key development impact questions for CDD programs and by doing so, improve the quality of operations using evidence-based approaches.

This study will examine the answers to the following six core questions:

1. What is the ***poverty or socio-economic welfare impact*** of CDD programs?
2. ***Who benefits*** from these program interventions (poorest quintiles, women, ethnic groups)? Do they reach poor areas and poor households?
3. Do the programs ***improve access to and use of basic services***?
4. Do they ***improve social capital*** (using the standard proxy measurements for social capital – trust, collective action, association, groups and networks)?
5. Do they ***improve local governance*** (participation in local meetings, satisfaction and increased confidence with government officials, awareness of program activities, etc.)?
6. In conflict-affected areas, do CDD operations have any ***impact on violent conflict***?

Some earlier summaries of impact evaluations did not go far enough in explaining why—or why not—there are impacts along these six core dimensions. This study aims to fill this void by focusing on rigorous impact evaluation findings as well as some of the possible explanatory factors behind those impacts. From the impact evaluation findings and a review of the project documentation, we draw out several operational implications—such as design characteristics and implementation issues—affecting the results. This is done through an in-depth review of the project design documents (project appraisal documents or PADs), complementary project studies, and Implementation Completion Reports (ICRs). We also interview a subset of CDD experts, project task teams, and evaluators to hear their perspectives on what worked or didn't in their specific contexts and why. Given our limited sample size, we are not able to propose a definitive set of recommendations, but we can shed some light on several issues to consider in designing future studies and operations. Some of the issues we examine in relation to design features and country context are:

- What are some of the common country political/economic contexts—such as political history, economic context, institutional settings, and decentralization—prevalent in the CDD programs under study?
- What are some of the common design features that work or fail and in what context?
- How do we maximize welfare outcomes in terms of block grant sizes and investments?
- What roles do institutional capacity building and training play in these operations?

- Why are we seeing limited impacts on social capital and governance in many cases? Is this an issue of project design, intervention duration, country context, measurement, or some other factor?
- What areas need further research and data to inform operations?

### ***Relationship and Complementarity with Other Studies***

There have already been several studies over the past few years summarizing CDD/SF evaluation results (Rawlings et al. 2003; Wassenich and Whiteside 2003; Mansuri and Rao 2004; World Bank 2007a). Most recently, Mansuri and Rao (*forthcoming*) conducted a much broader study of local participatory development approaches worldwide.

This study differs from the previous studies in several important respects. First, we have updated the data sets, focusing especially but not exclusively on the latest generation of CDD/SF impact evaluations since 2003. Several of the evaluations were completed in the last five years and were not covered in earlier summary reports. Second, whereas Mansuri and Rao (*forthcoming*) cover a very broad range of topics—including elections, decentralization, and school-based management—under the heading of participatory development approaches, this study fractionates out a specific subset of participatory models for more in-depth analysis, e.g., World Bank-supported CDD programs and impact evaluation findings. Third, one advantage of looking at a specific slice of the participatory approach universe is that we are then able to focus more than past studies on contextual factors and the operational implications of the findings.

The study is geared toward task teams and client/government project teams and how these findings are relevant for their operational work. It is meant to both complement and update previous research work in an effort to provide operationally user-friendly guidance.

### **III. Study Methodology**

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#### ***Defining the Universe***

##### ***Types of Projects Covered in this Study***

There are several pitfalls in undertaking this exercise. First, there is the definition of what constitutes a CDD program. The CDD community generally looks at a broad typology of programs and variants, ranging from community control, decision making, and management of grant funds—such as the Indonesia Kecamatan Development Program (KDP), or the Philippines KALAHICIDSS—to community inputs into the planning and decision-making process of local governments through semi-autonomous government bodies—for example, some earlier Social Fund models in Bolivia and Nicaragua. The earlier Social Funds relied on one-off project proposals submitted by a variety of local actors, including NGOs and community groups. There are also numerous projects with CDD components, but they account for a fraction of the total project budget. For the purposes of this study, we include programs that include community control and management of funds and emphasize community inputs into the planning and decision-making process. These CDD and SF programs are included in the World Bank's CDD database.

Second, this review focuses only on impact evaluations for World-Bank-supported projects. There are hundreds of community projects (usually much smaller in scale) funded by various NGOs, governments, and donors all over the world. This study limits itself to World-Bank-supported projects in order to keep the analysis manageable and focused. In the future, it may be worthwhile to include non-World Bank community projects in the data set.

This study also focuses on those WB CDD projects that are multisectoral in nature and do not include sector-specific programs such as school-based management, community healthcare management, or natural resource management interventions. Again, there are hundreds of these programs supported by national governments and other international donors. These types of programs are not included in this study for several reasons, including time and human and financial resource constraints. Furthermore, several other recent education and health meta-analyses cover these topics in a much more comprehensive and holistic manner than could be described here (Bruns et al. 2011; Barrera-Osorio et al. 2009).

##### ***Types of Evaluations Covered***

The literature review drew from the Development Impact Evaluation Initiatives (DIME) database, which is the official impact evaluation database of the World Bank and from the World Bank CDD community of practice. In order to keep the study manageable and report rigorous findings, the study team stayed within several parameters:

- i. **Impact evaluations had to use an experimental (random assignment) or quasi-experimental design based on sufficiently large samples.** In other words, the studies have sufficiently large sample sizes to claim some degree of internal validity, are well-constructed, and have a control group. Impact evaluations aim to establish whether a particular intervention changes outcomes for the beneficiary population. The central issue for all impact evaluations is determining the counterfactual: What would have happened to the beneficiaries had they not received the intervention? Since we cannot observe the counterfactual, control or comparison groups are used as a proxy for the state of beneficiaries in the absence of the intervention. Using an experimental or quasi-experimental design allows us to determine project attribution.

Four of the 17 impact evaluations described in this review—Afghanistan NSP, Indonesia PNPM-Generasi, Nepal Poverty Alleviation Fund, and Sierra Leone GoBiFo—use an experimental (random assignment) design, while the rest are primarily quasi-experimental designs using propensity score matching or matched comparisons. An experimental design is considered the most methodologically rigorous for impact evaluations but may not be possible due to political, logistical, or other important considerations. This study points out the methodology being used under each evaluation description in section VI and Annex A.

This study does not report on projects that used only qualitative studies to measure impacts, since by definition, those study findings cannot be generalized for the project. This is not to say that qualitative studies are not important. However, many small-scale studies lack the sample size necessary to generate statistically significant results. To the extent that qualitative studies inform findings from a quantitative study and provide possible explanations and a more comprehensive or nuanced understanding of program impacts, we report on some of those findings. Indeed, some of the best impact evaluations in our study use a mixed methodology of quantitative and qualitative techniques.

- ii. **Peer-Reviewed.** As an added level of quality control, we only include impact evaluations that have been peer-reviewed. This is to ensure that the study methodology has been vetted and reviewed for appropriateness and the findings have been technically reviewed. Several evaluations were excluded from this study because they had not been peer-reviewed and finalized.

The abovementioned criteria narrowed the field down to 17 WB CDD programs for our review (see Table 1). For each of these CDD programs, we reviewed the impact evaluations as well as complementary studies and project-related documents such as project appraisal documents (PADs) and implementation completion reports (ICRs). The team also contacted several CDD experts and some of the project and evaluation teams to understand from their perspective what worked or failed in their specific contexts.

Two important qualifications should be noted by the reader. While this study focuses upon 17 WB-supported CDD programs, these findings should not be interpreted as representative of the 400 or so ongoing CDD programs in the Bank's portfolio. If anything, the study focuses on those CDD programs with rigorous, high quality impact evaluations in place. If these programs were able to implement these evaluations, it is likely this subset may represent some of the better programs in the portfolio. There is no mandatory requirement at the WB to conduct an impact evaluation, although it is regarded as best practice for strategic and innovative projects. Having an impact evaluation in place is primarily at the initiative and discretion of the World Bank task team and the respective government. It is important to keep this in mind in reviewing the evidence.

A second important qualification is that the selection of these 17 programs with impact evaluations does not mean that there are no important lessons to be drawn from other CDD programs in the portfolio. Many programs provide valuable insights and lessons learned as a critical part of their adaptive learning and management approach.

**Table 1. World Bank CDD Programs Covered in this Study**

	Name of CDD Program	Total Project Period (Program Period Relevant for IE)	Total Amount for the IE Phase * (WB amount) \$ million	Types of Sub-projects Funded under IE Phase
<b>SOUTH ASIA</b>				
1	Afghanistan: National Solidarity Program II	2003 to 2015 (2006 to 2011)	\$120 M (WB \$120 M) with additional financing of \$75 M	Infra (water, sanitation, rural road, irrigation, etc), and human capital development.
2	India: Andhra Pradesh District Poverty Initiative Program (DPIP)	2000 to 2016 (2000 to 2006)	\$ 118.2 M (WB \$111 M)	Microfinance activities: household dairy (30%), agriculture (29%), non-farm trade and sheep rearing (10%)
3	Nepal: Poverty Alleviation Fund II	2004 to 2014 (2008 to 2014)	\$109 M (WB \$100 M) with additional financing of \$65 M	Income generation (livestock, agriculture etc) (72%), small-scale infra and services (micro irrigation, water supply etc) (17%).
<b>EAST ASIA</b>				
4	Indonesia: Kecamatan Development Program II (KDP2)	1998 to 2014 (2002 to 2007)	\$421.5 M (WB \$111.3 M)	Rural village infra (70%) and revolving funds and social services (30%).
5	Indonesia: PNPM-Rural <i>Generasi Sehat dan Cerdas</i> (PNPM Generasi)	1998 to 2014 (2007 to 2010)	\$98 M	Education activities (56%), health activities (44%) to meet 12 education and maternal and child healthcare targets
6	Indonesia: KDP/BRA	2006 to 2007 (same)	\$21.7 M	Economic activities such as livestock (89%) and rural infra (10%).
7	Indonesia: Urban Poverty Program II (UPP2)	1999 to 2014 (2002 to 2008)	\$126.9 M (WB \$100 M)	Revolving funds for providing micro-credit services, small infra improvements (roads, drains, water, sanitation, etc).
8	Philippines: <i>Kapit-bisig Laban Sa Kahirapan – Comprehensive and Integrated Delivery of Social Services Program</i> (KALAHII CIDSS)	2002 to 2014 (2003 to 2010)	\$182 M (WB \$100 M)	Rural infra (water systems, school buildings) (50%); basic transport infra (28%); and community enterprise facilities.

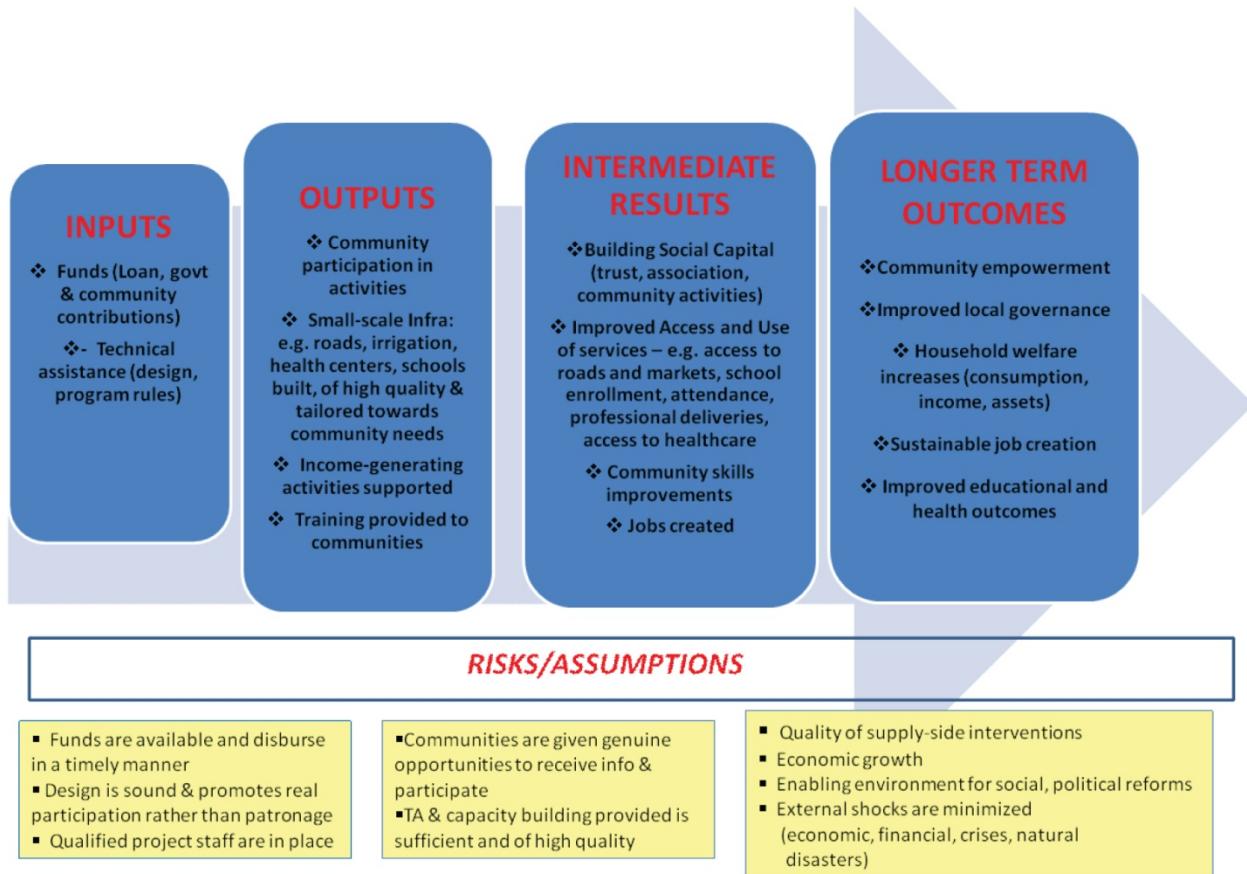
	Name of CDD Program	Total Project Period (Program Period Relevant for IE)	Total Amount for the IE Phase * (WB amount) \$ million	Types of Sub-projects Funded under IE Phase
<b>AFRICA</b>				
9	Senegal: Programme National d'Infrastructures Rurales (PNIR)	2000 to 2012 (PNIR/PLDP) (2000 to 2005)	\$42.9 M (WB \$28.5 M)	Water supply, schools, health centers and health posts, livestock projects, promotion of women's activities, agriculture, youth and sports, commerce and miscellaneous.
10	Sierra Leone: GoBifo	2005 to 2010 (2005 to 2009)	\$2.5 M (JSDF, Italian Govt)	Local public goods construction, agricultural production and livestock management, skills training and income-generating activities, and social projects such as youth sport clubs.
11	Tanzania Social Action Fund Project II **	2000 to 2013 (2004 to 2013)	\$ 178.5 M (WB \$150 M) with an additional financing of \$35 M	Education, health, water, roads, irrigation, markets, and support to vulnerable groups.
12	Zambia Social Recovery Project II	1991 to 2005 (1995 to 2000)	\$47.7 M (WB \$30 M)	Education (80%), health (12%) and nutrition and economic infra
<b>LATIN AMERICA AND CARRIBEAN</b>				
13	Bolivia Social Investment Fund II	1987 to 2004 (1993 to 1998)	\$70 M (WB \$40 M)	Water, school construction, health and sanitation.
14	Honduras Social Investment Fund III	1990 to 2012 (1995 to 1999)	\$117.9 M (WB \$27.4 M)	Small-scale infra, furniture and equipment, and training for education, health, water and sanitation. Also child/elderly care centers and orphanages.
15	Nicaragua Emergency Social Investment Fund II	1992 to 2006 (1994 to 1997)	\$172 M (WB \$26.5 M)	Social infra (70%), education, health, economic infra, social services and environment
16	Peru Social Fund (FONCODES)	1993 to 2000 (1993 to 1997)	\$430 M (WB \$150 M)	Social infra (school, water and sanitation), Social assistance, economic infra (rural roads, bridges, irrigation system) and productive projects.
<b>EASTERN AND CENTRAL ASIA</b>				
17	Armenia Social Investment Fund	1996 to 2012 (1996 to 2000)	\$20 M (WB \$12 M)	School rehabilitation, potable water, irrigation and health facilities

\*Total costs including WB and counterpart contributions

\*\* Tanzania SF relates to targeting study only

## IV. Conceptual Framework behind CDD Interventions

Figure 1. Illustrative CDD Results Chain



Note: Not all CDD programs aim for all these results. Examples above are illustrative only. Objectives vary by project.

It is important to understand the theory behind CDD interventions and how they operate. As discussed in the following section, CDD programs historically grew out of situations of crises (financial, disaster, conflict) or when governments—usually newly installed administrations—sought a different mode of service delivery. Existing systems were considered ineffective in engaging citizens or delivering services in an effective manner.

CDD program designs usually involve communities undertaking a village-level participatory planning process with the help of project facilitators or local government officials.<sup>3</sup> Communities identify their priority needs and the plans or proposals are sent to an inter-village forum of village representatives or higher level forums at the district or provincial levels for decision making. These decision-making forums vary widely across the CDD portfolio. There is a large variation in design across different programs, and even between earlier and later phases of the same project. Some programs consist of decision-making bodies completely elected by communities (Indonesia, Philippines, and Afghanistan); in other projects, higher level government bodies or

<sup>3</sup> The earlier design of many social funds did not necessarily derive from a formal process of local planning or community needs assessments. NGOs, local governments, or community groups could submit proposals.

the Social Fund semiautonomous executing agency play a greater role in deciding on the selection of proposals (earlier SFs in Bolivia, Honduras, Nicaragua, and Zambia, for example). Technical ministries normally provide input into the community plans to ensure they do not duplicate ministerial technical programs and are consistent with ministerial plans for that area. For example, if a community wishes to build a school, the local education department ensures that they will be able to place teachers in that school and that the school is in line with sectoral plans.

Unlike many development projects, CDD programs do not predetermine the nature of the interventions. Some programs have a range of investments across sectors; others use an “open menu” with a negative list. The multisectoral nature of many of these CDD programs can be seen as one of its strengths, since the flexible use of investments can help meet self-identified community needs. They are not just limited to one sector or the requirements of one sectoral ministry. If the plans are funded, communities manage and implement the activities or contractors are hired for construction works. The project normally trains and provides technical assistance to communities to plan, implement, and manage these activities. Investments are meant to be community demand-driven. The design, structure, and resources allocated to each stage of the process can vary greatly.

An illustrative results chain for CDD programs is outlined in figure 1. Communities or local institutions take the lead in identifying and managing community-level investments, be they rural infrastructure, social services, or income-generating activities. Not all CDD programs share the same objectives; for example, some focus more on poverty reduction and service delivery than community empowerment or local governance.

However, what is equally important in looking at CDD project design are the many assumptions/risks involved in this approach. There are risks that the technical assistance and capacity building may not be sufficient at the local level to facilitate community involvement and effective management of resources. Or that decision making can be done in a participatory manner that allows for community representation and voice rather than elite capture or further reinforcement of existing patronage systems. All these design risks must be taken into account when designing and implementing a CDD program. The achievement of project objectives and real reform will not happen without numerous factors being in alignment, including many areas that are outside the control of communities and the project itself.

### ***Longer Term Vision of CDD Programs***

Debates about CDD often lead to discussions regarding what are their ultimate objectives. Are they merely a transitional instrument for service delivery in times of crisis and fragile situations, or do they have a longer-term role in decentralized planning and institutional frameworks? Related to these issues are questions regarding their relationship to local government entities. CDD critics often argue that CDD programs take away precious resources that should otherwise be channeled directly through local government bodies to build their capacities and allow them to deliver services. By channeling funds directly to communities, these programs are competing with local government actors and creating alternative power centers.

CDD proponents counter that in countries where there is no locally elected form of government or an extremely weak state at the local level—such as in fragile and post-conflict situations—it is simply not possible to channel funds directly to local government entities, especially if there is an urgency in delivering services or in times of post-crisis. In the case of some more stable middle-income countries, however, the rationale may be quite different. Proponents argue that citizens have already had decades of experience with

governments not delivering quality services at the local level and thus a change of approach – from the “bottom up” - is needed. Putting planning and resources in the hands of community groups allows for more-tailored local responses and availability of services. Some believe that the CDD approach also empowers communities to demand better governance and services from local government in the future. They further argue that there is no evidence to indicate that supporting and empowering local communities hurt local governments.

These healthy debates will continue. However, what we are seeing in terms of CDD’s evolution is in many ways a merger or hybrid of the aforementioned issues. Many programs, especially the ones developed in the last 15 years, channel funds through established government ministries and provide annual block grant allocations. Almost all the programs also contain activities to build the capacity of government actors at the national and/or local levels to undertake participatory or area planning, and improve their reporting, monitoring, and technical service delivery skills. In several cases—Indonesia, Senegal, the Philippines, and Afghanistan, for example—the CDD programs provide support to governments in thinking through their governance and decentralization reform agendas and procedures.

In conclusion, CDD designs vary greatly according to the local country context and history. They have evolved significantly over the past 25 years. The latest CDD program designs maintain the principle of community-led development and empowerment, and work closely with government agencies in achieving their development goals. As we will discuss in later chapters, however, there is a critical need in many situations to think through more carefully these pathways of governance and social reform.

## V. Country Contexts

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The country context is extremely important when trying to understand the existence and impact of these programs. For example, countries emerging from decades of authoritarian rule, financial crises, and/or civil strife pose enormous challenges for undertaking effective development programs, not only community-based endeavors but many types of effective service delivery. The first social fund was introduced in Bolivia in 1987 to provide temporary employment and stabilization of social services during a time of economic crisis and adjustment. The emphasis was clearly on delivering education and health services as a response to a major structural adjustment program when social expenditure spending was being cut. Countries facing severe economic crises and/or adjustment programs followed suit, especially in Latin America (Honduras, Nicaragua, Peru, etc.) and Africa (Zambia). These were the first generation of social funds created to serve as short-term safety nets to soften the impact of structural adjustment policies on the poor and provide emergency relief by creating temporary employment. They were usually managed by a semi-autonomous government body that appraised and supervised the implementation of subprojects proposed by community groups, NGOs, or local governments. These initial programs were assumed to have a short life span.

The emphasis on local participation and enabling communities and local institutions to take the lead, rather than central governments, continued with the design of CDD programs in the later 1990s and 2000s. In many countries, public investments were determined by central ministries in a “top-down” manner. Project development objectives emphasized improving local governance—for example, Indonesia’s KDP following the 1998 Asian economic crisis and severe drought, or Afghanistan’s National Solidarity Program in 2003—as well as decentralized delivery of services and community empowerment, such as the Kalahi-CIDSS project in the Philippines, India’s Andhra Pradesh District program, or Nepal’s Poverty Alleviation Fund. In many cases, governments faced the challenge of establishing their credibility in delivering results on the ground. The CDD model is not monolithic and varies enormously, as one would expect depending on certain country contexts, government champions, and WB task teams. Several community-driven programs—in Sierra Leone, Nepal, Afghanistan, or Aceh in Indonesia—were initiated to respond to other types of crises such as conflicts and natural disasters.

The following table illustrates the main typology of country contexts in which CDD interventions have been launched. There are three general contexts: (1) a financial/economic crisis, where CDD was seen as an emergency response to delivering services quickly to communities; (2) fragile and conflict situations where “nothing else works;” and (3) middle-income countries that turn to CDD approaches to tackle stubborn pockets of rural poverty while directly engaging communities to participate in development planning, decision making, and management.

**Table 2. Country Contexts and Origins of the Programs**

Financial Crisis/Structural Adjustment	High Fragility or Post-Conflict Situations	Middle-income situations of entrenched or worsening poverty
<ul style="list-style-type: none"> <li>▪ Bolivia, 1987</li> <li>▪ Honduras, 1990</li> <li>▪ Zambia, 1991</li> <li>▪ Nicaragua, 1992</li> <li>▪ Peru (w/conflict), 1991</li> <li>▪ Armenia (transition from planned economy, earthquake), 1996</li> <li>▪ Indonesia KDP/UPP (East Asian financial crisis, w/ drought), 1998</li> </ul>	<ul style="list-style-type: none"> <li>▪ Afghanistan, 2003</li> <li>▪ Nepal, 2004</li> <li>▪ Sierra Leone, 2005</li> <li>▪ Indonesia KDP-BRA, 2006 (post-tsunami, post-conflict)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia KDP/UPP, 1998</li> <li>▪ Philippines, 2002</li> <li>▪ India AP, 2000</li> </ul>

*Source: Author compilation from PADs*

The following country examples illustrate the wide variety of country contexts and circumstances in which these CDD and Social Fund programs were born.<sup>4</sup>

- **Bolivia.** Bolivia is considered the birthplace of social funds. The first Emergency Social Fund began in 1987 as a response to the financial crisis. It was an emergency measure to cushion the impact of the government's stabilization policies in the mid-1980s by generating employment rapidly for those displaced by the economic crisis. The country suffered from weak institutional capacity characterized by centralization in decision making; weak policy making, planning, and implementation; inefficiencies in resource allocation; and inadequate financial management. A 1990 integrated household survey showed that the incidence of rural and urban poverty was 55 percent and higher. The education level for most Bolivians was limited, and health indicators were the worst in the continent.
- **Peru.** In July 1990, the situation was characterized by hyperinflation of 400 percent, deep recession, high unemployment and severe reduction of family income, with real wages reduced by one-half in three years. Poverty was widespread; 53 percent of the population fell below the poverty line, with 21 percent of the population living in extreme poor. The situation was characterized by high infant and maternal mortality rates, malnutrition in some rural areas as high as 73 percent, high prevalence of endemic diseases, and new epidemics such as cholera. In education, 29 percent of the rural population was illiterate and 44 percent of rural women could not read or write. Large areas of Peru were still considered insecure due to the continuation of terrorist activities. The government of Peru created FONCODES (*Fondo Nacional de Compensacion Desarrollo Social*, or National Fund for Social Compensation and Development) in August 1991 in an effort to mitigate the social costs of economic adjustment through financing of small-scale, short-term social investment projects of immediate impact on the poor and most vulnerable.
- **Sierra Leone.** More than a decade of armed conflict in Sierra Leone ended in January 2002. A 2004 household survey showed that 70 percent of people lived below the poverty line of \$1 per day, with

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<sup>4</sup> The information in this section comes from a review of program appraisal documents, completion reports, and other country reports for the time period of the program.

26 percent living in extreme poverty. Life expectancy was 42 years, the second lowest in the world, and the adult illiteracy rate was 79 percent. The CDD project, GoBiFo (which means “Move Forward” in the national *lingua franca*, Krio) began in 2005.

- **Nepal.** When the Nepal Poverty Alleviation Fund began in 2004, 40 percent of the population lived below the poverty line. Ethnic minorities and lower caste communities in remote areas, and women, especially female heads of households, lagged seriously behind in terms of incomes, assets, and other human development indicators. The Maoist insurgency, which began in 1996, was growing in intensity, fuelled by the country’s deep inequalities, poor governance, and corruption. The government knew that more direct and quick interventions were required to help marginalized people, as well as send a clear signal that the exclusionary practices of the past were unacceptable. The government wanted to put in place a program to address poverty and social exclusion, including in conflict-affected settings. The government, with WB support, began the Nepal Poverty Alleviation Fund to address these challenges.
- **India, State of Andhra Pradesh.** For decades, the main rural sector issue throughout India, including Andhra Pradesh, was the lack of success of public anti-poverty programs to reduce poverty. Previous government schemes had several deficiencies: (a) low beneficiary involvement in planning, implementation and monitoring; (b) supply-driven implementation, primarily by numerical targets; (c) poor targeting; and (d) inefficient management. In Andhra Pradesh in 2000, 30 percent of the population lived below the poverty line; malnutrition among children aged 0–6 years was about 30 percent, and the female literacy rate (33 percent) was one of the lowest in India. The Andhra Pradesh District Poverty Initiatives Project aimed to develop a demand-driven approach with a focus on community ownership, in which the poor themselves would identify investments and participate in their implementation.
- **Armenia.** The country was in a poor economic state in 1996. Fifty-five percent of the population lived in poverty, with many households moving in and out of poverty. Economic hardships stemmed from the transition from a centrally planned economy, a devastating earthquake, and war and civil disorder in the bordering states. In response to these difficulties, the government of Armenia created the Armenian Social Investment Fund as an autonomous and demand-driven agency to finance small-scale projects for the rehabilitation of basic social and economic infrastructure.
- **Indonesia.** When the Kecamatan Development Program (KDP) began in 1998, Indonesia was in the midst of an extreme financial and political crisis. A prolonged drought had pushed the rural poor in many regions deeper into poverty. Economic growth declined to minus 14 percent in 1998, in marked contrast to the 8 percent annual growth rates of earlier years. While the country had made significant progress for decades on poverty reduction, those gains were quickly reversed as millions of rural poor fell below the poverty line and significant numbers of people increased their vulnerability and clustered around the poverty threshold. The economic crisis brought to the forefront the vulnerability of Indonesia’s approach to economic development and governance. Thirty-two years of authoritarian rule had stifled local-level initiative and decision making, as well as local community organizing. Government programs in general had not been responsive to local needs and the mismanagement of public projects and funds had led to general disillusionment with the government’s ability to provide essential services. KDP began in this context and was designed to

improve local governance, increase the participation of communities in their own development, and provide increased economic opportunities at the village level in the poorest areas.

The commonality among these highly diverse country examples was the feeling that existing systems were not working or could not be relied on to deliver services in a timely manner and improve governance. Many of the countries also suffered from overly centralized systems. CDD programs were an attempt to reverse the traditional “top -down” way of delivering services by letting communities take the lead in identifying and implementing small-scale investments in a number of sectors. As governments and the wider development community continue to face challenges regarding how to reach poor people in situations of fragility and post-conflict, economic crises, or in countries where the government bureaucracy and local administrations have not been able to meet the needs of the poor and excluded, CDD is but one approach to address some of these problems. The next few sections discuss what has been learned about CDD interventions and their effectiveness in different settings.

### ***Project Descriptions***

Table 1 provides a quick synopsis of the various project designs, their time duration, budget size, and what types of activities were funded. Annexes A and B provide more detailed discussion of project development objectives, background, and details for each project.

As the table shows, the earlier Social Funds in Latin America and Zambia supported primarily education, health, and water and sanitation activities in keeping with the original intention to act as “safety nets” in response to cutbacks in social spending due to the economic crises and structural adjustment programs. The other CDD programs funded a variety of subproject activities in small-scale economically productive infrastructure such as rural roads, bridges, irrigation, and markets; some social infrastructure for schools and health centers; and micro-finance or income-generating activities.

## **VI. Impact Evaluation Results and Findings**

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We now turn to the results of the impact evaluations. Projects are categorized by region, with detailed data on projects and their specific evaluations in Annexes A and B. When introducing a specific project, we give a brief description of the project followed by the type of impact evaluation methodology used and the impact evaluation results. Table 3 at the end of this section provides a synopsis of the impact evaluation results along the six main areas of inquiry.

### ***1. Were the Goods Delivered?***

In examining possible impacts, we must first determine if the project proceeded as planned and whether the services and outputs were actually delivered. This will provide some indication whether the lack of impact is due to poor or weak project implementation, or is a question of poor project design. The project completion reports (ICRs) indicate that for all 17 projects, the achievement of development outcomes and project implementation at the time of the evaluation was satisfactory. All projects listed social services and subprojects delivered, or income-generating activities in place as the case may be. Given that services and “outputs” are indeed what governments are supposed to deliver, and the difficult environments many of the projects were operating in, these accomplishments are noteworthy in and of themselves. For the most part, social funds concentrated on education and health activities, while other CDD programs—such as in Indonesia, the Philippines, India, and Sierra Leone—concentrated primarily on rural small-scale infrastructure and/or income-generating activities.

All projects did encounter implementation difficulties however as will be described in more detail in section VIII. Problems included currency devaluation and fluctuation, delayed financial disbursements, natural disasters, violent conflict, changes in project personnel, and difficulties recruiting and retaining qualified project staff. Based on the final reports, it seems that projects were able to cope with and manage these problems and risks, at least to the point where outcomes and implementation were ranked as satisfactory.

### ***2. Poverty Reduction Impacts***

Many CDD/SF projects, not all, look at impacts on household economic welfare, measured in terms of consumption, expenditure, assets, and/or income. Of the 17 projects reviewed in this study, only four of the projects—India’s Andhra Pradesh DPIP, Nepal’s Poverty Alleviation Fund, Indonesia’s KDP-BRA, and the Zambia Social Investment Fund—contained within their project development objectives the explicit aim of “improving opportunities for the poor and vulnerable, especially women, to meet their own social and economic development objectives;” “reducing rural poverty;” and “improving living condition” (see annex A). Most of these projects—more than the other CDD projects in this study—focused on livelihood activities. Given that poverty reduction and welfare changes are generally longer term goals, this is not surprising for project objectives over a three- to four-year phasing period. Many projects, especially social funds, focus primarily on improving access and utilization of services—such as school enrollment and health center access—rather than direct welfare gains. Their project objectives focus on improving coverage and quality of health, education, and other social services rather than income gains. Nevertheless, despite it not being an explicit goal of the projects, many of the impact evaluations did measure household welfare in terms of consumption and/or assets in order to examine poverty targeting and possible spillover effects on household welfare. Nine impact evaluations reported on household welfare and poverty impacts. Seven CDD programs

showed positive impacts, while only two—Afghanistan and Indonesia Urban Poverty Program (UPP2)—showed no poverty impacts. For Afghanistan, the lack of welfare impacts for the Afghanistan NSP is not surprising since the midline survey report clearly stated that the evaluation was conducted prior to the completion of many projects and focused primarily on creation of local councils and the socialization and planning process.

## **SOUTH ASIA**

**Afghanistan National Solidarity Program II (NSP2).** This program began in 2003 after the change in government. The objective of the program was to lay the foundations for a strengthening of community-level governance and to support community-managed subprojects comprising reconstruction and development that improve access of rural communities to social and productive infrastructure and services. Subprojects primarily consisted of rural infrastructure such as water and sanitation, transportation, power, and education.

The midline survey for Afghanistan NSP was conducted in 2009, measuring after two years of implementation. (Beath et al. 2010) Follow-up surveys are planned for 2011 and 2013–15. The evaluation follows a randomized design across 500 villages in ten districts. The estimates represent the intermediate impacts of the program when community development councils (CDCs) have been formed and are operational, but prior to the completion of many subprojects funded by NSP. The midline results show that there are improvements with regard to villagers' perceptions of well-being. Villagers are more optimistic about future economic changes and report that their economic situation has improved. However, there are no impacts on objective measures of economic welfare, such as levels of household income or consumption, which may not be all that surprising given that subprojects were not yet fully completed during the interim round and the objective of the program at this stage focused more on local governance and how the creation of CDCs and the selection of development projects affected political and social attitudes and outcomes.

**India Andhra Pradesh District Poverty Initiative Program (DPIP).** In India's state of Andhra Pradesh, many public anti-poverty programs were failing to reduce poverty due to the lack of community involvement and inefficient program management. Begun in 2000, Andhra Pradesh's DPIP aimed to improve opportunities for the rural poor to meet priority social and economic needs in the six poorest districts of Andhra Pradesh. To achieve this, the project would (a) help create self-managed grass-roots institutions; (b) build the capacity of established local institutions, especially the Gram Sabha/Panchayats and the government of Andhra Pradesh's line departments, to operate in a more inclusive manner in addressing the needs of the poor; (c) support investments in subprojects proposed by grass-roots institutions of the poor to accelerate their entry and expand their involvement in social and economic activities; and (d) improve access to education for girls to reduce the incidence of child labor among the poor. The focus was on building self-help groups and supporting income-generating activities.

The impact evaluation consisted of household panel surveys conducted in 2004 and 2006 to look at poverty effects after 2.5 years of program exposure. The evaluation found significant economic gains from program participation in the form of higher levels of consumption as well as asset accumulation and better nutrition for self-help group participants, but not for those who were merely living in program areas (non-self-help group participants). Per capita consumption increased for participants by 11 percentage points as compared to the counterfactual. The increase in consumption and nutritional intake was approximately 15 percent and the increase in asset endowments was as high as 26 percent. The poorest of the poor also saw increases in

nutritional intake and asset accumulation, but only marginally significant impacts on consumption (Deininger et al. 2009).

**Nepal Poverty Alleviation Fund (PAF).** Begun in 2004, Nepal's PAF was a response to the country's high poverty levels and deep inequalities, especially among ethnic minorities and lower-caste communities. The objective of PAF was to improve living conditions, livelihoods, and empowerment among the rural poor, with particular attention to groups that were traditionally excluded due to their gender, ethnicity, caste, or location. The program supports small-scale village infrastructure and services (micro-irrigation, link roads, culverts/bridges, micro-hydro, water supply, sanitation, schools and health posts), and income generation activities (agriculture, livestock, cottage industries, trade and services). According to the final project report for the first phase, 72 percent of the project resources went into income generation and 17 percent to community infrastructure.

The evaluation was conducted between late 2007 and early 2010 using a randomized phase-in approach in which certain localities were randomly assigned for earlier intervention than others. The evaluation used two rounds of survey data and difference-in-difference combined with an instrumental variable estimation method. The estimated net program impact on real per capita consumption growth was 19 percent for PAF participants. Other impacts included a 19 percentage point decline in the incidence of food insecurity (defined as self-reported food sufficiency for six months or less) (Parajuli et al. 2012).

## **SOUTHEAST ASIA**

**Indonesia Kecamatan Development Program Phase II (KDP2).** KDP began at the time of the 1998 Asian economic financial crisis and downfall of the Suharto authoritarian regime. The objectives of KDP2 were to (a) support participatory planning and development management in villages; (b) support a broad construction program of social and economic infrastructure in poor villages; and (c) strengthen local formal and informal institutions by making them more inclusive, accountable, and effective at meeting villagers' self-identified development needs. Most of KDP2's subproject investments supported rural infrastructure (roads, bridges, irrigation, and water and sanitation), with a smaller percentage (approximately 25 percent) toward micro-credit activities.

In Indonesia, using national household survey statistics data, a study of KDP Phase I (1998–2002) found that KDP had a significant impact on per capita consumption in comparison with control groups, and that the longer communities participated in the program, the more benefits increased (Alatas 2005). The impact evaluation for KDP Phase II covered the period from 2002 to 2007, using a difference-in-difference approach with propensity score matching. The impact evaluation found that real per capita consumption gains were 11 percentage points higher among poor households in treatment areas compared with control areas. The program was most effective at reaching poor households and households in poorer subdistricts. The proportion of households moving out of poverty in poor subdistricts was 9.2 percent higher in KDP2 areas compared with control areas, and vulnerable households near the poverty line were less at risk of falling into poverty as a result of participation in the program. However, households in less poor subdistricts saw either no benefit or negative impacts. These findings reinforced the view that KDP2 is more beneficial in poor and remote areas (Voss 2008).<sup>5</sup>

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<sup>5</sup> A follow-up survey covering 2007–09 for KDP/PNPM-Rural is currently under peer review and will be completed in mid-2012.

**Indonesia Kecamatan Development Program/Badan Reintegrasi Aceh (KDP/BRA).** The aforementioned program, KDP, has been working in the northwestern province of Aceh since 1998, even through the years of conflict and martial law in that province. Immediately after the tsunami in 2005 and peace agreement in 2006, the government adapted the KDP program to meet the needs of Aceh. A new program was developed called KDP/BRA to support post-conflict reintegration and recovery. Unlike KDP implementation in other parts of the country, 89 percent of the funds went toward economic activities for individuals or groups, whereas 10 percent were for public infrastructure investments. The program only lasted one year, between August 2006 and 2007 (the planned second phase of the program was not implemented). The impact evaluation, using propensity score matching, found that village heads reported an 11 percentage point decline in the share classified as poor by village heads, as compared with controls (Barron et al. 2009). Funds led to increased ownership of assets among households in general and conflict victims in particular. Land use for conflict victims doubled. There were no increases in employment levels.

**Indonesia Urban Poverty Program II (UPP2).** This urban CDD program began in 1999 and is still going. Similar to its rural sister, KDP, UPP began in the aftermath of the East Asian financial crisis and political transition in the country. The objectives of UPP2 were to (a) establish or support representative and accountable community organizations that could provide services to the urban poor and increase the voice of the poor in public decision making; (b) make local government more responsive to the needs of the poor through increased cooperation with community organizations; and (c) improve services for the urban poor, including financial services, social services, and infrastructure.

The impact evaluation, using difference-in-difference matching methodology, found that UPP2 had no statistically significant impact on the welfare of the population living in the project areas as measured by per capita consumption, access to credit, or assets. This evaluation raises questions about how to adapt the CDD model to particular urban settings.

**Philippines KALAHII-CIDSS (KC).** Started in 2002 to tackle the country's persistently high rates of poverty and the lack of community empowerment in the development process, the Philippine's KC program aimed to strengthen the participation of local communities in village governance, and develop their capacity to design, implement, and manage development activities that reduce poverty. Subproject funds have been used primarily to support rural infrastructure such as roads, small bridges, water systems, school buildings, health stations, and daycare centers. The program undertook evaluation survey rounds in 2003, 2006, and 2010, making this quasi-experimental evaluation the longest in this study in terms of measuring impacts after seven years of implementation. The impact evaluation found that the project had a positive impact on household consumption, with per capita consumption increasing by about 5 percent as a result of the project. Those impacts were stronger for households that were classified as poor in 2003 and for households living in villages or *barangays* that received one or more subprojects. Labor force participation also increased with a four percentage point increase in labor force participation compared to control groups. The evaluators hypothesize that these welfare changes came about through diversification of sources of income and improved production practices. Farmers in project areas were more likely to sell their produce—an increase of 14 percentage points over control areas (APPC 2011; Labonne 2011).

## **AFRICA**

**Senegal National Rural Infrastructure Program (PNIR).** The specific objectives of the PNIR when it began in 2000 were to (a) improve decentralized local governance and local capacity; (b) establish participatory and decentralized mechanisms for selecting, funding, and implementing rural community investment programs; (c) strengthen the national institutions supporting decentralization; and (d) implement basic infrastructure in a selected number of communities. The government sought to improve living conditions in rural areas, revitalize the rural economy, and strengthen decentralization as a means to promote socioeconomic development. Block grants under PNIR were used for water supply projects, schools, health centers and health posts, livestock projects, promotion of women's activities, agriculture, youth and sports, and commerce.

Increases in household expenditure per capita were reported for those residing in a village that received a completed agricultural or education infrastructure subproject, but not for subprojects in the areas of health and potable water. A completed project in the village increased per capita household expenditures by 65 percent, with this effect being highly significant. The large effect could be due partially to the fact that the households are particularly poor, equivalent of \$0.23 per household member per day. These results appear to be driven by agricultural (income-generating) projects and to some degree increased primary educational opportunities (Arcand and Bassole 2007).

**Sierra Leone GoBiFo** (“Forge Ahead”) Project. Begun in 2005 following the tumultuous period of armed conflict in the country, GoBiFo was a four-year, \$2.5 million project funded through the Japanese Social Development Fund and Italian government grants. GoBiFo is the smallest project, in budget terms, included in this study. The project’s development objectives were to strengthen social capital by enhancing the capacity of villages and local governments to design and implement strategic development plans at village and ward levels; and to enhance accountability of decision makers through mechanisms that fostered open and transparent governance. The project funded a range of activities for skills training and income-generation activities, as well as local public goods infrastructure.

The randomized impact evaluation—covering a four-year period from 2005 to 2009—revealed strong positive impacts on household living standards and community market activity in treatment areas as compared with control areas. Treatment communities had a larger stock of local public goods that were of higher quality than in control areas, and beneficiaries were better off in terms of household assets and increased market activity—such as more petty traders and goods on sale—in their villages. Given the extreme poverty, recent recovery from civil war, and prevalence of corruption in the country, the project’s achievements were considered relatively good. Leakage of project resources appears minimal (Casey et al. 2011).

**Summary for Poverty Reduction Impacts.** Nine projects reviewed in this study reported on income poverty impacts. Out of the nine, seven had statistically significant positive impacts on household living standards and welfare.

### **3. Poverty Targeting**

We now turn to the question of whether or not CDD programs reach poor areas and poor households. And do they reach other targeted vulnerable groups, such as ethnic minorities, conflict victims, or those with low education or health levels?

In answering the targeting questions, it is important to remember that most CDD programs invest in public goods such as infrastructure and services—roads, bridges, schools, and health centers—that benefit the broader community; that is, they benefit both the poor and non-poor. In the case of CDD economic infrastructure—such as roads, bridges, and markets, for example—the community may choose to promote economic growth for the entire area so that everyone benefits, as opposed to more narrowly targeted assistance programs such as individual household safety nets. That being said, we need to examine whether these programs have benefited more poor than non-poor households and individuals.

Positive findings were evident in Nepal's PAF, India's Andhra Pradesh, and the Philippine's KALAHICIDSS. Other projects had positive to mixed findings, including Indonesia's three programs, KDP2, KDP-BRA, and PNPM-Generasi, Afghanistan's NSP2 (for women), Senegal PNIR, and the social funds in Bolivia, Honduras, Nicaragua, Peru, and Zambia. In general, the geographic distribution of program funds from the central level was pro-poor, especially in those programs that used poverty maps and the latest survey information to target poor areas of the country. In terms of second-level household targeting, much of the data indicates that benefits were concentrated among the poor, with poorer households more likely to benefit from CDD investments than better-off households. The poor accounted for a greater share of beneficiaries than the non-poor; the poorest of the poor were well-represented among project beneficiaries. However, in most cases of the social funds, the distribution of beneficiaries at the household level was consistent with national poverty levels, with little positive discrimination of greater representation of the poor except for Peru. Targeting results also varied by type of investment.

The evidence on targeting is as follows:

**Afghanistan National Solidarity Program.** As mentioned above, at the time of the interim evaluation in 2009, many subprojects were not yet fully completed, so the interim evaluation focused primarily on the socialization and preparation phases of the program and how the creation of community development councils and the selection of development projects affected political and social attitudes and outcomes. Since its beginning, a special focus of NSP has been the involvement of women in the program. The 2009 midline survey report found that the program increased the engagement of women across a number of dimensions of community life, while also increasing respect for senior women in the village and making men more open to female participation in local governance. NSP also increased the availability of support groups for women and reduced extreme unhappiness among women. With respect to access to medical care and schooling, the program's impacts, at this stage, appear limited to female villagers. Women's access to professional medical services appears modestly improved by NSP, but there is no evidence of an improvement for villagers generally. Some evidence exists that NSP increases girls' school attendance rates. NSP results in increased involvement by women in income-generating activities, but there is no evidence of impacts on asset ownership by women, or on the involvement of women in household decisions. The next round of impact evaluation, currently under way, will provide more complete information once subproject activities are completed.

**India Andhra Pradesh.** The poorest of the poor experienced nutritional gains and increased their level of asset accumulation but not consumption. There was approximately a 15 percent increase in nutrition intake, and the percentage change in assets was approximately 50 percent as compared with the counterfactual (Deininger et al. 2009). According to the project's completion report, one reason the project was successful in

targeting was the use of a statewide revised list of the poorest of the poor and the poor households, using an objectively triangulated participatory and transparent approach (World Bank 2007c).

**Nepal Poverty Alleviation Fund.** The project objective particularly targeted groups that have traditionally been excluded due to gender, ethnicity, caste, or location. The project provided grants for income-generation activities, selected on a demand-driven basis, to groups of poor and excluded people based on objective criteria including ethnicity, caste, gender, and poverty level. In PAF, the targeting of disadvantaged groups seems to have been particularly effective. The impact evaluation showed a higher decline in food insecurity, 24 percentage points for disadvantaged households such as those from the *dalit*, *janaati*, and other caste/ethnic groups (Parajuli et al. 2011). The successful targeting is attributed to the way the project manages the identification of community organization members. Partner organizations work with communities using participatory methods to identify the poor and socially disadvantaged. The selection of community organization members was based on a participatory well-being ranking that used household food sufficiency as a proxy for poverty category (World Bank 2009a).

**Indonesia Kecamatan Development Program Phase II.** The IE found that real per capita consumption gains were 11 percentage points higher among poor households in treatment areas compared with control areas. The program was most effective at reaching poor households and households in poorer subdistricts. The proportion of households moving out of poverty in poor subdistricts was 9.2 percent higher in KDP2 areas compared with control areas, and vulnerable households near the poverty line were less at risk of falling into poverty as a result of participation in the program. However, households in less poor subdistricts saw either no benefit or negative impacts. This reinforces the view that KDP2 is more beneficial in poor and remote areas. Female-headed households and households where the head of the household lacked primary education saw no impacts in real per capita consumption. However, contrary to the consumption results, household heads with relatively less education experienced large gains in access to outpatient services due to KDP2. Given the small amount of project funds used for construction of health facilities, the biggest factors contributing to improving health access may have come from road construction and rehabilitation (Voss 2008).

**Indonesia KDP/BRA.** This program was designed to assist conflict victims across Aceh province as part of the reintegration program emerging from the Helsinki Peace Agreement, which brought to an end a 30-year conflict between the separatist Free Aceh Movement (GAM) and the government of Indonesia. This program provided additional funds channeled through the existing Kecamatan Development Program.

The program was relatively successful at reaching large numbers of direct beneficiaries, including both conflict victims and others. An estimated 530,000 individuals lived in households that directly received assistance. There was widespread participation in the program and meetings, with poorer and female-headed households as likely to attend as others. Across the province, a larger proportion of conflict victims than non-victims received support. Within-village targeting was relatively blunt. in that conflict victims tended not to do much better than non-victims (Barron et al. 2009). However, in volatile and widespread poverty situations such as Aceh, many in the development community would argue that benefits should have been widespread and targeting the program too narrowly would be exclusionary and potentially explosive (see section below on conflict).

**Indonesia PNPM Generasi Sehat dan Cerdas Program—PNPM-Generasi, or the National Program for Community Empowerment—a Healthy and Smart Generation.** This program began in 2007 as a pilot

under the Kecamatan Development Program and can be viewed as a hybrid of the traditional CDD model and a conditional cash transfer model to households. The pilot began as a means of testing a community approach to reaching lagging education and maternal and child healthcare outcomes that were not being fully addressed through the KDP mechanism. Communities were provided with facilitation and block grant funds to reach 12 education and health targets related to improving primary and junior secondary school enrollment and attendance as well as child and maternal healthcare. The objective of the program was to improve certain education and health outcomes in these areas. As an added innovation, community grant amounts were incentivized based on village performance in attaining the 12 target indicators.

The randomized impact evaluation measured effects in 2008–09 (mid-term) and 2009–10, with the final round of evaluation taking place after 2.5 years of implementation. The evaluation found that PNPM-Generasi had the greatest impact in areas with low baseline health and education indicators. There was robust evidence that the program was more effective in areas where baseline service levels were lower. On average, the program was about twice as effective in areas at the 10th percentile of service provision (very low health and education coverage) at baseline as it was on average. The greater impacts in areas with a lower baseline appear more prominently in the final evaluation survey than the interim results, with stronger improvements found in education indicators in these areas. However, these improvements in health and education indicators in areas with low baseline coverage did not appear to have resulted in improving long-term health and education outcomes—improved test scores, for example—in these areas. Furthermore, the greater impacts observed in health and education indicators were not simply correlated with pre-project levels of poverty, but instead were driven by the level of health and education indicators in the area.

In terms of household targeting, in general there was little difference in impact among the relatively better-off (top three quintiles) and the poor (bottom two quintiles) households in both health and education indicators in the interim evaluation and health indicators in the final evaluation. However, the impact on education in the final evaluation was largely seen among the poor households, though the difference in total average standardized effects is not statistically significant. Specifically, among the poorest two quintiles, primary school participation and attendance among 7-to-12 year-olds increased by 2 percentage points, a 1.8 percent increase in participation and 2.3 percent increase in attendance, compared to control areas. Age-appropriate junior secondary school participation among 13-to-15-year-olds improved by 7.5 percentage points, an 11 percent increase compared to control areas, whereas there were no impacts among the relatively better-off households (Olken et al. 2011).

**Indonesia Urban Poverty Program II.** As mentioned above, UPP2 had no impact on welfare; however, access to sanitation for households from the poorest quintile saw a 10 percentage point increase. As for membership in community and credit groups, the evaluation shows that the more educated, affluent, and official-connected are more likely to get elected into the key project community organizations responsible for allocating UPP2 resources. The project credit groups show a similar pattern, although the members are more likely to be female. They are generally more educated, richer, and more likely to be employed than women in the general population (Pradhan et al. 2009).

**Philippines KALAHICIDSS.** Labonne and Chase (2009) found that the poorest villages were more likely to be prioritized during the multi-village decision-making forums. Surprisingly, the authors also found that, controlling for poverty, more unequal villages were more likely to receive funding. They hypothesized that in more unequal villages, the elected village leader was more likely to override community preferences, and to influence inter-village competition such that project resources flowed to their villages. As part of the 2010

evaluation round, the impact evaluation found that positive impacts on per capita consumption were stronger for households that were classified as poor in 2003, but had a small negative impact on non-poor households. The greatest impacts were found where poverty among households and communities was the highest. This means that benefits in this case were not captured by local elites (APPC 2011; Labonne 2011).

**Senegal PNIR.** In terms of targeting and who receives benefits, the Senegal case points to some evidence of political capture. The evaluation found that the probability of a village receiving a subproject increased significantly in those villages with a resident who was a member of the majority party on the *Conseil rural*—an inter-village council that decides on subproject funding. The study found that village chiefs and subregional politics play a significant role in determining which villages receive projects and which do not.

Interestingly, the number of female villagers on the *Conseil rural* significantly increased the likelihood of a village receiving a completed project. This result suggests that while the elite capture phenomenon may be present, it was tempered either by the “voice” given to women in the CDD decision-making process, or there could have been co-optation. There is no quantitative or qualitative information to further explore the dynamics behind this finding.

Despite the political biases mentioned above, the evaluation found that the poor were still the biggest beneficiaries of the program and that residing in a PNIR-eligible area significantly reduced the prevalence of underweight and stunted children, with this effect being particularly pronounced for children residing in poor households (Arcand and Bassole 2007).

**Tanzania Social Action Fund II (TASAF2).** Baird et al. (2009) examined the targeting issue for the Tanzania Social Action Fund II. TASAF subprojects target three main beneficiary groups: (1) poor communities (improvement of social services and infrastructure), (2) food-insecure households (public works programs where beneficiaries receive cash for work), and (3) vulnerable groups, such as the elderly, people with disabilities, widows, orphans, and those affected by HIV/AIDS. As with other social fund programs, the authors found that the centralized funding allocation to districts was pro-poor. However, the within-district targeting at best was neutral, making overall targeting performance for the program mildly pro-poor. The authors also found that wards with higher civic participation (in terms of voter registration and turnout) benefited much more from TASAF. Furthermore, the internal process of application for funds within districts generated an initial pool of projects that was strongly regressive. While beneficiary households were slightly poorer than the average eligible household, they were also much more likely to be civically and politically active, related to the village leaders, and be beneficiaries of other welfare programs. These results point to the importance of political involvement and widespread access to program information in order for communities to mobilize and file proposals. Those who are marginalized or poorly educated are likely to have less program awareness and have a more difficult time navigating the application process.

**Zambia Social Recovery Project II.** The Zambia Social Fund relied on self-targeting and outreach activities to reach the poor. The social fund reached poor households, particularly in rural areas. However, urban social fund beneficiaries were relatively better off than average urban households, revealing that urban self-targeting was less effective. The evaluators believe that this result in the urban areas was due to the social fund being the executing agency for the Ministry of Education’s urban school rehabilitation program. The urban implementation arrangements thus did not follow the normal social fund self-targeting procedures (Chase and Sherburne-Benz 2001).

In another study, De Janvry et al. (2009) looked at whether ZAMSIF project allocations across either districts or wards became more progressive or regressive as the project decentralized over its three phases of implementation, covering a time span of approximately 16 years. The study found that the decentralization of the program's functions to more administratively capable local districts led to more progressive targeting across wards, mildly so at the national level and distinctly so within districts. The authors also looked at the interplay of politics with resource allocations as the program decentralized. They found that local votes were increasingly rewarded by the allocation of local projects, and local projects were increasingly rewarded by electoral support for incumbent politicians. Thus the decentralization trend made local politics more important in influencing resource allocations and in rewarding elected officials for delivering local public goods. However, as with the Senegal case, the political influence did not mean that resources were allocated to richer areas; the data shows wards that most voted for the majority party of the district tended also to be the poorest wards. Thus, the allocation of projects still favored relatively poor wards.

**Armenia Social Investment Fund.** The impact evaluation for the Armenia Social Investment Fund relied on a nationally representative household survey, oversampled in areas where the social fund was active. Using propensity and pipeline matching techniques, it evaluated the household effects of rehabilitating schools and water systems. ASIF households were on average less well off than other households. However, the targeting of ASIF resources was relatively neutral with regard to poverty—slightly progressive in urban areas, and slightly regressive in rural areas. The author hypothesized that one explanation for the progressive urban targeting was that the fund's focus was on Yerevan, whose population suffered more acutely from economic dislocation. The regressive rural targeting may result from the difficulties rural communities faced in providing the required 10 percent community contribution (Chase 2002).

In the cross-country analysis of social funds in **Armenia, Bolivia, Honduras, Nicaragua, Peru, and Zambia**, Rawlings et al. (2003) found that the geographic distribution of social fund spending was progressive in all countries, with poor districts receiving more per capita than wealthier districts. In fact, the very poorest districts received shares exceeding their shares of the population. Overall, geographic distribution favored the poor more in the countries that use poverty maps to target resources to poor areas. In terms of household targeting, in all six countries, the data show that social fund benefits were concentrated among the poor, with poorer households more likely to benefit from a social fund investment than better-off households. The poor accounted for a greater share of beneficiaries than the non-poor; the poorest of the poor were well-represented among project beneficiaries. However, in most cases, the distribution of beneficiaries at the household level was consistent with national poverty levels, with little positive discrimination of greater representation of the poor except for Peru (Paxson and Schady 2002). Targeting results also varied by type of investment, with latrines and health clinics doing better at reaching the poor; investments in education were pro-poor as well. Sewerage projects fared the worst. Comparisons with other programs show that the funds' geographic and household targeting compared favorably with that of other targeted social programs and general social spending in the countries concerned. Benefits reach the non-poor largely because of the nature of social fund investments which are concentrated on community infrastructure and services, so everyone has access, poor and non-poor alike.

**Summary for Poverty Targeting Effectiveness.** The evidence across the 14 programs that looked at targeting found generally positive evidence on *geographical* targeting, especially when poverty maps were used to guide investments to poorer areas. Projects also need to be careful of the interplay between politics and the allocation of resources at the local level, although in the cases of Senegal and Zambia, the political links did not seem to affect pro-poor allocation of resources. At the level of household targeting, the evidence

is positive to mixed, and there is some variation within some programs (social funds and PNPM-Generasi) and depending on the types of subproject investments.

#### **4. Access to and use of services**

Evidence across the CDD programs is generally strong regarding positive impacts on access to and use of services, especially in health, education, and drinking water. These impacts for the most part derive directly from the types of subprojects funded through the project grants. There are some reported positive impacts in a few projects on longer term outcomes such as child nutrition improvements and under-age-five mortality. Two programs tested for education learning achievement (Bolivia Social Fund and Indonesia's PNPM Generasi); both found no impacts on longer-term educational achievement.

**Afghanistan's National Solidarity Program II (NSP2).** The impact of NSP on services, infrastructure, and utilities was mixed at the time of the interim evaluation, when many subprojects were not yet completed. Using data from villages with completed projects, the evaluation identified a strong positive impact of drinking water projects that used protected outlets and emphasized the availability of safe drinking water, with a 20 percentage point increase in usage of protected sources. Completed electricity projects—although few in number—also suggested strong impacts on connectivity and usage. There were few impacts of infrastructure projects on the mobility of villagers or irrigation outcomes. With respect to access to medical care and schooling, the program's impacts appear limited to female villagers.

**Nepal Poverty Alleviation Fund.** For education, school participation among children aged 6-to-15 increased by 14 percentage points for all children in the given age-group, but girls appear to have benefited even more with a 21 percentage point net increase. The effects are as strong among children from disadvantaged caste/ethnic groups. The authors hypothesized that the program's gains in household income/consumption could have reduced potential constraints of sending children to school. Community mobilization and social networking may also have had spillover effects in motivating households toward child schooling. There were no significant differences on the health side or for child malnutrition (Parajuli et al. 2012).

**Indonesia Kecamatan Development Program Phase II.** The proportion of household heads gaining access to outpatient healthcare was 11.5 percentage points higher in KDP2 areas compared with the control group; however, there were no impacts on school enrollment rates. At the primary school level, this was most likely due to the already high levels of enrollment. At the secondary level, the lack of individual panel data reduced the ability of the study to detect impacts (Voss 2008).

**Indonesia PNPM Generasi Program.** Communities were provided with facilitation and block grant funds to reach 12 education and health targets. The final evaluation in 2009, conducted after 2.5 years of program implementation, found that Generasi had a statistically significant positive impact on the 12 indicators it was designed to address. Among the health indicators, the strongest improvements were in the frequency of weight checks for young children. The program also increased the number of iron sachets pregnant mothers received through antenatal care visits. These improvements were supported by dramatic increases in mothers and children participating in village health post (*posyandu*) activities to receive the targeted maternal, neonatal, and child health services. Childhood malnutrition was reduced by 2.2 percentage points, about a 10 percent reduction from the control level. This reduction in malnutrition was strongest in areas with a higher malnutrition rate prior to project implementation. Education indicators also saw some improvements in the final evaluation, reversing the zero or negative impact found at the interim evaluation.

The improvement in education indicators was most notable in the increased school participation rate among the primary school-age group. However, no impacts were found on educational test scores for language and mathematics, although that was most likely due to the short time-span of measurement (2.5 years). The program worked best in areas of low education and health indicators (Olken et al. 2011).

**Indonesia Urban Poverty Program II.** The impact estimates indicate an improvement in access to adequate sanitation as a result of UPP2, in particular for the poor. Access to adequate sanitation increased by about 3 percentage points for the general population. For households from the poorest quintile, the improvement was on the order of 10 percent. The program had no impact on clean water.

**Philippines KALAHICIDSS.** On the health side, the proportion of households visiting a health facility when sick increased. The change appears to be driven by an increase in the use of public village health stations. The impacts of access to water were limited; the follow-up qualitative analysis indicates that (1) there may have been systems capacity issues preventing the project from serving all households in the village, and (2) there may have been some maintenance issues. For education, there were mixed results. Program implementation led to an increase in secondary school and college enrollment but a small decline in elementary school enrollment. Given the relatively small amount of investments in school buildings in the villages sampled for the evaluation, this correlation might not be the result of the project. The positive impact on secondary school enrollment resulted in a reduction in enrollment for boys and an increase for girls.

The project also had a positive impact on accessibility. Specifically, the project resulted in a 6 percentage point increase in the proportion of households whose house was accessible year-round by roads. The changes are larger in prioritized villages, with a 10 percentage-point increase for each completed subproject. Lastly, as a byproduct of KALAHICIDSS, the evaluation found that there were now more financing institutions operating in treatment communities, a 9 percentage point difference between treatment and control, and a 50 percent increase over baseline levels (APPC 2011; Labonne 2011).

**Senegal PNIR.** The evaluation found that completed subprojects significantly increased access to clean water and health facilities and improved the nutritional status of children. This effect is particularly important for children living in poor households. Reductions in the prevalence of underweight and stunted children were reported. Moreover, the project had effects in areas that did not have completed projects; simply residing in a PNIR-eligible area brought statistically significant benefits in terms of child health, perhaps because of spillovers from neighboring villages that receive completed projects (Arcand and Bassole 2007).

**Sierra Leone GoBiFo.** Access to local public goods improved; treatment communities had more local public goods that were of better quality than in control areas. For example, treatment communities saw large increases in the proportion of villages with functional traditional birth attendant houses, community centers, latrines, and seed banks. Also the project had a strong positive impact on the quality of the materials and construction for primary schools, grain drying floors, water wells, and latrines (Casey et al. 2011).

**Zambia Social Recovery Project II.** Compared with control groups, education projects increased school attendance and households' education expenditures to a significant degree. This is not surprising, given that 80 percent of the subprojects were in the education sector. Health projects primarily involved rehabilitating health posts; they saw increased use of primary health facilities. Households were more likely to attend these health providers rather than going directly to hospitals. There were also improvements in social fund areas

for some types of child vaccinations, specifically diphtheria vaccinations. There is limited evidence of increased BCG and polio vaccinations (Chase and Sherburne-Benz 2001).

**Bolivia Social Investment Fund II (SIF).** Education projects either repaired existing schools or constructed new ones, along with providing additional new facilities such as furniture, blackboards, and playgrounds. Schools that received a Social Fund intervention benefited from significant improvements in infrastructure (the condition of classrooms and an increase in classroom space per student) and in the availability of bathrooms compared with schools that did not receive an SIF intervention. There was also an increase in textbooks per student and a reduction in the student-teacher ratio. But the improvements had little effect on school enrollment, attendance, repetition rates, or academic achievement. Among the student-level outcomes, only the dropout rate reflects any significant impact from the education investments. Health impacts were more pronounced. The evaluation found that the share of women receiving prenatal care and the share of attended births increased significantly. The project also financed small-scale potable water systems, and later supported training to maintain these systems. The evaluation showed a reduction in the distance to the water source and in one area (Resto Rural) a substantial improvement in sanitation facilities. Both the health and water/sanitation intermediate results appear to have led to a significant reduction in under-age-five mortality in the areas served by the health clinics receiving a SIF intervention. (Newman et al. 2002)

**Honduras Social Investment Fund III (FHIS).** In Honduras, the Social Fund had an effect on school size, but there was no corresponding impact on enrollment. The evaluators hypothesized that this might have been due to already high enrollment rates (89 percent). The project also reduced age-for-grade by 15 percent. For health, household survey data showed that social funds investments led to a 10 percentage point increase (from 41 percent to 51 percent) in the share of sick people seeking professional medical services; beneficiaries sought treatment at the local center, saving time and money. The qualitative work also supported the finding of increased utilization, especially for pregnant women and children due to the closer proximity of the health center and involvement of community members as health volunteers (ESA Consultores 2005; World Bank 2000a).

**Nicaragua Emergency Social Investment Fund II (FISE).** In Nicaragua, the net primary enrollment rates was 5 to 10 percentage points higher in social funds than in non-social fund communities. The impact on enrollment was larger for girls. Female enrollment rates were 4 percentage points higher than male rates. On the health side, social fund health posts exhibited slightly greater and significant increases in utilization rates. For vaccination coverage, both treatment and comparison groups had high overall coverage rates for diphtheria, pertussis, tetanus, and polio vaccinations. Regarding disease incidence, social fund communities had a higher incidence of diarrhea and respiratory infections compared with the propensity score matching comparison group, but not compared with the other comparison groups. In terms of access to piped water, social fund investments increased the share of households with access to piped water considerably and there was a significant decline in the distance to the water source. The evaluation reported an improvement in health outcomes due to the water investments, with the incidence of stunting (low height-for-age) falling from 25 to 14 percent (World Bank 2000d).

**Peru Social Investment Fund (FONCODES).** In Peru, the evaluation (Paxson and Schady 2002) concluded that increased school attendance was directly correlated with the social fund resources that an area received, and the districts that received the most resources for school improvements had achieved the largest gains in primary school enrollment rates. However, in the Instituto Apoyo study (2000) covering only rural areas, there was no significant difference in enrollment of children ages 6 to 14. The study did find a significant,

positive impact on school enrollment among households in extreme poverty, e.g., those living on less than \$1 a day; social fund treatment areas raised the probability of being enrolled in school by almost 2 percent. As the majority of its education projects were in indigenous communities, the evaluation also explored whether there were different impacts for indigenous communities. For indigenous communities, the study found no impact on enrollment rates, attainment, or absenteeism.

**Armenian Social Investment Fund.** In the earthquake zones, household spending on primary education and primary school attendance rose in communities that had completed school projects, suggesting increased demand for education. In communities with water projects, households reported improvements in access to water and in water services. There were no strong improvements in health in those communities (Chase 2002).

**Summary of Results for Improving Use and Access to Services.** Evidence across the CDD programs is generally positive regarding impacts on access to and use of services, especially in health, education, and drinking water. These impacts for the most part derive directly from the types of subprojects funded through the project grants. There are some reported positive impacts in a few projects on longer term outcomes such as child nutrition improvements and under-age-five mortality. Only two programs, the Bolivian Social Investment Fund and Indonesia's PNPM Generasi, measured for education achievement in mathematics and language tests, but there were no impacts on longer-term learning achievement. On the limited nature of longer-term outcomes, this may again be a function of the short time-frames for the evaluations. Thus more longitudinal studies are needed.

## **5. Social Capital and Governance**

Social capital is broadly defined by the World Bank as “the norms and networks that enable collective action.” The theory is that, through communities working together using a CDD approach, the project builds trust, networks, and collective action. Social interaction and networks, trust and reciprocity, as elements of social capital, can produce collective outcomes, both beneficial and harmful (Grootaert and van Bastelar 2002). Impact evaluations attempt to measure social capital improvements during the intervention and whether there are spillover effects outside of the project sphere. For example, do communities take collective action to solve other village problems, not necessarily those related to the CDD project? To measure social capital, evaluators generally examine three types of proxy indicators:

- *Memberships in networks and associations.* Evaluators look at the density of networks, involvement in associations, and group membership.
- *Local collective action.* Key questions relate to how groups of individuals work together to solve collective action problems.
- *Trust.* Questions look at trust toward other members of the community as well as different levels of government in terms of decision making and the delivery of services.

Of the projects covered under this study, only one (Sierra Leone) had an explicit goal of improving social capital. However, as a variable of high interest to development practitioners, it is sometimes measured in impact evaluations.

It is worth noting that the evidence base on social capital and local governance is very limited. Of the 17 total projects discussed in this study, only seven looked at various dimensions of social capital formation, and only

four asked questions explicitly related to local governance. The evidence to date indicates that most projects have limited impact on social capital.

Turning to local governance aspects, when CDD programs aim to improve local governance, this usually refers to changes in the way government interacts with its citizens *within the project domain* as well as outside of project parameters. This refers to citizen's participation in decision making and management, transparency of program information, efficient and effective delivery of services, and accountability to citizens. As proxies for improved local governance, impact evaluations often measure:

People's attitudes toward various levels of government

- Participation in public assemblies or meetings inside and outside of the project domain
- Awareness of project information and other local civic activities
- Spillover effects in terms of the way government officials and citizens approach and manage other development programs and civic activities. For example, do they use a participatory approach or community-led decision-making model in other programs?

For governance impacts, there are positive to mixed results. Only four CDD programs examine explicitly local governance issues. Afghanistan and the Philippines do well across the board on higher village assembly attendance (outside of the project); greater awareness of village and civic issues; and improved attitudes toward government. Sierra Leone also showed positive impacts on local leaders' behavior in planning and management of activities, which increased community confidence toward local officials. However, Indonesia's KDP-BRA showed no improvements in local governance. The project lasted for only one year, which may explain the lack of impacts.

**Afghanistan National Solidarity Program II (NSP2).** Based on the midline evaluation, there is weak or no evidence that NSP affects levels of trust between villagers. NSP has no impact on specific measures of community trust or solidarity or on the outbreak of village disputes or tribal feuds.

On the governance front, there are more positive results. By supporting community development councils (CDCs), NSP altered the structure of village governance by supporting these newly elected bodies as part of the program and transferring some authority from tribal elders to these councils. The program does not appear to affect activities undertaken by customary villager leaders. The program stimulated participation in local governance by increasing both the frequency and attendance at meetings of the village assembly. Male villagers also perceived government actors more favorably, and the program increased connections between villages and select governmental and nongovernmental institutions. The interim evaluation also found that the project increased the participation of women in local governance and their awareness of village leadership and local governance services. Women in NSP areas were also found to have increased the occurrence of meetings between female villagers and women from other villages, as well as district governments. But there was no impact on the general extent of socialization between female villagers or the frequency of female villagers leaving their compounds (Beath et al. 2010).

**Nepal Poverty Alleviation Fund.** No significant differences were evident between treatment and control groups on indicators associated with community/social capital (trust, respect, relationships between different ethnic groups, community disputes, etc.) (Parajuli et al. 2012).

**Indonesia KDP-BRA.** In post-conflict Aceh, there was little evidence that the KDP-BRA program improved social cohesion or had much impact on social relations or trust in the state. Levels of social acceptance of returning groups, reported social tensions, divisions, and conflict were similar between treatment and control villages. Overall involvement in associational life was similar for program and non-program areas. This could be due to the limited time frame of one-year for the project, as well as the fact that the program provided mainly private goods, which involved less cooperative work. Furthermore, there is some evidence that the program resulted in less acceptance by communities of former combatants. Conflict victims in areas that received the program were 18 percent less likely to say they accept ex-combatants in all roles in village life as compared to control areas. While this did not result in increased social tensions or conflict, it does suggest that the program was not effective in building relations of trust between victims and former combatants. Some reasons hypothesized by the authors were that ex-combatants who were supposed to receive payments through another government program tried to get assistance through KDP-BRA as well, and their attempts to benefit from both programs may have caused resentment among the community (Barron et al. 2009; Morel et al. 2009).

Related to indicators for local governance, the authors find little evidence that BRA-KDP resulted in changes in key indicators of attitudes toward government, such as awareness of local government affairs or trust in government officials.

**Indonesia Urban Poverty Program II.** The impact evaluation showed no impact of the program on community participation, organizational membership, or participation in community-initiated activities. However, there was a significant decrease in household contributions to projects and programs (government or community, excluding UPP) in treatment communities. It could be that the communities' participation in UPP projects resulted in a decrease in participation in non-UPP projects. Lastly, the evaluation found that while UPP is rather well known in the community and many report to have received benefits, it is not known for its ability to solve the most important problems the community faces. When discussing the most pressing problems in the village, and which institutions have dealt with the problems, respondents seldom mentioned UPP (Pradhan et al. 2009).

**Philippines KALAHICIDSS.** The Philippines' evaluation is one of the few studies that show generally positive impacts on social capital, as well as spillover effects. Whether or not this is because the evaluation was conducted over a longer time period of seven years may be one factor or it could possibly be due to the country context. The final evaluation—measured after seven years of project interventions—reported increased levels of trust within project communities and increased memberships in organizations. The evaluation showed a 12.3 percentage point increase in the proportion of respondents indicating that most people in their village can be trusted, as well as a smaller but still positive impact on trust in local officials and in national officials. Aside from a longer time frame for measurement, one reason why the Philippines project may be having social capital impacts is that the project spends more time than most on the initial socialization and preparation phase with local government officials and communities, on average 5–6 months of the cycle; other countries typically spend three months.

For collective action (*bayanahan*), the evaluation showed a decrease of 2.7 percentage points in treatment areas. However, the program also had a positive impact on the willingness of households to contribute money for activities that would benefit the community. The accompanying qualitative study found that this decrease in collective action could be due to the increased opportunity cost of contributing time to such

activities as a result of increased returns of agricultural activities. As a result, households might be substituting away from time contributions and toward monetary contributions.

In terms of improving local governance, the evaluation looked at two variables in relation to participation in governance: (1) attendance in village assemblies, which looks at the involvement of targeted communities with local government through increased participation in village assemblies; and (2) understanding of village affairs. The project appeared to have some positive impacts on villagers' participation in village assemblies, with a 5 percentage point gain in treatment areas. The accompanying qualitative data shows an associated qualitative change in how the village assemblies were perceived. Prior to project implementation, the assemblies were, at best, considered avenues for reporting, whereas in project areas, the assemblies tended to be seen as mechanisms for participation, transparency, and accountability. The proportion of households who are aware of the income and expense details of their barangay local government unit also increased. However, these increases attenuate over time, with strong impacts during the 2006 mid-term evaluation and smaller impacts by the time of the endline survey in 2010. This could mean that governance impacts are tied to project implementation (APPC 2011; Labonne 2011).

**Sierra Leone GoBiFo.** The evaluation reveals no treatment effects on the standard proxy measurements for social capital—trust, collective action, groups and networks, inclusion, and information. There was also no indication of spillover of local norms or institutional practices outside the immediate project sphere; for example, women were no more likely to speak up in community meetings held after the project ended.

Related to local governance improvements, local government leaders were more active in the planning, construction, and oversight of local public goods in treatment communities. The greater interaction appears to have increased citizen confidence in their local representatives (Casey et al. 2011a).

**Zambia Social Recovery Project II.** The evaluation shows that the social fund had important impacts on social capital, working in rural areas to bring communities together. In rural households where the social fund operated, households were more likely to have participated in the project. Subjective measures of community togetherness increased. Further, those communities were more likely to undertake other community initiatives, such as building new health posts and other new schools. However, urban areas with social funds saw no such social capital improvements (Chase and Sherburne-Benz 2001).

**Armenia Social Investment Fund.** Communities that had completed a social fund project were less likely than comparison groups to complete other local infrastructure projects—for example, road works, a piped water system, or health facility rehabilitation—suggesting that social capital was expended in these early projects. However, communities that joined ASIF later and had not yet completed their projects reported more collective action (Chase 2002).

**Summary for Social Capital and Governance Impacts.** Overall, the evidence shows positive to mixed results for local governance in terms of attitudes toward governance, participation in other village assemblies, awareness of project information and other local civic activities, and spillover effects in terms of the way government officials and citizens approach and manage other development programs and civic activities. For social capital, eight projects measured impacts related to greater trust, association, and collective action. There was very little positive impact on social capital. Results for the Philippines, Zambia, and Armenia were mixed, while other programs such as Sierra Leone, Indonesia's KDP-BRA and UPP, Nepal, and Afghanistan showed no impacts.

## **6. Conflict**

CDD projects exist in numerous countries affected by violent conflict. Many governments use the CDD approach to deliver services more rapidly to its citizenry and to build state-society links through more inclusive decision-making processes. However, given these very difficult contexts, positive results are not always guaranteed. In fragile situations where security is problematic, goods may not be readily available, technical expertise may be limited, and where the state's authority may be in question, implementing any program could be challenging. This study includes five evaluations examining impacts on violent conflict: two fragile and conflict-affected countries (Afghanistan and Sierra Leone) and two countries (the Philippines and Indonesia) dealing with more localized conflict-affected situations. Not surprisingly, there is no impact on macro levels of violence except with the MILF rebel group in Mindanao, Philippines. At the more micro, village level, however, Indonesia shows some improvements over time in group relations.

**Afghanistan NSP.** Measured after two years of implementation, NSP had no impact on specific measures of community trust or solidarity or on the outbreak of village disputes or tribal feuds. There are very limited effects on the prevalence of conflict and perceptions of safety and security (Beath et al. 2010).

**Indonesia KDP.** One evaluation uses reports of violent conflicts in local newspapers in two medium-level conflict provinces to assess the impact of KDP (Barron et al. 2006). They find little evidence of a project effect on violent conflict at an aggregate level or a direct positive impact on non-project-related violence at the local level. However, they did find that KDP significantly contributed to improvements in intergroup relations. Across a range of different identity cleavages, the study finds KDP helped contribute to improvements in intergroup relations. Improvements in the quality of group relations grew larger over time, with villages that have had KDP for four years generally showing greater improvements than those that have had the project for shorter periods. The study also showed that KDP-related conflicts were far less likely to escalate into violence than were conflicts related to other development projects. The reasons for this included the presence of effective complaints channels to defuse tensions before they escalated.

**Indonesia KDP-BRA.** Barron et al. (2009) found that after one year of project implementation, there were no impacts on social cohesion, and in fact there was some evidence that KDP-BRA was associated with less acceptance of ex-combatants by conflict victims in project areas, although there was no evidence that these tensions escalated to violence. The authors submit that some of these findings were not surprising and the short duration of the intervention most likely limited the gains in social cohesion that may have been possible if the program had been implemented for multiple cycles.

**Philippines KALAHICIDSS.** A recent study by Arcand et al. (2011) looking at the interplay between the incidence and levels of conflict in 2003 and 2006 and the ongoing conflicts created by two rebel groups, the New People's Army (NPA) and the Moro Islamic Liberation Front (MILF) in the Philippines. These two groups maintain very different ideologies. The MILF, started in 1981 with the objective of establishing an independent Islamic state in Mindanao, are much more concerned with rectifying grievances regarding the economic situation of Muslims in Mindanao and their exclusion from the political process. The NPA, on the other hand, began in the early 1970s as the armed wing of the Community Party of the Philippines and aims to overthrow the government through guerilla warfare and seize control of the country. It is generally perceived that MILF's demands can be accommodated through various institutions, whereas the NPA is intent on overthrowing the entire government.

Using local newspaper reports of conflict (assessing a rather substantial radius of 100 kilometers as a basis for analysis), a nationally representative household survey, and budget data on municipalities, the evaluation authors found that the KALAHICIDSS Project led to a decline in MILF-related events and to an increase in NPA-related events. The authors hypothesized that the decrease in MILF-related events could derive from the project having increased the sense of inclusion of the Muslim population in local decision making and a reduced sense of grievance toward the central government. The NPA, however, perceives the project as a threat that might undermine their popular support. The increase of violence by the NPA could be interpreted as an attempt to prevent the government from implementing an aid project that might reduce grievances. Or it could be a reflection of the “rent-seeking” nature of the NPA. Much depends on the goals and motives of the rebel group operating in the contested area.<sup>6</sup> This is one of the few studies in the conflict and development literature that examines the different impacts on conflict occurrence depending on the ideology of the rebel groups involved. It highlights the importance of understanding the nuances of local conflict dynamics and how a development program can exacerbate or lessen conflict in certain areas.<sup>7</sup> It is not clear, however, from the development literature or the impact evaluations if the interventions are due to CDD approaches in particular or would occur for any type of government-led intervention in conflict areas.

**Sierra Leone GoBiFo.** The evaluation reveals no impact on the level of crime and conflict in communities or the mechanisms through which conflicts are resolved (Casey et al. 2011a).

**Summary of CDD impacts on violent conflict.** In conclusion, development programs in general must operate cautiously in conflict and fragile situations. CDD programs are no exception. They can attract conflict by introducing competition for funds, or bringing more development funds into a community. But in some select cases, they can also address long-standing grievances of exclusion and of a non-responsive state, e.g., MILF in the Philippines, or introduce community mechanisms for mediating burgeoning conflicts (Indonesia).

### **Summary for Results Section**

Overall, the evidence shows generally positive results on poverty reduction and access and use of services; positive to mixed results on targeting; mixed results for local governance; and very little positive impact on social capital and conflict resolution.

In terms of counterfactuals, none of the impact evaluations compare the outcomes of CDD investments with those of alternative interventions such as direct central or local government service delivery. Some cost comparisons are made in Section VII, but not for outcomes. Part of the reason for this stems from the fact that these CDD/social fund programs grew as a response to the failure of decades of top-down, centrally driven service delivery, so governments do not feel that they need to experimentally test this hypothesis. They already had decades of experience as testaments to the flaws in this model. The second reason is partially cost. The operational implications and sample sizes to test “top-down” versus “bottom-up” CDD approaches could be fairly large and costly. Nevertheless, running a randomized experiment comparing these different approaches along the dimensions discussed here would be valuable.

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<sup>6</sup> This discussion was informed by exchanges with one of the evaluation coauthors and the WB Philippines office.

<sup>7</sup> Crost and Johnston (2010) also report on conflict incidence in the KALAHICIDSS program but the authors rely primarily on Armed Forces of the Philippines data between 2001 and 2008, and there has been a long debate in the Philippines regarding how reliable the data are, especially as the army is not an unbiased party to the conflict.

**Table 3. Summary of Impact Evaluation Results**

	Name of Project	Evaluation Years	Pov Reduction (consumption/expenditure)	Targeted toward poor, vulnerable groups	Use/Access to Services (educ, health, watsan, roads)	Governance	Social Capital	Conflict
<b>SOUTH ASIA</b>								
1	AFGHANISTAN—NSP2 Interim evaluation	2007–09	X No	✓ Yes for female groups in terms of engagement in community life, medical care, schooling and involvement in income-gen. activities	✓ Yes, water, electricity X No transport, irrigation Weak – health, school	✓ Yes, village assembly attendance, awareness of CDC issues, and more positive attitudes toward govt, positive for women	X No, trust, conflict, social cohesion	X Limited effects
2	INDIA—Andhra Pradesh DPIP	2004–06 (2.5 years)	✓ Yes 11% points, increase in assets 26%	✓ Yes, 15% nutritional gains, 50% increased assets, not consumption	N/A	Not measured	Not measured	Not measured
3	NEPAL—Poverty Alleviation Fund	2007–10	✓ Yes, 19% points 19% decline on incidence of food insecurity	✓ Yes	✓ Yes, education X No, health	Not measured	X No	Not measured
<b>EAST ASIA</b>								
4	INDONESIA—KDP2	2003–07	✓ Yes, 11% points for poor HHs ✓ Yes, reduces unemployment 1.5%	✓ Yes X No for female-headed HHs	✓ Yes, health X No, educ	Measured in next survey	Measured in next survey	≈ Mixed
5	INDONESIA—KDP-BRA	2006–07	✓ Yes, 11% reported by village head, increase in assets and farming of land X No impact on employment levels	✓ Yes, conflict communities, ≈ At HH level conflict and non-conflict-affected persons benefited	✓ Yes, economic uses and land X No, impact on educ, health, infra	X No, trust in govt, knowledge of govt affairs, attitudes about govt.	X No, trust, conflict, social cohesion	X No
6	INDONESIA—PNPM Generasi	2007–10	Not the objective	✓ Yes, low health and education status areas. ≈ At HH level, only educ, not health	✓ Yes, overall for educ & health impacts	Not measured	Not measured	Not measured

	Name of Project	Evaluation Years	Pov Reduction (consumption/expenditure)	Targeted toward poor, vulnerable groups	Use/Access to Services (educ, health, watsan, roads)	Governance	Social Capital	Conflict
7	INDONESIA—Urban Poverty Program II	2004–07	X No impact on per capita consumption or assets	X No overall, but 9% improved access for sanitation among the poorest. Project groups consisted mostly of the more educated, affluent, & officially connected	✓ Yes, 3% for improved access to sanitation (9% for poorest), X No. access to water	X No, UPP is seldom mentioned as program that deals with the most important problems of the urban village	X No, community participation, membership in organizations , and contributions	Not measured
8	PHILIPPINES Kalahi-CIDSS	2003–06–10	✓ Yes, 5% increase in per capita consumption	✓ Yes	✓ Yes, health, secondary school, college, more financing institutions X No, water and elementary school	✓ Yes, attendance in village assemblies, knowledge of village issues, and attitude toward govt.	✓ Yes, levels of trust, membership in organizations X No, collective action	≈ Mixed, decrease in MILF areas, increase in NPA areas
<b>AFRICA</b>								
9	SENEGAL PNIR	2002–04	✓ Yes, 65% increase in HH exp.	✓ Yes for poorer HHs, But political patronage related to which villages receive funding	✓ Yes, clean water, health, child nutrition	Not measured	Not measured	Not measured
10	SIERRA LEONNE —GoBifo	2005–09	✓ Yes	Not indicated in report	✓ Yes, health, community centers, schools, water, latrines	X No, spillover on local governance ✓ Yes, local govt actors more active, improving community attitudes toward govt.	X No, spillover X No, impact on crime & violence	X No impact

	Name of Project	Evaluation Years	Pov Reduction (consumption/expenditure)	Targeted toward poor, vulnerable groups	Use/Access to Services (educ, health, watsan, roads)	Governance	Social Capital	Conflict
11	TANZANIA Social Action Fund II	2008		✓ Yes, mildly pro-poor overall, progressive for national geographic targeting, w/in district targeting neutral				
12	ZAMBIA Social Recovery Project II	1998–2000	Not the objective	✓ Yes, rural X No, urban	✓ Yes, education, health	Not measured	✓ Yes, rural X No, urban	Not measured
<b>LATIN AMERICA AND EUROPE &amp; CENTRAL ASIA</b>								
13	BOLIVIA Social Investment Fund	1994–98	Not the objective	✓ Yes, progressive for poorest districts, poorer HHs benefited. Health & education did better at reaching the poor. Sewerage fared worse.	✓ Yes, health, watsan X No, education	Not measured	Not measured	Not measured
14	HONDURAS Social Investment Fund	1994–98	Not the objective		✓ Yes, education, health	Not measured	Not measured	Not measured
15	NICARAGUA Emergency Social Investment Fund	1994–97	Not the objective		✓ Yes, education, health, water	Not measured	Not measured	Not measured
16	PERU Social Fund (FONCODES)	1994–97	Not the objective		✓ Yes, education			
17	ARMENIA Social Investment Fund	1998–99	Not the objective	≈ Mixed Regressive in rural, progressive in urban	✓ Yes, education & water X No, health	Not measured	≈ Mixed	Not measured
	<b>SUMMARY</b>	<b>Average # of years covered in IEs = 3.1 years</b>	<b>Out of 9 projects, 7 positive</b>	<b>Out of 16 projects, generally positive to mixed</b>	<b>Out of 15 projects, generally positive</b>	<b>Out of 5 projects, Positive to mixed</b>	<b>Out of 8 projects, mixed to no impact</b>	<b>Out of 5 projects, mixed to negative</b>

## VII. Cost Analysis

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In this section, we examine three cost-related issues. The first is the per capita allocation amounts for subgrants. How much are some CDD projects allocating for block grants? This issue is important for those designing new CDD programs and deciding on block grant allocations. The second issue is community contributions and a comparison of how the different CDD programs handle those contributions. Lastly, we look at issues of cost effectiveness and rates of return using the CDD model.

### **1. Size of block grants/ per capita amounts**

Several CDD programs allocate block grant amounts per village, municipality, or area. The grant amounts are determined normally by several criteria, including levels of poverty, remoteness, number of villages per municipality, and/or population. The costs of building basic infrastructure (roads, schools, health centers) can be a factor as well. Per capita amounts for subgrants and microcredit activities ranged from \$1.77 per capita per annum in the Philippines to approximately \$40 per capita (\$200 per family) per cycle in Afghanistan's NSP (table 4). Some of these amounts may have changed since the project phases quoted here. Also, these calculations only pertain to community block grant amounts, not to technical assistance or other administrative costs.

To have any impact on income or non-income poverty levels, it is important to ensure that there is an adequate level of investment. Many of the programs have recognized the need to provide more than one-off grants. The one-off nature of these programs generally does not lead to sustainable institutional reform or social changes. Several programs—such as Indonesia, India with revolving funds, the Philippines—provide multiple rounds of support and interventions.

**Table 4. Block Grant Per Capita Allocation Amounts by Project**

Program	Per capita allocation amount (\$)	Allocation criteria
Afghanistan NSP	\$200 per household	Per cycle
India AP	\$17	\$86 per family
Nepal PAF	\$185 per income-generating activity/HH (@\$30 per capita)*	Community organization submits a proposal for an income-generating activity for each HH in organization
Indonesia KDP II	\$3–\$6	Java-Bali, population and poverty, annual
	\$6–\$6.70	Off Java, population and poverty, annual
Indonesia KDP-BRA	\$22.30–\$27.10	By population and conflict intensity, one cycle
Philippines KC	\$1.77 to \$29.10 (median of \$9.40, avge. \$10.70)	By number of villages in municipality, annual
Senegal PNIR	\$4–\$5	By population, annual
Sierra Leone GoBiFo	\$16	One cycle

Source: PADs. \*Source: Parajuli et al. 2012.

## **2. Community Contributions**

Community contributions are often mandated by programs as a sign of community buy-in to and ownership of the program. CDD programs handle community contributions in different ways. Some mandate a certain percentage; others make it optional or use it as a consideration when awarding project grants. Community contributions can be difficult to measure and determine a specific value, as they are often calculated in-kind in terms of community labor, materials, or land. With the exception of the Indonesia and Philippines programs, the other programs require a community contribution of between 5 and 25 percent of the costs (on average, 8 percent of the costs), with several programs waiving the contribution requirement in the case of extreme poverty (Zambia and Bolivia, for example). In some cases, such as the Armenia Social Fund and Senegal PNIR, project stakeholders lowered the contributions part way through the program because the level was considered too onerous. But based on program completion reports, the majority of programs had no problem meeting or exceeding the required contribution amounts. In the case of Indonesia and the Philippines, there is no mandatory amount required, but it is a consideration when deciding on funding. The table below shows the various ways the programs in this study handle community contributions.

**Table 5. Levels of Community Contribution by Project**

<b>Project</b>	<b>Community Contribution Initial Provision</b>	<b>Change/Results</b>	<b>Mandatory?</b>
<b>Afghanistan NSP</b>	A minimum of 10% for the cost of infrastructure	In NSP I and II, the community contribution was 15 to 17% on average	Yes
<b>India APDPIP</b>	Between 5–10% of total sub-project cost in cash or kind		Yes
<b>Nepal PAF</b>	10% of the subproject	Community contribution was in general much higher than 10%	Yes
<b>Indonesia KDP2</b>	No mandatory community contribution required but a consideration when judging proposals	Community contributions generally averaged 17% of total subproject costs	No
<b>KDP-BRA</b>			No
<b>KDP-Generasi</b>			No
<b>Indonesia UPP2</b>	Contributions encouraged, may be in the form of labor, materials, and/or land		No
<b>Philippines KALAHICIDSS</b>	Similar to Indonesia's KDP, no mandatory community contribution required but a consideration when judging proposals		No
<b>Senegal PNIR</b>	15% in local investment fund component, in the form of labor, materials, and/or money.	Following the project mid-term review, some reductions in local financial contributions for specific projects such as medium size water supply systems took place, to reward social inclusion (women's involvement) and maintenance of facilities already funded	Yes

Project	Community Contribution		Mandatory?
	Initial Provision	Change/Results	
<b>Sierra Leone GoBifo</b>	Communities were required to make their own contributions in the form of money, skilled or unskilled labor, and/or materials Percentage was not fixed.		Yes
<b>Zambia Social Recovery Program II</b>	About 25% of the total spillover costs, in cash or kind and ascertained by the field appraisal team  Where the community is obviously very poor and are willing but unable to meet the full contribution, the appraisal team may recommend a lesser contribution on a case-by-case basis	Due to the inability to fund community activities up to the level originally anticipated, the amount of beneficiary contribution was reduced	Yes
<b>Bolivia SIF2</b>	Communities participate normally with 5% of total subproject cost and the requesting agency with 15–20%; also consideration of waving the requirement for a few selected very poor communities		Yes
<b>Honduras SIF3</b>	Subproject beneficiaries would contribute in cash, labor, materials, or land		Yes
<b>Nicaragua FISE2</b>	Community with 5% through money, kind, or labor		Yes
<b>Peru FONCODES</b>	On average, 10% of project capital costs, adjusted to the type of project, and poverty levels. In addition, for certain types of projects such as irrigation, water and power supply, communities would be required to organize to collect charges, to cover the recurrent costs, and the municipality or the relevant ministry would ensure maintenance		Yes
<b>Armenia SIF</b>	At least 15% of micro-project cost; could be in-kind or cash. Contributions of food or goods that can easily be monetized will also be accepted	Contribution was lowered from 15% to 10% on average, with a 5% minimum contribution from poor communities, based on assessment of poverty and capacity to pay	Yes

Source: World Bank project documents

### ***3. Cost comparisons/effectiveness***

Several related studies show CDD's cost effectiveness as compared to equivalent works built through other government service delivery mechanisms. The Philippines, Indonesia, and Nepal, for example, have between 13 to 39 percent lower costs depending on the type of investments. These cost savings come primarily from eliminating the middle man or contractor overhead.<sup>8</sup> For social funds (Bolivia, Honduras, Nicaragua, etc.) where the projects allowed greater community control over decisions and resources, unit costs were found to be lower by 25 to 40 percent. However, when the projects worked through private contractors and government intermediaries, unit costs tended to be higher (Rawlings et al. 2003). Other CDD/SF programs in Africa—such as in Burkina Faso and Malawi—also report similar rates of cost savings (in the 15 to 40 percent range) as compared to other programs producing similar quality investments. It will be important that CDD programs run regular technical audits checking quality and publicize unit cost figures to ensure cost effectiveness and also minimize possible corruption.

### ***4. Rates of Return***

Economic rates of return are calculated based upon numerous assumptions and methodologies, thus they should be considered with caution. Rates of return for CDD infrastructure projects show an average of 18 to 53 percent returns. On roads for example, benefits are seen through improved connectivity, savings in travel time, more frequent market trips, more motorized traffic, increased passenger movement, increased labor and agriculture machinery movement, and reduced unit costs of transport. Large benefits accrued from entirely new economic activities and access to markets that were made possible by transport infrastructure. For water projects, the returns come primarily from time savings. The India livelihood projects were showing internal rates of return for various livelihood activities of 40 percent and higher.

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<sup>8</sup> Projects calculate these cost savings differently. Some projects include costs of technical/facilitation assistance, while others only calculate the costs of constructing the infrastructure itself.

## **VIII. Major Factors Affecting Implementation and Outcomes**

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The previous section described the impacts and results from various CDD impact evaluations. In this section, we propose a few hypotheses describing some of the general reasons why we are seeing some of these results. What are some of the common design features that worked or failed and under what contexts? How do we maximize welfare outcomes? As we did not randomize these various hypotheses, it is difficult to ascertain for certain the external validity of these theories. However, to the extent that we were able to point to some common features and perspectives derived from the evaluation reports, qualitative studies, project implementation completion reports and discussions with some project and evaluation teams, we do so below.

Task teams and reports cite several common features for the generally positive impacts on poverty reduction, access to and use of services, and geographical targeting:

**Establishing a more participatory and inclusive model of service delivery despite a low starting point of financial and economic crisis and conflict in many of the countries.** Project completion reports and some task teams point to the core participatory design element of the CDD approach. First, communities participate in project identification and in some projects, and participate directly in the decision on how funds are used. The subprojects meet communities' self-identified needs, whether it is for roads or markets, schools for their children, or microfinance for income-generation activities. Direct community identification of their development needs enhances the chances of their actually using the services. The participatory model opens up opportunities for communities to engage in the development process and benefit from improved services and infrastructure.

**Providing high-quality and adequate facilitation and technical assistance.** The importance of having—and retaining—high-quality project and technical staff, especially on the implementing agency side, was mentioned consistently across many of the projects. Well-qualified project staff with strong commitment was seen as a key to making many of these programs successful and ensuring quality control. These staff include skilled engineers to help with standard technical designs and quality supervision of construction; line department education and health staff who review the technical feasibility of proposals and provide village-level assistance to ensure improved access and utilization of services; and facilitators who can motivate communities and engage marginalized groups. Several projects also mentioned the crucial role of central ministry project leaders and provincial/district staff who had a vision for the program and were committed to participatory development. These actors can “make or break” a program.

The need for high-quality staff becomes particularly acute in conflict-affected situations where institutional capacity is weak, yet there is a political imperative to deliver goods and services quickly, such as in Afghanistan. In some cases, they rely on subcontracting NGO staff to carry out the social and technical facilitation functions, but in other countries such as Indonesia, regular project staff previously received some training in conflict resolution work.

**Capacity building for communities is a critical element to obtaining positive results,** both on the governance side as well as community-management of resources. Village facilitators play a crucial role in mobilizing communities and marginalized groups, and raising the level of awareness of and participation by communities in the development process. Especially in India, the focus on project facilitation teams and capacity building for local community groups was stressed. Several projects also cited the importance of

training community groups on procurement, contracting, reporting, and/or business development as a means of empowering communities and improving transparency and cost effectiveness.

**Utilizing poverty maps to target resources to poor areas.** Most of the CDD programs used poverty maps and the latest statistical data on household welfare to determine geographical targeting. As a result, the targeting for the most part favored poorer areas of the country. As for household targeting, projects in India and Nepal that supported more income-generating activities did well. In Nepal, they selected groups of poor and excluded people based on objective criteria, including ethnicity, caste, gender, and household food sufficiency. In CDD programs that funded more community public goods—such as transport infrastructure, schools, and health centers—for the most part, the benefits reached the poorer quintiles, with some non-poor benefiting as well. In a few cases, such as Indonesia and the Philippines, the programs worked best in remote, poorer areas where service access was limited; building a road, for example, opened up enormous economic opportunities and access to markets, schools, and health services. In Indonesia, households in less poor subdistricts saw either no benefit or negative impacts. As CDD programs scale up in geographical coverage to possibly include richer areas, they must be careful to assess if investments remain pro-poor. One possibility is to allow per capita funding envelopes to vary by poverty levels. Also, the use of objective criteria (e.g., ethnic minorities, persons with disabilities, food insecurity, or drop-out female students) could be explored for better targeting of specific marginalized and vulnerable sub-groups.

**Block grant funds are used for economically productive purposes.** The seven CDD programs that had positive poverty impacts shared some commonalities in terms of block grant usage. India's Andhra Pradesh DPIP, Nepal's PAF, and Indonesia's KDP/BRA overwhelmingly supported primarily microcredit and income generation activities. Senegal's PNIR and Sierra Leone's GoBiFo also supported agricultural infrastructure activities and skills training. For public works, Indonesia's KDP and Philippines' KALAHHI-CIDSS program cited the community's choice of building rural roads to open up remote areas to markets, and of agricultural and irrigation facilities to allow farmers to sell more of their products and improve production practices. In summary, the microcredit activities put financial resources in the hands of self-help groups to use for small-scale income generation activities, while economic infrastructure public goods such as roads, bridges, and some agricultural facilities provided employment and stimulated higher production and market activity.

**Ensuring an adequate level of resources for investment.** As mentioned in the preceding section, for the program to have any impact on income or non-income poverty levels, it is important to make sure that there is an adequate level of investment over a period of time. First, the block grant allocation amount to a community must take into account the cost of building basic infrastructure (e.g. building a road in a remote area with few contractors will most likely cost much more than building infrastructure in a more peri-urban area). The grant amounts are also determined normally by several criteria, including levels of poverty, remoteness, population, as well as the presence of other programs. Second, many of the programs have also recognized the need to provide more than one-off grants. The one-off nature of these programs oftentimes does not meet the multitude of needs in a poor community, nor does it lead to sustainable institutional reform or social changes. Several programs—such as Indonesia, India with revolving funds, and the Philippines—provide multiple rounds of support and interventions over years.

**Growth in learning.** Encouraging flexibility in project design and implementation allowed national and local governments to adjust practices over time and learn from experience with a new model. Project stakeholders speak of “growth in learning.” Not everything can be done at the same time or from day one of project effectiveness, so there is an evolution in design over phases and even within the project lifetime through

operational manual updates. For example, several countries such as Indonesia and Bolivia revised their operational manuals during the life of the project to improve the poverty targeting criteria or to add more social accountability measures. Timely studies and evaluations helped to inform program lessons, which were then assimilated into operations. Several programs began on a limited scale in order to test systems and build capacity first, before expanding during later phases to larger geographical areas.

### ***Challenges in Achieving Results***

As the illustrative CDD results chain in Figure 1 indicates, there are numerous challenges that governments face in implementing these programs. Many are not unique to CDD programs, but many factors do impact on the programs' abilities to reach their goals and targets. Discussions with task team leaders and a review of implementation completion reports covering the respective evaluation period reveal the following issues hindering the achievement of positive impacts:

#### ***Design Issues***

**Limited impacts on governance and social capital spillovers.** This study showed that results from governance or social capital spillovers were mixed. On the one hand, governments have expanded many of these CDD programs nationally (Indonesia, Philippines, India, etc.) and put considerable domestic resources into them. So these CDD approaches are indeed expanding geographically in several country contexts.

However, spillover effects outside of the “project bubble” in terms of the way government officials and citizens’ approach and manage other development programs and civic activities have been very limited. The Philippines, for example, showed increased levels of trust within project communities and a significant increase in the proportion of respondents indicating that most people in their village can be trusted, as well as a smaller but still positive impact on trust in local and national officials. Spillover effects were seen in the areas of (a) increases in membership to organizations; (b) greater attendance in village assemblies; and (c) more households who were aware of the income and expense details of their village local government unit. However, there were decreases in the proportion of households that participated in communal activities (*bayanihan*), indicating some issues perhaps with opportunity costs. In Sierra Leone, on the other hand, the evaluation revealed no treatment effects on the standard proxy measurements for social capital—trust, collective action, groups and networks, inclusion, and information. Related to local governance improvements, however, local government leaders were more active in the planning, construction, and oversight of local public goods in treatment communities. The greater interaction appears to have increased citizen confidence in their local representatives.

There could be several reasons for the general lack of spillover effects on social capital and governance. The first could be a design issue. Many projects are “ring-fenced” and project actors focus their efforts only on making their operations work. Almost all the social funds reviewed for this study started as “temporary” programs with semi-autonomous agencies, designed to deliver “one-off” goods as an emergency response to financial crises. Thus, institutional sustainability and longer-term reform were not really a focus in the earlier program phases.<sup>9</sup> As many of the programs were started at a time of crisis, the fact that they could deliver much-needed services and assistance at all, and communities were satisfied with those services, may lead governments to continue to emphasize service delivery only, without really instigating local governance reform. In some cases—Indonesia, Afghanistan, and Zambia, for example—it could be that the government

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<sup>9</sup> In countries such as Bolivia, Honduras, and Peru, the social fund structures are still in place in one form or another, and are involved in cofinancing of local government/municipal investments.

reform roadmap is not yet clearly defined or the decentralization agenda assigning roles and responsibilities to local entities is ambiguous, and project designs reflect that lack of clarity and coherent vision. For various social, political, and cultural reasons, behavioral norms encouraged or induced through the project may not spill over into other spheres of community life.

The second reason could be due to a relatively short time span of measurement. Among the five evaluations that did try to measure social capital in a rigorous way, the measurements occurred after one year of implementation (Indonesia's KDP-BRA showing zero effects) to seven years with Philippines Kalahi-CIDSS showing more positive effects and spillover impact. Transformational societal and institutional change may require longer periods of time to occur, and there could be a time lag in detecting these effects.

Third, given the amorphous, multi-dimensional nature of some of these concepts of "empowerment," "good governance," and "social capital," one wonders whether the measurement tools in use are the correct ones or if the proxy indicators are robust enough to capture these rich concepts, which are so heavily dependent on social, economic, cultural, and political context. For the IEs discussed in this study, a mixture of tools was used for measurement of social capital: quantitative surveys, behavioral games, and qualitative techniques. It would be worthwhile exploring further how these instruments can be more effectively applied.

Lastly, it is evident from the literature review that many factors contribute to governance and social capital spillover effects such as reform-minded governments, policy and regulatory reforms, predictability of and repetition of activities, and more open and conducive environments for civic engagement and openness. Decentralization reforms in many contexts may not yet have created a more participatory environment at the local level. For instance, what would be the incentive for a villager to participate in other local development projects or planning if no funds existed through those channels or the local village chief had a monopoly on those particular resources? The demonstration effect of the CDD programs—with their participatory aspects and effective delivery of services—may not prove strong enough to make a dent in decades-long institutional norms and structures. All these factors add to the mix of whether or not reform occurs.<sup>10</sup> Understanding better the transformational aspects of institutional and political change is a huge area of exploration on the operational and research fronts.

**Limitations to community mobilization, and ability to mobilize marginalized groups.** Several country reports cited difficulties engaging specific groups of communities, e.g., seasonal migrants, refugees, aged persons, and destitute. There was also the concern from programs that were scaling up regarding the ability to cover the poorest of the poor or marginalized groups. The active engagement of women also came up in several cases as an area of concern. This problem is related to the issue of household targeting, which has had a mixed track record in some projects. Several of the CDD programs reviewed in this study had positive results in terms of reaching poor and marginalized groups—including Nepal, India, and the Philippines—and it will be important to learn how those programs were able to do that operationally.

### ***Implementation Challenges***

**Financial disbursement challenges.** Out of the 17 countries covered in this study, nine countries mentioned significant problems of timely and adequate disbursements due to (a) currency devaluations (especially in LAC); (b) difficulties with lateness and amount of government counterpart financing,

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<sup>10</sup> Comments based on discussions with several task team leaders and evaluators.

particularly at local levels; (c) late trust fund or donor financing; and (d) community counterpart financing. These delays created difficulties in the predictability of funding. Staff were able to maneuver around some of these difficulties by reprogramming budgets, or in some cases cutting back some expenditure categories that were not being used fully, such as capacity building or studies.

**Conflict-affected situations.** Seven of the countries covered in this study—Armenia, Nepal, Afghanistan, Sierra Leone, the Philippines, Indonesia and Peru—faced varying degrees of violent conflict, making program delivery of resources and services difficult if not limited in certain areas.

**Natural disasters.** Five countries—Senegal, Armenia, India, the Philippines, and Indonesia—experienced setbacks due to natural disasters, including drought, tsunami, floods, earthquakes, and storms. This indicates that CDD programs oftentimes must think of ways of using their networks and systems to respond to natural disasters and build community resilience in times of emergency. Several programs noted that the on-the-ground presence of CDD programs and its project architecture allowed the programs to respond quickly and flexibly to identify emergency local needs. The programs served as a kind of “community safety net.”

**Coordination with other ministries.** Difficulties in coordinating with line ministries for construction, supervision, O&M, and technical quality support were mentioned in several projects. As mentioned earlier, technical staff are crucial to assist communities and enhance access and use of services. But better coordination with these line ministries would enhance impacts even further.

**Operations and maintenance (O&M).** Five programs mentioned the challenges ahead in maintaining locally built infrastructure and working out long-term arrangements for O&M. Very few programs indicated satisfaction with sustainable O&M arrangements.

**Monitoring and Evaluation.** Several ICRs noted the challenges of putting a reliable management information system in place, as well as the need for government counterparts to use the available information for adaptive management and active monitoring. Several task team leaders cited deficiencies in implementing agencies' ability to analyze information from process monitoring or regular project reports so as to inform decision making. Reports instead were used for public relations or to report upwards and to donors, rather than as inputs to improve project management. Information from impact evaluations tended to come too late to inform the next phase of design or scale-up.

What the review makes clear is that there is not one linear, straightforward path in achieving project objectives or, for that matter, changing social or governance norms. What is more evident when one looks at some of the factors behind why the programs achieve the positive or negative results they do, is that undertaking institutional reforms is much more difficult than getting roads built or children immunized. The fact that many of these CDD programs were born as a direct response to overly centralized, inefficient state bureaucracies means that changing the way governments and bureaucracies operate will take time and will be a bumpy road.

## **IX. Discussion of Operational and Research Implications**

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### ***1. Operational Implications of the Evidence***

Several of the programs have evolved from the earlier phases covered during the evaluation period. Nevertheless, many issues remain very relevant for today's CDD operations. One can draw several operational implications from the evaluation findings and the discussion of implementation challenges:

- **Use caution in determining objectives and what can realistically be achieved.** In reviewing the objectives and designs for these 17 CDD projects, the overwhelming focus was on delivery of services through community-led, participatory means. The bulk of the funds (on average 80 percent) went toward block grants or community investment funds for infrastructure, services, and income-generating activities. On the poverty reduction, poverty targeting and service delivery fronts, the evidence is generally positive and most projects met their objectives. However on local governance and social capital improvements, the findings are more mixed, with little evidence of spillover effects outside the project sphere. For future CDD designs, project stakeholders may wish to be more circumspect and realistic about how ambitious and broad the objectives should be. Poverty reduction, improved use and access of services, social capital improvements, local governance reforms, and conflict prevention together represent by any measure an unrealistic and overly ambitious agenda, especially over one three-to-four year project phase. Project development objectives should be more explicit and limited as to what they can realistically achieve.
- **Local governance reforms and pathways of change.** In chapter VIII, we spoke about the positive to mixed impacts on local governance in the programs reviewed for this study. On the one hand, many of these programs were scaling up nationally, which means that the government was expanding the CDD approach nationwide. In some cases such as the Philippines and Sierra Leone, we also saw evidence of governance spillover effects in the areas of (a) increases in attendance in village assemblies; (b) more households who were aware of the finances of their village local government unit; or (c) in the case of Sierra Leone, more local government leaders who were more active in the planning, construction, and oversight of local public goods, leading to increased citizen confidence in their local representatives. But in other programs, there seems to be more of a "project bubble" or ring-fence approach with little spillover into other governance norms outside of the project. In the future, there should be much more focus on identifying the pathways for governance reforms, and the resources, enabling environment, and political will to achieve these changes sustainably.
- **CDD Programs are beginning to have longer time frames.** The average duration of CDD projects covered in this analysis is 11.8 years, ranging from Indonesia's KDP/BRA which was only a one-year operation (as a response to an immediate post-conflict situation) to Bolivia, Honduras, and Indonesia, scheduled to run approximately 16 to 17 years at this point. Some of these programs were preceded by similar programs—such as the Village Infrastructure projects in Indonesia, which preceded KDP. India's AP program built on UNDP's program and earlier government investments in women's self-help groups. In many cases, this means these programs were popular enough to survive changes in political administration and government leadership. And given these longer time frames, there are opportunities to start thinking about the evolution of these programs over the long term, what continuous investments could be made over time, what the phasing of reforms might be,

and what long-term objectives are achievable. The Bank should also put in place analytical work to inform the design of future phases and impact evaluations to measure change over a longer period of time.

- **CDD and conflict-affected situations.** This study includes four impact evaluations—for Afghanistan, the Philippines, Indonesia, and Sierra Leone—that examined the programs' impact on conflict. Not surprisingly, there is no impact on macro levels of violent conflict, except in the case of the MILF rebel group in Mindanao, Philippines. These findings should not be surprising, given that many of these violent conflicts are endogenous to communities and beyond their control. Nevertheless, development programs in general—not only CDD interventions—must operate cautiously in conflict and fragile situations as they can create severe harm or have positive impacts. CDD programs can attract conflict by introducing competition for funds, bringing more development funds into a community, exacerbating existing social cleavages, or reinforcing political patronage systems of largess. On the other hand, if designed well, they can also address long-standing grievances of exclusion and of a non-responsive state, e.g., MILF in the Philippines, or introduce community mechanisms for mediating burgeoning conflicts (Indonesia).
- **Investing in capacity building and training for project staff and community groups.** The projects varied widely in the amount of emphasis, time, and resources they placed on capacity building for project staff as well as community groups, with India placing much more emphasis on coaching, mentoring, and capacity building of both project staff and community groups. In the Philippines, the longer community facilitation process may have contributed to the larger effects on social capital and local governance. Interestingly, the Philippines evaluation observed improvements in village governance even in communities that were not prioritized for investments and had only received facilitation support (Labonne 2011).
- **Operations and Maintenance of Investments, Sustainability.** Arrangements for improved O&M of subproject investments require greater attention in CDD projects. Whose responsibility is it to maintain the infrastructure after it is completed—the communities, villages, or local governments? How does one pay for recurrent and capital costs if needed? One possibility is to explore piloting various options for O&M arrangements within the CDD programs.
- **CDD and social resilience.** As described in chapter IV, many of the CDD programs in this study grew out of a situation of economic and financial crisis or conflict and fragility. Therefore, CDD can be seen as an important asset for the resilience of those societies in the face of future shocks. Many of the scaled-up CDD programs already provide the “plumbing” and community mobilization channels needed to target flexibly those who fall into poverty and to provide a rapid means of delivering resources and short-term employment to communities. The ability of CDD programs to build community resilience and a community-led social safety net should be explored further in the future.
- **What would CDD interventions look like in urban settings?** Global trends show that for the first time in history, more than half the world's people live in cities, with an estimated 1 billion people living in urban slums in developing countries. Over 90 percent of urban growth is occurring in the developing world, and the face of poverty is becoming urban. Some of the earlier social funds—such as Bolivia, Zambia, and Armenia—covered both urban and rural areas with varying degrees of success. The one urban CDD program included in this study—the Indonesia Urban Poverty Program

(UPP2)—had no impact on welfare outcomes, limited impact on access to services, and no impact on social capital dimensions. The vast majority of the World Bank’s CDD portfolio operates in rural areas, and most of the projects and evaluations covered in this study focused primarily on rural settings. Providing services and local infrastructure (roads, bridges, irrigation) using a CDD approach may be appropriate for rural, especially remote settings, but may not be the appropriate intervention in urban areas where services and transport access are more readily available. Issues of poverty targeting, a menu of investment options, community mobilization, and difficulties working with some highly transient populations will create challenges for the traditional CDD model in urban settings in the future. Testing several urban CDD pilots in different regions would be advantageous.

- **Working with supply-side actors.** Related to local governance and reform issues, it is common for projects to experience difficulties in coordinating with various line ministries for coordinated area planning, service delivery, technical inputs, and O&M. As several of the CDD national programs grow and expand, the agenda in this area needs to evolve as well. How can CDD programs build community empowerment to hold local governments and technical ministries more accountable? Should CDD programs start providing more support and capacity building for the supply-side of solving problems of technical quality, e.g., teacher and health worker training or financial services? Or should they bridge gaps between supply side and community groups, such as a community liaison person within banks or technical agencies? India and Indonesia provide a few examples in this area. This topic opens up ample opportunities for multi-country operational pilots and research.

## ***2. Implications for Monitoring and Evaluation***

- **Management information systems and reporting.** Several reports mentioned the difficulties of putting management information systems in place and capturing basic project information for thousands of transactions. Task teams also raised the challenge for government implementing agencies of feeding reliable, timely monitoring information into analysis and management decision making. A great deal of technical assistance is needed in this area.
- **Impact Evaluations.** On the evaluation side, on the positive front there are more rigorous impact evaluations in place than there were 10 years ago. However, even these are minuscule in number despite 400 active CDD programs and 25 years of implementation. The fact that there are only 17 or so rigorous impact evaluations available at this point means that more strategic attention and resources need to be placed in this area. As of November 2011, the WB official impact evaluation database had approximately 50 CDD/SF evaluations listed; however, only these 17 had been completed, with others aborted and some in progress. In order to build a better evidence base, it will be important to ramp up the number of strategic impact evaluations and also ensure that they are geared toward answering longer-term sustainability issues, as well as those areas where little evidence is available (see section below).

Second, impact evaluations take an enormous amount of time, resources, and specialized expertise. The technical challenges of carrying out robust evaluations are formidable, especially in countries where specialized expertise is scarce. This study looked at several evaluations that were aborted or could not be included in this analysis because of poor design, e.g., only before-after comparisons with no control groups, or inadequate staffing to develop proper sampling frames and high quality questionnaires, or undertake in-depth data analysis. Many government-procured evaluations are not

of high enough quality because of poor design issues, insufficient staffing, and lack of rigorous technical review. For many of the studies covered under this review, task teams have come to rely on trust fund resources to fund independent studies and evaluations, and to bring in much needed technical advice on evaluation design, sampling frames, and analysis. There is a move now within the WB to undertake more strategic impact evaluations as well as raise resources for these important evaluations but as yet, sufficient resources have not yet materialized. As impact evaluations are a global public good, we would support greater efforts by the WB and other donors to set aside separate funds and resources for undertaking strategic impact evaluations on CDD.

Lastly, the timing of impact evaluations is crucial. They must be designed at the outset of the projects as part of geographical area selection and to establish baselines of treatment and control. Experience also indicates that it has been very difficult to complete impact evaluations in a timely manner to inform decision making on future phases and possible scale-up. The evaluation community must make better efforts to plan evaluations in such a way that results can feed into timely decision making about future project design. Finally, evaluations measuring welfare and social capital/governance changes over time will be important. Based on this study, the average amount of project intervention time measured by the impact evaluations was relatively short, only 3.1 years. Even within those years, the number of cycles or “treatment interventions” varied significantly. Some areas could have received only one round of treatment during the period or annual treatments. Evaluations over a longer period of time are needed to assess longer-term impacts.

- **Quality control of evaluations** - The last issue worth highlighting is one of quality control and peer review. This study left out several studies because the methodologies were not of sufficient rigor or evaluations were not peer reviewed. Another measure to enhance evaluation quality would be the regular use of pre-analysis plans for evaluations to limit issues of “data mining” and “cherry picking” of results. While they do not solve all issues of quality control, these steps to undertake a pre-analysis plan and ensure quality review of concepts, evaluation methodologies, and final reports would be a move in the right direction to enhance the quality and rigor of the studies.

### ***3. Implications for Further Research: Remaining Unanswered Questions***

The literature review opens up several lines of useful inquiry. Earlier, we had mentioned the need to undertake further research on the lack of social capital/governance spillover, as well as analytical work to inform the next project phase. In addition, a few more topics require exploration:

- **Governance reform and building a generation of reform-minded local leaders.** We have already identified the need to build more evidence on local governance spillovers. One unexplored area of study is to track systematically CDD project actors over time to see if they assume leadership positions in government or NGOs. There are ample anecdotal accounts of community facilitators being elected to local village councils or regional parliaments, but not much by way of documented evidence. Many of the large-scale CDD programs now work with and train tens of thousands of local facilitators, project implementers, and local government officials. Undertaking longitudinal tracer analyses of these local actors will be important to understand if CDD is impacting on building a new generation of national development leaders.

- **Comparing CDD approaches versus non-CDD approaches using other government service delivery mechanisms.** As mentioned earlier, none of the impact evaluations in this study compare the outcomes of CDD investments with those of alternative interventions such as direct central or local government service delivery. Some cost comparisons are made in chapter VII, but not for outcomes. Part of the reason for this stems from the fact that these CDD/social fund programs grew as a response to the failure of decades of top-down, centrally driven service delivery, so governments do not feel they need to experimentally test this hypothesis. Nevertheless, running a randomized experiment comparing these different approaches along the impact dimensions discussed in this paper would be valuable.
- **Reaching marginalized groups.** Some programs were more successful than others at reaching marginalized and excluded groups. Social inclusion is becoming a major policy issue. Within countries, lagging regions, growing income inequalities, and exclusion of vulnerable groups are some of the major challenges for government policy makers in developed and developing countries alike. Several of the CDD programs—such as Nepal, India—are worth looking at further for comparative work on improving household targeting, types of information, outreach, and capacity building efforts, and other implementation modalities for reaching these groups. Again, ethnographic work and other qualitative studies that allow for “saturation of information” in these specific areas could be very enlightening.
- **Unpacking the black box of decision making.** While the impact evaluations and final reports focused on outcomes and outputs—roads built, school enrollments, etc.—there was little discussion or documentation about how these decisions were made at the community and local government levels. Several studies pointed to community satisfaction with the program and its services and whether or not the subprojects matched community and local officials’ preferences, but more qualitative work should be done to understand the decision-making process in the allocation of resources. Is there full, informed participation regarding these decisions, or are the projects merely reinforcing patronage systems and political patterns of largesse? Why are some subprojects chosen and not others? How do we ensure that decision-making bodies remain accountable and are not captured by pre-existing local elites? How do traditional power holders in the community—such as the village chief or tribal leaders—view these CDD programs and their mechanisms for decision making? How are marginalized groups—ethnic minorities, persons with disabilities, etc.—involved in the decision making, if at all? Some more qualitative and ethnographic work in this area would be useful to complement the quantitative evaluations.
- **Sustainability.** Issues of sustainability came up repeatedly in the document review. There are many facets to sustainability in the CDD context. First, there is the issue of **infrastructure and investment sustainability**; that is, sustainability regarding CDD-produced infrastructure and how to maintain those works. More longitudinal technical quality studies looking at the sustainability of the community infrastructure or the feasibility of the income-generating activities would be informative for future design. High-quality design and sound construction are major factors in determining sustainability.

The second issue concerns examining the **sustainability of institutions**. Sustainability also was an issue mentioned in the context of social funds. Unlike some of the later CDD programs, many social funds were designed originally as transitional institutions to operate efficiently and transparently

until the institutional capacity of state social sector entities were strengthened. The last 15 years or so has seen greater attention placed on the long-run impacts of community investments and institutional capacity (Van Domelen 2003).

**Sustainability of impacts.** As mentioned earlier, it will be important to have more evaluations looking at program impacts over time. The longest time span we have in this study—the KALAHICIDSS program—measures over 7 to 8 years. Positive impacts may attenuate as initial high returns from low baseline situations do not continue and investments yield diminishing returns. On the other hand, positive impacts could also increase as project actors become more used to the processes and repeated treatments add greater expertise in planning and managing resources. Some longer term evaluations will shed light in this regard. As many of these programs continue, it will be important to measure whether program impacts attenuate or change. As mentioned above, impact evaluations covering longer time periods will also be important to assess the sustainability of welfare, social capital, and governance impacts.

## **X. Concluding Remarks**

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This study has focused on the available rigorous evidence to date across 17 WB CDD programs and the operational and research implications of the findings. It highlights the historical evolution of the World Bank's CDD portfolio. The vast majority of the CDD programs examined in this study grew out a situation of economic, financial, or political crises. The social funds in Latin America, begun in the late 1980s and 1990s, were a direct response to austerity measures put in place under structural adjustment programs. Many of these programs also tried to introduce a fundamentally new model of development that went against the traditional model of top-down, centrally driven development. In this new CDD model, communities would lead and participate in the planning, decision making, and management of local public resources to meet their self-identified needs.

For many of the longer running CDD programs, these initial phases of reacting to crises and establishing a participatory model of development have passed. The duration of the CDD programs covered in this study averages 11.8 years, with a range of 1 to 14 years. Positive achievements have been made in general on the poverty reduction front, increased access and use of services and geographical poverty targeting, with more mixed results on the household level of targeting. Evidence on the social capital, local governance, and conflict resolution areas is more mixed and limited. Depending on the country context, the overwhelming emphasis by governments on socioeconomic welfare goals and service delivery through participatory means is likely to continue. This may especially be true in fragile and conflict-affected countries, as well as those countries still tackling high levels of vulnerability and pockets of poverty. However, for this next generation of longer running CDD programs, numerous issues emerge, such as continuing poverty reduction and service delivery efforts in an effective and sustained manner; reaching effectively marginalized groups; addressing pockets of poverty and lagging regions in middle-income settings; institutional reform from the bottom-up and community participation in governance; building in-country capacity; enhancing community resilience and social safety nets; and urbanization.

This longer term agenda has numerous implications on the operational and research fronts. On the operational front, these include (a) clearly defined, realistic objectives on how much can be achieved on the governance/reform front within the political context and resources available; (b) with the government, developing clear roadmaps for institutional and governance reform; (c) poverty targeting issues, especially at the community and household levels; (d) examining what CDD project design adaptations are needed in an urban setting; (e) understanding better the impacts—both positive and negative—of CDD interventions in fragile and conflict-affected areas and approaching these situations cautiously in design; and (f) developing stronger modes of collaboration with supply-side actors.

On the monitoring and evaluation front, this study points to the need for more high-quality evaluations that are timely and in some cases longer term. On the monitoring front, the need for more effective monitoring and reporting systems to provide information in real time was identified as a critical area for adaptive and risk management and informing decisions. One of the cited strengths of this model has been the ability to adapt, with “growth in learning.” Timely monitoring and supervision information helps enormously to make this learning and adaptability possible.

Finally, this study identifies several vital research opportunities to inform the CDD portfolio. There is certainly a growing need for more longitudinal studies examining longer term impacts of the program and the

sustainability of CDD investments. Social inclusion also is a prominent and growing issue around the world, both in terms of lagging regions as well as the exclusion of various identity groups and populations. Several country cases mentioned in this report provide successful examples of reaching these groups, but much more comparative analytical work—and operational pilots—are needed to shed light on how to more effectively support these groups in other country contexts. Lastly, the CDD community would benefit from additional qualitative and ethnographic work on how decisions are made at the local level.

## ANNEX A. Summary of Projects and Impact Evaluations

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PROGRAM INFORMATION				IMPACT EVALUATION INFORMATION		
	Name of CDD Program	Total Program Period* (Program phase relevant for IE)	Project Development Objective **	Evaluation Authors	Period Covered During IE	Evaluation Methodology
<b>SOUTH ASIA</b>						
1	<b>Afghanistan: National Solidarity Program II</b>	2003 to 2015 (2006 to 2011)	(a) to lay the foundations for a strengthening of community level governance, and (b) to support community-managed subprojects comprising reconstruction and development that improve access of rural communities to social and productive infrastructure and services	Beath, Christia, Enikolopov, Kabuli, 2010	2007–09 (2 years)	Randomized design, panel survey in 500 villages in 10 districts, 6 provinces; 15,000 respondents, with FGDs
2	<b>India: Andhra Pradesh District Poverty Initiatives Program (DPIP)</b>	2000 to 2016 (2000 to 2006)	To improve opportunities for the rural poor to meet priority social and economic needs in the six poorest districts of Andhra Pradesh, namely Chittoor, Srikakulam, Adilabad, Vizianagaram, Mahabubnagar, and Anantapur.	Deininger, Liu, 2009	2004–06 (2.5 years exposure)	Propensity score matching, double difference, 2,400 household panel, 51 counties in 3 districts
3	<b>Nepal: Poverty Alleviation Fund</b>	2004 to 2014 (2008 to 2014)	To improve living conditions, livelihoods and empowerment among the rural poor, with particular attention to groups that have traditionally been excluded by reasons of gender, ethnicity, caste and location	Parajuli, Acharya, Chaudhury, Thapa, 2012	2007–10	Randomized phase-in approach, 200 villages, 3,000 HHs sampled
<b>EAST ASIA</b>						
4	<b>Indonesia: Kecamatan Development Program II</b>	1998 to 2014 (2002 to 2007)	To (a) support participatory planning and development management in villages; (b) to support a broad construction program of social and economic infrastructure in poor villages; and (c) to strengthen local formal and informal institutions by making them more inclusive, accountable, and effective at meeting villagers' self-identified development needs	Voss, 2008	2003–07	Propensity score matching, double difference, w/qualitative study
5	<b>Indonesia: PNPM-Rural Generasi Sehat dan Cerdas (PNPM Generasi)</b>	1998 to 2014 (2007 to 2010)	To obtain 12 education and health targets related to improved school enrollment and attendance and child and maternal health	Olken, Onishi, Wong, 2011	2007–10	Randomized design across five provinces, over 45,000 respondents, w/ qual study

PROGRAM INFORMATION				IMPACT EVALUATION INFORMATION		
	Name of CDD Program	Total Program Period* (Program phase relevant for IE)	Project Development Objective **	Evaluation Authors	Period Covered During IE	Evaluation Methodology
6	<b>Indonesia: Kecamatan Development Program/ BRA</b>	2006 to 2007	To assist conflict-affected communities in improving their living conditions through provision of small projects that accord with their needs	Barron, Humphreys, Paler, Weinstein, 2009	2008–09	Propensity score matching combined with an instrumental variables approach to deal with issues of noncompliance with treatment assignment, qualitative study
7	<b>Indonesia: Urban Poverty Program II</b>	1999 to date	(a) to establish or support representative and accountable community organizations that are able to provide services to the urban poor and increase the voice of the poor in public decision making; (b) to make local government more responsive to the needs of the poor through increased cooperation with community organizations; and (c) to improve services for the urban poor (financial services, social services, and infrastructure)	Pradhan, Rao Rosenberg. 2009	2004–07	Propensity score matching, double difference estimates, 230 urban villages, 18,000 respondents
8	<b>Philippines: Kapit-bisig Laban Sa Kahirapan – Comprehensive and Integrated Delivery of Social Services Program (KALAHICIDSS)</b>	2002 to 2014	To assist the borrower in strengthening local communities' participation in village governance, and developing their capacity to design, implement, and manage development activities that reduce poverty	Asia Pacific Policy Center, May 2011, Labonne, 2011	2003, 2006, 2010	Propensity score matching, double difference, w/ qualitative study

PROGRAM INFORMATION			IMPACT EVALUATION INFORMATION			
	Name of CDD Program	Total Program Period* (Program phase relevant for IE)	Project Development Objective **	Evaluation Authors	Period Covered During IE	Evaluation Methodology
<b>AFRICA</b>						
9	<b>Senegal: Programme National d'Infrastructures Rurales (PNIR)</b>	2000 to 2012 (PNIR/PLDP) (2000 to 2005)	To (a) improve local governance and local capacity; (b) establish participatory and decentralized mechanisms for selecting, funding and implementing rural community investment programs; (c) strengthen the national institutions supporting decentralization; and (d) implement basic infrastructure in a selected number of rural communities.	Arcand and Bassole, 2007	2002–04	Propensity score matching
10	<b>Sierra Leone GoBifo Project (JSDF)</b>	2005 to 2010 (2005 to 2009)	(a) to strengthen social capital by enhancing the capacity of villages and local governments to design and implement strategic development plans at village and ward levels; and (b) to enhance the accountability of decision makers through mechanisms that foster open and transparent governance	Casey, Glennerster, Miguel, 2011	2005–09	Randomized experimental design, 236 villages and 2,832 HHs; focus group discussions; structured communities activities
11	<b>Zambia Social Recovery Project II</b>	1991 to 2005 (1995 to 2000)	To assist the government of Zambia's poverty reduction program through financing of community initiatives and building of capacity for poverty analysis and monitoring	Chase & Sherburne-Benz, 2001	1998–2000	Propensity score matching, and pipeline matched comparisons

PROGRAM INFORMATION			IMPACT EVALUATION INFORMATION			
	Name of CDD Program	Total Program Period* (Program phase relevant for IE)	Project Development Objective **	Evaluation Authors	Period Covered During IE	Evaluation Methodology
<b>LATIN AMERICA AND CARIBBEAN</b>						
12	<b>Bolivia Social Investment Fund II</b>	1987 to 2004 (1993 to 1998)	To continue assisting the government to improve coverage and quality of health, water supply, sanitation and education services targeting primarily the rural poor, including indigenous peoples, disadvantaged women, and children	Newman, Pradhan, Rawlings, Ridder, Coa, Evia, 2002	1994–98	Propensity score matching, matched comparison; for education evaluation, randomized design.
13	<b>Honduras Social Investment Fund III</b>	1990 to 2012 (1995 to 1999)	(a) to continue to assist the government in strengthening its poverty alleviation efforts and in maintaining social cohesion, while the government attempted to regain fiscal balance and the line ministries strengthened their institutional capacity; and (b) to support the government's decentralization strategy, development of the local contracting industry, the sustainability of subprojects, and the targeting of scarce resources to the poorer communities	ESA Consultores, 2005, World Bank 2003	1994–98	Pipeline matching
14	<b>Nicaragua Emergency Social Investment Fund (FISE) II</b>	1992 to 2006 (1994 to 1997)	To help the government sustain its poverty alleviation efforts and maintain social cohesion during the economic adjustment period; additionally, the project would help support the government's decentralization strategy, strengthen the local contracting industry, broaden the menu of projects financed by FISE, support the targeting of resources to more depressed areas, and help meet the special needs of the indigenous population	World Bank, 2000	1994–97	Propensity score matching; oversampling 1998 LSMS survey, 1998–99 FISE ex-post survey

PROGRAM INFORMATION				IMPACT EVALUATION INFORMATION		
	Name of CDD Program	Total Program Period* (Program phase relevant for IE)	Project Development Objective **	Evaluation Authors	Period Covered During IE	Evaluation Methodology
15	Peru Social Fund (FONCODES)	1993 to 2000 (1993 to 1997)	To assist the borrower in (a) sustaining its poverty alleviation efforts, (b) mitigating the social costs of its macroeconomic adjustment, and (c) strengthening the institutional capabilities of FONCODES	Paxon and Schady, 2002, Instituto Apoyo, 2000	1994–97	Matched comparison, oversampling LSMS surveys, National Statistical Institute HH survey
<b>EASTERN AND CENTRAL ASIA</b>						
16	Armenia Social Investment Fund (ASIF)	1996 to 2012 (1996 to 2000)	To support the lower income groups among the Armenian population through improvement of basic social services and creation of employment opportunities. The primary objectives of the project would be to (a) rehabilitate basic small-scale infrastructure that can result in immediate improvements in the living conditions of the poorest among the population; (b) strengthen the capacity of private small-scale contractors and other micro-businesses so they can benefit directly or indirectly from contracts financed by the ASIF; (c) generate employment through financing of labor intensive public works; and (d) build greater capacity for policy makers to monitor and analyze trends in the level and structure of poverty in Armenia	Chase, 2002	July 1, 1998 to June 30, 1999 (HHs to report changes in previous 5 years)	Propensity score matching, pipeline matching
	<b>SUMMARY</b>	<b>Average duration of projects = 11.8 years</b>			<b>Average number of years covered in IEs = 3.1 years</b>	

Notes: \*Total Program Period is the entire period of the program including several phases of the same program. \*\*PDO is the PDO listed in the project appraisal document covering the period for which the impact evaluation is relevant. For projects with various phases, the PDO may change as the project progresses.

## **ANNEX B. Individual CDD Project Descriptions**

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### **AFGHANISTAN: NATIONAL SOLIDARITY PROGRAM II**

**Total Project Period:** 2002–15 (**Project phase covered by IE:** 2006–11)

**Total amount for this phase:** \$120 million (IDA \$120 million) with an additional funding of \$75 million.

#### **Background**

More than two decades of conflict had resulted in extensive destruction of infrastructure and massive population displacements. A severe drought lasting from 1999 to 2002 further increased rural poverty, depleted available assets, and led to further displacements. The country has not fully emerged from its state of conflict and the Taliban and other insurgent/anti-government elements continue to be a threat. Opium production and poppy cultivation continue to flourish in certain parts of the country despite government attempts at eradication and alternative livelihood campaigns. Afghanistan is ranked the second poorest country in the world, with 70 percent of the population living below the poverty line of \$2/day. The vast majority of the population—about 80 percent—live in rural areas, where the poverty rate is even higher, literacy rates are lower, and services are more scarce. Compounding the problem is that institutions of the government are weak and service delivery below the provincial level is limited. The government introduced the National Solidarity Program in 2003 as a follow-up to the community-driven development (CDD) component of the Emergency Community Empowerment & Public Works Project begun in June 2002.

**Project Development Objectives were:** (a) to lay the foundations for a strengthening of community-level governance, and (b) to support community-managed subprojects comprising reconstruction and development that improve access of rural communities to social and productive infrastructure and services.

**Project Components were:** (a) block grants for communities (\$ 94.3 million) to carry out subprojects involving reconstruction and development activities through a facilitated participatory planning process; (b) community facilitation and subproject preparation (\$9.7 million) to support local communities through facilitation exercises and technical assistance to establish inclusive community institutions, identify local development needs and priorities, and prepare subproject proposals; (c) CDC capacity development (\$14.4 million); (d) implementation and management support (\$1.5 million).

#### **Block Grant Size**

Block grants were allocated to communities at a rate of \$200 per family with an upper limit of \$60,000 (corresponding to the construction cost of a quality primary school) per community. With an average village comprising around 150 families (equivalent to 900 persons), the average block grant was approximately \$26,000. In phase II, there was an increase in the average amount of block grant per community to \$33,500, due to the return of internally displaced persons and refugees since 2003.

#### **Types of Subprojects**

Communities can utilize their block grant to finance projects prioritized in their community development plan. In NSP I and II, communities were given a choice of financing infrastructure or human capital development (HCD) projects. Communities primarily prioritized infrastructure projects (80 percent), which included water supply and sanitation (24 percent), rural roads (24 percent), irrigation (17 percent), village electrification (14 percent), and human capital development (12 percent).

## **INDIA: ANDHRA PRADESH DISTRICT POVERTY INITIATIVE PROGRAM**

**Total Project Period:** 2000–16<sup>11</sup> (**Project phase covered by IE:** 2000–06)

**Total amount for this phase:** \$118.2 million (IDA \$111 million)

### **Background**

In Andhra Pradesh (AP), despite concerted efforts to reform public sector anti-poverty programs nationwide, there was a progressive crowding out of development expenditures by costly and poorly targeted subsidies, a rapidly expanding civil service, and increasing interest payments. Of particular concern were the poor and vulnerable households in regions dependent on risk-prone rainfed agriculture, as well as those who lacked productive assets and skills or those who suffered from ill health, disability, or illiteracy. To meet the needs of these poor and vulnerable, the government of AP recognized the need for new policies, institutions, and processes, linked to direct assistance, designed to empower poor rural communities in the targeting and use of resources. The Andhra Pradesh District Poverty Initiatives Project (APDPIP) was launched, building on the United Nations Development Program (UNDP)-supported South Asia Poverty Alleviation Project (SAPAP) and the AP government's investments in institution-building through women's self-help groups (SHGs).

**Project Development Objective.** The project objective was to improve opportunities for the rural poor to meet priority social and economic needs in the six poorest districts of Andhra Pradesh, namely Chittoor, Srikakulam, Adilabad, Vizianagaram, Mahabubnagar, and Anantapur.

**Project Components were:** (a) institutional and human capacity building (\$20.34 million), which sought to develop self-reliant and self-managed community-based organizations; (b) a community investment fund (CIF) (\$76.39 million) that would finance demand-driven subprojects to be proposed by CIGs/SHGs, either on their own or jointly with communities during implementation; (c) educational support for girl child laborers and school drop-outs (\$30.42 million), which was intended to address the twin problems of child labor and the high rate of school drop-outs and finance a package of inter-related activities involving both non-formal and formal education; and (d) project management, monitoring and evaluation, and studies (\$7.65 million).

**Block Grant Size.** The project was successful in facilitating implementation of 36,477 income generating subprojects/ village organization level micro plans involving utilization of about \$75 million (Rs. 3,288 million) of community investment funds during the project period. The project investment was approximately \$86 per household (or \$17 per capita).

**Types of Subprojects.** The establishment of the CIF and the financing of subprojects/micro plans of the poor have contributed to the diversification of the income generating activities pursued by the members. A large proportion of the members preferred to invest in household dairy (30%), agriculture (29%), non-farm trade (20%), and sheep rearing (10%), accounting for the bulk of investments.

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<sup>11</sup> APDPIP was followed by the Andhra Pradesh Rural Poverty Reduction Project (2003–11). The district-level project concluded in September 2011; a national-level follow-up CDD program—"National Rural Livelihood Mission"—will be operating from 2011 to 2016.

## **NEPAL: POVERTY ALLEVIATION FUND PROJECT II**

**Total Project Period:** 2004–14 (**Project phase covered by IE:** 2008–14)

**Total amount for this phase:** \$109 million (IDA \$100 million) with additional funding of \$34.48 (IDA \$28.48 million)

### **Background**

When the original project began, Nepal was facing serious political turmoil and uncertainty, the result of escalating violence associated with longstanding domestic conflict between the government of the time and a Maoist insurgency. Although the country had seen improvements in the economy, its geographic, political, and social conditions brought considerable challenges. The government of Nepal (GON) at that time had begun pushing for more sustained and equitable economic and social development, based on the Tenth Five-Year Plan 2002–07. In 2004, the GoN identified the Poverty Alleviation Fund Project (PAF) as a promising community-driven development instrument for moving toward the government's objective of social inclusion, by effectively getting resources to the poorest and most excluded groups in rural Nepal.

**The Project Development Objective** was to improve living conditions, livelihoods, and empowerment among the rural poor, with particular attention to groups that have traditionally been excluded because of gender, ethnicity, caste, or location.

**Project Components were:** (a) small-scale village and community infrastructure; (b) income generating subprojects; (c) innovation and special programs; (d) capacity building; and (e) administration of PAF II. The capacity building component was divided into five subprojects; (1) social mobilization of community groups; (2) capacity building for local bodies; (3) capacity building for target groups engaged in income-generating activities; (4) support to rural and community finance; and (5) information, monitoring, and evaluation.

### **Block grant size**

With an average of 3,000 people per village development committee (VDC), and 25 VDCs per district, subprojects would target approximately 450,000 individuals or 90,000 households. The average value of the subprojects would range from \$8,000 to a maximum of \$50,000.

### **Types of Subprojects**

At the community level, PAF supports two types of subprojects: (1) small-scale village infrastructure and services (micro-irrigation, link roads, culverts/bridges, micro-hydro, water supply, sanitation, schools, and health posts); and (2) income generation (agriculture, livestock, cottage industries, trade, and services).

## **INDONESIA: KECAMATAN DEVELOPMENT PROGRAM II**

**Total Project Period:** 1998–2014<sup>12</sup> (**Project phase covered by IE:** 2003–07)

**Total amount for this phase:** \$421.5 million (IDA \$111.3 million)

### **Background**

The Kecamatan Development Project (KDP) began at a time of significant upheaval in Indonesia's history, when the 1998 economic crisis and political transition left formal government institutions unable to operate. The political and economic crisis highlighted several key features about development that had been masked by the New Order growth years. These included (a) despite high rates of poverty reduction, vulnerability remained high and many poor were not sharing adequately in economic growth; (b) delivery of development services to villages was expensive, of poor quality, and excessively centralized; and (c) gaps between local governments and villagers were large. To help address some of these challenges, KDP facilitated community-led approaches to service delivery and decisions about the use of local resources.

**Project Development Objectives were to:** (a) support participatory planning and development management in villages; (b) support a broad construction program of social and economic infrastructure in poor villages; and (c) strengthen local formal and informal institutions by making them more inclusive, accountable, and effective at meeting villagers' self-identified development needs.

**Project Components were:** (a) Kecamatan grants program (\$310.60 million); (b) community capacity development (\$65.5 million); (c) implementation support (\$40.4 million); and (c) monitoring and evaluation studies (\$2.9 million).

### **Block Grant Size**

Subdistricts received an annual allocation ranging from \$75,000 to \$150,000 based on population and on or off Java.

### **Types of Subprojects**

For Phase II, on average more than 70 percent of funded subprojects supported village infrastructure and slightly less than 30 percent went toward revolving funds and social services.

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<sup>12</sup> In 2007, the government of Indonesia scaled up the program and renamed KDP as the National Program for Community Empowerment in Rural Areas (PNPM-Rural).

## **INDONESIA: KECAMATAN DEVELOPMENT PROGRAM BADAN REINTEGRASI ACEH (KDP-BRA)**

**Total Project Period:** 2006–07 (**Project phase covered by IE:** 2006–07)

**Total amount for this phase:** \$21.7 million

### **Background**

On August 15, 2005, the government of Indonesia (GoI) and the Free Aceh Movement (GAM) signed the Helsinki Memorandum of Understanding (MoU) putting an end to a separatist conflict that lasted nearly 30 years and resulted in almost 30,000 deaths. Civilians frequently suffered the brunt of hostilities. The tsunami and the long-standing conflict had devastated the province, its economy, and state-civic relations. BRA-KDP was designed to assist conflict victims across Aceh as part of the reintegration program emerging from the Helsinki peace deal. Funds were channeled through the government's Kecamatan Development Program (KDP), which has been operating in Aceh province, and elsewhere in Indonesia since 1998.

**The Project Development Objective** was to assist conflict-affected communities in improving their living conditions through the provision of small projects that accord with their needs.

**Project Components were:** village block grants, facilitation assistance, and management/M&E costs.

### **Block Grant Size**

All villages within the selected subdistricts received block grants varying from Rp. 60 million (approximately \$6,000) and Rp. 170 million (approximately \$ 17,000), with the amount dependent on the intensity of past conflict in the subdistrict and the population of the village

### **Types of Subprojects**

As with KDP, communities could choose from an open menu (with a negative list). Most beneficiary communities preferred to use program assistance for economic activities rather than common goods and infrastructure. Eighty-nine percent of block grants were spent on livelihood projects, with cattle-breeding and agriculture inputs the dominant activities. Ten percent of funds were invested in infrastructure.

## **INDONESIA: PNPM – RURAL GENERASI SEHAT DAN CERDAS**

**Total Project Period:** 2007–14 (**Project phase covered by IE:** 2007–10)

**Total amount for this phase:** \$98 million

### **Background**

Indonesia has made remarkable strides in key human development indicators over the past few decades. Primary school enrollment is close to universal for both boys and girls, and the child mortality rate has declined rapidly. Nevertheless, infant mortality, child malnutrition, maternal mortality, junior secondary school enrollment, and educational learning quality have all remained problematic in Indonesia compared to other countries in the region. Furthermore, achievements in these indicators reveal large geographical disparities, with poorer outcomes in rural and remote provinces and districts. Improving access to basic quality health and education services is a key component of an overall poverty reduction strategy for Indonesia. This pilot project built on the KDP/National Community Empowerment Program CDD platform.

**The Project Development Objective** was to obtain 12 education and health targets related to improved school enrollment and attendance and child and maternal health through a community CCT approach.

**Project Components were:** (a) performance-based community block grants to support communities to reach 12 education and health indicators; (b) facilitation and training; and (c) implementation support and technical assistance.

### **Block Grant Size**

Village block grants ranged from an average of \$8,500 in 2007 up to an average of \$18,200 in 2009.

### **Types of Subprojects**

Block grants were used for education (56 percent) such as school supplies and uniforms, transport, classroom renovations; and health activities (44 percent) such as nutritional feeding programs, transport, medical equipment, and supplies.

## **INDONESIA: URBAN POVERTY PROJECT II**

**Total Project Period:** 1999–2011 (**Project phase covered by IE:** 2002–10)

**Total amount for this phase:** \$126.9 million (IDA \$70.5 million, IBRD \$29.5 million)

### **Background**

The concept of UPP was developed following the 1997 financial crisis, when the problem of urban poverty in Indonesia was seen primarily as lack of income and employment. Mid-1998 urban poverty estimates started at 20 percent. Out of a 91 million labor force, open urban unemployment was estimated at 15 million (16 percent). There was an urgent need to get financial resources to the poor rapidly.

**Project Development Objectives were:** (a) to establish or support representative and accountable community organizations that are able to provide services to the urban poor and increase the voice of the poor in public decision making; (b) to make local government more responsive to the needs of the poor through increased cooperation with community organizations; and (c) to improve services for the urban poor (financial services, social services, and infrastructure).

**Project Components were:** (a) community development and local government capacity building (\$17.10 million); (b) kelurahan (urban village) grants (\$58.80 million), which were to provide villages with annual funds ranging from Rps. 150 million to 450 million per kelurahan, depending on population; (c) poverty alleviation partnership grant (\$35.20 million), which allows local governments to access matching grants for city level poverty reduction activities that are too big to be financed by the kelurahan grants, and; (d) implementation support (\$9.70 million).

### **Block Grant Size**

In the kelurahan grants component, each participating kelurahan will have access to a one-time allocation of grant funds according to the size of the population, from Rp. 150 million (\$15,000) for kelurahans with less than 3,000 people to Rp 450 million (\$45,000) to kelurahans with greater than 10,000 people. To benefit the poor more, these allocations may be adjusted depending on an estimated number of poor households in the kelurahan. The ceiling for any single subproject or microcredit per group (KSM) is Rp. 30 million (\$3,000 equivalent).

### **Types of Subprojects**

In Phase I and II, most communities had chosen a package of services that included small infrastructure improvements (roads, drains, water, sanitation, etc.) and revolving funds for providing micro-credit services to community members. The revolving fund had about 550,000 loans out, of which 60 percent were for small trade, 15 percent for services, and about 10 percent for manufacturing.

## **PHILIPPINES: KAPIT-BISIG LABAN SA KAHIRAPAN – COMPREHENSIVE AND INTEGRATED DELIVERY OF SOCIAL SERVICES PROGRAM**

**Total Project Period:** 2002–14

**Total amount for the IE phase:** \$182 million (IBRD \$100 million)

### **Background**

Widespread poverty continues to be a challenge in the Philippines. The 1997 East Asian financial crisis and the subsequent El Niño phenomenon further exacerbated the economic situation by causing a reduction in the average living standards of Filipinos and an increase in the country's poverty incidence. The aggregate number of households below the poverty line in 2000 reached a high of 5.2 million and absolute poverty was over 40 percent in 8 of the 16 regions in the country. KALAHİ-CIDSS was set up to fight against poverty by adopting people-centered approaches to problem solving.

**The Project Development Objective** was to assist the borrower in strengthening local communities' participation in *barangay* governance, and developing their capacity to design, implement, and manage development activities that reduce poverty.

**Project Components were:** (a) village (community) grants (\$132.20 million) for community development subprojects, including investment in economic and social infrastructure, environmental conservation measures, and capacity building; (b) implementation support (\$46.20 million), which mobilizes local communities to participate and strengthens the capacity of local communities and government; and (c) monitoring and evaluation (\$2.60 million). (Amounts are for original loan)

### **Block Grant Size**

Under the original loan, block grant sizes ranged from \$69,000 (PhP 3.5 million) to a high of \$225,000 (PhP 13 million) per year depending on the number of villages in each municipality. Under the additional financing arrangement in 2010, the amounts increased to approximately \$9,767 multiplied by the number of villages in each municipality.

### **Types of Subprojects**

Approximately 50 percent of the subprojects were basic social services facilities (e.g., water systems, school buildings, health station and day care centers), with 28 percent for basic transport infrastructure, such as access roads and small bridges. The rest of the subprojects were community enterprise facilities such as pre-post agricultural production facilities (12 percent) and environmental and disaster control infrastructure (10 percent).

## **SENEGAL: PROGRAMME NATIONAL D'INFRASTRUCTURES RURALES (PNIR)**

**Total Project Period:** 2000–12 (**Project phase covered by IE:** 2000–05)

**Total amount for this phase:** \$42.9 million (IDA \$28.5 million)

### **Background**

The 1994 poverty assessment study highlighted the severity of poverty in Senegal, with more than one-third of the total population living under the poverty line. Moreover, poverty remained an essentially rural phenomenon, with 80 percent of the poor households living in rural areas. High underemployment was prevalent in rural areas, fueling the rural out-migration of the younger generations. The 1996 government reforms, with their primary focus on poverty reduction, strengthened decentralization as a means to promote socioeconomic development in Senegal and, to that end, transferred a number of sectoral competencies and resources to local governments. Under the leadership of the National Council for the Development of Local Communities, different approaches in rural development were to be unified to develop the National Decentralized Rural Development Program.

**The Project Development Objectives were to:** (a) improve decentralized local governance and local capacity; (b) establish participatory and decentralized mechanisms for selecting, funding, and implementing rural community investment programs; (c) strengthen the national institutions supporting decentralization; and (d) implement basic infrastructure in a selected number of communities.

**Project Components were:** (1) support for decentralized rural development (\$10.7 million) to support and strengthen the institutional, financial, and human resource capacity of rural local governments; (b) local investment fund (LIF) (\$13.3 million), which was the mechanism for transferring financial resources to local governments to fund priority infrastructure spillovers (health and maternity posts, schools, water supply and sanitation, culverts, etc) identified in their local development plans and annual investment programs.; (c) community roads program (\$11.6 million); and (d) project coordination, monitoring, and evaluation (\$6.0 million).

### **Block Grant Size**

It was initially estimated that through the LIF, rural communities would receive on average \$70,000 (about \$4 to \$5 per inhabitant) annually. These additional resources were expected to provide funding for two or three spillovers, each averaging between \$15,000 and \$20,000. Beneficiaries (local/rural communities) would be required to contribute at least 20 percent of the total cost in materials, labor, and cash.

### **Types of Subprojects**

There were two types of financing windows in the LIF component: the rural investment fund (RIF) represents 80 percent and would finance basic public infrastructure; and the innovation support fund (ISF) that would be an action-research tool for a slightly larger menu of investment options, including productive infrastructure. By the end of the project, 850 micro-projects had been implemented, of which 677 were for the RIF and 183 were under the ISF. This included 298 water supply projects, 141 schools, 140 health centers and health posts, 114 livestock projects, 60 projects for the promotion of women's activities, 34 for agriculture, 21 for youth and sports, 24 for commerce, and 18 miscellaneous projects.

## **SIERRA LEONE: GOBIFO**

**Total Project Period: 2005–10 (Project phase covered by IE: 2005–09)**

**Total amount for this phase:** \$2.5 million financed by Japan Social Development Fund and Italian government.

### **Background**

Though its civil war ended in January 2002, Sierra Leone was still in the process of restoring public services and rebuilding communities. The conflict destroyed infrastructure, businesses, and local governance capacity across the country, and by the end of the war, the average citizen survived on the equivalent of 38 cents a day, and 2 million people, nearly one-third of the population, had been displaced. Five years after the end of the conflict, Sierra Leone was consolidating its return to democratic rule by implementing a decentralization plan to empower locally elected district and town councils. The GoBifo project was part of the government of Sierra Leone's broader reform agenda to strengthen participatory democracy and decentralize public services.

**The Project Development Objectives were:** (a) to strengthen social capital by enhancing the capacity of villages and local governments to design and implement strategic development plans at village and ward levels; and (b) to enhance accountability of decision makers through mechanisms that foster open and transparent governance.

**Project Components were:** (a) capacity development for village and ward planning; (b) capacity development to manage block grants and community-driven initiatives; and (c) capacity development for monitoring and evaluation.

### **Block Grant Size**

About a half of the total project budget was dedicated to village- and ward-level block grants (\$896,000 or 47 percent). The project disbursed grants worth on average \$4,667 to communities with 50 households, or 300 residents (roughly \$100 per household, or \$16 per capita over three and a half years).

### **Types of Subprojects**

Approximately 300 projects were implemented in the four districts. Typical projects selected included: (a) local public goods construction, like schools, road rehabilitation, latrines, community stores, and community centers; (b) agricultural production and livestock management, for example communal farms, grain drying floors, and goat herding; (c) skills training and income generating activities, like soap making and carpentry; and (d) social projects, for example youth football clubs and equipment.

## **ZAMBIA: SOCIAL RECOVERY PROJECT II**

**Total Project Period:** 1991–2005 (**Project phase covered by IE:** 1995–2000)

**Total amount for this phase:** \$47.7 million (IDA \$30 million)

### **Background**

In 1991, the country was suffering from a stagnant economy, poor health and education indicators, a devastating HIV/AIDS epidemic, and high poverty rates. The standard of living of most Zambians had deteriorated sharply since its peak in the early 1970s. A new government was elected in 1991 and committed itself to an ambitious economic reform program, which along with macroeconomic reforms also recognized that it must relieve the social problems that accompanied the economic decline and lessen the impact on the most vulnerable segments of the population. The government of Zambia (GoZ) also adopted a decentralization policy. This institutional change would facilitate participatory bottom-up planning and provision of a structure at local levels through which communities could formulate proposals for submission to different and appropriate funding sources. In 1991, the Social Recovery Fund was launched supported by the GoZ and the World Bank.

**The Project Development Objective** was to assist the government's poverty reduction program through financing of community initiatives and building capacity for both quantitative and qualitative poverty analysis and monitoring.

**Project Components were:** (a) community initiatives (75 percent of total project costs), which would finance spillovers prepared and implemented by communities with appraisal and supervision from the microprojects unit (MPU). A sub-component would finance capacity building in spillovers implementation and decentralized government agencies; (2) Poverty Monitoring (5.7% of total project cost), which would finance capacity building and data collection through a Living Conditions Monitoring Survey (LCMS) and a systematic participatory monitoring and assessment system; (3) Poverty Analysis (2.3% of total project cost), which would finance policy relevant research on poverty and social issues in a demand-driven framework.

### **Block Grant Size**

The average cost per micro-project was estimated around US\$ 75,000.

### **Types of Subprojects**

The project financed small, simple and locally generated community initiatives in education, health, nutrition and economic infrastructure. Among the microprojects financed by the project, about 80% were related to education and about 12% were related to health.

## BOLIVIA: SOCIAL INVESTMENT FUND II

**Total Project Period:** 1987–2004<sup>13</sup> (**Project phase covered by IE:** 1993–98)

**Total amount for this phase:** \$70 million (IDA \$40 million)

### Background

In the light of severe poverty and weak institutional capacity, the government of Bolivia took emergency measures to cushion the impact of its stabilization policies in the mid-1980s—and subsequently to address longer term poverty alleviation—through a policy and institutional initiative such as the Emergency Social Fund (ESF). ESF financed small-scale subprojects in productive and social infrastructure, and of non-investment interventions in education, health, and nutrition. Drawing on the ESF experiences, the Social Investment Fund was created to attract and efficiently channel external funding to address country's basic needs in health, water supply, sanitation and education.

**The Project Development Objective** was to continue assisting the government to improve coverage and quality of health, water supply, sanitation, and education services targeting primarily the rural poor, including indigenous peoples, disadvantaged women, and children.

**Project Components were:** (a) subprojects (\$53.9 million) in the health, water supply, sanitation, and education sectors, including subprojects for institutional support to agencies requesting subprojects; (b) an institutional development component, which included administrative support to SIF (salaries, training, and travel expenses for SIF's staff for \$13.3 million); (c) vehicles, office equipment, computers, and miscellaneous expenses (\$1.8 million); and (d) technical assistance, including studies (\$1.0 million).

### Block grant size

The subproject cost ceiling was \$250,000 and the average project cost was estimated at \$85,000.

### Types of Subprojects

The focus of the subprojects was on the health, water supply, sanitation, and education sectors. Among the total 2,238 projects, water was 639 (28.6 percent), schools with multi-grade classrooms 563 (25.2 percent), other schools 478 (21.4 percent), health 473 (21.1 percent), and sanitation 85 (3.8 percent). Education subprojects involved either repairing existing schools or constructing new schools, usually accompanied by the provision of new desks, blackboards, and playgrounds. Health subprojects consisted of repairing existing health centers and constructing new facilities. SIF water supply investments consisted of providing financing for small-scale potable water systems.

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<sup>13</sup> According to ICR, the changes made to the system are being supported by IDA and other donors through the "Decentralization Programmatic Structural Adjustment Credit," which continued until 2004.

## **HONDURAS: SOCIAL INVESTMENT FUND III**

**Total Project Period:** 1990–2012<sup>14</sup> (**Project phase covered by IE:** 1995–99)

**Total amount for this phase:** \$117.9 million (IDA \$27.4 million)

### **Background**

Until 1990, Honduras's development strategy was based on import substitution, protected by high tariff barriers and extensive government intervention, which resulted in a large and inefficient public sector and serious structural imbalances in the economy. In 1990, the government implemented a stabilization and adjustment program, complemented by a series of sectoral reform programs. In 1993, per capita GNP remained low at an estimated \$580. One-third of the population of 5.5 million lived in extreme poverty, with 80 percent of the poor living in rural areas. The Honduran Social Investment Fund (FHIS) was established to respond to the potentially serious impact of the adjustment program on the country's poor. It was hoped that FHIS would generate emergency employment, and would protect and improve the standard of living among the poor.

**The Project Development Objectives were:** (a) to continue to assist the government in strengthening its poverty alleviation efforts and in maintaining social cohesion, while the government attempted to regain fiscal balance and the line ministries strengthened their institutional capacity; and (b) to support the government's decentralization strategy, development of the local contracting industry, the sustainability of subprojects, and the targeting of scarce resources to the poorer communities.

**Project Components were:** (a) investment in small-scale social and economic infrastructure subprojects; (b) a priority "basic needs" program to support programs for vulnerable and disadvantaged groups; (c) a comprehensive program of technical assistance to help FHIS overcome some institutional weaknesses; (d) a social data mapping system and strengthening of the design and implementation of the national household survey as the major tools to target the poor and to monitor progress of social development programs; and (e) a small program of technical assistance to municipalities in assessing environmental issues and in preparing programs for corrective action.

### **Block Grant Size**

Over the period 1995–98, FHIS invested \$96.3 million in 4,120 small-scale infrastructure projects in education, health, water and sanitation, and municipal improvement. The per project average cost was approximately \$23,374.

### **Types of Subprojects**

As indicated above, the FHIS invested in small-scale infrastructure, furniture, and equipment; training for education; the health and water and sanitation sector; orphanages, child care, and elderly care centers; and environmental improvement projects.

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<sup>14</sup> The Honduras Social Investment Fund (FHIS) began implementing the Barrio Ciudad Project from 2006–12, focusing on urban poor areas and municipalities. The project is also supported by the WB.

## NICARAGUA: SOCIAL INVESTMENT FUND PROJECT II

**Total Project Period:** 1992–2006<sup>15</sup> (**Project phase covered by IE:** 1996–98)

**Total amount for this phase:** \$172 million (IDA \$26.5 million)

### Background

The government of Nicaragua established FISE in 1990 as a temporary social safety net program to help protect and improve the standard of living of marginal groups during the period of economic adjustment, through the provision of employment and social and economic infrastructure and services. It was estimated then that one-half of the country's population fell below the poverty line, and one-fifth below the extreme poverty line. The government continued to rely on FISE for the delivery of education, health, and water supply and sanitation infrastructure to the poorest regions of the country, in line with its social sector policy, which aimed to expand access to social services, improve efficiency and accountability in the delivery of social services, and focus on the most vulnerable groups suffering from malnutrition and poverty.

**The Project Development Objectives** were to help the government sustain its poverty alleviation efforts and maintain social cohesion during the economic adjustment period. Additionally, the project would help support the government's decentralization strategy, strengthen the local contracting industry, broaden the menu of projects financed by FISE, support the targeting of resources to more depressed areas, and help meet the special needs of the indigenous population. The IDA credit was also intended as a channel to mobilize further international support.

**Project Components were:** (a) investments subprojects (\$100 million, of which \$10.4 million would be for FISE's operating costs); (b) institutional strengthening (\$1.0 million); (c) a living standards measurement survey (\$0.5 million); and (d) a maintenance fund (\$0.9 million).

### Block grant size and frequency

Subproject disbursements were \$85.7 million. Between 1991 and 1998, the total amount spent for subprojects was \$174.96 million for 5,781 contracted subprojects. The average cost of subprojects varied depending on sectors: social infrastructure (\$49,269), economic infrastructure (\$93,195), environment (\$88,721), and social assistance (\$8,479).

### Types of Subprojects

From January 1995 through June 1998, FISE's actual investments based on contracted subprojects were: social infrastructure (66.9 percent), primarily consisting of education (73 percent) and health (13 percent); plus economic infrastructure (17.4 percent), social services (14.8 percent), and environment (0.9 percent).

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<sup>15</sup> FISE III has been followed up by the IDA-financed Poverty Reduction and Local Development Project (2002–06).

## **PERU: SOCIAL FUND (FONCODES)**

**Total Project Period: 1993–2000 (Project phase covered by IE: 1993–97)**

**Total amount for this phase:** \$430 million (IDA \$150 million)

### **Background**

A comparison of social indicators among countries in the region showed that Peru ranks near the lowest in most poverty-related areas such as health, and falls below countries with similar per capita GDPs. In 1991, Peru had a GNP per capita of \$1,070 equivalent, and an infant mortality of 53 per 1,000 births, higher than other middle-income countries in Latin America. The government of Peru (GoP) created FONCODES in 1991 to mitigate the effects of the previous economic crisis and the social cost of economic adjustment through the financing of small-scale, short-term investment projects of immediate impact on the poor and most vulnerable.

**The Project Development Objectives** were to assist the borrower in (a) sustaining its poverty alleviation efforts; (b) mitigating the social costs of its macroeconomic adjustment; and (c) strengthening the institutional capabilities of FONCODES. In conjunction with these objectives, the project sought to (i) generate employment and improve access to social services; (ii) promote strong and self-reliant community organizations; (iii) complement other nationwide projects in education and health; and (iv) maximize support from other potential donors.

**Project Components** were: (a) community-based subprojects (representing 95.5 percent of project costs), which supported the financing and supervision of a range of community-based, labor-intensive subprojects, with a strong focus on education, health, sanitation, and nutrition along with other activities to assist poor rural and peri-urban populations; and (b) institutional strengthening to improve the institutional capabilities of FONCODES (4.5 percent of project costs). This was to support the rehabilitation and refurbishing of FONCODES's facilities, training of staff in project management, organizational analysis for addressing poverty issues, and technical assistance related to the implementation and supervision of the project, including ex-post evaluations of completed subprojects and support for the preparation and implementation of subprojects.

### **Block Grant Size**

Over the course of the project, a total of 12,630 subprojects for \$520 million were approved. The ceiling for direct contracting with communities of \$60,000 was raised midway through the project. The average cost of subprojects financed by the Bank loan was about \$27,000.

### **Types of Subprojects**

About 75 percent of projects financed from 1991 to 1995 were social infrastructure, the vast majority of which were primary schools, water, and sanitation; 7 percent were social assistance; 15 percent were economic infrastructure, including small rural roads, bridges, electricity, and irrigation systems; and 3 percent were productive projects. The loan financed the construction or rehabilitation of more than 2,000 primary schools, 1,300 water and sewerage systems, 340 rural roads, 300 irrigation systems, and a variety of other efforts.

## **ARMENIA: SOCIAL INVESTMENT FUND**

**Total Project Period: 1996–2012 (Project phase covered by IE: 1996–2000)**

**Total amount for this phase: \$20 million (IDA \$12 million)**

### **Background**

Facing immense development challenges stemming from the breakup of the Soviet system, the transition from a centrally planned to a market economy, a devastating earthquake in 1988, and war and civil disorder in bordering states, the government of Armenia (GoA) aimed at achieving macroeconomic stability, promoting sustainable growth, creating a strong private sector within the framework of a market-oriented economy, improving efficiency of the public sector, and protecting vulnerable groups among the population. In response to these challenges, GoA created the Armenian Social Investment Fund as an autonomous and demand-driven agency to finance small-scale projects for the rehabilitation of basic social and economic infrastructure.

**The Project Development Objective** was to support lower income groups among the Armenian population through improvement of basic social services and creation of employment opportunities. The primary objectives of the project were to (a) rehabilitate basic small-scale infrastructure that can result in immediate improvements in the living conditions of the poorest among the population; (b) strengthen the capacity of private small-scale contractors and other micro-businesses so that they can benefit directly or indirectly from contracts financed by the ASIF; (c) generate employment through financing of labor-intensive public works; and (d) build greater capacity for policy makers to monitor and analyze trends in the level and structure of poverty in Armenia.

**Project Components** were: (a) financing of ASIF micro-projects to support the rehabilitation of small-scale infrastructure, including rehabilitation of local clinics, primary schools, sanitation work and water supply, energy saving repairs, repair of feeder roads, as well as rehabilitation of degraded village and town environments through cleanup and tree planting; (b) institutional support for the ASIF; (c) capacity building of small contractors, implementing agencies, and communities; and (d) support for monitoring living conditions.

### **Block Grant Size**

Since the project began in January 1996, 259 micro-projects were completed (as of 2001). The approximate average cost of each micro-project was \$50,000. However, it was roughly \$30,000 during the initial project years, while during the last years it increased to \$75,000.

### **Types of Subprojects**

Of the total 259 micro-projects completed under ASIF, 35 percent were small-scale school rehabilitations, 32 percent were potable water projects, 11 percent were minor irrigation works, and 5 percent were health facilities. The remaining 17 percent of projects included community centers, pension homes, sewage and waste, roads, landscaping, and other.

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