



# ASIAN DEVELOPMENT BANK

## A REVIEW OF COMMUNITY-DRIVEN DEVELOPMENT AND ITS APPLICATION TO THE ASIAN DEVELOPMENT BANK

September 2006

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## ACRONYMS AND ABBREVIATIONS

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
AIDS	-	acquired immunodeficiency syndrome
APL	-	adaptable program loan
CBD	-	community based development
CBO	-	community based organization
CDD	-	community-driven development
CDRD	-	community-driven rural development
DFID	-	Department for International Development
DMC	-	developing member country
DPIP	-	District Poverty Initiatives Project
HIV	-	human immunodeficiency virus
IBRD	-	International Bank for Reconstruction and Development
IDA	-	International Development Association
IDB	-	Inter-American Development Bank
JFPR	-	Japan Fund for Poverty Reduction
KDP	-	Kecamatan Development Program
Lao PDR	-	Lao People's Democratic Republic
LIL	-	learning and innovation loan
LWU	-	Lao Women's Union
MKRD	-	Mekong Regional Department
NGO	-	nongovernment organization
OCR	-	ordinary capital resources
OED	-	Operations Evaluation Department
PRS	-	poverty reduction strategy
PRSP	-	poverty reduction strategy paper
MDB	-	multilateral development bank
M&E	-	monitoring and evaluation
O&M	-	operation and maintenance
RRP	-	report and recommendation of the President
RSDD	-	Regional and Sustainable Development Department
RSCG	-	Capacity Building and Governance Division, RSDD
RSGS	-	Gender, Social Development and Civil Society Division, RSDD
SIF	-	social investment fund
TA	-	technical assistance
UN	-	United Nations
UNDP	-	United Nations Development Programme
VAI	-	village area improvement (Lao PDR)
VDP	-	village development plan (Sri Lanka)
VUDAA	-	Vientiane Urban Development Administration Authority
VUIISP	-	Vientiane Urban Infrastructure and Services Project
WBI	-	World Bank Institute

### NOTE

In this report, "\$" refers to US dollars.

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## **EXECUTIVE SUMMARY**

Community-driven development (CDD) has emerged as one of the fastest-growing mechanisms for assistance among multilateral development banks (MDBs) and other aid agencies since the mid-1990s. More than 80 countries have now implemented CDD projects. At least a quarter of these are in the Asia and Pacific region. The use of CDD has been driven by a growing demand from both countries and aid agencies for large-scale, bottom-up, and demand-driven, poverty reduction projects that increase the capacity of communities for self-development and strengthen local institutions.

The success and scale of some CDD projects in the World Bank are especially notable. The World Bank supported approximately 190 lending projects amounting to \$9.3 billion in 2000–2005. Its largest CDD operation is the Kecamatan Development Program (KDP) in Indonesia, which has disbursed \$1.3 billion in three program cycles since 1998. While success stories are mounting, there are limitations, challenges, and risks that need to be considered carefully when developing and implementing CDD projects.

As the Asian Development Bank (ADB) embarks on its Medium-Term Strategy II (2006–2008), is CDD an option that can help ADB focus on its new strategic priorities? Would there be risks? These questions warranted a review of CDD. Further impetus was provided by the refined mandate of the Regional and Sustainable Development Department (RSDD) to promote quality, knowledge, and innovation for sustainable development.

The objectives of the review were to (i) provide a clear conceptual summary of CDD for ADB staff; (ii) describe briefly the performance of other MDBs with CDD, in particular the World Bank; (iii) undertake a review of ADB's lending portfolio of CDD projects over the past 5 years and discuss particular exemplary cases in detail; and (iv) recommend options for the use of CDD at ADB.

### **CDD – A Conceptual Introduction**

#### **Definition**

The World Bank's 2003 Poverty Reduction Strategy Paper Sourcebook defines CDD as an approach that gives control over planning decisions and investment resources for local development projects to community groups. The underlying assumption is that people (individuals or communities) are the best judges of how their lives and livelihoods can be improved and, if given adequate support, resources, and access to information, they can organize themselves to provide for their immediate needs.

This paper adopts the following five defining elements of CDD projects. First, they are community focused because the target beneficiary, grantee, or implementing agent is some form of a community-based organization (CBO) or representative local government. Second, they involve participatory planning and design. Third, the community controls the resources, which ensures that there should be at least some form of resource transfer to the community/CBO. Fourth, the community is involved in implementation through direct supply of inputs, labor, or funds, or indirectly through management and supervision of contractors or operation and maintenance (O&M) functions. Finally, CDD projects employ community-based participatory monitoring and evaluation to ensure downward accountability to the community.

CDD can be considered a subset of the much broader community-based development (CBD) approach, which encompasses a wide range of projects that actively include beneficiaries in their design, management, and implementation. The level of community participation in CBD projects can vary from simple information sharing, to social, economic, and political empowerment of community groups. On the spectrum of community participation covered by CBD, the subset of new-generation CDD projects

would be placed squarely at the empowerment end. Among the five defining elements above, the third (community control of resources) makes CDD distinct from other forms of CBD.

Operationally, there have been different interpretations of CDD and CBD in projects, in part arising from the gradual evolution of CDD out of CBD. Also the different nature of projects among the multilateral development banks affects both the scale of CDD interventions and how they can be identified, measured, and assessed.

### **Benefits of Using CDD**

When designed and implemented well, the CDD approach promotes equity and inclusiveness, efficiency, and good governance. Equity and inclusiveness are achieved through effective targeting, inclusion of vulnerable and excluded groups, putting resources in direct control of poor people, and allowing poverty reduction measures to go to scale. Efficiency is gained through demand responsive allocation of resources, reduced corruption and misuse of resources, lower costs and better cost recovery, better quality and maintenance, greater utilization of resources, and the community's willingness to pay for goods and services. Good governance is promoted by greater transparency and accountability in allocation and use of resources because the community participates in project decision-making processes. Some of the principles of CDD—such as participation, empowerment, accountability, and nondiscrimination—are also worthy ends in themselves.

### **When is CDD Applicable?**

A CDD approach may be warranted in situations of “local institutional failure.” These failures can be failures of omission, i.e., when local institutions are absent or nonexistent, as may be the case with local credit markets, management bodies for common property resources, or in post-conflict and post-disaster situations. They can also be failures of commission when local institutions do not function because they lack capacity or because of corruption, control of resources and decisions by powerful local elites (elite capture), or lack of accountability. In terms of sectors, CDD can be effective in projects involving locally managed resources and services, such as community infrastructure development, common property resource management, microenterprise development, and local governance or decentralization support.

### **Challenges and Risks**

There are, however, some valid criticisms and inherent limitations associated with CDD. Conceptually, CDD does not cater to problems that are beyond the capacity of local institutions or activities that require economies of scale. CDD by itself does not guarantee immunity from the risks of elite capture. Additional measures may be needed to ensure effective participation of the poor and those excluded within the community. Further, because CDD is demand driven, it tends to select communities that already have in-kind commitment and planning capacity. This can mean that, in the absence of careful selection criteria, the poorest communities with limited capacity are crowded out.

In practice, several CDD operations, especially the pioneering projects, have witnessed challenges in scaling-up, limits to targeting, added costs and limits to participation in practice, subproject cycles that are too short for sufficient empowerment, dependence on field staff requiring decentralized management, occasional cases of “supply-driven demand-driven” development (i.e., predetermined sector priorities of donor agencies restricting the intended demand-driven nature of a project at the community level), and institutional sustainability, especially in earlier CDD projects that created parallel institutional structures outside the government.

Institutionally, particularly in the World Bank, key criticisms of CDD have been that CDD projects require higher costs for subproject implementation; safeguard and fiduciary compliance is more

difficult to monitor than in non-CDD projects; prior economic analysis for the project is not possible; and subproject preparation is more complex although essential.

The key message is that CDD is an approach that is evolutionary and does not lend itself to a “one size fits all” scenario. Consequently, it has inherent design and implementation challenges but also potentially large development rewards if undertaken successfully.

## **Experience of Other MDBs in Implementing CDD**

### **CDD at the World Bank**

An analysis of data gathered from different World Bank sources indicates that there were 188 CDD projects in 2000–2005 (although CDD elements can be found in almost double this number of projects). These projects accounted for \$9.3 billion of overall lending. Further analysis of investments in the different CDD components reveals that more than 50% went to direct community control of resources.

In terms of sectoral distribution, almost half (47%) were in the “multisector” category (e.g., social investment funds, integrated poverty reduction programs), followed by agriculture, environment and natural resource management, water supply and sanitation, education, and health. The World Bank has applied CDD across all its six regions with more than half of the total amount in ADB’s developing member countries.

The growing CDD portfolio in the World Bank has been backed by Adaptable Program Loans and Learning and Innovation Loans, which are flexible lending instruments to allow a learning-by-doing approach. The World Bank Operations Evaluation Department estimates that 32% of the total CBD and CDD portfolio was financed through these instruments. Of the 188 projects in 2000–2005, 12 projects had CDD components worth \$100 million or more, and 43 projects had CDD components worth \$50 million or more. This clearly highlights the ability of CDD to take poverty reduction initiatives to scale.

The World Bank’s matrix structure of thematic sectors/networks and regions with a strong emphasis on cross-sector collaboration has been conducive to the implementation of CDD initiatives. Decentralization to client countries has also increased the World Bank’s ability to undertake CDD programs. In terms of human resources, apart from more than 140 social development staff spread across different regional departments, there is a CDD “anchor” that provides technical support and continuously updates the knowledge and learning tools related to CDD. The involvement of the World Bank Institute has also been an important enabling feature.

In terms of the policy environment, there is growing strategic thinking in the World Bank that supports greater use of the CDD approach. This is exemplified by its social development strategy, the recently developed local development framework, and the governance strategy. The World Bank’s policy on fiduciary management for CDD projects leaves decisions about the communities’ fiduciary requirements up to the project’s appraisal team. This provides flexibility to staff in developing simple and realistic requirements at the ground level.

### **CDD at the Inter-American Development Bank**

Available literature and the project database indicate that CBD and CDD have been carried out at the Inter-American Development Bank (IDB) through community-driven rural development projects and through social investment funds.

A recent review of community-driven rural development (CDRD) at the IDB found that its CDRD projects were actually more in the nature of CBD interventions. Almost 65% of the projects

covered in the review had no CDD components, and the remainder had CDD components that were weak or indirect.

The analysis of these projects suggests that empowerment-focused participation can result in projects that better respond to the needs of communities, and hence are more sustainable. Also, community participation in the IDB's CDRD projects has increased over time and has evolved from being largely in agricultural development programs that had heavy emphasis on crop intensification or diversification to being truly demand-driven single-sector and increasingly multisector initiatives with significant community participation. The CDRD projects tend to enjoy high satisfactory ratings when evaluated. The review concludes that CDRD is a potent, albeit difficult, instrument for achieving rural development goals.

### **Summarizing Lessons from Experience**

The experience of these MDBs provides some key lessons about both the potential benefits and the challenges of using CDD. CDD is not an appropriate mechanism for every situation. But it does have considerable potential to deliver large-scale poverty reduction programs in a variety of sectors and country conditions that yield visible impacts quickly. However, good design is key, understanding local conditions and linking with formal institutions are essential, scaling-up has to be planned properly, evaluating performance and ensuring social accountability are important, and a phased and pilot approach is recommended.

### **CDD Experience in ADB**

There is no database of CDD operations in ADB. A manual screening of all reports and recommendations of the President (RRPs) for loans approved in 2001–2005 showed a number of projects that had a community focus that were initially categorized as CBD projects. From these projects, those that had three or more defining CDD characteristics, and in which the principles of community control of design and resources were subjectively visible, were called “projects with most CDD features”. The term is shortened to “CDD projects” in the following assessment, but this distinction from the World Bank CDD projects should be noted.

### **Portfolio Analysis**

Of a total of 339 projects approved in 2001–2005, 28 projects (8% by number of projects) worth \$1.1 billion were labeled as CDD projects, although only four of them had all five defining features of CDD. Seventy-eight projects (23%) worth \$4.2 billion were categorized as CBD projects. The use of CDD features in project design was quite uneven in the period. The number of CBD projects was generally increasing, while the number of CDD projects has varied across years.

The 28 CDD projects were distributed in five sectors. As in the World Bank, nearly half (42%) went to the multisector, followed by agriculture and natural resources, water supply and sanitation and waste management, transport and communications, and finance. CDD projects were found in four of the ADB subregions but are concentrated in South Asia (including Pakistan) and Southeast Asia.

By type of loan, six ordinary capital resource (OCR) loans—two OCR only and four combined with Asian Development Fund (ADF) resources—shared 24% of the \$1.1 billion CDD portfolio. The remaining 76% came from ADF concessional loans. The average loan amount of CDD projects was \$40 million.

Twenty-five of the 28 CDD loan projects had a “poverty intervention” or “targeted intervention” category, pointing to the strong correlation between CDD and poverty targeting. The rest were geared



toward pro-poor sectoral or policy reforms. Four of the 28 projects (14%) were in urban areas, while the rest were in rural areas. The four urban projects involved upgrading community infrastructure. Most of the rural projects were for primary or basic infrastructure (four were in water supply and sanitation), but a few were for road or rural infrastructure.

Five projects were primarily focused on livelihood development/improvement. Two projects were on natural resource management, both in coastal resource management. There was only one project in an emergency situation—a post-conflict area in Sri Lanka. There was also one project on gender development and women empowerment in Nepal.

### **Case Studies**

Three projects were selected from the CDD portfolio for deeper analysis: *Vientiane Urban Infrastructure and Services Project*, Lao People's Democratic Republic (PDR) (Board approval 2001); *Poor Farmers' Income Improvement through Innovation Project*, Indonesia (Board approval 2002); and *Northeast Coastal Community Development Project*, Sri Lanka (Board approval 2003).

The first case study (Lao PDR) involves still limited community control of resources. However, by demonstrating the quick benefits of CDD, it shows how stakeholders' skepticism can be reduced. The project now proves that effective community participation increases the community's contribution, including better O&M. The project featured by the second case study (Indonesia) had difficulty engaging NGOs at first, but the investments in the project implementation arrangements are now slowly paying off. The third case study (Sri Lanka) presents a series of challenges in designing, obtaining support for, and implementing CDD. It also shows that CDD can work well after conflicts and disasters. All the case studies prove the need for strong leadership, technical capacity, and determination by the project officers.

### **Key Findings**

The review found that despite some staff perceptions to the contrary, ADB does have experience applying the CDD approach to lending operations, as indicated by the portfolio analysis. CDD has been applied to some large-scale projects, including those financed by OCR. In addition, the three case studies, albeit limited, show that while initial experience may be difficult, the reward is high in terms of acceptance and willingness by government counterparts and communities. One case study clearly showed a high level of community contribution and effective participation by community members.

ADB's experience in CDD points to the following as success factors. First, staff leadership is needed in order to challenge conventions and counter negative notions about community empowerment before the benefits of such a strategy can be realized. Second, projects that have been linked or designed to support decentralization are likely to be more successful than others. Third, support from managers and experts in ADB is critical in confronting the challenges presented by CDD projects. Finally, smooth contracting of nongovernment organizations (NGOs) is vital because most community-level projects are contracted to NGOs.

There have been, however, some missed opportunities. CDD features are but a minimal component of most of the projects identified. Most projects are not providing communities with control of resources, with the result that communities are not being fully empowered and the full benefits of CDD are not being gained. Further, in comparison with the World Bank and the IDB, the CDD approach at ADB has not been well utilized in emergency situations where local institutions to deliver public services are normally few or absent; nor has the social fund approach been trialed.

There is generally still limited staff and institutional capacity to undertake CDD in ADB, especially in comparison with the World Bank and IDB. Operations staff claim that because the already

limited expertise and resources earmarked for social development are prioritized for project preparation, the monitoring and evaluation of social dimensions during project implementation are normally minimal or absent. Limited attention devoted to the implementation phase of projects in general would also be a major hurdle for implementing CDD. Expertise needs to be resourced at the country level also because CDD requires extensive field-level monitoring. Clearly, effective implementation by ADB of a CDD approach in projects requires strong institutional commitment.

The World Bank experience points to the importance of multiphase and flexible lending instruments, such as its Adaptable Program Loans and Learning and Innovation Loans, to accommodate the evolutionary and process-oriented nature of CDD projects. In ADB, no such lending instruments were available in the portfolio review period (2001–2005). However, ADB's redefining business processes and developing new financing instruments responsive to the needs of the borrowers may contribute to an institutional environment conducive to CDD operation.

Finally, as the work on CDD is still rudimentary in ADB, the knowledge base and technical support system on CDD need to be strengthened in RSDD, operational departments, and resident missions.

## **Conclusions and Recommendations**

The basic conclusion from the review is that CDD offers ADB a potentially effective approach toward poverty reduction, inclusive social development, and good governance at the local level. In the context of the directions provided in the Medium-Term Strategy II, CDD could be particularly relevant to (i) scaling-up investments in rural development (e.g., irrigation, rural infrastructure, and rural finance); (ii) extending urban infrastructure investments to poor urban communities; (iii) improving education and health outcomes and supporting gender equality; and (iv) improving local governance capacity through decentralization and civil society participation.

However, there is need to move ahead with care given the general caveats from the World Bank and other development partners and ADB's own institutional capacity constraints.

The short-term recommendation is that ADB undertake a pilot program on CDD as a special initiative, which would allow ADB to experiment with innovative new approaches and catalog and learn from the findings. The results would guide future application of the approach.

The medium-term recommendation is to improve the quality and increase the quantity of CDD operations through such measures as increased control of resources by communities, participatory planning, appropriate diagnostic work on local conditions, sequenced or phased scaling-up, use of other social accountability tools, and application in post-conflict and multisector integrated service delivery projects.

Alongside these initiatives, current institutional arrangements that present barriers to CDD implementation should be addressed. Needed are measures to build staff capacity to undertake CDD, create a CDD knowledge base, allow greater time for design and supervision, introduce flexible loan and design instruments, and foster a participatory development culture inside ADB.

Further research is recommended. A review of ADB's CDD experience with the JFPR grants and technical assistance projects (out of the present review's scope) and their complementary roles with loan projects should be most useful. As ADB's experience deepens further, more case studies should be documented and project impact evaluated. This is essential for strengthening ADB's own knowledge base for effective use by the operational departments.

# 1. INTRODUCTION

## 1.1 Why a Review of CDD?

1. Community-driven development (CDD) is defined by the World Bank as an approach that gives control over planning decisions and investment resources for local development projects to community groups. The underlying assumption is that people (individuals or communities) are the best judges of how their lives and livelihoods can be improved and, if given adequate support, resources, and access to information, they can organize themselves to provide for their immediate needs.

2. The latter half of the 1990s saw CDD emerge as one of the fastest-growing mechanisms for development assistance and investment lending in various development organizations, including the multilateral development banks (MDBs).<sup>1</sup> The CDD portfolio of the World Bank, which has been the leading financier of the approach, has grown from approximately \$1 billion to more than \$2 billion in annual investment, averaging about 10% of the World Bank portfolio overall. The number of World Bank projects with CDD funding increased from fiscal year (FY)2004 to FY2005 by 35%, or from 89 projects to 120 projects.<sup>2</sup> This number is expected to grow further,<sup>3</sup> as CDD approaches are mainstreamed into poverty reduction efforts in developing countries.

3. This rapid increase in the volume of lending for CDD suggests a growing demand from both clients and donors to take on large-scale, bottom-up, and participatory poverty reduction projects that increase the capacity of communities for self-development and strengthen local institutions. More than 80 countries have now implemented CDD projects globally. More than a half of the CDD portfolio in 2000–2005 is estimated to be in the Asia and Pacific region.<sup>4</sup> By emphasizing empowerment and putting resources in the direct control of community groups, the principle of CDD holds the promise of achieving inclusive and sustainable poverty reduction.

4. Despite this promise and rapid increase in support, the approach still has critics. A recent evaluation of community-based development (CBD) and CDD in the World Bank<sup>5</sup> was particularly critical about the shortcomings of these approaches. Some of the main criticisms were that CBD and CDD projects undertaken by the World Bank lack sustainability, are prone to elite capture, create parallel institutional structures, require special guidance on fiduciary and safeguard compliance, lack effective evaluation of poverty impact, and are costly to prepare. Importantly, despite these critiques, the Committee on Development Effectiveness, in its review of the evaluation, acknowledged the significant contribution of CDD operations to helping the poor and supported scaling-up of the World Bank's assistance in this area.

5. Given the rapidly increasing prominence of CDD in the development circle, it is timely to query ADB's approach to CDD. Is CDD gaining the same prominence in ADB's portfolio? Is there untapped potential to increase lending using CDD? Is the capacity for undertaking CDD projects in ADB

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<sup>1</sup> Elements of the CDD approach are very similar to the “sustainable livelihoods” approach used by the United Kingdom Department for International Development, and the human rights perspectives of several bilateral donors, such as the Swedish International Development Cooperation Agency, Danish International Development Agency, and the Swiss Agency for Development and Cooperation.

<sup>2</sup> Available: World Bank CDD website – “Celebrating 5 years of CDD at the World Bank” at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20543971~pagePK:64257043~piPK:437376~theSitePK:4607,00.html> accessed Jan 15<sup>th</sup> 2006.

<sup>3</sup> See Board response to World Bank OED (2005) evaluation report.

<sup>4</sup> Source: World Bank CDD Anchor database of CDD projects in fiscal years 2000–2005.

<sup>5</sup> See World Bank OED (2005). Much of the criticisms of the report were directed at projects in CBD, which as described herein, is different from the CDD approach.

sufficient? Or is CDD an area where ADB does not have comparative advantage and should therefore not expand its activities? This review seeks to answer these questions.

6. There are also strategic changes in ADB that make it appropriate for ADB to explore the relevance of CDD. First, the timing of this review coincides with the adoption of ADB's Medium-Term Strategy II (2006–2008). As the strategy<sup>6</sup> indicates, ensuring the inclusiveness of economic growth by supporting “government programs directed at the poor” and “provision of expertise and finance for those adversely affected or left behind in the growth process” is one of the key elements of future work of ADB in the medium term. The strategy also recognizes the constraints on Asian Development Fund (ADF) lending, and aims to be much more selective and efficient in the choice of its support areas. The role of CDD as a special initiative for this purpose, particularly in some of the priority sectors identified by the strategy,<sup>7</sup> is quite clear.

7. Similarly, the role of this approach in providing a generic tool to cater to the three pillars of ADB's poverty reduction strategy—pro-poor sustainable economic growth, social development, and good governance—is also evident. The recommendation for testing innovative new approaches to poverty reduction made in the enhanced poverty reduction strategy (PRS) of 2004,<sup>8</sup> suggests that the strategic space for expanding on a CDD approach already exists. But to embark on such piloting, an adequate understanding of the approach is essential, as is a quick stocktaking of good practices and lessons learnt elsewhere.

8. In 2004, ADB's Operations Evaluation Department (OED) evaluated the effectiveness of participatory approaches in its rural development projects and was critical of the low success rate of ADB's “standard packages” of participation in terms of enhancing project relevance and sustainability.<sup>9</sup> Subsequently, the Development Effectiveness Committee recommended that staff receive better guidance on good practices related to participatory approaches. A review of CDD experience in ADB and elsewhere would ensure that it is able to learn from good practices, remain at the cutting edge of design, and not repeat the mistakes of others.

9. Finally, impetus for a CDD review is also provided by the refined mandate of the Regional and Sustainable Development Department (RSDD), in which “sustainability and inclusiveness,” “business model modernization,” and “knowledge management” are three of four new focus areas for RSDD. The Department needs to develop an adequate body of knowledge and experience on this promising new approach to poverty reduction.

## 1.2 Objectives and Structure of the Report

10. The paper aims to meet the following four objectives:

- (i) Provide a clear conceptual summary of CDD (its defining features, rationale, limitations, etc.) to introduce the main facets of the approach.
- (ii) Describe briefly the performance of other MDBs, in particular the World Bank, with CDD.
- (iii) Undertake a review of ADB's CDD portfolio over the past 5 years (size, trends, and features) and discuss particular exemplary cases in detail.
- (iv) Provide recommendations for ADB in regard to CDD.

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<sup>6</sup> ADB (2006).

<sup>7</sup> As will be seen in more detail later, the majority of CDD initiatives tend to focus on rural and urban infrastructure, water, and social services like education – all identified as priority sectors by the Medium-Term Strategy II.

<sup>8</sup> ADB (2004). *Enhancing the Fight Against Poverty in Asia and the Pacific*. Manila.

<sup>9</sup> ADB OED (2004). The report concluded that direct control of resources by communities was critical to solving the “principal-agent” problems of rural service delivery. This direct transfer of resources is a key defining feature for CDD as discussed below.

11. Note that the review is not a conceptual study; while the essence of CDD—its rationale and limitations—is presented, this is done briefly without elaborating much on theoretical issues. Neither is the review an evaluation of the performance of particular CDD projects in ADB. Instead, only facts about CDD lending operations in ADB and elsewhere are presented together with descriptions of results and effectiveness from relevant literature. The review focuses on addressing institutional issues related to undertaking CDD work in ADB (be these in terms of the sectors/areas serviced, staff capacities, or administrative constraints) rather than on CDD design issues. Finally, the review is not meant to be an advocacy piece for CDD. The aim is to provide information that can feed into strategic discussion on the future role of CDD in ADB.

12. Consultations with staff were critical in developing the methodology and streamlining the research for the review. Individual meetings were held with a core group of task managers and social development experts during December 2005 and January 2006, and a staff focus-group discussion was held on 1 February 2006 to further inform and guide the study.<sup>10</sup>

13. This report has five chapters. After this introductory chapter, Chapter 2 defines CDD conceptually and operationally along with its limitations, and distinguishes it from the earlier generation of CBD projects. Chapter 3 provides a brief description of the experience of two other MDBs in using CDD, with emphasis on the experience of the World Bank where these projects have been increasing rapidly.

14. Chapter 4 reviews ADB's experience with CDD. It explains the three levels of analysis applied to the review: a portfolio level analysis, a case study analysis, and staff feedback. These provide a snapshot of both the macro (or "forest level") and micro (or "tree level") experience with CDD. The chapter then analyzes these findings within the context of lessons from experience elsewhere.

15. Chapter 5, the final section of the paper, presents the conclusions and recommendations for the future strategy of ADB in applying CDD approaches. Annexes provide some of the supplementary outputs of the review, including a matrix summarizing all identified CDD-type projects in ADB over the past 5 years.

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<sup>10</sup> A list of people met and attendees of the staff focus-group discussion is provided in Annex 4.



## 2. CDD – A CONCEPTUAL FRAMEWORK

### 2.1 What is CDD?

16. The idea of village self-reliance and of communities becoming masters of their own development is not a new one.<sup>11</sup> Yet, the impetus for participatory development and resurgence of faith in bottom-up approaches among the donor community, particularly the multilateral development banks (MDBs), came only in the late 1980s and 1990s when the combined failures of both markets and governments, the explicit recognition of the multidimensional nature of poverty,<sup>12</sup> and the sociopolitical complexity of ground-level realities made it evident that relying on traditional top-down, state-led, “big development” strategies would not be effective to combat poverty. Successful examples of homegrown small-scale development, such as the Self-employed Women’s Association (SEWA) and Operation Flood Dairy Cooperative movement in India and the Grameen Bank in Bangladesh, further added to the belief that community participation in projects is a key determinant of their success and sustainability.

17. The approach of CDD is, at least from the perspective of the multilateral donor community, a relatively new type of participatory, demand-responsive project support in which poor people and their institutions are treated as active partners in development rather than passive beneficiaries.

18. In the World Bank’s (2003) definition—*CDD is an approach that gives control over planning decisions and investment resources for local development projects to community groups*—the operative words are “control over planning...and...resources.” This feature makes the approach different from the more passive forms of community-based development, as discussed below. As the name suggests, the underlying assumption behind CDD is that people (individually or at the community level)<sup>13</sup> are the best judges of how their lives and livelihoods can be improved and, if given adequate support, resources (directly, not through ministries), and access to information, they can organize themselves to provide for their immediate needs.

### 2.2 How is CDD Different from Community-Based Development?

19. The stress on actual control of decision making and project resources at nearly all stages of a (sub)project cycle distinguishes CDD from the older generation of community-based development (CBD) projects. While there is not much conceptual literature distinguishing the two,<sup>14</sup> the general consensus among practitioners is that CBD is an umbrella term encompassing a wide range of projects that actively include beneficiaries in their design, management, and implementation. The level of this community participation can vary from simple information sharing; to consultation in design; collaboration in implementation and management; to social, economic, and political empowerment of community groups by giving them direct control and responsibility of development projects. In this continuum of community participation covered by CBD, new-generation CDD projects are located at the extreme right of the axis as shown in Figure 1.

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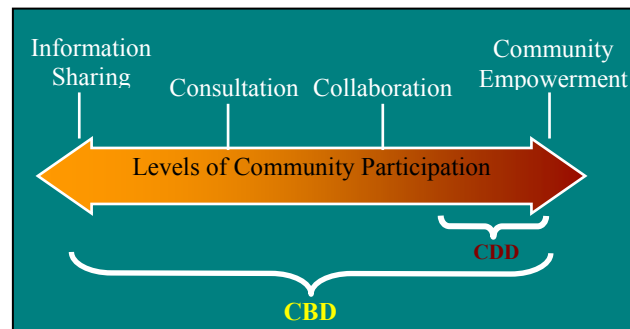
<sup>11</sup> For instance, Gandhi (1962).

<sup>12</sup> Amartya Sen’s work on the capabilities approach to poverty, and Robert Chamber’s livelihoods framework are seminal pieces of this changing development philosophy.

<sup>13</sup> The term *community*, although used quite liberally in development literature is problematic to define. The implicit assumption usually is that a community is a cohesive social or geographic group with common interests. In practical terms though, given the complexity of local power structures, the idea of community is mostly an endogenously defined construct that is specific to a given project context. Some interpretations of *community* for different project contexts are given later in the paper.

<sup>14</sup> This is one of the criticisms raised in the World Bank OED CBD/CDD evaluation (World Bank OED 2005). Interestingly, their analysis uses a budgetary criterion to distinguish between the two by deeming any project allocating more than 85% of project costs on (i) community resource/decision control, (ii) creating an enabling environment for collective action, and (iii) community capacity enhancement, as a CDD project (Box F.1, Annex-F, pp.71).

**Figure 1: Distinguishing CDD from CBD in terms of Community Participation**



### 2.3 Identifying a CDD Project Operationally

20. While the above definition of CDD is useful in understanding the notion conceptually, for the purposes of a review it is important to be able to identify a CDD project operationally as well. One way of doing this is to standardize the logical framework<sup>15</sup> for a typical CDD project as has been done in a recent World Bank Joint Interim Assessment of the District Poverty Initiative Projects (DPIPs) that apply the CDD approach in three states in India.<sup>16</sup> As this report describes, the ultimate impact goal of CDD projects is normally to improve the well-being of poor people, especially the vulnerable and excluded groups. This final goal is to be achieved through a combination of three program objectives or outcomes: (a) increasing and securing incomes (or economic benefits), (b) improving basic service delivery, and (c) empowerment (either collective or individual).<sup>17</sup> The project outputs that enable the achievement of these outcomes are community-controlled assets (which can be physical, financial, human, natural or social) and basic services, community-based or supportive institutions (either within the community, or outside in the form of responsive market organizations, nongovernment organizations [NGOs], or local governments), and an improved enabling environment for collective action and local self-development. These outputs are delivered through the following *four standard project activities* of CDD projects:

- (i) *material development* through financing of subprojects that create community assets;
- (ii) community *social mobilization* that usually involves awareness creation, information sharing, and forming community-based organizations and federations;
- (iii) *capacity enhancement* for community groups through training on aspects of project implementation, natural and financial resource management, and increased control over planning and decision making; and
- (iv) measures to create an *enabling environment* for local development by forging functional links between community groups and formal organizations, legal and institutional reform, and partnerships with the private sector.

21. The above description, while useful, does not highlight the emphasis on *intensive* community participation and empowerment, which separates the CDD approach from others, including traditional CBD. After all, the above project outputs, outcomes, and impact could be achieved (in theory) with a largely top-down approach to implementation even though the project inputs and activities would be similar sounding. Therefore, for the purposes of this review, CDD projects are identified purely on the basis of the levels and forms of community participation during the project (or subproject) cycle.

<sup>15</sup> That is from project inputs, to outputs, outcomes, and impact.

<sup>16</sup> See World Bank (2006). Appendix B of the World Bank OED (2005) report also provides a similar setup.

<sup>17</sup> The World Bank (2002) defines empowerment as the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable the institutions that affect their lives.



22. In this sense, there are five possible defining characteristics of CDD projects (Figure 2) as related to their (sub)project cycle:

- (i) **Community Focus.** The essential defining characteristic of a CDD operation is that its target beneficiary/grantee/implementing agent is some form of a community-based organization (CBO) or representative local government of a community. Given this, the operation essentially consists of numerous small-scale subprojects at the community level in whatever sector(s) the project is targeting.
- (ii) **Participatory Planning and Design.** The design of the community-level subprojects is done through participatory planning by the community or CBO itself; only then can it be termed community *driven*. Therefore, the range of goods and services that can be selected by a CBO for a subproject investment is often very large, usually coming from an open menu with a small list of activities that cannot be undertaken.<sup>18</sup>
- (iii) **Community Control of Resources.** There should be at least some form of resource transfer to the community/CBO, although the level of control by the community may vary.<sup>19</sup>
- (iv) **Community Involvement in Implementation.** This involvement often takes the form of direct supply of inputs, labor or funds (as part of “community contributions” to the subprojects), or indirect inputs through management and supervision of contractors, or operation and maintenance (O&M) functions.
- (v) **Community-based Monitoring and Evaluation (M&E).** This is not so much a “necessary” condition as an increasingly common element of CDD project design. Social accountability tools, such as participatory monitoring, community scorecards, or grievance redress systems that ensure downward accountability to the community, form part of this characteristic.

23. In reality, all the five characteristics exist simultaneously only among the very new generation of CDD projects. Within the continuum of the level of community participation (Figure 1) the first characteristic (i.e., community focus) above would clearly apply to all CBD and CDD projects. The second (i.e., participatory planning/design) and the fourth (i.e., community involvement in implementation) characteristic are often found among CDD projects, but not so often in CBD projects. However, the fifth characteristics (i.e., community-based M&E) is only found in some of the new generation of CDD projects seen from 2000 onwards<sup>20</sup> that position themselves in the extreme right of the CDD cluster in Figure 1. While the third characteristic above (i.e., community control of resources) seems to be key in distinguish CDD from CBD conceptually, some of the early generation CDD projects did not always involve this or the interpretation regarding this aspect seemed to vary across different organizations (Chapter 3). This inconsistency in operationally distinguishing CDD from CBD comes in part from the lack of literature on conceptual framework on the topic and the gradual evolution of CDD out of CBD.

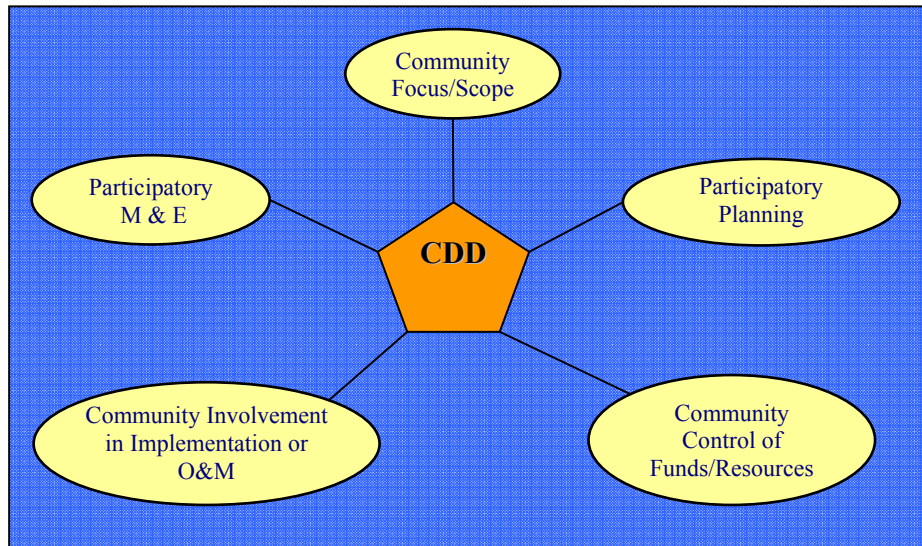
24. Such inconsistency also requires the adoption of proxy definitions for a CDD portfolio. The World Bank OED used the proportion of resources spent on CDD elements of a project (85% of the total funding) to distinguish between CDD projects and projects with CDD components. The nature of ADB projects, however, is such that CDD interventions most likely do not form a major financial component. Further, the costs of individual CDD components of ADB projects are not available. Hence, semi-qualitative distinctions only are possible, based on the presence of some or all the above five characteristics. As will be seen, very few ADB projects qualify as full CDD projects. The bulk of ADB’s “CDD” portfolio consists of projects with CDD components.

<sup>18</sup> Examples of this include purchase of arms and ammunition, funding of social events and religious festivals, etc.

<sup>19</sup> The more strict definition of CDD would require direct transfer and control of funds to communities, but a more liberal definition would accept numerous indirect fund transfer arrangements, including to local governments, NGOs, or other agencies on behalf of communities.

<sup>20</sup> This happened to be the year when “CDD” was officially introduced as a new operational category in the World Bank, although CDD-type projects had been around much earlier.

**Figure 2: Five Defining Characteristics of CDD Projects, Using the Project Cycle**



25. The institutional setup for implementation of CDD projects would obviously be dictated by local context and priorities. Most CDD projects work through three broad sets of institutional arrangements:<sup>21</sup>

- direct partnerships between CBOs and the central government or central fund (like a social fund),
- partnerships between CBOs and private support organizations (NGOs or private firms), and increasingly,
- partnerships between CBOs and elected local or municipal governments.

#### 2.4 Why Use a CDD Approach?

26. Having described CDD conceptually and operationally, the next question to address is why one would use a CDD approach as opposed to more traditional top-down forms of project and service delivery. The benefits of a CDD approach can be grouped in four categories: equity and inclusiveness, efficiency, governance, and human rights or rights-based objectives. These are discussed below.<sup>22</sup>

27. **Equity and Inclusiveness.** The main reason for using a CDD approach is its ability to tackle issues of inequity, exclusion, and poverty. As seen above, the overarching objective of CDD projects is to improve the well-being (incomes, assets, and services) of the poor and vulnerable through a process of empowerment. CDD projects can do this in the following ways.

- (i) *Effective Targeting.* By using a bottom-up approach that involves the active participation of communities, who are naturally aware of the realities of their environment, CDD projects can

<sup>21</sup> Hybrid arrangements between CBOs and the three external actors are also possible, with different stakeholders playing different roles; e.g., central governments providing policy frameworks, NGOs providing technical know-how and mobilization support, and local governments providing support in facilitation and local knowledge.

<sup>22</sup> The chapter on CDD in World Bank (2003) cites several studies containing empirical evidence supporting the theoretical benefits of the CDD approach described above.

effectively target the poorest and most vulnerable in society—more effectively than through geographic targeting, which is usually the most that top-down strategies manage.<sup>23</sup>

- (ii) *Putting Resources in Direct Control of Poor People.* As emphasized above, CDD projects usually promote direct transfer of resources to community groups. They are thus an effective means of direct redistribution of economic power<sup>24</sup> and ensure that a large degree of development assistance goes directly to poor people.
- (iii) *Inclusion of Vulnerable and Excluded Groups.* To the extent that CBOs are genuinely representative and participatory, CDD allows the development process to be inclusive of vulnerable and excluded groups, such as women,<sup>25</sup> disabled, low castes, and ethnic minorities. Such groups can be actively targeted to ensure assistance in a CDD program.
- (iv) *Allowing Poverty Reduction Measures to Go to Scale.* As specific subproject activities operate at a micro or local level, CDD operations can undergo “multiplicative” scaling-up quite easily, i.e., several communities can simultaneously undergo subproject activities without being constrained by a central bureaucracy (Box 1).

#### **Box 1: Taking Poverty Reduction to Scale: Examples from CDD Projects of the World Bank**

The Kecamatan Development Program (KDP) in Indonesia is an often-cited example of a large-scale program for poverty reduction operating through a community-driven development (CDD) approach. Having started as a small pilot operation in 25 villages in 1997, it had spread to more than 28,000 villages by 2003. The overall project cost over 3 program cycles has been more than \$1.1 billion, with \$638.2 million coming from International Bank for Reconstruction and Development lending and \$206.8 million as International Development Association grants. The many outputs of the almost 50,000 infrastructure, economic, and social activities the project has funded include 27,690 kilometers of roads built or upgraded, 6,040 bridges built or reconstructed, 6,740 irrigation systems built, 6,565 clean water supply units and 2,660 sanitation units built, 1,760 schools constructed or renovated, 61,100 scholarships provided, and 1,450 health units and posts constructed or renovated. Further, 650,000 people have benefited from KDP’s microfinance and business activities. Infrastructure costs were on average 56% lower than equivalent government-sponsored public works and weighted economic internal rates of return of KDP infrastructure were 39–68%.

The Andhra Pradesh District Poverty Initiatives Project in India involves scaling-up poverty reduction efforts by leveraging outside funding from the private sector. The women’s self-help group federations formed under the program have managed to increase private credit from commercial banks to poor households and household groups from \$23 million in 2000 to \$276 million in 2005. See WB OED (2005) Annex-S for further details.

Sources: World Bank Operations Evaluation Department. 2005. The Effectiveness of World Bank Support for Community-Based and –Driven Development, An OED Evaluation. Annex-S. Washington, DC.

28. **Efficiency.** The CDD approach can improve project efficiency, sustainability, and development effectiveness in general. Theoretically, from an economist’s perspective, CDD answers the conventional “principal-agent” problem for local service delivery and asset creation by putting control of planning and resources directly in the hands of the ultimate beneficiaries, the communities themselves. In this way, the principal becomes the agent itself, and any agency, information asymmetry, and misaligned or conflicting

<sup>23</sup> An interesting example of targeting vulnerable groups using a CDD approach is found in the more than \$1 billion Multi-Country AIDS Program (MAP) currently being implemented in numerous Sub-Saharan African countries by the World Bank and other donors to benefit people with HIV/AIDS.

<sup>24</sup> As mentioned earlier, this insight that genuine empowerment only comes through direct community control of resources (“money is power”) was also made in the ADB OED (2004) report.

<sup>25</sup> Most CDD projects include explicit gender targeting strategies and support laws promoting gender inclusion.

incentive problems at the local level should be ameliorated.<sup>26</sup> Therefore, CDD can improve project efficiency and sustainability in the following ways.

- (i) *Demand-responsive Allocation of Resources.* Because communities best know their own immediate needs and priorities, the subprojects undertaken under a CDD approach with participatory planning should be responsive to community needs.
- (ii) *Reducing Corruption and Misuse of Resources.* CDD subprojects can reduce leakage of funds and limit the extent of fraud and corruption often found in traditional government projects because communities are in control of resource management; they seek greater transparency and information sharing, and directly contribute to subproject costs (either through community contributions or because the funds are in the form of microcredit).
- (iii) *Lower Costs and Better Cost Recovery.* Related to the above, not only is there likely to be less leakage, but also more cost efficiency in implementation and cost recovery in cases of microcredit with a CDD approach because communities have a direct stake (materially and financially) in the subprojects and initiatives of the project.<sup>27</sup>
- (iv) *Better Quality and Maintenance.* Beyond costs, the community-level M&E and control of contracting for subprojects should in principle also lead to better quality and maintenance of physical assets, common property resources, and services through a CDD approach.<sup>28</sup>
- (v) *Greater Utilization and Willingness to Pay.* Finally, because community groups are masters of their own development under a CDD approach, such enhanced ownership should lead them to better use of self-created or managed assets and services, and would make them more willing to pay for these assets and services, and contribute to their maintenance. This is in contrast to the moral hazard often encountered with publicly (and freely) provided goods and services.

29. **Governance.** The CDD approach's focus on empowerment through the devolution of decision making and resources directly to communities naturally affects power relations at the local level in a way that should ideally make local institutions more participatory, accountable, and responsive. This is further promoted through the increased transparency in decision making induced by the information campaigns that typically accompany a CDD program, the capacity building done at the community level for self-initiated development, and the "downward" or social accountability brought about through participatory M&E. These issues of voice and accountability are critical for deepening participatory democracy, which has been stressed by the Human Development Report (2002)<sup>29</sup> as a critical means to human development. In fact, with an increasing number of ADB developing member countries (DMCs) undertaking strategies for financial, administrative, and political decentralization, the role for approaches like CDD that help build the capacity and responsiveness of local institutions is becoming more relevant. It is no surprise that more and more CDD projects are now working through or with local governments, especially when the latter are at early stages of development. Implementing decentralization reform and better local governance has become a key mandate for CDD interventions.<sup>30</sup>

<sup>26</sup> See World Bank (2004) for a more in-depth discussion of this principal-agent type framework for thinking about the problems of local service delivery. The ADB OED evaluation of participatory approaches cited earlier also uses a similar theoretical framework.

<sup>27</sup> A recent evaluation of six World Bank social fund projects, for instance, found that where projects allowed greater community control over decisions/resources, unit costs were less by 25–50% on average. See Rawlings et al. (2004).

<sup>28</sup> For example, community-managed projects under the Agha Khan Rural Support Program in Northern Pakistan were found to be better maintained than those by local government. See Khwaja, A. (2001): *Can Good Projects Succeed in Bad Communities? Collective Action in the Himalayas*. Cambridge, MA: Harvard University, Department of Economics. (processed), as cited in Mansuri and Rao (2004).

<sup>29</sup> UNDP (2002): *Deepening Democracy in a Fragmented World*. New York: United Nations Development Programme.

<sup>30</sup> The Indian District Poverty Initiatives Projects (DPIPs) mentioned in Box 1 are a case in point. In the state of Madhya Pradesh for instance, the DPIPs have played a significant role in empowering the relatively new *panchayati raj* institutions of elected local governments instituted in the state.

30. **Human Rights-based Objectives.** So far, the focus has been on the instrumental role of CDD in catering to other objectives. However, some of the principles of the CDD approach, such as participation, empowerment, accountability, and nondiscrimination are also ends in themselves from a human rights perspective, and core elements of a rights-based approach to development, which is an underlying philosophy of several donor organizations and international NGOs. According to the United Nations (UN), a rights-based approach basically aims to integrate the norms, standards, and principles of the international human rights system into the plans, policies, and processes of development. Operationally, this requires development policies and projects to make express linkage to human rights, and be based on principles of equality and equity, accountability, empowerment, and participation.<sup>31</sup> As the description of CDD shows, by giving communities the ability to make and implement their own development plans, CDD clearly embodies the spirit of the UN's "right to development."<sup>32</sup> Further, as Nobel laureate economist Joseph Stiglitz notes, "participation is...essential to effect the systemic change in mindset associated with the development transformation, and to engender policies that make change – which is at the center of development – more acceptable."<sup>33</sup> Thus, the kind of community participation embodied in CDD is at the core of the development process and is in this sense an end in itself.

31. The above benefits of a CDD approach to local development projects naturally make the strategy very appealing, especially given ADB's mission of poverty reduction through inclusive and sustainable growth, social development, and good governance.

## 2.5 When Should a CDD Approach be Used?

32. The case for using a CDD approach seems quite compelling, but many of the arguments offered would apply to community participation in general.<sup>34</sup> When and why should one then move to a more intensive form of community participation? Essentially, the answer is that a CDD approach is warranted in situations of local institutional failure, be it market institutions, public services, or local governments. These failures can be of two types<sup>35</sup> (Figure 3):

- (i) failures of omission, when local institutions are simply absent or nonexistent, as may be the case with local credit markets, management bodies for common property resources, or in post-conflict and post-disaster situations; and
- (ii) failures of commission, when existing local institutions are nonfunctional either due to lack of capacity, or in more negative situations on account of corruption, elite capture, or lack of accountability.

33. Thus, the vacuum created by the absence or nonperformance of local institutions is the key mandate for a CDD approach to local development. Such vacuum of local institutions is most clearly seen after a conflict or natural disaster, and it is no surprise that the first applications of the CDD approach were seen in a post-conflict setting.<sup>36</sup> The CDD approach is particularly beneficial in these contexts because it allows for micro-level recovery, building of social cohesion, and a rapid and efficient use of

<sup>31</sup> For more on a rights-based approach to development, see <http://www.unhcr.ch/development/approaches>

<sup>32</sup> The Declaration on the Right to Development states that "the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized." See Declaration on the Right to Development, 1986. Available: [www.ohchr.org](http://www.ohchr.org).

<sup>33</sup> Stiglitz (2002), p.168.

<sup>34</sup> Most proponents of CDD would argue that the benefits of community participation are only fully achieved when one goes all the way to a CDD approach rather than relying on less-empowering CBD methods.

<sup>35</sup> Following the nomenclature of Krueger (1990).

<sup>36</sup> Examples for the World Bank include the Angola Social Action Project launched in 1995 and the Community Reintegration and Development Project in Rwanda in 1997. The first World Bank Social Fund was also launched in a post-crisis situation in Bolivia in response to the severe unemployment and poverty caused by the economic adjustment crisis in 1987.

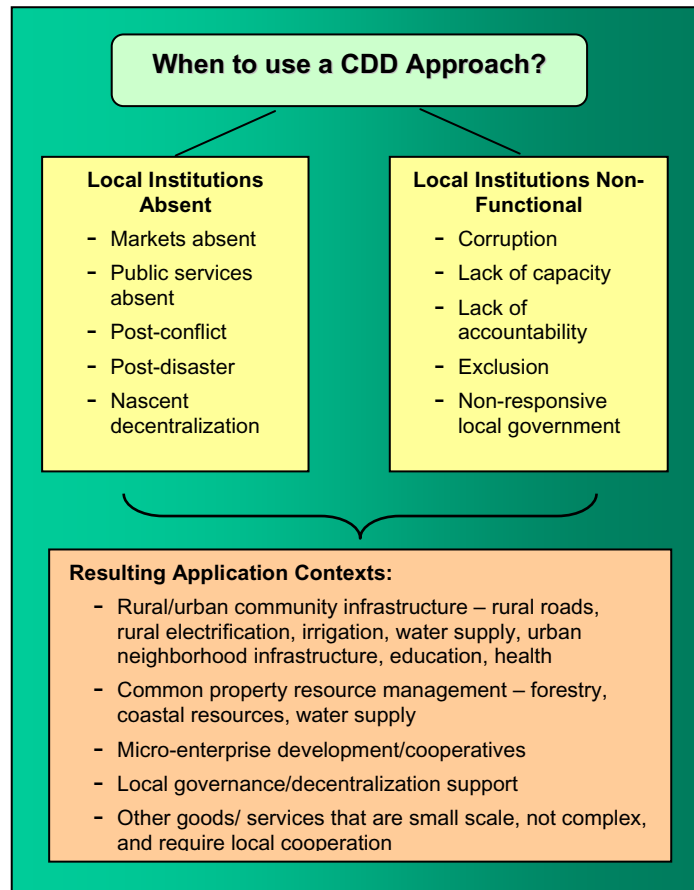
emergency resources.<sup>37</sup> Since then the approach has been mainstreamed into numerous other sectors and country contexts.<sup>38</sup>

34. As a corollary, where local institutions are representative, responsive, accountable, and on the whole well-performing, there is little need for a CDD intervention. It also follows that CDD

operations should be interim strategies (for 5–10 years) that once scaled-up are meant to be integrated into a broader system of decentralized local government or sustainable local market/commercial relationships. It is now recognized more clearly by both governments and donors that CDD operations should increasingly link with local governments and eventually operate through formal institutions. Thus, new-generation CDD projects are emphasizing much stronger links to formal institutions as part of a local development framework.<sup>39</sup>

35. Further, the World Bank<sup>40</sup> also emphasizes that CDD approaches are best used for goods and services that are small in scale, not complex, and that require local cooperation for their effective provision (e.g., common-pool goods, public goods, and civil goods). Further, as noted by the World Bank OED (2005), the success of the CDD approach is also more likely when it builds on existing collective action initiatives, and has political champions to support it at the local level.

**Figure 3: A CDD Approach is Warranted by Local Institution Failure**



## 2.6 Challenges and Limitations of CDD Approaches

While there is general recognition of the potential of CDD approaches, there remain several strong criticisms of the approach.<sup>41</sup> The criticisms are generally less about the principle of CDD per se than about the way it has been applied in practice, particularly by donor institutions, such as the World

<sup>37</sup> The World Bank OED (2005) report also notes that the outcome rating for the World Bank's CDD/CBD projects in post-conflict countries was 4 percentage points higher than in non-conflict settings, with the overall satisfactory outcome rating percentage of 76%.

<sup>38</sup> See chapter-3 for an evolving typology of World Bank CDD projects.

<sup>39</sup> See World Bank (2005a) and Helling et al. (2005) for more on the link between CDD and local governments. In fact, developing an exit strategy has also been emphasized as a core principle for designing a sustainable and effective CDD program (World Bank 2003).

<sup>40</sup> World Bank Poverty Reduction Strategy Paper Sourcebook (2003).

<sup>41</sup> See Mansuri and Rao (2004) and World Bank OED (2005) for some critical reviews of CDD. Robert Chambers, regarded by many as the founder of the contemporary wave of participatory development, is also a strong critic of the application community participation approaches by institutions like the World Bank. See World Bank OED (2005) Annex R for his response to the CBD/CDD evaluation.

Bank. In part, the skepticism about CDD, especially among staff of MDBs, arises from some misperceptions about the relevance of the approach and what it can or cannot do (Box 2).

36. There are, however, some valid criticisms of the approach. These can be divided into three categories: conceptual, practical, and institutional.<sup>42</sup> Each is discussed below.

**Box 2: Some Myths about CDD Relevant to an MDB**

- *Community-driven development (CDD) is unrelated to infrastructure.* On the contrary, the bulk of CDD operations deal primarily with both urban and rural infrastructure development at the community level. Therefore, CDD is an important approach for building local (small-scale) infrastructure.
- *CDD does not allow for large-scale lending.* Although individual subprojects in communities are small, the example of the Kecamatan Development Project (KDP) project given earlier clearly shows that CDD programs allow for a very large-scale loan volumes since they can simultaneously fund thousands of subprojects. In fact, from the database of CDD projects for the World Bank for the past 5 years,<sup>a</sup> 62 out of 380 projects each have an overall loan volume of more than \$100 million, and 14 of these have pure CDD components of more than \$100 million.
- *CDD only works in developing member countries where there is strong local capacity.* As discussed above, CDD is most appropriate where local institutions are absent or not functioning well. However, a history of collective action does make the application of a CDD approach much easier and, as the World Bank OED (2005) evaluation points out, projects that build on indigenous initiatives are usually more successful.
- *CDD is only possible with concessional lending.* As the KDP example above shows, this is not true. Many CDD projects include a significant nonconcessional loan component—5 of the 14 World Bank projects with loan amount exceeding \$100 million mentioned above have International Bank for Reconstruction and Development components.<sup>b</sup>

<sup>a</sup> – Source: World Bank Database of CDD Projects 2000–2005, received from the World Bank CDD Anchor.

<sup>b</sup> – Based on search of online database of community participation projects for the World Bank. Available on request.

37. **Conceptual Issues.** The conceptual problems with CDD arise mainly because it deals with some complex subjects, such as “community,” “empowerment,” “participation,” and “social capital,” a naïve interpretation of which can lead to adverse consequences. The specific theoretical challenges to the notion of CDD include the following:

- (i) *The Heterogeneity of Communities and Danger of Elite Capture.* As mentioned earlier, the idea of a “community” in a CDD context is generally of a cohesive unit with common interests. In reality, communities (whether geographically or functionally defined) in most developing member countries tend to be highly heterogeneous and fractured, reflecting diverse local power structures and social stratification. It is, therefore, not necessary that CBOs be inclusive and responsive to the demands of the truly poor and vulnerable. As the World Bank OED (2005) report highlights, it is quite likely that benefits of CDD projects would be captured by elites and better-off individuals in the community.<sup>43</sup> Even in cases of explicit targeting, such as is often

<sup>42</sup> For the institutional issues, the focus is on challenges experienced in implementing CDD by an MDB. Much of the description is based on World Bank experience and is discussed further in the section (below) on the World Bank’s experience with CDD chapter.

<sup>43</sup> Mansuri and Rao (2004) point out that this need not always be detrimental, as in cases of “benevolent elite domination.” A related, less malevolent issue is the bias toward “primary movers” in CDD-type projects, as noted by the World Bank OED (2002) Social Fund evaluation. As they argue, in many social funds, the “prime movers” (e.g., school headmasters, teachers, and doctors) who show the first initiative to formulate and submit subproject proposals, tend to dominate the planning and

done for the empowerment of women in CDD projects, “formal” or “nominal” inclusion may increase, but substantive inclusion of women has eluded most projects, according to the OED report. Further, as Mansuri and Rao (2004) note, there is an underlying bias toward elite capture in CDD projects because they tend to target the poorest societies, which are often the most stratified and unequal. Such communities would also have differential access to information leading to more opportunities for corruption and elite capture. In these cases, CDD would perpetuate existing inequalities. Therefore, the targeting and empowerment potential of CDD cannot be automatically assumed just by working through community groups.

- (ii) *The Difficulty of Building Social Capital.* Related to the above issue, the notion of social capital is also complex. Social capital reflects local power structures and to the extent that social capital can be bequeathed, it can contribute to perpetuating inequality.<sup>44</sup> The World Bank OED (2002) evaluation of social funds goes further to argue that participatory interventions use rather than produce social capital, and, in general, the social networking skills developed tend to be those that enable elites in CBOs, rather than those that empower poor people, to attract the most external resources.
- (iii) *The Risk of Creating “Parallel Structures” and Disempowering Formal Institutions.* One of the strongest conceptual objections to the CDD approach is that it bypasses formal local government and service delivery institutions and creates parallel structures that are not sustainable after the close of the project. As suggested earlier, the ultimate goal of CDD is that it be institutionalized into a broader system of decentralized governance and self-dependent commercial relationships. But this recognition is relatively recent and, in most cases, early CDD interventions did create parallel structures that did not link with formal institutions.<sup>45</sup> In some cases, different institutional models were used within the same country.<sup>46</sup> The presence of these parallel institutions (such as social funds) could in theory disempower elected local governments and retard the implementation of decentralization strategies.
- (iv) *The Limits to Community-level Decision Making.* The World Bank OED (2002) social fund evaluation points out that while community-level decision making helps bring to bear local knowledge, it is unable to cater to problems that involve non-local externalities or require economies of scale. Furthermore, assuming that the poorest communities have the least capacity, there is an in-built bias toward poor quality planning in places where good planning is most needed—a problem exacerbated if communities compete for project resources.<sup>47</sup>
- (v) *The Danger of “Crowding Out” Other Initiatives.* Robert Chambers, in his critique of how CDD has been applied by the World Bank,<sup>48</sup> cites some “negative externalities” in the form of crowding-out effects of CDD: (a) diverting progressive NGOs from other, more effective poverty reduction activities in order to support CDD projects; (b) out-competing other, more participatory and sustainable, but less resource-rich and disbursement-oriented initiatives; and (c) diverting government recurrent funds from other services and places to cater to a CDD project’s requirements. These negative effects could potentially undermine the net benefits of CDD.

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selection process. The immediate needs of the poorest may not be addressed by the project unless they happen to coincide with the preferences of the “primary movers.”

<sup>44</sup> As emphasized by Mansuri and Rao (2004).

<sup>45</sup> This is to some degree expected because use of a CDD approach usually reflects some shortcomings in local institutions. Therefore, questions of linking with formal institutions should only come when the CDD approach has matured, achieved some results, and become ready for being scaled-up/mainstreamed. Examples from the World Bank OED (2005) report include the large-scale North East Brazil Rural Poverty Alleviation Program that led to a proliferation of project-created, ad hoc municipal councils created by the project; and projects in the Philippines, where three different institutional models were being applied in community-based projects by the World Bank.

<sup>46</sup> See World Bank OED (2005) Box 4.1. Again, this approach of trying alternative institutional strategies is not unreasonable at a piloting or testing stage, but it should obviously not be continued on a long-term basis.

<sup>47</sup> Proper participatory planning can reduce this problem, however, as the report notes.

<sup>48</sup> See World Bank OED (2005) Annex R, p.151–153.



38. **Practical Issues.** The problems and limitations of applying CDD in practice are much more pronounced and documented in the literature. They include the following:

- (i) *The Challenge of Scaling-up CDD.* The most commonly cited and discussed<sup>49</sup> practical difficulty with applying CDD is the issue of scaling-up from “islands of success” in a small number of pilot communities to nationwide programs covering thousands of villages and target populations. Five major reasons that scaling-up CDD is so challenging are proposed:<sup>50</sup> (i) the total or fiscal costs of replicating intensive or “boutique” community activities may be too high; (ii) the institutional setting in terms of laws, politics, and social relations may not be conducive for CDD; (iii) coordinating co-production of outputs, services, and investments by many stakeholders as is required in CDD may not be possible; (iv) the ability to standardize and replicate may be limited by heterogeneous local contexts; and (v) the logistics of training, disbursement, and monitoring of CDD operations across thousands of communities are difficult to plan and implement. Scaling-up CDD interventions is not an easy task. It requires a gradual, sequenced approach of learning by doing, which in the end will depend on political support, capacity, and the incentives created for different stakeholders.
- (ii) *The Limits to Targeting.* As discussed, targeting the poorest, most vulnerable, and excluded groups in a community is not easy, given inherent inequalities of communities and the possibility of elite capture. In practice, targeting is also made difficult by political interference to seek patronage by directing CDD resources to particular communities; limited data on poverty; and the difficulty of accessing the poor, who are often in remote areas.<sup>51</sup>
- (iii) *The Costs and Limits of Participation in Practice.* Participation in real life entails significant costs, which are often neglected in discussions of CDD. The most direct are in terms of time spent in community meetings, the opportunity cost of foregone income, and in cases where CDD subprojects require so, actual costs of community contributions. But a more intangible, yet real, cost is possible psychological and physical duress for the most socially and disadvantaged members of society where their participation conflicts with the interests of the local elites.<sup>52</sup> Because all these costs are likely higher or more debilitating for poor people, there is an inherent bias against collective action for the poorest groups.
- (iv) *The Subproject Cycle, Too Short and Limited in Scope.* The normal subproject cycle of CDD operations by donors tends to be around one year, which is usually not long enough to achieve any of the qualitative “empowerment” objectives that the approach promises. Further, because it tends to focus on discrete small-scale investments, it does not ensure that complementary inputs are available in order to realize the welfare gains of the service infrastructure.
- (v) *Dependence on Frontline Staff.* The emphasis on social mobilization and capacity enhancement makes the quality of CDD operations heavily reliant on the quality of frontline staff. In most successful indigenously developed CDD cases, the facilitating team consisted of highly motivated and committed individuals who spent a long time (up to 10–20 years) developing the capacity of communities and working with them to mobilize and run their own development initiatives. Such committed individuals are scarce. Project staff for CDD interventions, especially at senior levels, tend to be former bureaucrats with little experience in community empowerment. Their incentives are also often not well-aligned with the requirements of the project; for instance, they may gloss over inclusion issues to speed up implementation, or may have their own prejudices in terms of participation. These realities make proper training and monitoring of a core cadre of facilitators critical to implementing CDD successfully.

<sup>49</sup> See for instance the documentation of the international conference on Scaling Up Poverty Reduction: A Global Learning Process and Conference, Shanghai, 25-27 May 2004. Available: <http://info.worldbank.org/etools/reducingpoverty/Conference.html>

<sup>50</sup> Binswanger and Aiyer (2003).

<sup>51</sup> World Bank OED (2005).

<sup>52</sup> Mansuri and Rao (2004).

- (vi) *The Danger of “Supply-driven Demand-driven Development.”* The heavy reliance on frontline project staff also means that CDD projects run the risk of becoming nothing more than validation of previously chosen priorities of a project, despite a participatory planning exercise. Most participatory events tend to be public and thus to some degree political, making the likelihood of local collusion and pressure to concur with the project proposals greater. This emphasizes the need to monitor and train facilitators properly.<sup>53</sup> Communities also need to have their role properly explained, lest they view participation as a mere conditionality to get funds from the project.
- (vii) *The Challenge of Sustainability.* A frequent criticism of CDD is that the processes that it tries to institute do not last after individual projects close. Moreover, there are few examples in which national governments have applied the CDD approach to contexts beyond a specific project.<sup>54</sup> Line ministries are also reluctant to provide complementary inputs and support to communities once a project ends.

39. **Institutional Issues.** From an MDB standpoint, CDD creates special challenges. A CDD project typically includes numerous small subprojects that can be geographically dispersed and cover different sectors. The stakeholders have divergent interests and backgrounds and the nature of the subprojects that will be undertaken by different communities is not known in advance. Some of the difficulties this creates for MDBs include the following:

- (i) *Higher Costs of Preparation.* The need for significant initial capacity building and analysis to gauge local contexts tends to make preparation costs of CDD projects higher than average.
- (ii) *Difficulty of Monitoring Safeguard and Fiduciary Compliance.* Safeguard and fiduciary compliance is tougher to monitor under a CDD approach because there are normally many dispersed subprojects.<sup>55</sup>
- (iii) *Impossibility of Prior Economic Analysis for the Project.* Calculation of overall economic rates of return is not possible for CDD projects because of the many subprojects and investments, which are not known at the start of the project. Of course, an economic analysis of individual subprojects is undertaken before their approval.
- (iv) *Appraisal Tougher, but More Needed.* The large number of dispersed subprojects means that donor staff can normally appraise only a select handful of them, as in a traditional sector development project. However, the diverse and customized implementation of subprojects makes the need for appraisal even greater for a CDD project than for more traditional projects.
- (v) *Flexibility and Adaptation Needed.* The constant adaptation and flexibility needed in a CDD approach as new ideas are tested and mistakes corrected are normally not the forte of operations of large MDBs.

40. The above criticisms show that while the CDD approach has a lot of potential to achieve sustainable and inclusive economic development, it has to be implemented carefully and in a flexible manner. This fact is widely recognized in the development community. There are increasingly more efforts being made at ensuring inclusion, capacity building, participatory planning, and reliance on working through existing institutions, as discussed in the next chapter.

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<sup>53</sup> For more critical accounts of participatory development as applied in practice see Cooke, B. and Kothari, U. (2001): *Participation: The New Tyranny*, Zed Books, London, 2001.

<sup>54</sup> World Bank OED (2005).

<sup>55</sup> World Bank OED (2005). The World Bank Management response to the OED report, however, points out that no concern about the safeguard or fiduciary issues of CDD projects has ever been expressed in the Quality Assurance Group reviews.

### 3. EXPERIENCE OF OTHER MDBs WITH CDD

41. Intensive forms of community participation have been attempted in projects of several donors for many years. Bilateral donors, such as the Department for International Development (DFID) of the United Kingdom and the Canadian International Development Agency (CIDA), have used CDD-type approaches for a long time as part of their “sustainable livelihoods” and “integrated basic needs” development assistance in DMCs. The Swedish International Development Agency (SIDA) and Danish International Development Agency have used CDD principles in the mandate of a rights-based approach to the development projects they fund.<sup>56</sup> MDBs (including ADB) have been slow in taking on full-fledged CDD operations, mainly over the last decade, but have now become the main source of financial support for CDD projects. In this chapter, the experiences of two MDBs, the World Bank and the Inter-American Development Bank (IDB), are discussed.

42. The description focuses mainly on the World Bank because it has a significant history and coverage of implementing a CDD approach, has numerous lessons and insights to offer, and faces similar constraints and opportunities to ADB. Also, the World Bank has the richest available data and literature on CDD among donor organizations.

#### 3.1 CDD at the World Bank

43. CDD has been one of the most rapidly growing approaches to operations in the World Bank, since CDD was officially recognized as an operational category for lending in 2000.<sup>57</sup> The experience of the World Bank in applying CDD-type principles in its operations is, however, much older. The process of incorporating social dimensions in the work of the World Bank had begun by the late 1980s. The basis for CDD-type operations has been developed since the mid-1990s. There is almost a decade of evolving experience with CBD and later CDD operations in the organization.<sup>58</sup>

##### 3.1.1 The Overall CDD Portfolio of the World Bank

44. There is obviously lack of clarity on the size and composition of the CDD portfolio in the World Bank, mainly due to some subjectivity over what can be classified as a CDD operation. The World Bank OED estimates there were 192 CDD projects<sup>59</sup> during 1989–2003. The institution’s CDD website mentioned the total number of CDD projects by 2005 to be around 120.<sup>60</sup> The most comprehensive data on the World Bank’s CDD portfolio come from the CDD database managed by the CDD Anchor Division of the World Bank since 2000<sup>61</sup>. The database includes 380 projects in total in FY2000–FY2005, although it is clearly composed of both CDD projects (i.e., more than 85% of the project resources are spent on CDD-related interventions) and projects with CDD components (i.e., a significant part of the project resources is spent on non-CDD interventions).

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<sup>56</sup> See, for instance, the Government of Sweden’s poverty reduction policy as expressed in the report “*The Rights of the Poor – Our Common Responsibility: Combating Poverty in Sweden’s Development Cooperation*,” Government Report 1996/97:169.

<sup>57</sup> See World Bank CDD website – “Celebrating 5 years of CDD at the World Bank.”

<sup>58</sup> Davis (2002).

<sup>59</sup> World Bank OED (2005). Estimated from (i) a key word search on project appraisal documents, which identified 847 community-based projects; (ii) manual screening of a random sample of 10% or 84 of these projects, for those that allocated more than 85% of their project costs to CDD elements (direct community control, capacity enhancement, or enabling environment); and (iii) extrapolating from the 19 projects thus found to the total number of community-driven projects as 192 out of 847. See World Bank OED (2005) Annex E and F.

<sup>60</sup> Ibid. Note that the fiscal year for the World Bank is from 1 July to 30 June. So FY2005 ends 30 June 2005.

<sup>61</sup> The authors are grateful to Ms. Myrtle Diachok and Ms. Camilla Holmemo of the World Bank’s CDD Anchor for providing this database.

Table 1: The World Bank's CDD Portfolio

Fiscal Year	No. Proj. with CDD elements	Total value IBRD/IDA Loan Amounts for these Projects (\$ million)	Amounts going to CDD Components (\$ million) (excl. enabling env.)	CDD Type (\$ million) <sup>1/</sup>				
				Enabling environment (policy & institutional reforms oriented towards CDD) <sup>2/</sup>	Decision making by participatory elected local governments <sup>3/</sup>	Community Control and Management of Investment Funds <sup>4/</sup>	Community Control without direct Management of Invest. Funds <sup>5/</sup>	
							Primary Source of Support to Comm.	
							Elected local government	Other agency (NGO, private sector, central fund, govt. agency)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2000	13	566.0	451.6	28.6	19.8	283.4	20.0	128.4
2001	37	1,934.8	1,615.6	56.8	237.0	1,308.8	4.2	65.6
2002	32	1,493.8	1,224.6	124.9	333.6	622.4	0	268.6
2003	34	1,559.0	1,198.7	176.5	165.7	595.1	34.2	403.7
2004	38	2,270.0	1,580.3	114.0	271.2	890.0	12.0	404.6
2005	34	1,483.5	1,139.5	96.6	83.2	472.3	188.5	395.6
<b>Total</b>	<b>188</b>	<b>9,307.1</b>	<b>7,210.3</b>	<b>597.4</b>	<b>1,110.5</b>	<b>4,172.0</b>	<b>258.9</b>	<b>1,666.5</b>

CDD = community-driven development; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; NGO = nongovernment organization.

Source: World Bank CDD Anchor Database of CDD Portfolio FY2000–FY2005.

Notes: <sup>1/</sup> Based on CDD Group agreed typology. <sup>2/</sup> Policy and Institutional reforms oriented toward increased control of decisions and resources by community groups and/or by participatory elected local governments. <sup>3/</sup> Elected local governments make decisions on planning, implementation, operation and maintenance (O&M) in partnership with different neighborhood or community groups. <sup>4/</sup> Community groups make decisions on planning, implementation, O&M, and community management of investment funds. <sup>5/</sup> Community groups make decisions on planning, implementation, and O&M without directly managing investment funds.

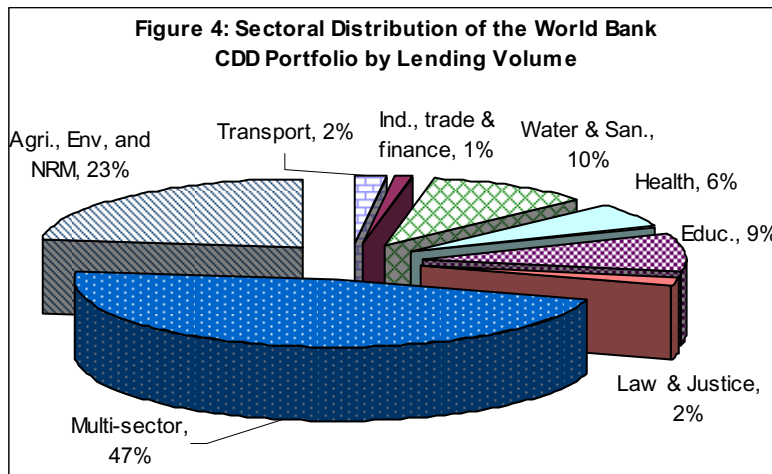
45. The notable feature of this database is that it records the amount of project resources channeled into CDD-related interventions (or “CDD components”) in each of the 380 projects. According to the database, the 380 projects amounted to \$21.1 billion in six years, of which \$9.2 billion was directly invested in CDD components (\$1.5 billion annually). More than half of the total IBRD/IDA loan budget actually went to direct control of community groups and an increasing amount was channeled to elected local governments.

46. To further screen “CDD projects” out of “projects with CDD components” recorded in the database, this review selected only the projects in which CDD components comprise at least half of the overall loan amount.<sup>62</sup> In all, 188 projects totaling \$9.3 billion in loan amount and \$7.2 billion in CDD components were thus selected for FY2000–FY2005 (Table 1). A list of the 188 projects is in Annex 2.

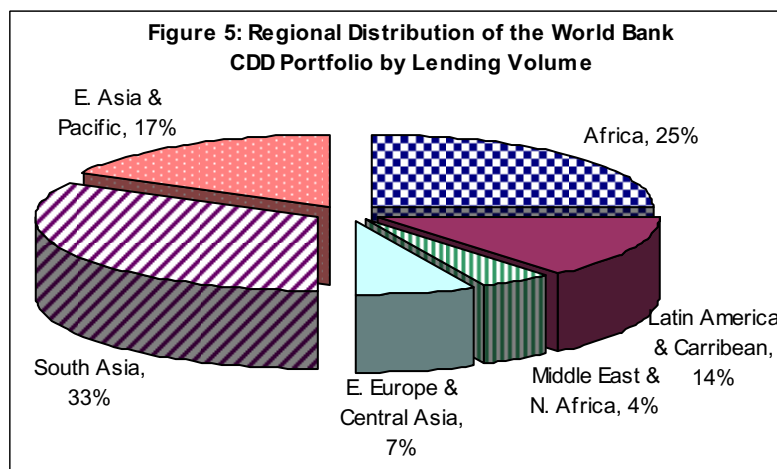
<sup>62</sup> The choice of a majority ( $\geq 50\%$ ) share is admittedly arbitrary, but it takes into account that several projects will have significant allocations on administrative, M&E, and enabling environment costs which would not have been put under the CDD share column above as they would not be going directly to communities as loans or grants.

47. Analysis of the sector distribution<sup>63</sup> of these 188 projects shows that almost half were in the multisector category (Figure 4).<sup>64</sup> These projects include most of the “social investment funds” of the World Bank as well as many of the integrated rural development and poverty reduction programs. Agriculture, environment, and natural resource management projects have the next biggest share, 23%. Included in this category are the District Poverty Initiatives Projects in India mentioned earlier.

48. The regional distribution (Figure 5) shows that World Bank has applied CDD across all its six regions. In terms of share of portfolio (in dollar terms), the South Asia region has had the largest CDD share (33% or just over \$3 billion), followed by Africa (25%), East Asia and the Pacific (17%), and Latin America and the Caribbean (14%).<sup>65</sup>



Source: World Bank CDD Anchor database of CDD projects



Source: World Bank CDD Anchor database of CDD projects

<sup>63</sup> The distributions here are measured in terms of portfolio shares in \$ million rather than in number of projects.

<sup>64</sup> The multisector category above includes projects classified as “other sector,” “other social sectors,” and those with two or more listed sectors (e.g., health and education).

<sup>65</sup> The largest numbers of projects are, however, in Africa (52 out of 188) and Latin America and the Caribbean (39).

49. Table 2 shows the distribution of the 188 World Bank CDD projects and total portfolio amounts (including not just CDD components) in ADB DMCs. There were 66 projects in 19 DMCs from the Asia and Pacific region plus Turkey (a non-regional ADB member).<sup>66</sup> The portfolio share is more than \$4.7 billion, which implies that although only about one third of the projects were in the Asia and Pacific region they accounted for more than a half of the overall lending for CDD projects over the last five years. India and Indonesia had CDD programs worth more than \$2 billion and \$1 billion, respectively.

50. Twenty four of the 188 World Bank CDD projects were social or poverty funds, and 8 of these were in the Asia and Pacific countries: Armenia, Bangladesh, Kyrgyz Republic, Lao People's Democratic Republic, Nepal, Pakistan, Philippines, and Tajikistan.

51. Of the overall World Bank CDD and CBD portfolio, 32% consist of “adaptable program loans” (APLs) and “learning and innovation loans” (LILs), which are new flexible lending instruments (Box 3). This is more than double the percentage of these instruments in other projects of the World Bank. The proportion of multisector CBD/CDD projects in 1999–2003 was 53% (comparable to our estimate above), compared with only 33% for non-CBD/CDD projects.<sup>67</sup>

**Table 2: World Bank CDD Projects in ADB Member**

Region	Country	No. of Proj.	Portfolio Share (\$ million)
East Asia and Pacific	Indonesia	9	1,047.4
	Lao People's Democratic Republic	2	36.0
	Viet Nam	2	137.8
	Mongolia	1	18.7
	Cambodia	2	42.0
	Philippines	3	183.6
	China, People's Republic of	1	100.0
	Tonga	1	1.0
South Asia	Bangladesh	3	128.0
	India	15	2,135.1
	Pakistan	5	377.6
	Nepal	5	127.3
	Sri Lanka	2	90.8
	Afghanistan	3	158.0
	Bhutan	1	7.0
East Europe & Central Asia	Armenia	2	28.3
	Kyrgyz Rep.	4	65.1
	Tajikistan	2	24.6
	Azerbaijan	2	26.5
	Turkey	1	20.0
<b>Total</b>		<b>66</b>	<b>4,754.7</b>

**Box 3: Flexible Lending Instruments facilitate CDD: APLs and LILs**

**Adaptable Program Loans (APLs)** were introduced by the World Bank in 1997 to provide phased support for long-term development programs. They involve a series of loans that build on the lessons learned from the previous loan(s) in the series. APLs are used when sustained changes in institutions, organizations, or behavior are key for the success of a particular development program, which is normally the case with community-driven development (CDD) operations. Progress in each phase is reviewed and evaluated and additional analysis is undertaken as necessary before the subsequent phase is initiated.

**Learning and Innovation Loans (LILs)** were also introduced by the World Bank in 1997 to support small pilot-type investment and capacity building projects, which could lead to larger projects that mainstreamed the learning and results of the pilot if found to be successful. LILs do not exceed \$5 million and are typically implemented over 2–3 years (much shorter than other investment loans). They are meant to have effective monitoring and evaluation systems so that the lessons and effectiveness of the pilots can be clearly captured. LILs are used to test new approaches, such as CDD programs in new countries or contexts, to demonstrate the effectiveness of different approaches, build trust among stakeholders, and test institutional capacity. They allow flexible planning for scaling-up pilot initiatives.

*Source:* World Bank (2001).

<sup>66</sup> Again one should point out that this is only an estimate of the CDD portfolio based on analysis of a restricted subset of the database provided by the World Bank CDD Anchor. These should be treated as rough estimates, not official World Bank figures.

<sup>67</sup> World Bank OED (2005).

52. Twelve of the 188 CDD projects each had CDD components costing more than \$100 million, while 43 projects each had CDD components worth more than \$50 million. This clearly highlights the ability of CDD to take poverty reduction initiatives to scale.

### 3.1.2 An Evolving Typology of World Bank CDD Projects

53. As described in the conceptual introduction, most CDD projects have the same four sets of key activities—material development, social mobilization, capacity enhancement, and measures to develop an enabling environment for local development—and their outcomes and objectives tend to be in the area of income enhancement, service delivery, and empowerment. These activities and outcomes can be applied in numerous sectors and contexts. The CDD projects of the World Bank can be broadly divided into six categories as described below.<sup>68</sup>

- (i) **Single-sector Service Delivery Projects.** The introduction of community participation into single-sector projects (like health or education) is increasingly common. When extending this participation to a CDD approach, an effort is made to empower users of a service by either increasing the accountability of providers toward them or by transferring control of provision or management of the service to them. Through such empowerment, the access, use, and quality of the service in question would be enhanced. The definition of “community” or CBO in such a setting is, therefore, the *community of users* (or intended users) of the project service within a specified geographical area, such as a village health committee or community school management committee. Typical components of a CDD type single-sector project are facility infrastructure grants; community procurement or NGO contracting for service delivery; establishment/strengthening of joint management systems; capacity building and training; outreach programs; and social accountability tools, such as service delivery surveys or citizen report cards. Examples in the World Bank include the Africa Multi-Country AIDs Program, the Nepal National Health Sector Program (FY2005), and the Kyrgyz Republic Rural Education Project (FY2005).
- (ii) **Emergency, Post-Conflict, or Post-Disaster Recovery Project.** The strength of using a CDD approach in these contexts lies in its ability to foster rapid micro-level reconstruction and recovery, combined with some degree of social cohesion/reconciliation. The community tends to be a representative geographic unit, such as an elected village development council or some kind of special vulnerable group (such as a targeted ethnic minority). Project components in these projects tend to involve a combination of quick grants for reconstruction of social infrastructure, capacity building, information and communication campaigns, safety net grants (pure transfers) and livelihood restoration programs (microcredit/grants to buy assets, reestablish microenterprises, etc.) Examples of such projects in the World Bank include the Afghanistan Emergency National Solidarity Project (FY2004), the East Timor Community Empowerment and Local Governance Project (FY2000), and the Maldives Post-Tsunami Emergency Relief and Reconstruction Project (FY2005).
- (iii) **Common Property Resource Management Projects.** The focus on collective action makes the CDD approach particularly useful in promoting community-based management of common property resources, such as water, forestry, fisheries, and coral reefs. Like single-sector projects, the community in these cases is also a community of users of the common resource (who could be consumers or producers using the resource as a factor of production) in a geographic setting,

<sup>68</sup> The authors are grateful to Mr. Bhuvan Bhatnagar, Senior Social Development Specialist, World Bank, for providing the core elements of this typology. An alternative theoretical typology of CDD projects can be found in World Bank (2006). In that report the distinction is made between four types of CDD projects: (i) income-generating through asset creation, (ii) income-generating through better asset management and returns, (iii) single-sector service delivery, and (iv) multisector service delivery projects. The theme of empowerment underlies each of these in different ways.

such as a village water users' association or regional fishery association. Also like single-sector projects, the implementation arrangements for these kinds of programs also work through the concerned line ministry (e.g., a ministry of forestry and natural resources, or ministry of agriculture and rural development). The typical components are a large share devoted to technical training related to community resource management and benefits of proper resource use, infrastructure development, marketing and technology support (when dealing with producers), development of community-based M&E systems and general institutional development. Examples of these projects include the Maharashtra Rural Water Supply and Sanitation (*Jalswarajya*) Project in India (FY2004), the Albania Pilot Fishery Development Project (FY2001), and the Mexican Second Community Forestry Development Project (FY2004).

- (iv) **Livelihoods and Microfinance Projects.** The focus of livelihoods and microfinance projects that use a CDD approach is on income generation and collective action (such as through formation of cooperatives or marketing federations) to ensure empowerment and better well-being of communities.<sup>69</sup> The idea of community/CBO here depends on who the beneficiary groups are for the subproject interventions, e.g., self-help groups, individual project management committees, product cooperatives, or other types of communities of producers. Typical components in such projects include community investment funds that either give grants or microcredit loans for income-generating activities, some form of insurance/income security promotion activities, technical support and skills building, or general institutional development. The DPIP projects in India are examples of livelihoods projects using a CDD approach, as is the Mongolia Sustainable Livelihoods Project (FY2002).
- (v) **Multisector Integrated Service Delivery and Local Development Projects.** Increasingly, the CDD approach is being used to develop multisector local service delivery projects that are also heavily focused on improving local governance through institutionalizing participatory processes at the local level. These projects tend to have geographically defined communities as their target, and usually work through representative local governments that are part of a newly decentralized system. They can operate in either a rural or urban setting. The core project components in these programs usually involve block grants for local government support, and block grants to fund area (village/commune) development plans, with subprojects that cover an open menu of social and economic infrastructure projects for local services. Along with this typically are capacity building, social mobilization, institutional support, and M&E components. The commonly-cited examples of such projects are the Indonesian KDP program mentioned earlier and the Philippines Kalahi-CIDSS program<sup>70</sup> (FY2003). Other examples include the Cambodia Rural Investment and Local Governance Project (FY2003) and the Indonesia Urban Poverty Projects.
- (vi) **Social Investment Funds.** Social investment funds (or simply social funds<sup>71</sup>) are a hybrid project type combining elements of livelihoods and multisector service delivery projects, and are one of the most popular forms of CDD interventions.<sup>72</sup> They basically involve the setting up of a semi-autonomous central public agency (the social fund) that offers community grants to CBOs either directly or via NGOs or local governments. These grants help finance community-managed small-scale infrastructure, service delivery, or microenterprises, usually with some kind of specific targeting criteria and a menu of acceptable subproject areas. As mentioned earlier, the first set of social funds was introduced in a post-economic crisis situation in Latin America and they have often found a role in post-conflict and post-crisis settings. They have now been applied

<sup>69</sup> See World Bank (2006) for a good description of livelihood type projects. The typology includes common property resource management projects under the "livelihood" category.

<sup>70</sup> *Kapitbisig Laban sa Kahirapan*- Comprehensive and Integrated Delivery of Social Services (Kalahi-CIDSS).

<sup>71</sup> Other names include social action funds and poverty reduction/alleviation funds.

<sup>72</sup> The World Bank Social Fund website notes that over the last 10 years the World Bank has financed 108 social funds in 57 countries, with a cumulative lending volume of \$8.9 billion. See [www.worldbank.org/socialfunds](http://www.worldbank.org/socialfunds).



to numerous countries and contexts, increasingly through local governments in order to integrate more formally into a decentralization strategy. Examples include the Zambia Social Investment Fund (ZAMSIF), the Malawi Social Action Fund (MASAF), the Lao PDR Poverty Reduction Fund, and the Pakistan Poverty Alleviation Fund.

54. The above project types are, of course, not mutually exclusive; hybrid projects cut across one or more categories. It is also clear that the types of activities and project components undertaken by these different categories are also quite similar.

55. A rough estimate of the distribution of projects across these different types from the 188 project World Bank CDD portfolio suggests that multisector, integrated local development and service delivery projects account for close to one third of all CDD operations. These projects, along with local governance-focused livelihood and social fund projects, are new-generation CDD interventions in which an entire package of local development activities is introduced through a program meant to link with an ongoing decentralization process. The Kalahi-CIDSS and the MASAF projects are examples where one of the key objectives is to mainstream participatory, demand-driven approaches to building local infrastructure and providing local services (Box 4).

#### **Box 4: Two New-generation World Bank CDD Projects**

##### **Kalahi-CIDSS Project, Philippines (FY2003)**

The \$100 million International Bank for Reconstruction and Development-funded Kalahi-CIDSS project of the World Bank in the Philippines is an upgrade from the former Comprehensive Integrated Delivery of Social Services (CIDSS) program under the framework of the *Kapit-Bisig Laban sa Kahirapan* (“linking arms in the struggle against poverty”) or “Kalahi” program of President Gloria M. Arroyo. It is a first-rate example of a community-driven development (CDD) project being built on the principles of local decision making, empowerment, transparency, social inclusion, and institutional capacity building. The core project activities include provision of community subproject grants for an open menu of local development initiatives, combined with social mobilization, local government capacity building, and monitoring and evaluation.

Initial results from the project implementation are promising. Estimated subproject economic rates of return are 17–53%, flow of funds is on schedule, construction costs are estimated to be 25–30% lower than through government provision, community contributions have been of the order of 40%, and various services that village communities needed for decades have finally been provided through the project.

The design of the Kalahi-CIDSS project embodies some key good practice features recommended for CDD projects, as follows:

- *Learning by Doing.* Instead of undertaking long-term planning at entry, the Kalahi uses a gradual learning-by-doing approach with design feedback loops that help adapt and improve the project during implementation. This reduces the initial requirements of project planning, shifting more of the burden of project design to the implementation and supervision phase.
- *Sequenced Implementation.* Following from the above approach, the implementation of the project is split into three phases: a pilot phase, a demonstration phase, and a scaling-up phase. During the pilot, 6 villages were targeted in a single municipality to test participatory methodologies and revise operational manuals. The demonstration phase expanded the pilot to 201 villages to fine-tune project mechanisms, establish that risks are manageable, and assess the likely success and impact of the project. The nationwide scaling-up of the project will then follow to 1,304 villages in 56 municipalities.
- *Direct Funding of Communities.* The Kalahi project disburses community grants directly into the accounts of end users without going through any intermediaries. The grants are also based on plans rather than reimbursements of actual expenditures that are difficult for the poor to afford beforehand.
- *Community Contracting.* Selected subprojects will be implemented through community contracting, managed by village project implementation teams selected by the community.
- *Technical Assistance Funds.* The project includes a technical assistance fund for each village to buy expertise directly based on their needs. Links between villages and technical providers are also constantly being

established during implementation.

- *Grievance Redress System.* The project includes a grievance redress mechanism, which can be used by community members to report on any form of corruption or graft, and complain in case the subproject selection and planning process was not participatory or inclusive. This redress system operates independently of the project implementation setup and local government structure.
- *Participatory Monitoring and Evaluation and Transparency.* All budgets and decision making under the project are to be publicly announced and available on information boards. Further, media groups and independent NGOs will monitor project implementation and ensure social accountability.
- *Horizontal Integration.* The project uses a municipal interagency committee established during the CIDDS project in order to ensure interdepartmental coordination so that key complementary “software” inputs are provided alongside the “hardware” built through the project.
- *Built-in Evaluation.* The project made a baseline survey in both project and nonproject communities to enable a rigorous impact evaluation at the end of the project.

The Kalahi-CIDSS is still a young project and it is yet to be seen whether it will be able sustain its early success. There are however certain enabling factors in place—the project builds on homegrown participatory efforts, is entirely compatible with the Decentralization Law of 1991, and has a strong set of political champions in the Department of Social Welfare and Development (the implementing agency)—that suggest a continuation of its success.

*Source:* Adapted from World Bank (2005b), Case Study Summary from Shanghai Poverty Conference, May 2004, and Project Appraisal Document for Kalahi-CIDSS, World Bank, August 2002.

### **Third Malawi Social Action Fund Project (MASAF-III), Malawi (FY2003)**

The Third Malawi Social Action Fund project is a \$240 million International Development Association (IDA)-based 3-phase Adaptable Program Loan (APL). Building on the success of MASAF I and II, the third program aims specifically to integrate the community empowerment processes it has encouraged into district planning and delivery of community service packages as envisaged under Malawi’s Decentralization Policy, which was initiated after the creation of the social fund. This is an interesting example of how mature social funds can integrate back into a decentralized governance system, thus countering the criticism of creating parallel structures to government. The choice of an APL instrument with MASAF-III was made with the assumption that over a 10-year horizon, local authorities would gradually take over implementation and management of most MASAF activities.

MASAF-III has five components:

- *Community Development Projects.* Community subprojects and public works programs will be undertaken by community-based organizations (CBOs) for building social service infrastructure, training, and other activities included in the social fund menu, as well as local-authority-managed projects (LAMPs). Under MASAF-III the financing and selection of these subprojects will be undertaken within the structure of the district development framework and the village action plans developed by it. At least 40% of the grant funding is meant to go to unskilled labor from the communities as a kind of social safety net provision. Funding for community-managed projects will go directly to them, while for the LAMPs, funds will be transferred to district authorities under the new decentralized setup.
- *Social Support Projects.* These will be specifically targeted grants to vulnerable groups, such as widows/widowers, orphans, the aged, persons affected by HIV/AIDS, and disabled persons. The implementation and disbursement of these projects will be undertaken through local nongovernment organizations/CBOs. A district technical team will be responsible for undertaking the selection process for the subprojects, which aim at providing immediate food and nutrition security, as well as building long-term survival capacity of the vulnerable groups.
- *Community Savings and Investment Promotion (COMSIP).* COMSIP is a livelihoods-based component under the program, which seeks to promote a savings-investment culture among poor communities. The component will finance the setting up of community savings and investment groups (COMSIGs) of 10–15 members, who will be given technical and managerial training. These COMSIGs will be encouraged to manage relatively large subprojects and will be linked with existing microfinance institutions so that they have long-term sustainability.
- *Transparency and Accountability Program.* MASAF-III also seeks to implement a learning-by-doing approach through continuous stocktaking and documentation of experience that will be used as decentralization training material both for the project and the government as a whole. The transparency and accountability program will

include a comprehensive communications strategy and a community-based monitoring system that will ensure social accountability and contribute to the management information system that the project intends to establish.

- *Institutional Development.* The project will build the capacity of MASAF and the local authorities it supports to function in a transparent, efficient, and accountable manner. Through staff training, financial resources, and appropriate guidelines, this component will lay the foundation for the ultimate takeover of MASAF functions by the official decentralized government authorities.

*Source:* Project Appraisal Document for MASAF-III, World Bank, April 2003.

### 3.1.3 The World Bank Organizational Environment for Promoting CDD

56. The World Bank CDD program was developed through the joint effort of four sector networks: social development, human, development, poverty reduction and economic management, and infrastructure.<sup>73</sup> This cross-sectoral partnership, along with the strong endorsement by the then World Bank President, James Wolfensohn,<sup>74</sup> laid the foundation for the CDD program in the latter half of the 1990s. Since then, several features of the World Bank organizational environment have been important in allowing a rapid expansion of its CDD initiatives.

57. **Organizational Structure.** Having been reorganized as a matrix structure with staff mapped both to thematic sectors/networks and regions and with a strong emphasis on cross-sector collaboration in setting up project task teams, it has been easy to support CDD initiatives (which, as noted, are predominantly multisectoral) in the World Bank.<sup>75</sup> Its decentralization to client countries has also increased its ability to undertake CDD programs.<sup>76</sup>

58. **Human Resources.** There are more than 140 social development staff at the World Bank spread across different regional departments, and several CDD projects are now being undertaken by rural and public sector governance specialists as well. The organization has a CDD “anchor” housed in the Social Development Department of the Environmentally and Socially Sustainable Development Network vice-presidency. The role of the anchor is to provide technical support and continuously update the knowledge and learning tools related to CDD for operational staff. It also maintains an up-to-date website and online help desk for wider dissemination of CDD principles and experience. This includes several case studies of CDD projects, thematic papers on the link of CDD to different focus areas (such as post-conflict and disability) and, recently, reports on proposed and ongoing rigorous impact evaluations of various CDD projects across different regions.

59. **The World Bank Institute (WBI).** The WBI, the capacity-building arm of the World Bank, has also been an important enabling feature for the use and spread of the CDD approach. The learning program on Community Empowerment and Social Inclusion (CESI) of the WBI hosts a learning tool library of resources related to CDD and regularly undertakes capacity-building programs for DMC governments, civil society, and community representatives on CDD methods in several DMCs,<sup>77</sup> as well as training workshops for World Bank staff. Recently, the WBI CESI program also developed and piloted

<sup>73</sup> Davis (2002).

<sup>74</sup> The CDD approach also encompasses many features of the Comprehensive Development Framework proposed by President Wolfensohn to be the underlying architecture of World Bank operations.

<sup>75</sup> However, coordination problems continue to exist as revealed in the staff survey done by the World Bank OED (2005) evaluation. More than a third (36%) of staff interviewed were dissatisfied with the coordination across sectors within the World Bank on CBD/CDD projects. See Annex H.

<sup>76</sup> World Bank OED (2005). Approximately 3,000 of the 10,000 staff now live and work in client countries. Considering that of the 10,000 only about 60% work on operations, almost half the operational staff of the World Bank are now in decentralized country offices.

<sup>77</sup> An example is the “Developing Capacity to Scale-up CDD in Africa” program that has trained more than 900 participants—from government ministers to community representatives—representing 35 African countries in 14 activities in 2003–2005.

a “capacity enhancement needs assessment” methodology to measure the capacity of communities to take on CDD/CBD operations; the methodology can be used as a diagnostic tool in future operations.<sup>78</sup>

60. **New Lending Instruments.** As noted earlier, the World Bank has also enabled the proliferation of CDD operations by introducing new lending instruments (APLs and LILs), which are more flexible and allow for greater experimentation and adaptation to local requirements.

61. **Strategic Thinking in Support of CDD.** While little has been done to change formal operational policies to support CDD interventions in the World Bank, there is growing strategic thinking that supports a greater use of the approach. This includes the social development strategy for the World Bank, the recently developed local development framework, the empowerment sourcebook, the decentralization sourcebook, the rural development strategy, and the governance strategy. The World Bank’s policy on fiduciary management for CDD projects currently leaves decisions about what communities are required to do in terms of fiduciary requirements, to the CDD project’s appraisal team, which gives some flexibility to task managers in developing simple and realistic requirements at the ground level.

### 3.1.4 Evaluating the World Bank Experience with CDD

62. Evaluating the performance of the World Bank in implementing CDD has been a controversial issue. The World Bank OED (2005) evaluation and the Management Response (Annex-S to the report) illustrate the dramatic divergence in opinion about the results and impact of its CDD operations. To a large extent, this divergence in opinion is because there is very little rigorous evaluation data with which to definitively judge the impacts of CDD projects, and most evaluations have tended to focus on both CBD and CDD operations.<sup>79</sup> Given this controversy, the World Bank experience is evaluated here by presenting both the positive features/achievements and the negative features one by one,<sup>80</sup> with a view to providing guidance to ADB.

63. On the positive side, although CDD operations by the World Bank are relatively new, the evaluations and reviews that exist reveal that the approach has indeed delivered on its promise of equity, efficiency, governance, and human-rights objectives described in Chapter 2. Some of the main positive features and achievements of World Bank CDD operations include the following:

- An evaluation of six social fund projects concluded that each had led to increased welfare impact through greater access to and use of basic services, small-scale social infrastructure, and gains in basic welfare, including primary enrollment, educational attainment, improved child health, and increased availability of water and sanitation services.<sup>81</sup> Similar results have been obtained in single-project evaluations and review of many CDD operations, especially when compared with alternative approaches to service delivery.
- CDD projects have also been found to have higher post-completion outcome ratings than non-CDD projects. The average outcome ratings for CBD-CDD projects combined were found to be satisfactory or better for 73% of the cases over 1999–2003,<sup>82</sup> while social fund projects had satisfactory or better average outcome ratings in as many as 96% of cases.<sup>83</sup> CDD projects are, therefore, clearly among the high performers in the World Bank.

<sup>78</sup> For more details see McNeil et al. (2004).

<sup>79</sup> One of the recommendations by Management in the World Bank OED (2005) report was that a separate CDD-only evaluation study be undertaken by OED, which is under consideration.

<sup>80</sup> The description in this subsection relies mainly on three documents: World Bank OED (2002), World Bank OED (2005), and Rawlings et al. (2004).

<sup>81</sup> Rawlings et al. (2004).

<sup>82</sup> World Bank OED (2005).

<sup>83</sup> World Bank OED (2002).

- CDD projects are exceptionally good in delivering on their infrastructure targets and this infrastructure tends to be more cost effective<sup>84</sup> and of higher quality than alternatives. These have raised access to and use of basic service facilities.
- In catering to its equity and poverty reduction objectives, evaluations of CDD projects in the World Bank suggest that they have achieved progressive geographical targeting of the poorest communities, although they have been less successful in household-level targeting of the poorest households in communities. They have, however, managed to reach a large number of beneficiaries and transferred resources to poor communities.
- CDD programs have also been successful in community mobilization, developing NGO partnerships, and strengthening local decision making. CDD programs have increasingly supported government decentralization reform and have helped changed attitudes of government officials about working with communities, thus enabling the creation of a more participatory culture of governance.
- Finally, both the World Bank 2002 and 2005 OED evaluations point out the fact that CDD programs by the World Bank have been especially successful in post-crisis/conflict settings because they have provided visible outputs quickly to distressed societies, thus kick-starting the reconstruction and reintegration process.

64. On the negative side, many of the limitations of the CDD approach mentioned in Chapter 2 are based on the review of experience of the World Bank and these are repeated briefly here.

- The welfare gains of CDD projects have been variable and have depended on local circumstances and the presence of complementary inputs to support the physical hardware created under the project.
- Many CDD projects have suffered from mistargeting<sup>85</sup> and there have been instances of elite capture. Targeting was also hindered in many cases by political interference and lack of data.
- Lack of sustainability and institutionalization after the end of the project has been a strong criticism. Many projects have been guilty of creating parallel institutional structures to the government, and very few have managed to ensure that the CDD approach gets internalized in public service delivery and governance.
- Participation, empowerment, and social capital enhancement effects have been limited in many CDD programs. Also, the one-year subproject cycle is too short to obtain any significant empowerment effects.
- Institutional problems include operational costs that are about 10% higher than in non-CBD/CDD projects; coordination problems across sectors; and perhaps most importantly, safeguard and fiduciary compliance policies that have not been suitably adapted to CDD projects.<sup>86</sup>
- Too few projects have invested in a proper M&E strategy, particularly for evaluating the impact of these projects on outcomes like poverty reduction or livelihoods, as opposed to inputs and outputs.

65. The verdict on CDD at the World Bank is still somewhat unclear. In large part, this is because there is a genuine lack of evaluation data on CDD projects, and those evaluations that have been done

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<sup>84</sup> As mentioned earlier, Rawlings et al. (2004) find unit costs to be 25–40% lower for subprojects that had more community control over decisions and resources. The Management Response to the World Bank OED (2005) report notes two independent cost-benefit analyses of the Indonesian KDP program that found internal rates of return in excess of 60% for rural roads. See Annex S, pp.162.

<sup>85</sup> Rawlings et al. (2004) note that many subprojects of CDD programs tend to be at the “community level.” (e.g., school facilities or tube wells) where there will naturally be a lot of nonpoor beneficiaries.

<sup>86</sup> However, the Management Response notes that there is no evidence that compliance is any worse for these projects.

have not really compared CDD, as an approach, with alternative more top-down approaches.<sup>87</sup> Instead, most reviews look at the performance of CDD projects in and of themselves.

66. The main conclusion is basically that the CDD approach is better than alternatives in terms of achieving the ultimate objective of poverty reduction. However, there is still significant room for improving the way CDD is implemented. CDD is a still-evolving approach that has potential to improve with greater experience.

67. The evolving nature of CDD is realized by World Bank practitioners as can be seen from the Management Action Record to the World Bank OED (2005) evaluation of CBD/CDD approaches.<sup>88</sup> The eventual World Bank Board conclusion following the OED report was to continue supporting the scaling-up of World Bank assistance for CDD in response to country demand, but with greater vigilance in designing CDD operations.

### **3.2 CDD at the Inter-American Development Bank**

#### **3.2.1 Community-Driven Rural Development at the IDB<sup>89</sup>**

68. IDB has been undertaking what it calls community-driven rural development (CDRD). CDRD is defined as an approach that “grants decision-making power to community groups and residents in the design of interventions aimed at improving standards of living and the allocation of resources to achieve agreed upon goals.”<sup>90</sup> CDRD is a means of providing small-scale infrastructure services, organizing natural and community resources better, empowering the poor, enhancing democratic governance and accountability, and improving the security of the poorest elements of the rural community. Thus, CDRD is a similar concept to CDD, applied to the rural development sector.

69. A recent review of IDB’s work in CDRD found that its CDRD projects were CBD-type interventions. Community participation in the projects tended to be limited to information sharing and consultation rather than empowerment of community organizations. Almost 65% of the projects that were covered in the review had no CDD components, such as M&E or management of resources. Although the remaining projects had CDD components, they were at best weak or indirect. Further, as with the World Bank, the CDRD projects in the IDB also had targeting and coordination problems. Very few projects managed to reach the poorest and most vulnerable, including women and indigenous peoples, despite the explicit intentions to do this, and most projects suffered from a lack of coordination between different stakeholders and implementing agencies.

70. However, the analysis in the review suggested that empowerment-focused participation can result in projects that respond better to the needs of communities, and which are hence more sustainable. Also, the degree of community participation in IDB’s CDRD projects has also increased over time. The projects have evolved from being largely agricultural development programs with a heavy emphasis on crop intensification/diversification to truly demand-driven, single, and increasingly multisector initiatives with significant community participation. The review also found that CDRD projects tend to enjoy high

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<sup>87</sup> Except Rawlings et al. (2004), in which data were analyzed using “with” and “without” comparisons with control groups that received similar services through alternative means.

<sup>88</sup> For instance, operational guidance on safeguards and fiduciary compliance for CDD projects are being provided continuously; programs are now increasingly being designed within the decentralization frameworks of developing member countries, and almost 30 impact evaluation studies of individual CDD projects are currently underway. See Annex-S of World Bank OED (2005).

<sup>89</sup> The description in this section is based on Dahl-Ostergaard et al. (2003), who reviewed a sample of 20 IDB CDRD projects, as well as others by the World Bank in order to provide guidelines for future application of the approach in the IDB. The review is in many ways similar to this review of ADB experience.

<sup>90</sup> *Ibid*, p.1.

satisfactory ratings when evaluated. The review concludes that CDRD is a potent, albeit difficult instrument to wield effectively.

71. Some of the lessons and recommendations emerging from the review follow.

- The degree of community participation in IDB's CDRD projects should be increased so that the projects can lead to genuine empowerment. The optimal level of community participation should be determined by considering the level of installed local capacity for project management and relevant political economy.
- Efforts should be made to work with existing CBOs and local authorities, instead of creating parallel structures for project implementation. This would require substantial capacity-building efforts in executing agencies to avoid the coordination failures found in the review.
- CDRD projects should be flexible and project duration should be a function of achievement of objectives rather than termination at a predetermined time. This would allow sufficient time for supervision, technical support, and design adjustment that is required in CDRD initiatives. In this respect, the review recommends the use of the new multiphase loans of the IDB (similar to the World Bank APLs) to support CDRD projects.
- For sustainability purposes, analysis should be made at the feasibility and design phase of a CDRD project to determine whether it is mainly in the public domain (such as rural roads or irrigation works) or private domain (such as natural resource management or livelihood projects for farmers). For the former, one should ensure that the relevant public institutions have the required human, financial, and technical capacities to sustain the initiative after the close of the project. For private domain projects, substantial participation of beneficiaries is required to ensure ownership and sustainability.
- To enhance social inclusion in CDRD projects, specific measures toward gender mainstreaming (such as targets for benefits/training of women) and targeted subprograms for excluded groups (such as indigenous people) should be incorporated in project design.
- Finally, CDRD project design should include measures to improve the enabling environment in terms of policies and institutions that support community-led development and participation. This includes support to human rights policies, pro-poor rural development policies, decentralization strategies, and macroeconomic policies that favor rural development.

### **3.2.2 Social Investment Funds**

72. Like the World Bank, the IDB has also implemented a CDD (and CDRD) approach through the use of social investment funds (SIFs). As described for the World Bank, SIFs basically involve the setting up of a semi-autonomous central government agency that offers grants or microcredit to communities for a menu of small-scale infrastructure projects, such as schools, health centers, roads, small bridges, and water works. Appropriate line ministries usually support the SIFs to ensure the provision of complementary inputs, while local governments or organized community groups take on the responsibility for O&M of newly created infrastructure.

73. As in the case of the World Bank, SIFs were first used by the IDB as temporary emergency response measures to counter the socioeconomic crises faced by several Latin American countries during structural adjustment programs in the 1980s. Since then, however, they have become permanent and important poverty reduction instruments for the IDB. Their greatest strength has been their ability to adapt to changing needs and requirements. SIFs acted as social safety nets during times of economic downturn, and efficient instruments for construction of community infrastructure and short-term employment generation for local communities in more stable times. They are now increasingly seen as catalysts for institutional strengthening and piloting innovative programs for community development.

74. In 1998, the IDB produced a Strategy Paper for the use of SIFs as instruments to combat poverty, in order to improve the institution's support to such funds in the future.<sup>91</sup> The IDB set up SIFs in 16 of its 26 member countries in Latin America. In most of these countries, the SIFs involved a series of two or more loans to support particular funds. Interestingly, in nine cases, the SIFs were set up with joint financing from the World Bank. The overall funding for SIFs in IDB up to the time of the strategy paper was just over \$1.3 billion, making the average size of individual SIFs about \$81 million.

75. The review of IDB's experience with SIFs as set out in its strategy paper suggests that their biggest success has been their ability to deliver useful projects to underserved areas that have a high concentration of poverty. SIFs have been able to provide much needed infrastructure rapidly and cheaply to many impoverished areas across Latin America and have been perceived by the poor and other citizens as a sign of good faith and as an effective instrument to tackle poverty.<sup>92</sup> Many SIFs have also used innovative targeting methods, such as poverty mapping, to ensure that their funds reach the poorest regions of their host countries. In terms of efficiency and effectiveness, reviews of SIFs suggest that subproject execution has usually taken less than 6 months, cost overruns are low, administrative overheads are 6–15% (which is less than most government agencies) and project disbursement is generally on time. Finally, although there is very little quantitative evaluation data to assess their impact, beneficiary assessments suggest that SIF subproject investments were operating as planned in most cases.

76. There were weaknesses in SIF performance, as per the strategy paper: M&E of impacts, targeting the poorest in poor regions (since final resource allocation was based on project proposals, which often came from the relatively better-off community members), creating long-term employment and income generation (since most public works for SIF subprojects involved only short-term jobs), and maintenance of public infrastructure, such as water and sewer subprojects (where post-project financial contributions and support from concerned line ministries were lacking).

77. The recommendations in the strategy paper for future support to SIFs in the IDB included (a) greater clarity of SIF objectives within specific country contexts so that the funds support rather than substitute traditional line ministries; (b) increased flexibility in the project menu so that communities have greater choice in deciding subprojects that are most relevant to them; (c) better targeting of the poorest of the poor within communities, through technical assistance in project preparation and pre-assignment of a portion of funds to particular communities and groups; (d) better impact evaluation of poverty and socioeconomic outcomes by allocating a certain portion of project funds for rigorous evaluations; (e) increased emphasis on beneficiary participation and community development in all stages of the subproject cycle; and (f) increasing local ownership and identifying sources for national funding of SIFs to ensure their sustainability after the closure of donor projects.

### 3.3 Summarizing the Lessons from Experience

78. A number of key lessons about both the potential and the challenges of using CDD can be derived from the review of experience on other IDBs and applied by ADB for evaluating its own performance and guiding its future use of the approach. These lessons can be summarized in six key points, discussed below.

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<sup>91</sup> IDB (1998).

<sup>92</sup> *Ibid.*, p.5.



79. **CDD has Huge Potential.** The review of the World Bank portfolio of CDD and its preliminary evaluations clearly reveal the potential of a CDD approach in terms of delivering large-scale poverty reduction programs that yield visible impacts quickly. Both for MDBs and their developing member countries, the role of CDD in empowering the poor and improving local governance and service delivery is quite evident. The World Bank Board and Committee on Development Effectiveness (CODE) recognized this fact in response to the otherwise critical World Bank OED evaluation and recommended that the World Bank continue its effort on scaling-up CDD operations.<sup>93</sup>

80. **Good Design is Key.** Realizing the true potential of CDD requires very good design. The World Bank highlighted 10 key design principles that are needed to ensure the sustainability and effectiveness of CDD operations (Box 5). Among these, the most critical is ensuring that a very good system of participatory planning and community capacity building (including technical training) is put in place so that the danger of elite capture is reduced and the needs and priorities of vulnerable groups are addressed. Community control of resources is critical to obtain the empowering effects that are envisaged, as well as the cost efficiency in subproject design. Increasingly also, it has not been sufficient to just have a narrow project-level focus, but instead to invest in policy changes, laws, and fiscal flows that strengthen the ability to undertake self-initiated local development. From an institutional point of view, it is also important that adequate resources be invested in planning, although as seen in the Kalahi-CIDSS example, the time- and resource-intensive phase of a CDD operation is less the initial design and more the supervision and adaptation during implementation. Some design elements, such as the one-year subproject cycle, may also have to be altered to enhance the sustainability of CDD interventions.

**Box 5: Ten Key Design Principles for Sustainable and Effective Community-Driven Development Operations**

1. Establish an enabling environment through relevant institutional and policy reform
2. Make investments responsive to informed demand
3. Build participatory mechanisms for community control and stakeholder involvement
4. Ensure social and gender inclusion
5. Invest in capacity building of community-based organizations
6. Facilitate community access to information
7. Develop simple rules and strong incentives, supported by monitoring and evaluation
8. Maintain flexibility in design of arrangements
9. Design for scaling-up
10. Invest in an exit strategy

Source: World Bank PRSP Sourcebook (2003), also available on World Bank CDD Website.

81. **Understanding Local Conditions and Linking with Formal Institutions are Essential.** As stressed by others,<sup>94</sup> the fact that CDD operations work from the bottom-up and attempt to influence local social and power structures necessitates a thorough understanding of local social, political, historical, and institutional conditions of the countries in which they are applied. Prior diagnostic work (except in emergency situations) should be a precursor of large-scale CDD operations and wherever possible they should build on existing participatory processes and local institutions. Moreover, as has been increasingly recognized, the sustainability and long-term impact of the CDD approach can only come by linking it to formal institutions of decentralized government and service delivery, and integrating it with country poverty reduction and donor assistance strategies. This would not only provide the complementary inputs and resources needed to ensure the success of CDD operations in the short run, but in the long run would effectively involve the eventual exit of CDD projects and entry of formal CDD institutions and processes.

82. **Scaling-up has to be Planned Properly.** Although it is also part of overall design, the challenge of scaling-up small pilots to national CDD programs is crucial enough to give it special mention. CDD operations should undergo three stages of expansion:<sup>95</sup> *initiation* (where the basic project operations and

<sup>93</sup> See Annex T of World Bank OED (2005) report.

<sup>94</sup> Mansuri and Rao (2004), and World Bank OED (2005).

<sup>95</sup> Binswanger and Aiyer (2003).

processes are undertaken in small targeted groups of communities), *scaling-up* (where these operations are expanded in a sequenced manner and with field tests of different approaches to compare and demonstrate effectiveness), and *consolidation* (when the operation is expanded to national/regional coverage and integrated into formal institutions and strategies). Learning and adapting through each of these stages are critical. Some of the key issues to consider during scaling-up are providing correct incentives; fostering a common vision among different stakeholders; and planning the monetary, human, and managerial logistics for expansion.

83. **Evaluating Performance and Ensuring Social Accountability is Important.** A critical but sometimes neglected feature of CDD design is the development of a proper M&E strategy that can monitor nonquantitative outcomes of the project. The role of participatory M&E and social accountability and transparency tools like community scorecards, social audits, budget notice boards, and grievance redress systems, is also being increasingly recognized as an important determinant of the success of a CDD program.

84. **A Phased and Pilot Approach is Recommended.** Finally, as stressed in the literature and evidenced by successful CDD programs like KDP or Kalahi-CIDSS, the CDD approach is most effective when it is applied in phased manner using an adaptive learning-by-doing methodology. Those examples also show the need for good supervision and appraisal during implementation, with a strong country-based team of project staff to ensure the smooth running of the project. Often the best approach is to begin with a pilot program and then scale-up after demonstrating both the strengths and weaknesses of alternative processes.

85. Although the above points are only a fraction of the overall body of literature and best practices that are available on how to improve the quality of CDD interventions, they are sufficient to give ADB a benchmark with which to judge its own experience with the CDD approach. This is the subject of the next chapter.

## 4. CDD EXPERIENCE IN ADB

### 4.1 Methodology

86. As stated in the first chapter, this review has several objectives. Meeting them required several types of information and analysis, which are described in this section.<sup>96</sup>

#### 4.1.1 Identifying the Universe of ADB's CDD Projects/Components

87. There is no database of CDD operations in ADB.<sup>97</sup> Therefore, the starting point for reviewing CDD in ADB was to identify the existing CDD operations, which was time consuming. In order to limit the search, the study focused only on loans during 2001–2005. The beginning of this period was shortly after ADB's adoption of the 1999 Poverty Reduction Strategy that significantly changed the way ADB lending and nonlending operations are designed.

88. The consultant team manually screened all reports and recommendations of the President (RRPs) for approved loans in this period to determine whether one or more of the five defining characteristics for CDD—(i) community focus, (ii) participatory planning, (iii) community control of resources, (iv) community involvement in implementation, and (v) participatory M&E—were present in the project, according to the project objectives, design components, and institutional arrangements of the RRP.

89. While being aware that (iii) above would be most crucial in differentiating CDD from CBD, only focusing on the projects involving community control of resources appeared to be significantly limiting in terms of understanding the transition from CBD to CDD in ADB. Also, only a handful of projects had all five characteristics. Therefore, the following selection criteria were used to screen “CDD-type” projects in ADB:<sup>98</sup>

- (i) If community focus (characteristic (i)) was found in the objectives and any one other defining characteristic was identified in the design components, institutional setup, or financial arrangements of the RRP, the project was categorized as a CBD project.
- (ii) From the universe of CBD projects thus identified, those in which three or more defining characteristics were present, and in which the principles of community control of design and resources were subjectively visible, were identified as “projects with most CDD features” for the analysis.

90. The CDD elements of these projects were summarized in a matrix (Annex 3).<sup>99</sup>

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<sup>96</sup> Annex 1 to the report provides a flowchart that summarizes the overall conceptual framework for the review.

<sup>97</sup> There is also no database of participatory or even social development operations, which would have narrowed the search for CDD projects.

<sup>98</sup> There was some obvious value judgment involved in this approach. However, it seemed more credible than, for instance, the key-word search and cost-share method that was used to identify CBD projects in the World Bank OED (2005) evaluation. See Annex E and F of that report for details of the method used there.

<sup>99</sup> Due to time limitations the review focused only on loan components for this universe of CDD projects, while being aware of the great roles that complementary grant-based activities, such as the Japan Fund for Poverty Reduction projects and technical assistance projects financed by the Poverty Reduction Cooperation Fund, may have played in enhancing and contributing to the CDD components presented in the selection. The matrix of all identified CBD projects is also available from the Social Development and Civil Society Division on request.

#### 4.1.2 Two Levels of Analysis

91. The review's goal is to provide recommendations both at an institutional level (to identify new areas for applying CDD in ADB and explore institutional bottlenecks to using a CDD approach) and a project level (suggestions on how to improve the quality of CDD design and implementation based on experience). Thus, two levels of analysis were made: a portfolio level analysis of all CDD projects in terms of quality at entry, and a case study analysis for a sample of exemplary CDD projects.

92. **Portfolio Analysis.** An analysis of the universe of identified ADB CDD projects in 2001–2005 was made to determine the extent and types of application of the CDD approach to date. The results were then compared with the portfolios of other institutions, particularly the World Bank, to reveal areas where ADB has had a strong influence in applying CDD and areas where there is unexploited potential. The analysis included a description of several parameters discernible in the project database that was created, including (i) number of projects and volume of portfolio by year; (ii) regional and sector distribution; (iii) multisector vs. single-sector distribution; (iv) division by loan type and size; and (v) classification by overall theme or type of project (e.g., post-conflict, common property resource management, or local service delivery). A brief description of the CDD design characteristics that were identified was also provided.

93. **Case Study Analysis.** The case study analysis focused on individual CDD projects. The selection of these cases was done subjectively by deciding (a) which projects had the most visible and comprehensive CDD elements; (b) which had reached a level of implementation that allowed some assessment of performance and practical constraints, (c) which projects had sufficient accessible documentation, such as mid-term reviews and back-to-office reports from appraisal missions; and (for logistic reasons) (d) which projects had staff task managers and project officers easily available for further interviews and clarification. This detailed analysis was undertaken for three CDD projects:<sup>100</sup>

- Vientiane Urban Infrastructure and Services Project, Lao PDR, FY2001
- Poor Farmers' Income Improvement Through Innovation Project, Indonesia, FY2002
- Northeast Coastal Community Development Project, Sri Lanka, FY 2003

94. For each of these three projects, mini-case studies were prepared that provide an overview of the project, highlight the key factors that influenced the CDD design elements, describe briefly some of the issues and achievements involved during implementation, and provide insights on the factors that influenced the successes and failures of the project. Three sources of information were used to compile these mini-case studies:

- (i) project RRP, which were the primary source of information regarding project design, the institutional arrangements, and CDD principles that have been applied;
- (ii) ADB mission leaders and mission members, who were interviewed on issues related to both the design and implementation of their projects to reveal what operational challenges were faced and what lessons were learnt; and
- (iii) where available, other post-implementation project documents, such as mid-term reviews and back-to-office reports from appraisal missions, to learn further how the projects were implemented and whether there were any identified successes or failures.

95. These case studies were then analyzed in terms of their CDD design elements and implementation insights in order to provide guidance to future ADB CDD projects. A comparison with good practice principles of CDD and lessons from experience elsewhere as discussed in the previous chapter was also

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<sup>100</sup> This is roughly a 10% sample of the overall portfolio of CDD projects.

made to reveal the operational challenges and new design features needed to improve the effectiveness and quality of CDD operations in ADB.

#### 4.1.3. Role of Staff Feedback

96. Given that this review is a desk study with limited scope, it was clear that staff feedback would be critical in enhancing knowledge and insights on the implementation and use of CDD approaches in ADB beyond what was available from project documents. Therefore, inputs from key ADB operational staff, project officers, and social development specialists on the experience and potential for CDD in ADB operations were obtained throughout the review process. Also, individual interviews and a staff feedback seminar<sup>101</sup> with key operational staff were organized in the initial stages of the study to provide feedback on the methodology and guidance on the direction and scope of the review.

#### 4.1.4 Limitations of the Approach

97. The above methodology for undertaking a review of CDD operations in ADB has three key limitations that deserve special mention. First, by using RRP as the main source of information about projects for the overall portfolio, the review is considering their quality at entry. It can provide no real information on the changes and challenges of implementation and cannot give details on issues of logistics, scaling-up, and capacity enhancement in individual projects, except for the three case studies selected. Even for those, no clear-cut evaluation of the performance of CDD can be made.

98. Second, as previously noted, lack of time prevented use of a major source of information: documentation on JFPR and TA projects that support CDD approaches. Many of the CDD components of individual projects—especially activities related to capacity building/community training, M&E, and participatory planning—are implemented through these complementary grants. Therefore, the portfolio assessment and matrix of CDD components for the identified universe of ADB CDD projects represent the lower limit or estimate of the activities and operations that have most likely been implemented by ADB in 2001–2005.

99. Third, as there was no readily available information in the RRPs regarding the amount of project resources going into CDD components, it was not possible to make a strict differentiation between “CDD projects” and “projects with CDD components.” However, descriptions of each project show that most projects identified as part of the CDD “universe” belonged to the latter category

## 4.2 Staff Feedback

100. The result of the staff interviews and a focus-group meeting was a mix of skepticism and enthusiasm regarding the future of CDD in ADB. Some staff felt that there was not enough CDD experience and capacity available in ADB to expand the use of this development strategy. Others welcomed the study as a positive step toward scaling-up ADB’s experience in CDD and were encouraged by the prospect of the further application of this methodology in ADB projects.

101. **Awareness of Social Development.** Several staff felt that among ADB management and staff there was generally a lack of understanding if not appreciation of social development, let alone CDD. This attitude has arisen from discussions on projects as well as on policy matters. There is also a sense that there is not enough project staff with sufficient background in participatory practices to develop CDD projects. Finally, the absence of intellectual leaders for CDD in ADB (like Scott Guggenheim of the World Bank) was pointed out as one of the potential bottlenecks if ADB decides to scale-up its CDD operations.

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<sup>101</sup> Minutes of the 1 February 2006 staff consultation meeting on the review are available upon request.

102. **Increasing Initiatives.** Other staff pointed out that there are pioneering efforts and growing interest in ADB to increase community participation in projects. They referred to several projects, some funded by JFPR grants or TAs attached to loans, that are advanced in use of CDD features and feel that the efforts of staff in some regions/sectors in ADB show good potential for increasing CDD in projects in the future.

103. **Clients' Desire and Capacity.** Several of those interviewed noted that it would be difficult to initiate CDD projects if governments are uncooperative or even hostile toward community participation in government projects. In cases where there is openness, there is a need to invest in training of government staff to enable them to manage such projects effectively. Some staff felt that there is a significant opportunity to build on key people in the bureaucracy who are open to allowing experimentation with CDD projects. These staff felt that ADB officers also need to develop a constituency in client governments of persons who will appreciate the benefits of greater community participation.

104. **Institutional Constraints.** The fundamental question asked by some staff was whether ADB's institutional commitment and competency are compatible with CDD. They asked whether ADB should develop other competency instead, given its institutional capacity. Some also asked whether there are sectors/project types that are more suitable to CDD and whether ADB should just apply CDD selectively in these project types/sectors. Overall, there is a sense that there are big gaps between theory and practice of participatory strategies in ADB. Many staff members saw that the current project preparation modality might need to be made more flexible to cater for CDD. It was suggested that the timeframe for project preparation is too short to inculcate meaningful community participation in design, while the RRP logical framework requires project designers to identify project outputs, which cannot be identified at the beginning in demand-driven projects. Consulting services and procurement rules may need to be adjusted to allow flexibility.<sup>102</sup> It was also felt that there are not enough resources to obtain inputs on social development/participatory elements during the design phase. The dearth of social development specialists who can participate in project design missions and project implementation is also a major constraint. For these reasons, it was felt by some staff that there are no real incentives to develop more CDD projects in ADB.

105. **Scaling-up CDD in ADB.** Staff who were enthusiastic about the possibility of ADB doing more CDD projects said there was a need to develop full-scale CDD project(s) that can serve as models and concrete references for replication. They felt that it is only by doing more that ADB can build up its competency in CDD. Additionally, they recommended that interested managers and project officers who have skills and the desire to develop CDD projects be provided with support from the Social Development and Civil Society Division (RSGS) (i.e., tools and reference materials) to encourage them to pursue CDD projects. Another possibility suggested was to identify current projects with potential for increasing CDD features and build on them. Still another suggestion was to use TAs and trust funds to increase CDD features in current/future projects.

### 4.3 Portfolio Analysis

#### 4.3.1 The Universe of Projects With Most CDD Features in ADB

106. There were 404 approved loans or 339 projects (some projects had two or more loans attached to them) in the 2001–2005 portfolio. These were classified using the above identification criteria and 78 projects were identified as CBD projects on the basis that they had a community focus/scope and at

<sup>102</sup> However, others consulted pointed out that a great deal of effort on this front is recently being made, including the adoption in February 2005 of the Project Administration Instruction 5.12 on *Implementing Small Projects with Community Participation*. Further, at the time of finalizing the review, new sets of guidelines on procurement and consultant services, the latter involving a simplified NGO recruitment process, became effective (April 2006).

least one other feature of community participation that defines CDD (Table 3).<sup>103</sup> While this is probably not a complete list, it suggests that CBD projects constitute at least 23% of ADB's portfolio (by number of projects) or a total loan value of \$4.2 billion, in the review period.

**Table 3: Projects with CBD and CDD Features in the ADB Portfolio (2001–2005)**

Item	Number of Projects
Total number of projects reviewed	339
Projects with community focus plus at least 1 more CDD feature ("CBD Projects")	78 (\$4.20 billion)
Projects with participatory planning and design	60
Projects with community involvement in implementation	51
Projects with community control of resources	11
Projects with participatory monitoring and evaluation	9
Projects with at least 3 CDD features ("Projects with Most CDD Features")	28 (\$1.14 billion)
Projects with all 5 CDD features	4

CBD = community-based development; CDD = community-driven development.

107. Application of the five CDD defining characteristics reduces the number of qualifying projects (Table 3). While 60 of the 78 projects employed participatory planning and design and 51 involved community participation in implementation, only 11 projects were determined to have some form of community control of resources, arguably the most important defining feature of CDD projects. This would mean that by a strict definition of CDD projects, only 11 out of 339 projects were CDD projects in 2001–2005. Of these, half involved community control in the form of microcredit loans to beneficiaries. An even fewer number involved some form of community monitoring and evaluation and only 4 projects had all five defining features of CDD projects in their design.

108. From the above 78 CBD projects, the 28 projects with at least three of the five defining characteristics—8% of total number of projects and 36% of total number of CBD projects—were selected as "projects with most CDD features" for the purposes of more intensive analysis (Table 4). Subjectively, one could say that a CDD approach was being followed in these 28 projects. However, because many projects did not include all five defining characteristics of CDD and in some the components with CDD elements were only small parts of a bigger loan, it is correct to refer to this as a universe of projects with most CDD features rather than a genuine CDD portfolio. For the sake of simplicity, the cluster of the 28 projects is henceforth called "CDD-type portfolio" in ADB to avoid confusion.

**Table 4: The ADB CDD-type Project Portfolio: ADB Projects with Most CDD Features (2001–2005)**

Year	No.	Project Name	Country	Sector**	Loan Source	Amount (\$ million)
2001	1	Vientiane Urban Infrastructure and Services Project	LAO	MS	ADF	25.0
	2	Northwestern Rural Development Project	CAM	MS	ADF	27.2
	3	Road Network Development Project	NEP	TC	ADF	46.0
	4	Third Provincial Towns Water Supply and Sanitation Project	VIE	WS	ADF	60.0
	5	Central Region Livelihood Improvement Project	VIE	MS	ADF	43.1
2002	6	Poor Farmers' Income Improvement through Innovation Project	INO	AG	ADF	56.0
	7	Sindh Rural Development Project	PAK	MS	ADF	50.0
	8	Punjab Community Water Supply and Sanitation Project	PAK	WS	ADF	50.0
	9	Coral Reef Rehabilitation and Management Project Phase III	INO	AG	ADF	33.0
	10	Agriculture Rehabilitation Project	TAJ	AG	ADF	35.0
2003	11	Secondary Towns and Rural Community-based WSSP	SRI	WS	ADF	60.3

<sup>103</sup> A matrix with all 78 projects and the CDD design features contained in them is available from the authors upon request.

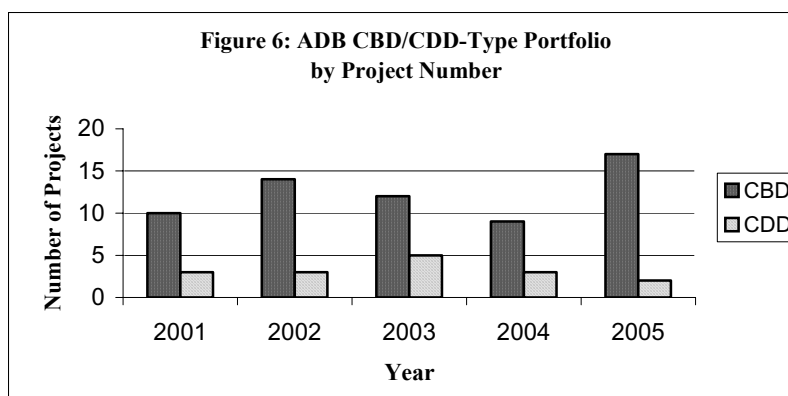
	12	Small Towns Development Sector Project	LAO	MS	ADF	16.0
	13	Community-based Water Supply and Sanitation Sector Project	NEP	WS	ADF	24.0
	14	North East Coastal Community Development Project	SRI	AG	ADF	20.0
	15	Rural Finance Sector Development Project	SRI	FI	OCR/ADF	70.0*
	16	Conflict Affected Areas Rehabilitation Project	SRI	MS	OCR/ADF	80.0*
	17	Development of Poor Urban Communities Project	PHI	MS	OCR	30.5
	18	Second Participatory Livestock Development Project	BAN	AG	ADF	20.0
	19	Community Livestock Development Program	NEP	AG	ADF	20.0
	20	Neighborhood Upgrading and Shelter Sector Project	INO	MS	OCR/ADF	88.6*
2004	21	Northern Community-Managed Irrigation Sector Project	LAO	AG	ADF	10.0
	22	Decentralized Rural Infrastructure and Livelihood Project	NEP	AG	ADF	40.0
	23	Community-Managed Irrigated Agriculture Sector Project	NEP	AG	ADF	20.0
	24	Sustainable Livelihoods in Barani Areas Project	PAK	AG	ADF	41.0
	25	Gender Equality and Empowerment of Women Project	NEP	AG	ADF	10.0
2005	26	Chhatisgarh Irrigation Development Project	IND	AG	OCR	46.1
	27	Community Water Services and Health Project	INO	MS	OCR/ADF	64.7*
	28	Rural Infrastructure Support Project	INO	MS	ADF	50.0
<b>TOTAL</b>						<b>1,136.5</b>

Notes: \* Amount reflects sum of both ordinary capital resources and Asian Development Fund components; \*\* Sector codes: MS = multisector; AG = agriculture and natural resources; WS = water supply, sanitation, and waste management; FI = finance; TC = transport and communications. ADF = Asian Development Fund; OCR = ordinary capital resources.

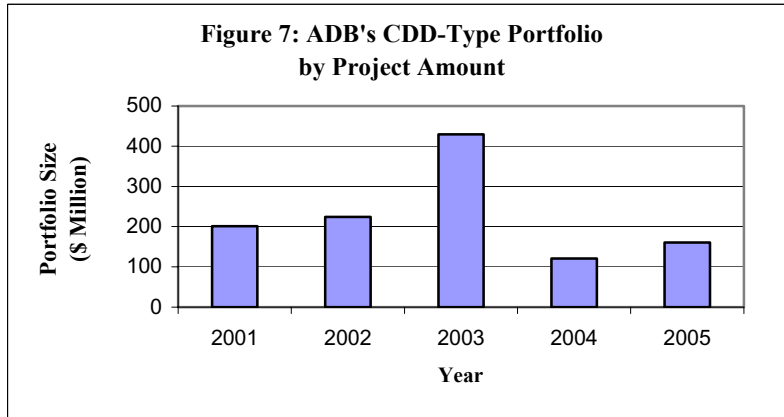
109. Table 4 shows that the portfolio of ADB projects with the most CDD features accounts for a total lending volume of more than \$1 billion. However, it is stressed that this amount is the total value of the loans for these projects and not the amount spent for CDD components—only some components of these projects have CDD features and the cost estimates in the RRP are not disaggregated by component.

#### 4.3.2 Analysis of the CDD-Type Portfolio in ADB

110. **Portfolio Growth.** The use of CDD features in project design was quite uneven in 2001–2005. (Figure 6). While the total number of CBD projects is generally increasing, the number of projects with most CDD features experienced a decrease in 2004 with a slight recovery in 2005. A similar trend can be seen in the lending amount for the CDD-type portfolio (Figure 7). This decline may be reflection of removal of the quota requirement for targeted poverty interventions in ADB. The quota was set up in 2001 and removed on adoption of the enhanced Poverty Reduction Strategy in 2004. However, Figure 6 shows that the number of projects that can be considered to be CBD has definitely increased over time.

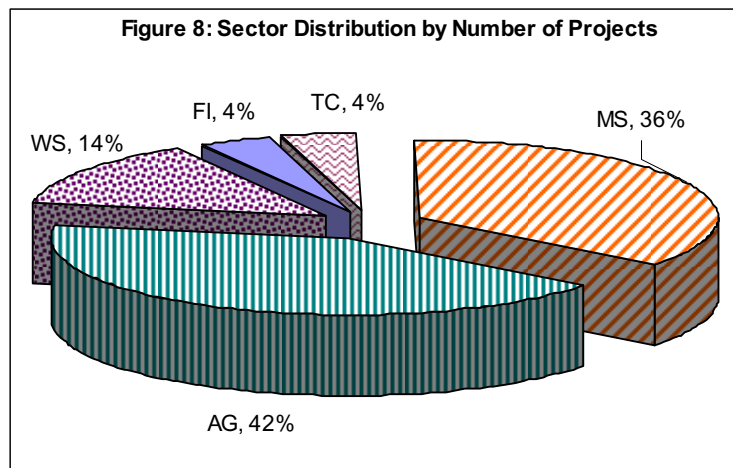




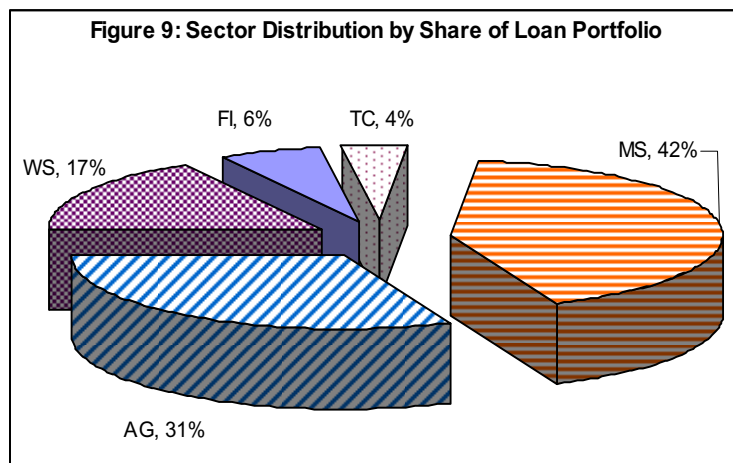


ADB = Asian Development Bank; CDD = community-driven development.

111. **Sector Distribution.** The CBD projects were spread across nine sectors, but the projects with most CDD features were only in 5 sectors: multisectoral (MS); agriculture and natural resources (AG); water supply, sanitation, and waste management (WS); transport and communications (TC); and finance (FI). MS and AG projects were about equal in number and share of CDD portfolio and they dominated the sectoral projects. WS was a far third. Their distributions in terms of number of projects and the share of the loan portfolio are shown in figures 8 and 9.



112. **Distribution by Loan Type.** ADF-funded loan projects far outnumbered OCR-funded projects and made up 76% of total financing of the 28 projects. There were only 2 purely OCR loans and another 4 joint OCR-ADF projects, putting the total value of OCR lending under the CDD-type portfolio at \$269.3 million (24% of the total). These loans ranged in value from \$20 million to \$60 million. Four were MS projects for a total value of \$114 million. The other two were FI (\$60.0 million) and AG (\$46.1 million). The total value of ADF loans was \$867.2 million and they ranged in amounts from \$10 million to \$69 million. CDD was utilized for OCR loans only in 2003 and 2005. The average loan amount of projects with most CDD features was \$40 million. The larger loans (more than \$40 million) were used in the top 3 sectors (i.e., MS, AG, and WS).



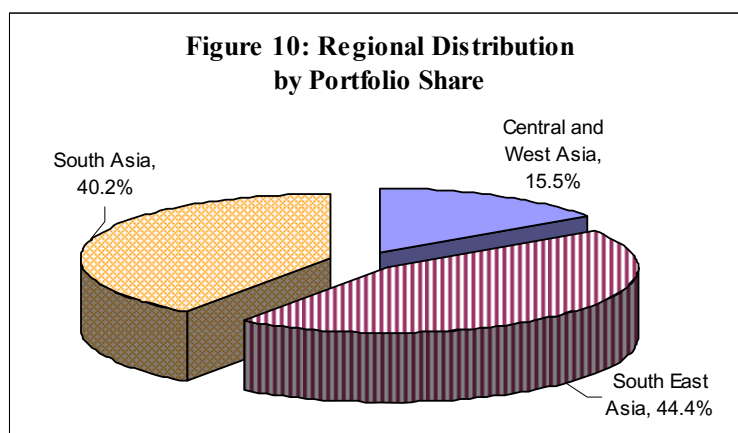
113. **Regional Distribution.** The 28 projects with most CDD features were in three ADB subregions but concentrated in Southeast Asia and South Asia in terms of number of projects (Table 5 and

Figure 10). In the World Bank portfolio for Asia and Pacific countries, more than half of the CDD loans were in South Asia. ADB's portfolio would be similar if its former subregional structure, with Pakistan being part of South Asia, is considered.<sup>104</sup>

**Table 5: Regional Distribution of ADB Projects with Most CDD Features**

Region	Country	No. of Projects	Project Amount (\$ million)
Central and West Asia	Tajikistan	1	35.0
	Pakistan	3	141.0
Southeast Asia	Cambodia	1	27.2
	Lao PDR	3	51.0
	Viet Nam	2	103.1
	Indonesia	5	292.3
	Philippines	1	30.5
South Asia	Bangladesh	1	20.0
	India	1	46.1
	Nepal	6	160.0
	Sri Lanka	4	230.3
<b>TOTAL</b>		<b>28</b>	<b>1,136.5</b>

114. **Main Focus Areas.** Most of the 28 projects (87%) were aimed explicitly to reduce poverty, improve quality of life, and/or were targeted at the poor. The rest, although geared toward sectoral or policy reforms could still be viewed as ultimately having a poverty focus.



<sup>104</sup> In the World Bank portfolio, the share of South Asia was 63.6%, while that of East Asia and Pacific (which covers Southeast Asia in terms of ADB regions) was 33%. (See also Table 2). With ADB's realignment in April 2006, Pakistan and Afghanistan were realigned with Central and West Asia from South Asia.

115. Only four projects were urban, the rest (86%) were in rural areas. The four urban projects involved community upgrading. Two were in urban poor housing and community upgrading while the other two involved urban community infrastructure upgrading. Most of the rural projects were for primary/basic infrastructure (four were in water supply and sanitation) but a few were for road or rural infrastructure. There were two projects on livestock development, both in the South Asia region.

116. Five projects were primarily focused on livelihood development/improvement. Two projects were on natural resource management, both in coastal resource management. There was only one project in an emergency situation, a post-conflict area in Sri Lanka. None of the projects related the 2004 tsunami disaster could be considered CDD in nature. There was one project on gender development and women empowerment in Nepal. Unfortunately, the project is stalled due to the peace and order situation in the country.

### 4.3.3 Analysis of CDD Characteristics

117. The 28 projects showed a range of modalities in which the five defining CDD features were used (Table 6). Table 7 illustrates how one project (Vientiane Urban Infrastructure and Services Project) gives the community very wide latitude in decision making on subprojects that directly affect them and how the CDD features were applied in the process.

**Table 6: Modes of Application of CDD Features in ADB Projects**

CDD Feature	Mode of Application	Example Project
<b>Community focus</b>	Increasing income/ food security/improving agricultural productivity of households	<i>Central Region Livelihood Improvement Project in Viet Nam</i>
	Establishing/rehabilitating basic community infrastructure, usually through access roads and water and sanitation	<i>Third Provincial Towns and Water Supply and Sanitation Project in Viet Nam</i>
	Increasing community access to information	<i>Poor Farmers' Income Improvement through Innovation Project in Indonesia</i>
	Raising awareness of rights and obligations to enable communities to participate more actively in local government decision making	<i>Sindh Rural Development Project in Pakistan</i>
	Holding government officials accountable and increase their gender responsiveness	<i>Gender Equality and Empowerment of Women in Nepal</i>
	Building community capacity to rehabilitate and manage natural resources	<i>Coral Reef Rehabilitation and Management Project Phase II in Indonesia</i>
	Building community capacity to assess its needs, establish community development plan, and design appropriate subproject to meet these needs	<i>Rural Infrastructure Support Project in Indonesia</i>
<b>Participatory planning</b>	Project managers validating preconceived projects with the community	<i>Punjab Community Water Supply and Sanitation Project in Pakistan</i>
	Project managers designing projects based on inputs from the community	<i>Third Provincial Towns Water Supply and Sanitation Project in Viet Nam</i>
	Identification of subprojects by the community itself	<i>Northern Community-Managed Irrigation Sector Project in Lao PDR</i>
	Facilitation of comprehensive community assessment and planning	<i>Development of Poor Urban Communities Sector Project in the Philippines</i>
	Community designing subprojects that it chooses based on its own assessment of its needs	<i>Rural Infrastructure Support Project in Indonesia</i>
	Community preparing the project proposal for the subproject that they have chosen	<i>Vientiane Urban Infrastructure and Services Project in Lao PDR</i>

<b>Community involvement in implementation</b>	Beneficiaries providing counterpart for construction and/or operation and maintenance of subproject	<i>Conflict Affected Areas Rehabilitation Project in Sri Lanka</i>
	Communities taking charge of operation and maintenance of subproject	<i>Punjab Community Water Supply and Sanitation Project in Pakistan</i>
	Community organizations being formed to implement activities in their development plan and/or subprojects identified by them	<i>Rural Infrastructure Support Project in Indonesia</i>
<b>Community control of resources</b>	Community managing funds provided by the project to either support community activities in their development plan or to construct a subproject facility	<i>Rural Infrastructure Support Project in Indonesia</i>
	Community collecting and managing funds from user fees from the subproject	<i>Punjab Community Water Supply and Sanitation Project in Pakistan</i>
	Members of community groups obtaining loans from microcredit funds provided by project	<i>Neighborhood Upgrading and Shelter Sector Project in Indonesia</i>
<b>Community-based monitoring and evaluation</b>	Project managers providing communities with reports on progress of project in their village	<i>Decentralized Rural Infrastructure and Livelihood Project in Nepal</i>
	Project managers conducting dialogue with community members at stages of the subproject in order to obtain feedback	<i>Small Towns Development Sector Project in Lao PDR</i>
	Community monitoring work on subprojects to ensure compliance with project guidelines	<i>Poor Farmers' Income Improvement through Innovation Project in Indonesia</i>
	Community monitoring subproject expenditures and assessing benefits and client satisfaction from subproject and reporting progress and expenditures to the community	<i>Vientiane Urban Infrastructure and Services Project in Lao PDR</i>

ADB = Asian Development Bank; CDD = community-driven development; Lao PDR = Lao People's Democratic Republic.

**Table 7: Stages of the Village Area Improvement Process (Vientiane Urban Infrastructure and Services Project)**

Stage	Key Activities
Coordination with village head	<ul style="list-style-type: none"> <li>▪ Meet village head for organizing orientation meeting in the village.</li> <li>▪ Introduction and orientation of Village Area Improvement program.</li> <li>▪ Set up village committee.</li> <li>▪ Assist village committee in developing outline village proposals.</li> </ul>
Outline village proposals	<ul style="list-style-type: none"> <li>▪ Village committee submits outline village proposals.</li> </ul>
Village project, commitment and selection	<ul style="list-style-type: none"> <li>▪ Engineers, together with village committee, visit the sites.</li> <li>▪ Reconnaissance/walkout survey for developing scope of work for surveys.</li> <li>▪ Present preliminary designs and cost estimates to village committee and villagers.</li> <li>▪ Villagers and village committee review options and select preferred options of the village within the budget.</li> <li>▪ Draft village agreement on village contributions.</li> <li>▪ Carry out village agreement signing ceremony.</li> </ul>
Detailed design	<ul style="list-style-type: none"> <li>▪ Develop contract packages.</li> <li>▪ Develop payment schedule.</li> <li>▪ Prepare bidding documents and technical specifications.</li> <li>▪ Present final designs and cost estimates to village committee.</li> <li>▪ Village committee confirms that designs meet their requirements.</li> </ul>
Bidding process and contract award	<ul style="list-style-type: none"> <li>▪ Bid opening and evaluation takes place.</li> <li>▪ Hold negotiations with reasonable lowest-price bidder.</li> <li>▪ Carry out contract signing ceremony with contractor.</li> </ul>
Construction	<ul style="list-style-type: none"> <li>▪ Give notice to commencement of contract works.</li> </ul>

supervision	<ul style="list-style-type: none"> <li>▪ Mobilize construction team.</li> <li>▪ Supervise construction in coordination with village committee.</li> <li>▪ Issue completion certificate.</li> </ul>
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Source: Best Practice Sustainable Urban Region Development in Lao PDR (In press).

#### 4.4 Case Study Analysis of Three CDD Projects

##### 4.4.1 Vientiane Urban Infrastructure and Services Project (VUISP), Village Area Improvement Component, Lao PDR (Board approval in 2001)

###### 4.4.1.1 Overview

118. Vientiane is the largest urban area in the Lao PDR. It is home to 17% of the country's population, which is expected to increase by 50% in the next 10 years. Like most urban areas in developing countries, it suffers from inadequate urban facilities and excessive population migration from rural areas. As a result, pockets of poverty are rising in the city.

119. In 1995, ADB supported the Vientiane Urban Development Project (VUDP), Vientiane's first urban development project, in order to establish the primary road network and drainage system in the city. The VUDP paved the way for the creation of the Vientiane Urban Development Administration Authority (VUDAA), the local administration body of the city. When flooding persisted in low-lying areas in the city after infrastructure completion, ADB supported the Vientiane Urban Infrastructure and Services Project (VUISP) to establish the secondary and tertiary infrastructure that would create the road network and drainage system.

120. The project aimed to improve the quality of life of urban residents, particularly the poor, and enhance urban productivity and economic growth in the Vientiane urban area. It had three components: citywide urban infrastructure and services, village area improvement (VAI), and project implementation support and capacity-building program.

121. The project adopted a demand-led and participatory approach combining community infrastructure and services with community-level capacity building and awareness raising in environmental health, participatory local planning, and community-based infrastructure development and service delivery.

122. Applicant villages were provided with an orientation on the VAI program after which they could decide whether or not to participate in the program. If they decided to participate, they elected their representatives to be trained in community development planning processes. These representatives then guided the community in prioritizing community issues and problems, identifying a suitable community subproject, and preparing a proposal for the subproject for funding by the VAI program.

123. VAI committees were formed in participating villages to oversee implementation of the subproject selected by the community. VAI committees were then required to conduct semi-annual impact monitoring to determine community benefits and satisfaction with subproject. They also received and attended to complaints about the subproject during and after implementation.

###### 4.4.1.2 Highlights of design phase

124. Given the resources available to the project both in terms of loan funds as well as time and institutional capacity to implement it, the VAI program could only cover half of the 100 villages in the city. This would also enable the application of a demand-led and pro-poor approach to VAI whereby those villages that met the agreed criteria were qualified for inclusion in the project. The criteria included

poverty incidence in the villages, and willingness to be included as expressed by the commitment to participate in and contribute to the cost of improvements. The demand-led VAI concept was developed under project preparatory technical assistance (PPTA).

125. The ADB loan-processing mission further developed the design of the VAI and formulated a participatory implementation framework. The mission leader, an urban specialist with significant exposure to gender and social development and participation aspects, put together a team of ADB staff who could help her develop the VAI in detail. The team, comprising an urban specialist, a social development specialist, and a procurement specialist (who helped formulate a community-friendly procurement system) designed the project based on their collective experience in other social development projects in ADB.

126. The ensuing design of the VAI was risky because there was practically no community participation experience in the urban centers in the Lao PDR. The VUDAA was also reluctant to attempt the VAI because it had no experience in participatory methods. The project officer believes that although the Government agreed with the VAI design, their priority was the citywide infrastructure component, which not only constituted a larger chunk of funds but would also provide a greater development impact. The appraisal mission also presented the project as a way of implementing the newly established decentralization law.

#### **4.4.1.3 Implementation highlights**

127. During consultations in the design phase, the communities said they were very willing to participate in the project, but several communities became hesitant when the project started. They could not overcome their suspicion of government and did not have any experience in working with government on a public project. It was only when they saw subprojects being constructed successfully that the reluctant communities began to take interest in the VAI. Soon more communities than could be accommodated started to apply for participation in the program.

128. During the early stages of implementation, VUDAA found that progress was very slow. The Lao Women's Union (LWU) facilitated several consultations between VUDAA project staff and community leaders, as a result of which the communities began to identify and prioritize their infrastructure needs. Later they developed subproject designs, prepared project costs and their contributions, and agreed among themselves and with the project managers on how to implement the subprojects. Most of the subprojects identified (e.g., drainage canals and rehabilitation of access roads), were consistent with the needs expressed by the communities during the participatory poverty assessment (PPA) conducted by the consultant during the design phase.

129. The involvement of the LWU, a national mass organization, contributed to the success of implementation. The Government agreed to contract the services of LWU, even though it was primarily a membership service organization, because there were not many suitable NGOs in the Lao PDR that had the reach that was needed. LWU has been a major factor in expediting the participatory process.

130. The ADB project officer who took over project implementation reported that the villagers were quite pleased with the status of the VAI. In some communities, villagers were willing to contribute more than the 10% share required of them by the project. Communities expressed their satisfaction that their concerns and needs were being met and that the VAI was providing tangible results, i.e., flooding has stopped, residents now have better access, and the project provided a better visual environment. Government leaders were equally pleased with the results. VUDAA's project manager, an engineer with no experience in participatory methods, was initially reluctant to give the villagers decision-making power. He realized the value of community participation when he personally observed the participatory practices.

131. As of the last quarterly progress report, village committees had been established in all target areas and construction of all VAI subprojects had started in all villages. Nearly all of the 50 VAI subprojects have been or are almost completed. A series of follow-up meetings was held between project managers and village representatives to identify ways to further improve the program.

#### **4.4.1.4. Insights**

132. There are several reasons for the smooth implementation of this project: (i) it utilized existing structures in the community consultation process but created new ones as community members got used to the participatory process; (ii) the Government (VUDAA) encouraged dialogue with communities, which enabled them to express their aspirations and eventually build trust among them; and (iii) the project design provided the needed flexibility, made possible by the increased authority given to VUDAA from the central Government through decentralization.

133. Positive results are the best incentives for encouraging participatory methods. The initially reluctant project manager was promoted in the VUDAA as a reward for his performance. His experience in the VAI is now cascading to other urban development administration projects, particularly the Small Towns Development Sector Project (an ADB loan approved in January 2003). The Lao PDR Government is now open to incorporating more CDD features in its projects because of its positive experience in the VAI.

134. Some members of the project design team believe that the success in project implementation should be largely credited to the current ADB project officer. Apart from his competency in project implementation, he has the right perspective and conviction for participatory development and is now designing a number of projects with CDD features as a result of his very positive experience in this project. His success as well as his advocacy for this methodology is creating greater interest in CDD in his region. The review team has been informed that there are plans to establish at least two stand-alone CDD projects in the region in the coming years.

### **4.4.2 Poor Farmers' Income Improvement through Innovation Project, Poor Farmer Empowerment Component, Indonesia (Board Approval in 2002)**

#### **4.4.2.1 Overview**

135. Growth of the agriculture sector in Indonesia has stagnated and lags behind other sectors. It is the employer of a large percentage of the country's population and a substantial source of food and raw materials for manufacturing. Lessons from ADB experience indicate that previous agriculture projects were too complex, targeted diverse environments, were overly rigid, and were inflexible in design.

136. The Poor Farmers' Income Improvement through Innovation Project will support participatory planning in eligible villages to identify agricultural innovations and public investments necessary for adoption. It can be considered a CDD project because it aims to organize village project investment committees (VPICs), elected in each project village, to validate and consolidate investments proposed by farmer groups that will directly receive funds for subprojects they themselves select. This project will establish, develop the capacity for, and support operation of three levels of community participation: VPICs, project intervillage forums, and district coordinating committee. These structures will work together to consolidate, scrutinize, approve, support, implement, and monitor investments proposed by farmer groups. VPICs will ensure that implementation is in line with proposals and in accordance with guidelines. Implementation progress and disbursements will be posted on village bulletin boards. VPICs will maintain records accessible to the public.

#### **4.4.2.2 Highlights of design phase**

137. This project followed a new ADB business practice that came into effect in 2002, which allowed simultaneous project feasibility study and project designing in order to hasten project preparation. The project officer combined the two stages of project preparation. However, the project still took more than 18 months to be approved.

138. The project officer was not satisfied with the initial consultant reports. He observed the fieldwork of consultants very closely. After absorbing the rural situation in Indonesia, he decided that the project design needed to conform better to the conditions he saw. Based on another agriculture project of ADB for Indonesia, he decided that this project needed a greater role for the farmers.

139. There was unfavorable reaction from some bank staff when he circulated his project design for interdepartmental comments. Some staff wanted feasibility studies for the community subprojects. Others wanted to know the basis of his confidence to put so much money in the hands of farmers. He defended the project design by saying that there could be no detailed feasibility studies for subprojects because those were to be identified by farmers. He noted that part of the project design was providing technical assistance to farmers by contracting local NGOs that would guide them through project identification and preparation. He was also considering the tradeoff between larger projects that deliver higher volumes of aid but with less targeting options versus smaller resources delivered directly to communities, with the added benefit of greater community empowerment.

140. His confidence came from the support of the Indonesian government for this CDD type of project. Apart from the emerging success of the Kecamatan Development Project (KDP) (one of the World Bank's foremost CDD models), this project supported the decentralization law, which gave more authority to local communities. He studied the KDP and tried to improve on some of its weaknesses; for example, this project gave decision-making power to the village level whereas the KDP stopped at the subdistrict (kecamatan) level.

141. Through persistence and patience in explaining the concept to those who were initially skeptical about the project design, and with support from some senior staff who were interested in the innovative design, the project was finally approved.

#### **4.4.2.3 Implementation highlights**

142. The project's challenges continued when implementation started. First, project effectiveness was delayed by nearly a year. Upon effectiveness, project managers realized that the qualification standards for the national NGO were hard to meet, and it was only almost two years later when one was contracted. Another four months were needed to complete the hiring of local NGOs. The project designers wanted to give the local community the flexibility to choose which local NGO it would contract because they did not want a monopoly of this job by a few NGOs with fixed ideas to sell to the community.

143. Meanwhile, the executing government agency had to field its own staff in order to keep the project moving and to avoid losing government counterpart funding. Project implementation unit staff attended to a number of selected villages in the interim. They assisted these villages in selecting their village facilitators who were then trained to follow the participatory processes prescribed in the project design. The facilitators formed VPICs that were able to prepare subproject proposals and eventually manage the construction of such subprojects.

144. Eighteen of these villages were visited during the latest review mission in the last quarter of 2005. The mission reported that all the villages visited had elected their representatives and organized village committees as prescribed. Subprojects, consisting mainly of farm-to-market roads and small irrigation



systems, had been constructed according to guidelines. They were constructed by villagers themselves, who provided voluntary labor and other contributions in kind. Community contribution exceeded project requirements in all cases.

145. The new project officer who took over the implementation phase says the work of the executing agency was satisfactory. However, he feels that NGOs will help to fully apply the participatory features of the project. As the project increases in scale, he is aware that the executing agency will depend on the local NGOs to reach the target villages and manage the community processes effectively.

146. Because of the delays in its start-up, as of the last review mission in the last quarter of 2005, the project was nearly 50% behind schedule. Nevertheless, the project officer is confident that the project will now proceed smoothly. People in interim project villages have actively participated in and are fully satisfied with the project. Consultants, national NGO, and local NGOs are all taking up their roles. The project officer is an economist by training and this is the first project of its kind that he has undertaken in ADB. Social development specialist inputs will help better assess the quality of participation by the community, but he feels that the process is satisfactory and the community-driven approach successful.

#### **4.4.2.4 Insights**

147. The project has shown that the participatory process may take time but has its rewards. Much time was taken in designing and defending the project design and initial implementation problems added further delays. Nevertheless, the latest review mission reports: "...with proper guidance, village people can be relied upon for correct implementation of village infrastructures. The works are carried out satisfactorily, and local contribution often exceeds what is expected according to Project arrangements." Thus, the investments in time are slowly paying off.

148. The length of time taken to approve project design indicates that ADB does not yet understand or accept the tradeoffs between the risks and potential benefits of participatory processes. While the frontline staff are confident to take the risks because of their direct exposure in the field, headquarters staff are concerned about following procedures to mitigate the risks.

### **4.4.3 North East Coastal Community Development Project, Sri Lanka, (Board Approval in 2003)**

#### **4.4.3.1 Overview**

149. This project faced virtually insurmountable problems from the start. The project area, the Eastern Province of Sri Lanka, had been under civil war since 1983. Livelihood opportunities were minimal because of damaged infrastructure, destroyed natural resources, disrupted social services, lack of institutional structures, security restrictions, out-migration of people, and a general lull in investment. Poverty was pervasive in the project area. ADB persisted because the project was critical to the Government's efforts in promoting post-conflict rehabilitation and reconciliation. Because the devastation was so vast and the human resources of government were so limited, there was no way to undertake this project other than through a participatory approach.

150. Most of the population continue to rely on fishing and farming as a livelihood. The objective of the project is to reduce poverty and meet basic needs in coastal communities in three districts of the Eastern Province through sustainable livelihood improvement, resource management in three special management areas, coastal resource planning, fisheries development, and project implementation support.

151. The CDD features of the project include community consultations to assist villagers in assessing their condition and defining their needs and aspirations; community-based resource management

interventions, and provision of microcredit facilities to finance livelihood opportunities identified by villagers.

#### **4.4.3.2 Highlights of design phase**

152. ADB undertook extensive preparatory work in designing the project. The project preparatory technical assistance (PPTA) consultants faced numerous challenges working in an area affected by civil war, mainly due to lack of access. Following completion of the PPTA, ADB fielded several additional missions and undertook additional surveys and consultations to ensure a well-designed project. ADB undertook more than the normal effort in post-PPTA project preparation activities. The outcome was a well-designed project that had strong ownership by the executing agency. The resulting design is a combination of a top-down planning process involving the province-, district-, and division-level administrations and a bottom-up CDD process for provision of basic infrastructure and livelihood development opportunities.

153. The ADB team during the design phase included specialists in development economics, regional and rural development, environmental and natural resource management, sociology, anthropology, and coastal engineering.

#### **4.4.3.3 Implementation highlights**

154. Project implementation has been challenging. Project staff have to ensure a balance between beneficiaries among three ethnic groups, implement activities in government-controlled and rebel-controlled areas, and motivate people in the community who have known nothing but civil war for most of their adult lives.

155. Civilian administration systems had deteriorated extensively due to the long conflict. As a result, the project relies on NGOs as implementation partners to mobilize, train, and involve communities in project activities. Contracting these NGOs became a challenge. The project needed NGOs that not only had the competency required but were willing to work under the prevailing conditions. One of the criteria was they had to have an exit strategy after one year of operations. They had to be able to turn over project management to the community and enable the latter to seek their own funding at the end of that period.

156. The NGOs prepare village development plans (VDPs) based on the result of community assessment and planning. The VDPs define the community's condition based on the perspective of the villagers and identify subprojects along the lines of basic community infrastructure and livelihood opportunities that are chosen by the people themselves.

157. At the time of the last review mission (last quarter 2005), 54 VDPs had been completed and work has started on 25 subprojects. However, a review of the VDPs revealed that these represented a wish list of projects rather than a cohesive development strategy for the village. The projects included badly needed community infrastructure but the VDPs did not present livelihood opportunities. They also did not provide operation and maintenance plans. It became evident that the NGOs were not engaging the communities adequately.

158. As a result, project management has decided to re-train the implementing NGOs to enable them to conduct a more comprehensive consultation process. The sustainable livelihood model developed by DFID was adopted as the basis for engaging communities in the VDP process. The NGOs have been asked to revise VDPs according to these specifications. Although this will inevitably result in delays, the project officer decided that he would rather ensure that the investments would contribute to achieving the objective of improving people's livelihood rather than simply achieving the quantitative outputs of the project.

159. Sri Lanka was one of the countries badly affected by the Asian tsunami of December 2004. The project area was one of the most severely affected areas. The tsunami had significant impact on the project; project communities suffered heavily from loss of lives, damage to property, and disruption of the meager livelihoods that existed before the tsunami. Additionally, following the tsunami, the demand for NGO services, demand for construction material, and the general cost of all supplies have increased enormously. The project was well positioned to serve as a delivery mechanism for post-disaster rehabilitation efforts and ADB decided to use it as one of the vehicles for providing post-tsunami emergency assistance to Sri Lanka. As a result, the project budget increased by 100%. It is now poised to undertake both post-tsunami and post-conflict rehabilitation.

#### **4.4.3.4.1 Insights**

160. This project is a remarkable story of how projects can be designed and implemented effectively through determination and diligence in spite of numerous challenges. The PPTA was somewhat visionary because it was planned in anticipation of a cease-fire and return of normalcy in this war-torn part of the country. The obstacles during project preparation and design phase were overcome through determination to pursue the project because of its significance to the country's future. The risk that was taken with the investments made is paying off. Through the project, ADB has established an effective delivery mechanism on the ground, which has enabled both ADB and other donors to target communities affected by civil war and the tsunami in the north and east of Sri Lanka.

161. One of the key success factors of this project is the dynamic and visionary leadership provided by the provincial government. The Chief Secretary was instrumental in moving the project forward and holding the NGOs and other implementing agencies to high standards of performance. An equally important factor in the success of this project to date has been the highly committed and extremely diligent project director and his staff. They have faced all the challenges so far with great confidence and with strong determination.

162. The leadership provided by ADB has been manifest not only during the design phase but more particularly during implementation. Concerned about long-term impact and sustainability of the subprojects, ADB insisted that the VDPs be repeated following the prescribed process despite the cost. Accurate community inputs regarding natural resource management are a vital to the overall development strategy and ADB did not want to compromise that for short-term gains.

## **4.5 Analysis of ADB Experience with CDD**

### **4.5.1 A Cache of Experience**

163. Analysis of CDD and the CDD-type portfolio in ADB in the past 5 years, interviews with staff, and information from available documents indicate that there is indeed a significant amount of experience with applying the CDD approach in ADB. Due to time constraints, only three cases were documented here as good practice, but several others could qualify under this category. These three projects have experienced or are experiencing difficulties in implementation but are nevertheless proceeding in an encouraging fashion. ADB has further used a CDD approach in components of relatively large projects—8 projects were each worth \$50 million or more. A few of these involved OCR loans. These facts counter generally held misperceptions about ADB's ability and experience with using CDD as a participatory approach.

164. **Payoffs.** Where CDD design features were successfully implemented, the results, as evidenced by the three case studies, were positive in terms of community contribution to and satisfaction with subprojects, especially when investments were made in time and resources and particularly at the

beginning of implementation. In the case of the VUIISP, community contributions turned out to be greater than required. Implicit in this accomplishment is the trust that has been built among people and, in the process, the social capital that has been cultivated in the community. The spirit of volunteerism that has developed can be an important building block for greater concerted community action in the future. This has been the experience with the KDP and KALAHAI projects of the World Bank. Furthermore, positive results have had a flow-on effect. Other communities were encouraged to participate in projects where they have seen the benefits in adjacent communities. Governments have been encouraged to promote additional CDD projects after witnessing the positive impact of current CDD projects. As one project officer reported in comments to an earlier draft of this report, executing agencies in many of the DMCs they covered were willing to undertake stand-alone CDD type projects because “(a) the results are visible/tangible, (b) poor communities directly benefit from the undertaking, (c) the activities promote good governance because transparency and accountability and embedded in the process and (d) because these projects provide local governments greater legitimacy.”<sup>105</sup>

165. **Success Factors.** Even in its nascent stage, a few key success factors are emerging from ADB’s CDD experience.

- *Staff Leadership.* The Poor Farmers Income Improvement and the North East Coastal Community projects showed how the determination of the project officer to push ahead with the CDD project, despite seemingly insurmountable odds, eventually paid off. Such leadership is necessary to challenge conventions and counter negative notions about community empowerment before the benefits of such a strategy can be obtained.
- *Decentralization.* Projects that have been linked/designed to support decentralization have been the more successful ones (e.g., Poor Farmers Income Improvement Project, VUIISP, and Development of Poor Urban Communities Sector Project). These projects used existing local structures and took advantage of the positive policy environment that granted more local autonomy and brought the community into the loop of local decision making.
- *Support/Collaboration from Managers and Experts in ADB.* Mobilizing expertise within ADB is critical in confronting the challenges presented by CDD projects. Only when experts from and outside ADB were deployed, was the long-delayed project preparatory technical assistance of the North East Coastal Community project finally completed. The current level of effectiveness of the project as a post-conflict, post-disaster response mechanism is a product of the collaboration of such expertise. Project officers who were interviewed (i.e., from the North East Coastal Community project, the Poor Farmers Income Improvement project, and the Gender Equality and Empowerment projects) stated that their projects would not have been approved without the support and encouragement of their managers.
- *Smooth NGO Contracting is Essential.* All three case studies engaged NGOs or locally accepted nongovernment entities (e.g., a mass organization like the Lao Women’s Union) to facilitate community participation. The contrast between the Vientiane case study, where the government had prior experience in contracting mass organization in a long project, and the other two cases where NGO contracting delayed implementation, indicates the importance of prior assessment of the capacity of local NGOs as well as the capacity and commitment of executing agencies regarding NGO contracting.

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<sup>105</sup> From comments by Januar Hakim, MKRD, ADB, 30 March 2006.

#### 4.5.2 Missed Opportunities

166. Despite the growing experience, CDD potential in ADB is still at an early stage. While the total number of projects with CDD features (28 out of 339 projects) is not negligible, CDD features are but a minimal component of most of the projects identified. Only 3% of the total projects (11 out of 339 projects) were qualified as strictly CDD projects, with only four out of these 11 projects involving all the five characteristics of a CDD project. Within the range of the four levels of community participation—information sharing, consultation, collaboration, and empowerment (see Figure 1)—ADB’s overall portfolio is still centered around the consultation to collaboration parts of the CBD continuum, with limited attempts at community empowerment. In addition, there are more sectors/contexts and countries where CDD can be potentially applied effectively, as explained below.

167. **Empowerment Focus.** As noted earlier, most CDD projects employ participatory planning and implementation. However, only 11 of the 28 CDD projects allow community control of resources and only 9 provide for participatory M&E by people in the community. This compares with the World Bank CDD portfolio in which more than half provided communities with control of resources. Thus, participatory methods currently employed do not yet generally reach the full extent of empowerment and do not receive the full benefits that can be derived from CDD projects. Considering that there is already quite advanced experience in the application of these features in CDD projects, particularly in the World Bank, it is evident that ADB is not yet picking up the lessons from best practice elsewhere.

168. The absence of empowering measures to community members in ADB projects could mean legitimizing corruption and elite capture. For example, a Special Evaluation Study on Effectiveness of Participatory Approaches (2004) by ADB’s Operations Evaluation Department (OED) points to a case where contractors feel accountable to local officials who sign contracts and pay their fees and not to the communities. Unless there is a social accountability mechanism installed to make the contractors accountable to communities, the service quality will not be ensured, not to mention the possible consequences of the contractor-local elite connection.

169. **Emergency and Social Funds.** The sectoral distribution of the World Bank CDD portfolio (Figure 4) seems quite similar to that of ADB (Figure 8). When it is mapped into the World Bank’s typology of CDD projects, ADB’s CDD portfolio is concentrated around single-sector projects (mostly in water and sanitation), multisector projects (which take up 36% of the projects and 42% of the portfolio), and livelihood and microfinance projects (the most commonly used method of allowing some form of community control over project financial resources). However, ADB has not used CDD in emergency loans that were approved to assist DMCs affected by the Asian tsunami of 2004 or other post-disaster context,<sup>106</sup> despite two World Bank OED evaluations (2002 and 2005) that have established the effectiveness of CDD in emergency situations. ADB has also not established a social fund, while there have been 10 years of experience in this at the World Bank and the IDB. This review, however, has not been able to identify the reasons.

170. **Regional Application.** ADB’s experience in CDD in the past five years has been concentrated in two subregions: South Asia (including Pakistan), and Southeast Asia. This may be due to the combination of many factors, such as staff skills, management support, and willingness of DMCs. However, there are countries, such as in Central Asia, where the World Bank has had CDD projects, (including the International Bank for Reconstruction and Development and International Development Association), but

<sup>106</sup> It was pointed out by Al mud Weitz of the Indonesia Resident Mission that a grant project was approved as assistance to tsunami-affected areas in the country. Unfortunately, technical assistance and grant projects were not covered by this review due to time limitations. This is welcome information but the fact remains that ADB still has to explore lending for disaster response, which the World Bank has already practiced extensively.

ADB has not. ADB can further deepen its CDD experience in the countries and executing agencies with which it already has experience but should also expand it to other countries.

### 4.5.3 Institutional Issues

171. **Human Resources for CDD.** From the review of the World Bank experience, it is evident that social development specialists have been behind the successful mainstreaming of CDD into its operations. In ADB, project staff claim that as the already limited social development resources are prioritized for project preparation, there have been almost no social inputs in review missions. Four of the five project officers who managed the three cases documented in this study had strong social background and/or community exposure. This is one primary reason that these three projects can be considered to be performing relatively better than most other CDD projects. By nature, CDD projects require close monitoring and readjustments, and capacity of resident missions is crucial. As of now, there are only a few social development national officers and international staff in ADB's resident missions.

172. **Attention to Implementation.** All three cases needed to adjust project design during implementation according to specific country and local context. This underscores one of the key lessons learned from other MDB experience that the implementation phase is key to successful CDD operations. ADB's resource allocation has in general been concentrated in project preparation instead of implementation. In addition, there is no institutionalized mechanism for ADB project officers to systematically monitor and report on qualitative progress in projects, as evident from the aide-mémoire and back-to-office reports reviewed. Most documents related to loan implementation are not even readily available to the public, a reflection of ADB's weak emphasis on implementation. In addition, as OED's Special Evaluation Study points out,<sup>107</sup> there is a general lack of enthusiasm by the executing agencies in carrying out, let alone monitoring, "soft" components, such as training and capacity building, which are crucial components of CDD. Unless ADB's emphasis on loan implementation support is strengthened, such attitudes of executing agencies may persist and remain a major hurdle for CDD.

173. **Flexible Lending Instruments.** Both the World Bank and IDB experiences point to the importance of the multiphase lending instruments (e.g., APL in the World Bank and multiphase loans in IDB) and/or pilot lending instruments (e.g., LIL in the World Bank) to accommodate the evolutionary and process-oriented nature of CDD projects. In ADB, no such lending instruments have been available, at least for the review period, 2001–2005. According to the staff feedback, grants (i.e., JFPR and TAs) have been normally utilized in ADB for introducing new elements and approaches to future project designs or to provide complementary support to loans. At this stage there has been no assessment made on the success rates of scaling-up grant components into loan designs. However, it is highly likely that the marginalization of CDD-related components as small grant activities in a large-scale loan project may continue until they are supported through loans. With the establishment of the Innovation and Efficiency Initiatives Unit under RSDD, it may be timely for ADB to consider something similar to LIL and APL.

174. **Need to Develop Knowledge Base.** As mentioned earlier, this review is the first experience in comprehensively documenting ADB's experience of CDD, including a portfolio database for 2001–2005. Case studies show that the knowledge and experience primarily draw upon committed individual staff rather than those of the institution as a whole. In the case of the Poor Farmers Project in Indonesia, the project officer by chance had exposures to the World Bank-supported KDP project. But this is an exception rather than the norm. If ADB is to consider scaling-up CDD operations, development of an institutional knowledge base in RSDD which facilitates inter-regional knowledge exchange is crucial. Such knowledge base should also establish links with that of other MDBs like the World Bank. As the experience of this review suggests, the World Bank's systematized knowledge base on CDD, including database, research, and publications, presents tremendous opportunities for ADB. ADB can shorten the

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<sup>107</sup> ADB OED (2004), p. 26–27.

learning curve and minimize its investment risks by drawing from the extensive documentation of World Bank experience in CDD. It can also harness local expertise in client countries that has already been developed by the World Bank.

175. **Alignment of Institutional Incentives.** The key contrast between ADB and the other two MDBs reviewed is that the latter place CDD or community/citizen empowerment as one of their key poverty reduction strategies, while ADB does not, at least not so far. From the various levels of analysis conducted in this review, it seems safe to conclude that CDD in ADB, while growing, is still a marginal concern. The Medium-Term Strategy II 2006–2008 emphasizes inclusive development as one of the five strategic priorities, which offers a great opportunity for CDD. However, a lack of explicit reference to social accountability, civic engagement, or empowerment of the poor in the document raises a concern over the possible future space for CDD or CDD-type approaches in ADB. In addition, as OED's Special Evaluation Study rightly points out, ADB project officers' incentives are quite often aligned with the number of loans approved rather than the interest of the public.<sup>108</sup> For ADB as an institution to provide appropriate incentives to staff, more home-grown experience of CDD and awareness among management and senior staff may be essential.

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<sup>108</sup> ADB OED (2004), p. 33, para 132.





## 5. CONCLUSIONS AND RECOMMENDATIONS

176. This review of the concept and experience of CDD in ADB and elsewhere has answered several of the questions posed in the Introduction. The review has shown that by focusing on empowerment of communities, the CDD approach offers a new tool for promoting inclusion, equity, project efficiency, and good governance, which are at the heart of ADB's poverty reduction strategy. And by transferring resources and decision-making power of subprojects to community groups and representative local governments, CDD embodies a dynamic new form of social development that can strengthen the application of participatory approaches in ADB.

177. CDD lending in the IDB and World Bank has also risen rapidly over time. The IDB invested more than \$1.3 billion in SIFs during the 1990s. Annual World Bank lending for CDD projects and components averages more than \$1.5 billion. These trends clearly display a growing demand from developing member countries to adopt the CDD approach, while the various strategy documents from IDB and World Bank suggest that the approach is also being mainstreamed across sectors and departments.

178. The experience of successful projects in the World Bank (like Kalahi-CIDDS and KDP) and IDB (such as the SIFs), as well as the preliminary feedback on ADB projects, suggest that when applied properly, the CDD approach can be a potent instrument for building community infrastructure (rural roads, schools, health centers), provision of basic services (water supply and sanitation, health), common property resource management (forests, fisheries, coastal areas), post-conflict and disaster relief, and general local institution building (decentralization, local governance, integrated urban and rural development).

179. The review of ADB experience with CDD has been positive though limited in scale. It revealed (contrary to popular perception) that a critical mass of experience for applying CDD approaches in different countries and contexts exists within the organization. Of the 28 projects over the past five years that have most CDD elements, several have shown positive results as evidenced by the three case studies presented earlier and feedback from different staff members and project officers. There is, therefore, a good foundation of experience and capacity with participatory approaches, including CDD.

180. Given these facts, the basic conclusion from the review is that CDD offers ADB a powerful new approach toward poverty reduction, social development, and good governance at the local level, which it should try to build on in the future.

181. However, there is also reason to move ahead with care. The problems with the application of the CDD approach as noted in the World Bank OED reports (such as mistargeting, elite capture, lack of sustainability and institutionalization, and the need for adjusted fiduciary and safeguard rules) and by the IDB review of the rural development sector (such as the creation of parallel structures and need for flexibility) indicate that there is still room for improvement and learning by doing. Rigorous impact evaluation data on CDD approaches are still limited and clearly a "one size fits all" approach is not applicable to CDD. "The CDD paradigm is about adaptation and learning rather than mere replication. It values diversity over standardization and promotes synergy rather than substitution or competition. Ultimately it is about processes and principles not projects per se..."<sup>109</sup>

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<sup>109</sup> Gillespie (2004) p.44. Further, as noted in the ADB OED comments to an initial draft of this review, there may also be a danger in undertaking a "large-scale replication of CDD projects without solid evaluation data and based on only a few success stories. Similar mistakes have been committed in the past; for example, in view of the unsatisfactory performance of many agricultural and rural development projects in the 1970s, a new approach of integrated areas development (IAD) was initiated as a better alternative to replace the "sector approach" used in the earlier projects. The initial success of a few IAD

182. Further, the deeper review of ADB's CDD portfolio, the three case studies, and the feedback from project officers reveal that ADB has itself not really applied CDD to its full potential—not in terms of design and methods, not in terms of sectors and regions, and perhaps not in terms of scale.

183. The short-run recommendation of this review is that ADB undertake a pilot program on CDD as a special initiative. This would allow ADB to experiment with innovative new approaches and catalog the findings from implementation through a learning-by-doing approach that can guide future application of the approach. The medium-term recommendation is to improve the quality and raise the quantity of CDD operations in ADB. Alongside these efforts, institutional constraints identified by staff and revealed through the case studies need to be addressed. These recommendations are discussed below.

### **5.1 Short-term Strategy: Piloting through a Special Initiative**

184. The short and limited experience with implementing a full-fledged and large-scale CDD intervention in ADB suggests the launching of a pilot CDD operation as a special initiative in the immediate future. Such a pilot program could draw on existing experience in ADB and bring in external expertise to test different methodologies and build a body of expertise that can be used for developing learning materials and technical expertise for future CDD operations.

185. The launch of a CDD pilot would ideally be done as a joint effort of RSGS and a regional department and could fall under the Special Initiatives Program. It would allow the use of a genuine learning-by-doing approach and a high degree of flexibility to adapt to changing needs and challenges during implementation.<sup>110</sup> In order to properly gauge the potential benefits or costs of using a CDD approach, such a pilot should include an in-built impact evaluation and a cost-benefit study that can provide guidance for the future. It should also learn from the lessons of previous experience by building on existing collective action initiatives, linking to formal decentralization strategies, and avoiding the creation of parallel structures.<sup>111</sup>

186. The pilot could also form part of a broader action learning program on CDD, which would bring together practitioners and lessons from experience with implementing a CDD approach from across the globe to inculcate greater awareness and expertise on the topic, through workshops, seminars, communities of practice, and thematic networks. Such a program could be integrated into the Capacity Development Action Plan already being developed by the Capacity Development and Governance Division of RSDD (RSCG) and can be formed jointly by RSGS and RSCG. This should help foster greater awareness and feedback on CDD among mission leaders and senior management.

### **5.2 Medium-term Strategy: Improving the Quality and Increasing the Volume of CDD in ADB**

187. **Improving Quality.** In order to improve the performance and effectiveness of CDD approaches at ADB, a combination of some of the lessons from experience elsewhere and some issues specific to ADB should be addressed, some of which have been suggested in the ADB OED (2004) evaluation (Box 6), as follows:

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projects generated overly-positive expectations of the IAD approach, and resulted in rapid replication of IAD projects in World Bank, ADB, and many other agencies in the 1980s and 1990s. By the late 1990s, many IAD projects were found to have suffered serious problems, including in particular, less relevant project interventions (due to a standard package of project investments) and poor project sustainability. The finding was a bit too late as the rapid replication of IAD projects in so many countries had already resulted in substantial waste of public resources.” From comments by Qiaolun Ye, OED 1, submitted 10 April 2006.

<sup>110</sup> It may also provide an opportunity to test new flexible loan instruments, such as APLs or LILs.

<sup>111</sup> In this context, some of the options and lessons revealed in the Kalahi-CIDDS and MASAF examples presented earlier could be used.

- CDD design has to involve control of resources by communities. As discussed earlier and noted by ADB,<sup>112</sup> this is the critical means for empowerment under the CDD approach. So far, this has been applied in ADB only to a limited extent.
- Methods for participatory planning need to be adopted that allow inclusion of excluded and/or vulnerable groups (e.g., the poor, women, low castes, and ethnic minorities), and an open menu of choices for subprojects.
- Appropriate diagnostic work to understand local conditions should be undertaken and, wherever possible, existing participatory approaches and institutions should be built on when designing a CDD operation.
- Given the nature of CDD operations, greater attention to implementation arrangements and detailed operational manuals should be made. Guidance to mission leaders and project officers on terms of reference for community facilitators, guidelines on participatory planning and consultation, subproject application guidelines and assessment rules, and simple community contract agreements all need to be provided in advance. Samples of these could be prepared by RSGS for general ADB reference.
- Related to the above, for future efforts using a CDD approach in ADB, greater allocations for capacity building and “software” elements of projects have to be made from the overall project budgets or supporting grant resources. This includes expenditures on training of community groups and local governments, social mobilization and communication/awareness campaigns, project management, and M&E.
- Scaling-up of CDD operations should be done in a sequenced and a phased manner by testing alternative approaches and monitoring outcomes, as has often been suggested in the literature and seen through successful examples of CDD in other institutions.
- It is important for CDD operations in ADB to link with formal decentralization strategies of client governments.<sup>113</sup> Also, like the example of the Kalahi-CIDSS, mechanisms of horizontal integration, such as interministerial coordination bodies/arrangements, are also important.
- Similarly, emphasis should be given to strengthening country systems for community participation and empowerment by adopting a holistic and coordinated approach to capacity building by ADB in DMCs. This would involve strengthening the institutional environment for participation, organizational structures and processes in local governments, and CBO/NGO capacities.<sup>114</sup>
- Participatory M&E and social accountability mechanisms, such as community scorecards, social audits or grievance redress mechanisms (such as in Kalahi-CIDSS), should be incorporated; these were little used in previous projects.<sup>115</sup>

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<sup>112</sup> ADB OED (2004).

<sup>113</sup> Examples of such a linkage to a broader local development framework already exist in ADB, such as RETA 6008 on *Gender and Governance Issues in Local Government* and TA 4707-BAN: *Participation of the Urban Poor in Municipal Governance*.

<sup>114</sup> From comments to an earlier draft of this report by Claudia Buentjen, RSCG, received 5 April 2006.

<sup>115</sup> RSCG has already developed knowledge products and promoted the use of some social accountability tools in such operations as citizen report cards, social audits, and participatory budgeting.

- Finally, partnerships should be established with the World Bank and other institutions on CDD design and implementation. This could take the form of joint learning events, staff exchange programs/joint missions, joint funding of relevant research, cofinancing of large-scale CDD operations, and country-level donor exchange and donor harmonization (such as the Decentralized Support Facility in Indonesia).

**Box 6: Suggested Community-driven Development-related Design Features**

The evaluation by the Operations Evaluation Department (OED) of the Asian Development Bank (ADB) in 2004 of the effectiveness of participatory approaches as applied in rural development projects in ADB had several useful suggestions on new design features that are required to (i) give purchasing power to beneficiaries to let them hold providers accountable, (ii) provide appropriate incentives to providers, and (iii) develop mechanisms to encourage competition. Each of these is also directly applicable to the improvement of CDD operations because they lead to the kind of downward accountability needed to avoid elite capture and exclusion. The suggestions made there include the following:

- Building client or beneficiary power by allocating budgets to different agents (local governments, contractors, nongovernment organizations (NGOs), and community-based organizations, based on beneficiary satisfaction and feedback through the use of such instruments as beneficiary (citizen/community) report cards.
- Generating competition among providers by allowing beneficiaries to choose providers from multiple choices (government, private, NGO, etc.). This is particularly relevant for construction of infrastructure in community subprojects.
- Distributing project funds available for a village to targeted beneficiaries in the form of development coupons as a means of financial empowerment and demand-side financing.
- For village infrastructure with wide benefits, setting up an operation and maintenance fund by giving a one-time grant and then raising cash contributions from the community to ensure that the physical assets created are properly maintained. Management of the fund should be democratic and transparent.
- For group infrastructure with mostly individual-level benefits (e.g., small-scale irrigation systems), matching grants from beneficiaries as a prerequisite for receiving funding from external sources.

*Source:* ADB OED (2004).

188. **Increasing Volume.** If, as recommended here, the decision is made to increase the volume of CDD projects in ADB, the following are potential types of projects or actions:

- *Multisector Integrated Service Delivery and Local Government Projects.* Although the majority of CDD projects in the ADB portfolio was multisector, there were virtually no large-scale programs like KDP and Kalahi-CIDSS. Developing such programs holds the most potential to achieve most impact and volume of lending for CDD.
- **Social Funds.** As seen from the experience of both the World Bank and IDB, SIFs are very effective tools for applying the CDD approach. In applying the social fund approach, it must be kept in mind that such funds are meant to be complementary to existing institutional structures and, like the example of MASAF-III, should ideally involve a clear exit or merging strategy.
- **Post-conflict/Disaster Projects.** As discussed in the review, the use of the CDD approach is perhaps best warranted in post-conflict/disaster settings. ADB should consider using a CDD approach in its response to such crises in future.
- **Cultivating Demand from DMCs.** To encourage greater acceptance and willingness to take on a CDD approach in their country projects, DMC officials should be invited to review successful examples of CDD projects across the Asia and Pacific region. Learning events, peer exchanges,

and identification of political champions who would be interested in a bottom-up demand driven approach, would all help to foster the demand for CDD from DMCs.

### 5.3 Addressing Institutional Constraints

189. On the institutional front, the review has shown that there is already a body of experience in ADB with the CDD approach. There are undoubtedly many other grant-financed initiatives and lessons from implementation that were not captured in this review. However, based on the review and staff feedback, the following are some institutional changes that would be needed to create an enabling environment for promoting CDD in both the short and medium term:

- **Building Staff Resources.** To take on CDD operations effectively, ADB needs to increase the social development expertise of its staff. This can be done both by hiring CDD experts, either permanently or as technical consultants, and training existing staff on CDD methods.<sup>116</sup>
- **Building a Knowledge Base.** ADB, through RSDD, needs to build an appropriate knowledge base of CDD experiences. This should encompass case studies of good practices that can serve as benchmarks for task managers. Establishing a working group on CDD may also be considered.
- **Allowing Sufficient Time for Design and Good Supervision.** Given the grassroots nature of CDD programs, the established norms of design and project supervision would have to be expanded to introduce stability and sustainability. For instance, project officers who design CDD intervention should ideally oversee implementation over the years in which the programs are scaled-up.
- **Introducing Flexibility.** Based on the experience of the World Bank, ADB could consider flexible lending instruments, such as APLs or LILs, to facilitate the use of CDD. Further, this flexibility has to extend to design and experimentation with new ideas, such as devolving decision making from project management units to communities, which has not been the convention in ADB.<sup>117</sup>
- **Creating a Culture of Participatory Development.** Finally, the use of a CDD approach can only succeed if there is a genuine faith in a participatory approach and social development, which from the staff feedback seems to be currently lacking. Confidence in the approach could be developed by showcasing successful examples of CDD from within and outside ADB, and developing an appropriate strategy for mainstreaming participatory approaches in operations.

### 5.4 Areas for Further Research

190. The suggestions for further areas of research are:

- **Deeper Review of ADB Experience.** Given that this desk review focused only on RRP documents and some staff consultations, there is perhaps a case to extend the present analysis by a deeper look at other sources of information, such as JFPR grants and TAs, or mid-term reviews of implementation experience to get a better understanding of what has been done and achieved in ADB in using a CDD approach.

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<sup>116</sup> The learning modules in the Capacity Development Action Plan that is currently being developed by RSCG could include CDD training modules.

<sup>117</sup> From comments by Shane Rosenthal, ECRD, submitted 6 April 2006.

- **Review of CDD Experience of Other Institutions.** Due to time constraints and the limited scope of the present study, it could only explore the experience of two institutions in implementing CDD. This should ideally be complemented by a review of experience in other organizations, such as bilateral donors.
- **Case Studies of Good Experience with CDD.** As suggested above, ADB also needs to build a repository of good practices and examples of using CDD in its operations that can serve as learning tools for potential and existing staff task team leaders running CDD projects.
- **Impact Evaluation of Well-developed CDD Operations.** Finally, in order to strengthen the case for using a CDD approach, ADB should also directly or through the OED consider running impact evaluations of existing or future CDD projects.

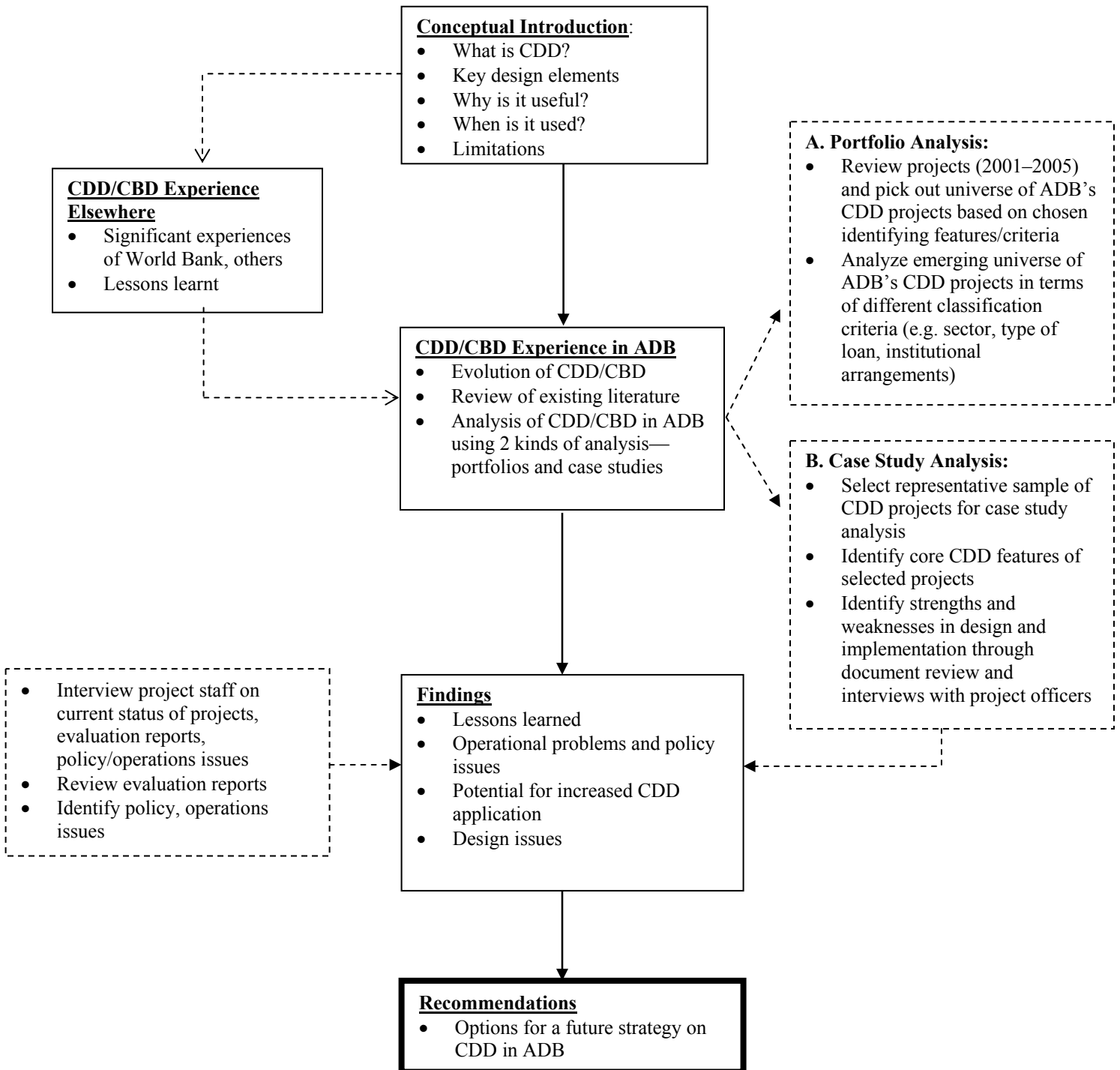
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## ANNEX 1: Summary of Conceptual Framework for Review



**ANNEX 2: Estimated Portfolio of World Bank CDD Projects FY 2000–2005**

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jective CDD Type" 6/	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory 3/	Community Control and Mgt of Inv't Funds 4/	Elected local government	Community Control without direct Management of Invest. Funds 5/
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	2000	AFRICA	Rwanda	Rural Water Supply & Sanitation	Water & San.	3	20.0	15.5	77.5	2.5	2.5	13.0	0.0	0.0
2	2000	AFRICA	Senegal	National Rural Infra. Project	Law & Justice	5	28.5	20.9	73.3	0.0	7.3	13.6	0.0	0.0
3	2000	AFRICA	Zambia	Social Investment Fund	Other Social	6	65.0	47.6	73.2	3.6	10.0	37.6	0.0	0.0
4	2000	EAP	Indonesia	WS&S for Low Income Comm. II	Water & San.	3	77.4	77.4	100.0	0.0	0.0	38.9	0.0	38.5
5	2000	ECA	Armenia	Social Investment Fund II	Other Social	6	20.0	16.9	84.5	0.0	0.0	0.0	0.0	16.9
6	2000	ECA	Georgia	Agricultural Research Extension	Agriculture	1	7.6	4.1	53.9	0.0	0.0	4.1	0.0	0.0
7	2000	ECA	Kyrgyz Rep.	On-farm Irrigation	Agriculture	1	20.0	17.1	85.5	0.0	0.0	0.0	0.0	17.1
8	2000	ECA	Romania	Agricultural Support Services	Agriculture	1	11.0	8.0	72.7	0.0	0.0	8.0	0.0	0.0
9	2000	LCR	Brazil	PROSANEAR 2	Water & San.	3	30.0	20.0	66.7	0.0	0.0	0.0	20.0	0.0
10	2000	LCR	Colombia	Sierra Nevada Sustainable Dev.	Multisector	5	5.0	4.2	84.0	0.0	0.0	4.2	0.0	0.0
11	2000	SAR	Bangladesh	National Nutrition Program	Health	1	70.0	40.0	57.1	4.3	0.0	0.0	0.0	40.0
12	2000	SAR	India	District Poverty Initiatives Project (DPIP)	Agriculture	4	111.0	84.0	75.7	18.0	0.0	84.0	0.0	0.0
13	2000	SAR	India	Rajasthan DPIP	Agriculture	4	100.5	95.9	95.4	0.2	0.0	80.0	0.0	15.9
14	2001	AFRICA	Burkina Faso	Community-Based Rural Dev.	Multisector	5	67.7	43.4	64.1	11.6	0.0	35.0	0.0	8.4
15	2001	AFRICA	Cameroon	Multi-sectoral HIV/AIDS Project	Health	1	50.0	34.0	68.0	0.0	0.7	33.3	0.0	0.0
16	2001	AFRICA	Ethiopia	Women's Development Initiatives	Other Social	4	5.0	4.2	84.0	0.0	0.0	4.2	0.0	0.0

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jjective CDD Type" <sup>6/</sup>	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) <sup>1/</sup>				
										Enabling environment (policy & institutional reforms oriented towards CDD) <sup>2/</sup>	Decision making by participatory elected local governments <sup>3/</sup>	Community Control and Mgt of Inv't Funds <sup>4/</sup>	Community Control without direct Management of Invest. Funds <sup>5/</sup>	Other agency (NGO, private sector, Elected local government)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
17	2001	AFRICA	Gambia	HIV/AIDS Rapid Response	Health	1	15.0	12.3	82.0	8.2	0.0	0.0	4.1	8.2
18	2001	AFRICA	Ghana	AIDS Response Project	Health	1	25.0	19.2	76.8	0.0	1.6	17.6	0.0	0.0
19	2001	AFRICA	Kenya	HIV/AIDS Project (Umbrella)	Health	1	50.0	27.0	54.0	0.0	0.0	27.0	0.0	0.0
20	2001	AFRICA	Madagascar	Community Development Project	Multisector	5	110.0	99.4	90.4	0.0	0.0	96.0	0.0	3.4
21	2001	AFRICA	Madagascar	Rural Development Support	Multisector	5	89.0	70.5	79.2	4.9	0.0	62.0	0.0	8.5
22	2001	AFRICA	Nigeria	Community Based Poverty Red.	Multisector	5	60.0	56.1	93.5	3.9	0.0	56.1	0.0	0.0
23	2001	AFRICA	Rwanda	Rural Sector Support Project	Multisector	5	48.0	24.9	51.9	0.5	0.5	24.4	0.0	0.0
24	2001	AFRICA	Senegal	Social Development Fund Program	Other Social	6	30.0	20.3	67.7	0.0	0.0	20.3	0.0	0.0
25	2001	AFRICA	Uganda	National Ag. Advisory Services	Agriculture	1	45.0	34.5	76.7	0.0	34.5	0.0	0.0	0.0
26	2001	EAP	Indonesia	Kecamatan Dev. Program II	Other Social	5	320.2	320.2	100.0	0.0	0.0	320.2	0.0	0.0
27	2001	EAP	Indonesia	Library Development Project	Multisector	1	3.9	3.9	100.0	0.0	0.0	3.9	0.0	0.0
28	2001	EAP	Lao PDR	Agricultural Development Project	Multisector	1	16.7	13.9	83.3	2.8	2.3	0	0.0	11.6
29	2001	EAP	Viet Nam	Community-Based Rural Infrastr.	Multisector	5	102.8	102.8	100.0	0.0	0.0	102.8	0.0	0.0
30	2001	ECA	Albania	Social Services Dev.	Other Social	5	10.0	7.5	75.0	1.1	7.5	0.0	0.0	0.0
31	2001	ECA	Bosnia-Herzegovina	Community Development	Other Social	5	15.0	13.9	92.3	0.0	0.8	13.1	0.0	0.0
32	2001	ECA	Macedonia	Child/Youth Development	Other Social	5	2.5	2.3	92.0	0.0	0.2	2.0	0.1	0.0
33	2001	ECA	Macedonia	Community Dev. & Culture LJI	Other Social	3	5.0	4.8	96.0	0.0	0.0	4.8	0.0	0.0
34	2001	ECA	Russia	Northern Restructuring	Other Social	5	80.0	70.0	87.5	0.0	70.0	0.0	0.0	0.0
35	2001	LCR	Argentina	Indigenous Community Dev.	Other Social	5	5.0	3.3	66.0	0.0	0.0	3.3	0.0	0.0

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub- jective CDD Type" 6/	IBRD/ IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col( 8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory elected local governments 3/	Community Control and Mgt of Inv't Funds 4/	Community Control without direct Management of Invest. Funds 5/	Other agency (NGO, private sector, Elected local government)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
36	2001	LCR	Bolivia	Health Sector Reform APL II	Health	1	35.0	25.3	72.3	0.0	25.3	0.0	0.0	0.0
37	2001	LCR	Bolivia	Indigenous Peoples LIL	Multisector	5	5.0	5.0	100.0	0.0	0.0	5.0	0.0	0.0
38	2001	LCR	Brazil	Land Based Poverty-Alleviation I	Multisector	4	202.1	184.7	91.4	0.0	0.0	184.7	0.0	0.0
39	2001	LCR	Brazil	Rural Poverty Reduction - PI	Multisector	5	22.5	18.3	81.3	0.0	0.0	18.3	0.0	0.0
40	2001	LCR	Brazil	Rural Poverty Reduction - CE	Multisector	5	37.5	32.1	85.6	0.0	0.0	32.1	0.0	0.0
41	2001	LCR	Brazil	Rural Poverty Reduction - PE	Multisector	5	30.1	25.7	85.4	0.0	0.0	25.7	0.0	0.0
42	2001	LCR	Ecuador	Rural Water Supply & Sanitation	Water & San.	3	32.0	25.0	78.1	1.0	25.0	0.0	0.0	0.0
43	2001	LCR	Honduras	Access to Land Pilot (PACTA)	Agriculture	3	8.0	6.8	85.0	0.0	0.0	6.8	0.0	0.0
44	2001	LCR	Honduras	Community-Based Education	Education	1	41.5	27.4	66.0	14.3	0.0	21.9	0.0	5.5
45	2001	LCR	Nicaragua	Poverty Red. & Local Dev. FISE	Multisector	5	60.0	50.6	84.3	5.0	12.6	38.0	0.0	0.0
46	2001	MNA	West Bank & Gaza	2nd Palestinian NGO Project	Other Social	5	8.0	5.3	66.3	0.5	0.0	5.3	0.0	0.0
47	2001	SAR	India	Karnataka Watershed Dev.	Agriculture	3	100.4	55.0	54.8	2.0	0.0	55.0	0.0	0.0
48	2001	SAR	India	Kerala RWSS	Water & Sanitation	3	65.5	56.0	85.5	0.0	56.0	0.0	0.0	0.0
49	2001	SAR	India	MP DPIP	Agriculture	4	110.0	90.0	81.8	1.0	0.0	90.0	0.0	0.0
50	2001	SAR	Pakistan	NWFP On-farm Water Mgmt.	Agriculture	3	21.4	20.0	93.7	0.0	0.0	0.0	0.0	20.0
51	2002	AFRICA	Benin	HIV/AIDS Multi Sector	Health	1	23.0	11.8	51.3	0.0	0.0	11.0	0.0	0.8
52	2002	AFRICA	Burundi	Multisector HIV/AIDS & Orphans	Multisector	1	36.0	18.7	51.9	0.0	0.4	14.9	0.0	3.4
53	2002	AFRICA	Cape Verde	HIV/AIDS	Multisector	1	9.0	6.3	70.0	0.0	1.5	4.4	0.0	0.4

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jective CDD Type" 6/	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory elected local governments 3/	Community Control and Mgt of Inv't Funds 4/	Primary Source of Support to Comm. Elected local government	Community Control without direct Management of Invest. Funds 5/
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
54	2002	AFRICA	Ethiopia	Cultural Heritage	Multisector	3	5.0	4.7	94.0	0.0	1.7	0.0	0.0	3.0
55	2002	AFRICA	Ethiopia	Food Security	Multisector	4	85.0	70.8	83.3	11.7	5.8	65.0	0.0	0.0
56	2002	AFRICA	Nigeria	Community Based Urban Dev.	Multisector	5	110.0	100.0	90.9	0.0	50.0	0.0	0.0	50.0
57	2002	AFRICA	Senegal	Nutrition Enhancement Program	Health	1	14.7	10.9	74.1	0.0	0.0	10.9	0.0	0.0
58	2002	AFRICA	Tanzania	Rural Water Supply & San.	Water Sanitation	3	26.0	20.9	80.4	0.0	1.2	19.7	0.0	0.0
59	2002	EAP	Indonesia	Urban Poverty Project II	Multisector	5	100.0	99.8	99.8	0.0	17.2	82.6	0.0	0.0
60	2002	EAP	Lao PDR	Poverty Reduction Fund Project	Multisector	6	19.3	19.3	100.0	0.0	0.0	19.3	0.0	0.0
61	2002	EAP	Mongolia	Sustainable Livelihoods Project	Multisector	4	18.7	15.5	82.9	1.0	5.4	10.1	0.0	0.0
62	2002	ECA	Albania	Pilot Fishery Development	Agriculture	3	5.6	2.9	51.8	0.0	0.0	0.0	0.0	2.9
63	2002	ECA	Armenia	Natural Resource Management	Agriculture	3	8.3	4.9	59.0	2.8	0.0	0.8	0.0	4.1
64	2002	ECA	Kyrgyz Rep.	Rural WS & Sanitation	Water & Sanitation	3	15.0	13.0	86.7	0.0	0.0	0.0	0.0	13.0
65	2002	ECA	Romania	Rural Development	Agriculture	5	40.0	30.6	76.5	5.8	7.3	0.0	0.0	23.3
66	2002	ECA	Romania	Social Development Fund II	Other Social	6	20.0	19.7	98.5	0.0	0.0	19.7	0.0	0.0
67	2002	ECA	Tajikistan	Poverty Alleviation 2	Other Social	6	13.8	11.4	82.6	0.0	0.0	11.4	0.0	0.0
68	2002	ECA	Ukraine	Social Investment Fund	Other Social	6	50.2	45.8	91.2	2.1	0.0	0.0	0.0	45.8
69	2002	LCR	Brazil	2nd Rural Poverty Reduction	Finance	5	22.5	19.2	85.3	0.0	0.0	19.2	0.0	0.0
70	2002	LCR	Brazil	Sergipe Rural Poverty Reduction	Multisector	5	20.8	18.0	86.5	0.0	0.0	18.0	0.0	0.0
71	2002	LCR	Brazil	3rd School Imp. (Fundescola)	Health / Education	1	160.0	130.0	81.3	20.0	0.0	130.0	0.0	0.0

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jjective CDD Type" <sup>6/</sup>	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) <sup>1/</sup>				
										Enabling environment (policy & institutional reforms oriented towards CDD) <sup>2/</sup>	Decision making by participatory <sup>3/</sup>	Community Control and Mgt of Inv Funds <sup>4/</sup>	Primary Source of Support to Comm. <sup>5/</sup>	Community Control without direct Management of Invest. Funds <sup>5/</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
72	2002	LCR	Colombia	Productive Partnerships	Multisector	4	32.0	28.1	87.8	0.0	0.0	28.1	0.0	0.0
73	2002	LCR	Ecuador	Poverty Red. & Local Rural Dev.	Multisector	5	25.2	21.4	84.9	0.0	4.3	17.1	0.0	0.0
74	2002	LCR	Honduras	Sustainable Coastal Tourism	Industry	4	5.0	3.2	64.0	1.3	1.5	1.7	0.0	0.0
75	2002	LCR	Nicaragua	Land Administration	Law & Justice	4	38.5	20.0	51.9	18.0	0.0	20.0	0.0	0.0
76	2002	LCR	Paraguay	Pilot Community Development Project	Multisector	5	9.0	7.3	81.1	0.0	0.3	7.0	0.0	0.0
77	2002	MNA	Morocco	Social Development Agency	Multisector	6	5.0	4.5	90.0	0.0	1.0	3.5	0.0	0.0
78	2002	MNA	West Bank & Gaza	Integrated Community Develop.	Multisector	5	10.0	6.7	67.0	3.0	0.0	6.7	0.0	0.0
79	2002	SAR	India	Karnataka RWS II	Water Sanitation	3	152.0	142.0	93.4	0.0	122.0	20.0	0.0	0.0
80	2002	SAR	India	Karnataka Tank Mgmt.	Agriculture	3	125.0	81.3	65.0	14.2	0.0	81.3	0.0	0.0
81	2002	SAR	India	RAJ WSRP	Agriculture	3	140.0	121.9	87.1	10.0	0.0	0.0	0.0	121.9
82	2002	SAR	India	UP WSRP	Agriculture	3	149.2	114.0	76.4	35.0	114.0	0.0	0.0	0.0
83	2003	AFRICA	Angola	Demobilization & Reintegration	Multisector	2	20.0	14.4	72.0	1.0	0.0	0.0	7.2	7.2
84	2003	AFRICA	Ghana	Promoting Partnerships with Traditional Authorities	Multisector	5	5.0	5.0	100.0	2.0	0.0	0.0	5.0	0.0
85	2003	AFRICA	Madagascar	Rural Transport Project-Phase III	Transport	1	80.0	62.4	78.0	0.0	0.0	0.0	0.0	62.4
86	2003	AFRICA	Malawi	Third Social Action	Other Social	6	60.0	42.6	71.0	3.9	0.0	42.6	0.0	0.0
87	2003	AFRICA	Sierra Leone	National Social Action Project	Other Social	6	30.0	18.0	60.0	0.5	0.0	18.0	0.0	0.0
88	2003	AFRICA	Tanzania	Particip. Agr. Dev & Empower.	Agriculture	5	56.0	38.6	68.9	6.8	0.0	38.6	0.0	0.0
89	2003	AFRICA	Uganda	North Uganda Social Action Fund	Multisector	6	100.0	71.0	71.0	9.0	0.0	71.0	0.0	0.0

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jjective CDD Type" <sup>6/</sup>	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) <sup>1/</sup>				
										Enabling environment (policy & institutional reforms oriented towards CDD) <sup>2/</sup>	Decision making by participatory elected local governments <sup>3/</sup>	Community Control and Mgt of Inv't Funds <sup>4/</sup>	Community Control without direct Management of Invest. Funds <sup>5/</sup>	Other agency (NGO, private sector, Elected local government)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
90	2003	EAP	Cambodia	Provincial and Peri-Urban WS&S	Water	3	20.0	20.0	100.0	0.0	0.0	0.0	0.0	20.0
91	2003	EAP	Cambodia	Rural Inv. & Local Governance	Multisector	5	22.0	22.0	100.0	0.0	0.0	22.0	0.0	0.0
92	2003	EAP	Philippines	Agrarian Reform Comm. Dev. II	Multisector	1	50.0	38.0	76.0	0.0	0.0	0.0	0.0	38.0
93	2003	EAP	Philippines	Kalahi – CIDSS	Multisector	5	100.0	97.6	97.6	1.4	0.0	97.6	0.0	0.0
94	2003	EAP	Philippines	ARMM Soc. Fund for Peace & Dev	Other Social	6	33.6	33.3	99.0	0.0	4.7	28.6	0.0	0.0
95	2003	ECA	Albania	Community Works 2	Multisector	4	15.0	8.3	55.3	0.0	0.0	0.0	0.0	8.3
96	2003	ECA	Bulgaria	Social Investment Fund	Other Social	6	50.0	46.0	92.0	26.5	20.0	0.0	0.0	26.0
97	2003	ECA	Georgia	Social Investment Fund 2	Other Social	6	15.0	12.7	84.7	0.0	1.0	0.0	0.0	11.7
98	2003	ECA	Romania	Irrigation Rehabilitation	Agriculture	3	75.0	65.0	86.7	0.0	35.0	0.0	0.0	30.0
99	2003	ECA	Russia	Health Reform Implementation	Health	1	30.0	20.0	66.7	10.0	10.0	0.0	10.0	0.0
100	2003	LCR	Guatemala	Second Rural Roads & Mainten	Transport	1	46.7	35.0	74.9	5.0	35.0	0.0	0.0	0.0
101	2003	LCR	Honduras	Regional Development	Multisector	5	11.0	6.0	54.5	0.0	4.0	2.0	0.0	0.0
102	2003	LCR	Jamaica	National Community Dev.	Multisector	5	15.0	15.0	100.0	0.0	0.0	5.0	0.0	10.0
103	2003	LCR	Peru	National Water Supply & Sanit.	Water & San.	3	50.0	48.0	96.0	2.0	4.0	0.0	0.0	44.0
104	2003	LCR	Peru	Lima Water Rehab - Add'l Fin.	Water & San.	3	20.0	20.0	100.0	0.0	0.0	0.0	0.0	20.0
105	2003	LCR	Peru	Rural Education	Education	1	52.0	30.0	57.7	10.0	20.0	0.0	0.0	10.0
106	2003	MNA	Algeria	Rural Employment II	Agriculture	4	95.0	86.0	90.5	9.0	0.0	0.0	3.0	83.0
107	2003	MNA	Morocco	Rainfed Agri. Dev.	Agriculture	1	26.8	16.0	59.7	5.0	3.0	0.0	5.0	8.0
108	2003	MNA	Tunisia	Municipal Development III	Multisector	5	77.6	52.4	67.5	25.3	0.0	50.0	0.0	2.4

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jective CDD Type" %/	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory 3/	Community Control and Mgt of Inv't Funds 4/	Community Control without direct Management of Invest. Funds 5/	Primary Source of Support to Comm. Elected local government
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
109	2003	MNA	Tunisia	NW Mt. Areas and Forestry Dev.	Agriculture	3	34.0	20.0	58.8	0.5	0.0	0.0	0.0	20.0
110	2003	MNA	Yemen	Sana'a Basin Water Mgmt	Agriculture	3	24.0	13.0	54.2	1.0	13.0	0.0	0.0	0.0
111	2003	SAR	Bangladesh	Social Investment Program	Other Social	6	18.0	14.7	81.7	2.0	0.0	14.0	0.0	0.7
112	2003	SAR	India	AP Rural Poverty	Agriculture	4	150.0	82.0	54.7	30.0	0.0	78.0	4.0	0.0
113	2003	SAR	India	Chattisgarh District Poverty	Agriculture	4	112.5	96.0	85.3	11.0	16.0	80.0	0.0	0.0
114	2003	SAR	Nepal	Community Schools Support	Education	1	5.0	4.5	90.0	0.0	0.0	4.5	0.0	0.0
115	2003	SAR	Pakistan	AJK Comm. Infra. & Services	Multisector	5	20.0	17.0	85.0	3.0	0.0	15.0	0.0	2.0
116	2003	SAR	Sri Lanka	Second Community Water Supply and Sanitation	Water & San.	3	39.8	28.2	70.9	11.6	0.0	28.2	0.0	0.0
117	2004	AFRICA	Angola	Third Social Action	Social	6	55.0	38.5	70.0	0.0	0.0	38.5	0.0	0.0
118	2004	AFRICA	Cameroon	Community Development Project	Multisector	5	20.0	15.0	75.0	20.0	5.0	10.0	0.0	0.0
119	2004	AFRICA	Ethiopia	Public Sector Capacity Building	Multisector	5	100.0	60.0	60.0	20.0	60.0	0.0	0.0	0.0
120	2004	AFRICA	Guinea-Bissau	HIV/AIDS Global Mitig. Support	Health	1	7.0	4.0	57.1	2.0	0.0	4.0	0.0	0
121	2004	AFRICA	Madagascar	Nutrition II	Health	1	10.0	10.0	100.0	1.0	0.0	0.0	0.0	10.0
122	2004	AFRICA	Malawi	Community Based Rural Land Dev	Agriculture	3	27.0	23.0	85.2	2.0	3.0	15.0	5.0	0.0
123	2004	AFRICA	Malawi	Multisector HIV/AIDS	Health	1	35.0	32.0	91.4	0.0	0.0	32.0	0.0	0.0
124	2004	AFRICA	Nigeria	FADAMA II	Agriculture	1	100.0	73.0	73.0	6.2	3.0	70.0	0.0	0.0
125	2004	AFRICA	Nigeria	Local Empowerment	Multisector	5	70.0	51.0	72.8	0.9	5.0	46.0	0.0	0.0
126	2004	AFRICA	Rwanda	Decen. & Community Dev.	Other Social	5	20.0	10.7	53.3	4.9	4.9	5.8	0.0	0.0



No.	Fiscal Year	Region	Country	Name of Project	Sector	"Subjective CDD Type" 6/	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory 3/	Community Control and Mgt of Inv't Funds 4/	Primary Source of Support to Comm. Government	Community Control without direct Management of Invest. Funds 5/
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
127	2004	AFRICA	Sierra Leone	Insti. Reform & Capacity Bldg	Law/Pub.Ad.	5	25.1	17.2	68.5	0.0	11.2	0.0	4.0	2.0
128	2004	EAP	Indonesia	Coral Reef Rehab. & Mgmt. II	Environment	2	56.2	33.3	59.3	0.0	0.0	2.2	0.0	31.1
129	2004	EAP	Indonesia	3rd KDP - Amendment	Multisector	5	91.0	91.0	100.0	0	0	91.0	0	0
130	2004	ECA	Azerbaijan	Rural Investment	Multisector	5	15.0	11.7	78.0	3.3	0.0	11.7	0.0	0.0
131	2004	ECA	Kosovo	Community Development Fund II	Other Social	6	4.0	4.0	100.0	0.0	0.0	0.0	0.0	4.0
132	2004	ECA	Kyrgyz Rep.	Village Investment Program	Agriculture	6	15.1	12.6	83.4	1.1	1.0	11.6	0.0	0.0
133	2004	ECA	Moldova	Social Investment Fund II	Other Social	6	20.0	17.4	87.0	0.4	4.0	3.4	0.0	10.0
134	2004	ECA	Tajikistan	Comm. Agri. & Watershed Mgt	Agriculture	3	10.8	6.0	55.6	0.0	0.0	6.0	0.0	0.0
135	2004	ECA	Turkey	Anatolia Watershed Rehab.	Agriculture	3	20.0	12.8	64.0	10.0	0.0	0.0	0.0	12.8
136	2004	LCR	Brazil	Maranhao Integrated Development	Agriculture	5	30.0	28.0	93.3	1.0	1.0	27.0	0.0	0.0
137	2004	LCR	Colombia	Peace and Development	Law & Just.	2	30.0	21.4	71.3	0.0	0.0	21.4	0.0	0.0
138	2004	LCR	Ecuador	Indig. & Afroecuad. Peoples' Dev	Health/Ag	5	34.0	20.0	58.8	0.0	0.0	20.0	0.0	0.0
139	2004	LCR	Honduras	Forests and Rural Productivity	Agriculture	3	20.0	10.8	54.0	1.2	1.6	0.0	1.0	8.2
140	2004	LCR	Honduras	Nuestras Raices Program	Other Social	5	15.0	8.3	55.3	0.5	0.0	8.3	0.0	0.0
141	2004	LCR	Mexico	Community Forestry II	Agriculture	3	21.3	20.0	93.9	0.0	0.0	20.0	0.0	0.0
142	2004	MNA	Yemen	Social Fund for Development III	Multisector	6	60.0	48.0	80.0	2.0	0.0	48.0	0.0	0.0
143	2004	MNA	Yemen	Third Public Works	Multisector	4	45.0	39.5	87.8	0.0	0.0	0.0	0.0	39.5
144	2004	SAR	Afghanistan	Emergency National Solidarity	Multisector	2	95.0	72.0	75.8	0.0	0.0	72.0	0.0	0.0
145	2004	SAR	Bangladesh	Water Supply Program	Water	3	40.0	30.0	75.0	3.0	0.0	3.0	0.0	27.0

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub-jective CDD Type" 6/	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory 3/	Community Control and Mgt of Inv't Funds 4/	Primary Source of Support to Comm. Government	Community Control without direct Management of Invest. Funds 5/
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
146	2004	SAR	India	Maharashtra RWSS	Water & San.	3	181.0	122.0	67.4	18.0	122.0	0.0	0.0	0.0
147	2004	SAR	India	Uttaranchal Watershed Mgt	Water	3	70.0	43.0	61.4	7.0	43.0	0.0	0.0	0.0
148	2004	SAR	India	Elementary Education	Education	1	500.0	250.0	50.0	0.0	0.0	0.0	0.0	250.0
149	2004	SAR	Nepal	Rural Water Supply & Sanitation II	Water & San.	3	25.3	16.4	64.8	0.0	0.0	16.4	0.0	0.0
150	2004	SAR	Nepal	Poverty Alleviation Fund	Other Social	6	15.0	12.0	80.0	1.5	0.0	12.0	0.0	0.0
151	2004	SAR	Pakistan	Poverty Alleviation Fund II	Multisector	6	238.0	200.0	84.0	0.0	0.0	200.0	0.0	0.0
152	2004	SAR	Pakistan	Sindh on Farm Water Management	Agriculture	3	61.1	48.2	78.9	4.5	0.0	39.7	0.0	8.5
153	2004	SAR	Pakistan	Community Infrastructure Project II (NWFP CIP2)	Multisector	5	37.1	25.0	67.4	2.5	4.0	15.0	2.0	1.5
154	2004	SAR	Sri Lanka	Comm. Dev. & Livelihood Imp.	Multisector	4	51.0	42.5	83.3	1.0	2.5	40.0	0.0	0.0
155	2005	AFRICA	Benin	National CDD Project	Multisector	5	50.0	49.3	98.7	0.0	0.0	36.3	8.2	4.9
156	2005	AFRICA	Burundi	Agri. Rehab and Sust. Land Mgmt.	Agriculture	3	35.0	30.0	85.7	5.0	5.4	14.6	0.0	10.0
157	2005	AFRICA	Chad	Local Development Program	Multisector	5	23.0	13.5	58.7	4.6	3.4	10.1	0.0	0.0
158	2005	AFRICA	Congo, D.R.	Emergency Social Fund	Multisector	6	60.0	40.0	66.7	10.5	0.0	40.0	0.0	0.0
159	2005	AFRICA	Congo Rep.	Support to Basic Education	Education	1	20.0	13.0	65.0	0.0	0.0	8.5	0.0	4.5
160	2005	AFRICA	Ghana	Small Towns Water Supp. & Sanit.	Water & San	3	26.0	24.7	95.0	0.0	0.0	0.0	0.0	24.7
161	2005	AFRICA	Ghana	Community-Based Rural Dev.	Agriculture	5	60.0	38.5	64.2	0.0	0.0	3.9	7.6	27.0
162	2005	AFRICA	Guinea-Bissau	Coastal and Biodiversity Mgmt	Environment	3	3.0	2.6	86.7	0.0	0.0	2.6	0.0	0.0
163	2005	AFRICA	Senegal	Int. Marine & Coastal Resources	Industry	3	10.0	8.7	87.0	0.5	0.0	0.0	0.0	8.7

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Sub- jective CDD Type" 6/	IBRD/ IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col( 8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) 1/				
										Enabling environment (policy & institutional reforms oriented towards CDD) 2/	Decision making by participatory 3/	Comm- unity Control and Mgt of Inv Funds 4/	Community Control without direct Management of Invest. Funds 5/	Other agency (NGO, private sector, Elected local government
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
164	2005	AFRICA	Tanzania	Local Govt Support Program	Law/Pub.Ad.	5	52.0	45.7	87.9	0.0	0.0	0.0	15.9	29.8
165	2005	AFRICA	Tanzania	Second Social Action Fund	Multisector	6	150.0	150.0	100.0	0.0	0.0	120.0	0.0	30.0
166	2005	EAP	PRC	Poor Rural Communities Dev.	Multisector	5	100.0	99.5	99.5	0.0	5.4	0.0	0.0	94.1
167	2005	EAP	Indonesia	Urban Poverty Program 3	Multisector	5	138.7	84.7	61.1	0.0	0.0	0.0	84.7	0.0
168	2005	EAP	Indonesia	Support for Poor and Disadv. Areas	Other Social	5	104.0	88.4	85.0	0.0	28.0	60.4	0.0	0.0
169	2005	EAP	Indonesia	Kecamatan Dev. Project 3B	Multisector	5	156.0	93.0	59.6	41.5	0.0	93.0	0.0	0.0
170	2005	EAP	Tonga	Education Support Project	Education	1	1.0	0.6	64.0	0.0	0.0	0.6	0.0	0.0
171	2005	EAP	Viet Nam	HIV/AIDS Prevention	Health	1	35.0	21.6	61.7	5.1	0.0	0.0	21.6	0.0
172	2005	ECA	Albania	Natural Resource Development	Forestry	3	7.0	6.0	85.7	0.0	0.0	0.0	6.0	0.0
173	2005	ECA	Albania	Integrated Coastal Zone Mgmt	Multisector	3	17.5	11.4	65.1	0.0	0.0	0.0	11.4	0.0
174	2005	ECA	Azerbaijan	IDP Economic Development	SME	5	11.5	10.0	87.0	0.0	0.0	0.0	0.0	10.0
175	2005	ECA	Kyrgyz Rep.	Rural Education	Education	1	15.0	13.5	90.0	0.2	0.0	13.5	0.0	0.0
176	2005	LCR	Bolivia	Rural Alliances	Agriculture	5	28.4	20.0	70.4	3.5	0.0	14.3	5.7	0.0
177	2005	LCR	Brazil	Amapa Sustainable Communities	Multisector	5	4.8	4.3	90.4	1.0	0.0	2.6	0.0	1.8
178	2005	LCR	Chile	Infrastructure for Territorial Dev.	Multisector	5	50.6	43.5	86.0	3.7	0.0	0.0	0.0	43.5
179	2005	LCR	Colombia	Agricultural Transition	Agriculture	1	30.0	20.1	67.0	0.0	0.0	0.0	0.0	20.1
180	2005	LCR	Costa Rica	Equity and Efficiency of Education	Education	1	30.0	21.0	70.0	4.7	0.0	5.0	0.0	16.0
181	2005	LCR	Peru	Agricultural Research and Ext. 2	Agriculture	1	25.0	14.5	58.0	0.0	0.0	14.5	0.0	0.0
182	2005	MNA	Egypt	Early Childhood Edu. Enhance.	Education	1	20.0	18.9	94.5	0.7	0.0	2.9	0.0	16.0

No.	Fiscal Year	Region	Country	Name of Project	Sector	"Subjective CDD Type" <sup>6/</sup>	IBRD/IDA Amount (\$ million)	CDD Amount (\$ million) (excl. enabling env.)	CDD Share of Total = 100* col(9)/col(8) (selected projects have share >=50%)	World Bank CDD Type (US\$ million) <sup>1/</sup>				
										Enabling environment (policy & institutional reforms oriented towards CDD) <sup>2/</sup>	Decision making by participatory elected local governments <sup>3/</sup>	Community Control and Mgt of Inv't Funds <sup>4/</sup>	Community Control without direct Management of Invest. Funds <sup>5/</sup>	Primary Source of Support to Comm. Elected local government
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
183	2005	SAR	Afghanistan	Education Quality Improvement	Education	1	35.0	20.0	57.1	1.0	0.0	0.0	0.0	20.0
184	2005	SAR	Afghanistan	Emergency Natl Solidarity - Supplement	Multisector	2	28.0	28.0	100.0	0.0	0.0	28.0	0.0	0.0
185	2005	SAR	Bhutan	Decentralized Rural Development	Agriculture	5	7.0	5.0	71.4	0.0	0.0	0.0	5.0	0.0
186	2005	SAR	India	Integrated Disease Surveillance	Health	1	68.0	38.8	57.1	0.0	38.8	0.0	0.0	0.0
187	2005	SAR	Nepal	Health Sector Program Project	Health	1	50.0	34.9	69.7	14.6	0.0	0.3	0.0	34.5
188	2005	SAR	Nepal	Rural Access Imp. & Decentral.	Transport	5	32.0	25.8	80.6	0.0	2.2	1.2	22.4	0.0

CDD = community-driven development; EAP = East Asia and Pacific; ECA = East Europe and Central Asia; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; LCR = Latin America and Caribbean; MNA = Middle East and North Africa; PRC = People's Republic of China; SAR = South Asia Region; SME = small and medium-size enterprise.

Source: Derived from World Bank CDD Anchor Database for Monitoring World Bank Social Development Portfolio (courtesy World Bank Social Development Department)

Notes:

- 1/ Based on CDD Group agreed typology
- 2/ Policy and Institutional reforms oriented toward increased control of decisions and resources by community groups and/or by participatory elected local governments.
- 3/ Elected local governments make decisions on planning, implementation, O&M, in partnership with different neighborhood or community groups.
- 4/ Community groups make decisions on planning, implementation, O&M and community management of investment funds.
- 5/ Community groups make decisions on planning, implementation, O&M without directly managing investment funds.
- 6/ Subjective CDD type based on typology presented in Chapter 3, where

1= single-sector service delivery, 2= post-conflict/disaster/crisis, 3= common property resource management, 4= livelihoods and microcredit, 5= multisector integrated service delivery and local development/governance, 6= social investment/poverty fund.

Note that allocations to categories are subjective and based on the authors' value judgment and should not be treated as official classifications of the World Bank.

### ANNEX 3: Matrix of ADB Projects with Most CDD Features 2001–2005

(Note: Highlighted projects are the case study examples)

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
(1) <b>Central Region Livelihood Improvement Project (Viet Nam)</b> 2001	Help the Government ensure that the poor in upland communities achieve sustainable livelihoods with an improving quality of life, resulting in a reduction in the incidence of poverty in the project area (p. iii, Objectives and Scope).	Improve household food security in a sustainable manner; generate incremental household income for the poor through improved on-farm productivity and income-generating opportunities; develop community capacity to utilize and manage scarce resources; and strengthen capacities of support institutions to respond to grassroots initiatives (p. 10, para 30).	Identification by the community of community rural infrastructure subprojects to be financed by the project (p. 13, para 38). Results of GIS-based survey of project areas will be made available to each commune to assist in community mapping, which is a key aspect of community planning process. These plans will be consolidated to form district and provincial resource management plans (p. 14, para 42).		Community development component will strengthen capacity of rural upland communities in prioritizing, planning, and managing development activities; and assist target communities to form community organizations, strengthen community planning process, and provide a resource base for communities to plan, finance, and implement socioeconomic development activities (p. 13, para 40).	Commune-based monitoring and management committees will facilitate approval and implementation of social development plans of community and submit these to project management unit and district administration for ratification; they will train communities on key elements of planning and administration (p. 13, para 41).	Household security Income generation  Community development  Institutional strengthening  Project support
(2) <b>Northwestern Rural Development Project</b>	Support Government's effort to reduce poverty through accelerated rural development by	(1) Plan, rehabilitate, or establish, and maintain public rural infrastructure that will improve living conditions of targeted rural population; (2)	Project will support commune councils in prioritizing, planning, and implementing small-scale village infrastructure (p. 17, para 64).		After participatory identification of subprojects, PIU will involve councils and local community-based	Commune development committee, with help from PIU, will monitor construction and	Rural infrastructure development  Capacity building

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
(Cambodia) 2001	establishing physical infrastructure, improving socioeconomic conditions, and enhancing rural livelihoods in northwestern Cambodia (p. iii, Objective and Scope).	strengthen capacity of communities and institutions to identify, prioritize, plan, implement, coordinate, monitor, and maintain infrastructure investments; (3) rural livelihood enhancement: involve and empower the beneficiaries, and establish small-scale infrastructure at village level (p. 15, para 53).			organizations in implementation of these projects; they will be responsible for contracting out to small local contractors (p. 23, para 88).	certify completion of small-scale works before payment is made to contractors (p. 23, para 88).	Rural livelihood enhancement
(3) <b>Vientiane Urban Infrastructure and Services Project (Lao People's Democratic Republic)</b> 2001	Improve the quality of life of urban residents, particularly the poor, and enhance urban productivity and economic growth in the Vientiane urban area (p. ii, Objectives and Scope).	A demand-led and participatory approach will be adopted, combining community infrastructure and services with community-level capacity building and awareness raising in environmental health, participatory local planning, and community-based infrastructure development and service delivery (p. 13, para 42).	Beneficiary villages will be oriented on the village area improvement (VAI) program; villages will decide whether to participate in program and elect representative if they participate. Representatives will be trained, after which they will guide community in prioritizing, identifying, and preparing proposals for subprojects that will be funded by VAI (p. 45-46, para 18).		VAI committees will be formed in participating villages and will oversee implementation of subprojects selected by community (p. 47, para 20).	VAI committees will conduct semi-annual impact monitoring to determine community benefits and satisfaction with subprojects. They will also receive and attend to complaints about subprojects during and after implementation (p. 47, para 21-23).	Citywide infrastructure and environmental improvements Village area improvements Capacity-building and project implementation support
(4) <b>Road Network Development Project (Nepal)</b>	Help Government improve transport efficiency and enable the country	Provide community access and complementary facilities through participatory	Physical interventions will be identified, planned, implemented, and operated by community groups		Project will work with local NGOs to mobilize RBGs from surrounding		East-West highway strengthening

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
2001	to stimulate economic growth and job creation, leading to poverty reduction (p. ii, Objective and Scope).	approach leading to poverty reduction (p. 15, para 63).	through the social development interventions (p. 46, para 7). Road-building groups (RBGs) will be trained in adult literacy, resource bookkeeping, resource mobilization, savings, and credit opportunities. They will be encouraged to save 10–20% of earnings from road construction in group savings fund. They will also be helped in identifying other activities required to improve the condition of the community (Appendix 9, p. 3, para 12).		communities that will construct/improve district feeder roads, trails, and bridges (p. 3 Appendix 9, para 10).		Roads improvement Feeder-road construction Performance-based maintenance Cross-border access road improvement Road safety and axle-load control Poverty interventions
(5) <b>Third Provincial Towns Water Supply and Sanitation Project (Viet Nam)</b>  2001	Improve water supply and sanitation systems in five provinces with total service population of about 1.2 million by 2010 (p. ii, Objectives and Scope).	Improve the health and quality of life of people living in project towns by constructing water supply, drainage, and sanitation facilities, and providing health and hygiene education; and supporting community participation by developing community-based sanitation credit schemes or sanitation improvement (p. ii, Objectives and Scope).	The Public Health Awareness Program (PHAP) will increase awareness of communities on the relationships between health and water supply and sanitation. Through this process, community needs in water supply and sanitation will be identified (p. 12, para 36-38).		Community environmental sanitation improvement will stimulate community participation in planning and implementation of sanitation and improvement projects (p. 12, para 38).		Community environmental sanitation improvement Water supply Drainage and sanitation Implementation assistance and capacity building
(6) <b>Secondary Towns and Rural</b>	Contribute to poverty reduction efforts and	Project aims to reduce incidence of waterborne diseases in the beneficiary	Rural component will organize beneficiaries into community-based		Rural component includes institutional		1. Urban Component Rural component



Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
<b>Community-based Water Supply and Sanitation Project (Sri Lanka)</b>  2002	<p>promote human development by improving access to safe drinking water and sanitation for poor populations (p. iii, Objectives).</p>	<p>populations and to reduce the level of resources that targeted households spend in acquiring water for their basic needs (p. 3, para 11).</p>	<p>organizations that will actively participate in project design and implementation. (p. 4, para 16).</p>		<p>support to develop capacity to implement, operate, and maintain water supply schemes and sanitation facilities, and assure the sustainability of water supply after project completion. (p. 4-5, para 16).</p>		<p>Institutional strengthening</p> <p>National public awareness and education campaign</p> <p>Financial and operational improvement support to relevant government agency</p> <p>Training</p>
<b>Poor Farmers' Income Improvement Through Innovation Project (Indonesia)</b>  2002	<p>Increase innovation in agricultural production and marketing by poor farmers (p. ii, Objectives and Scope).</p>	<p>Project will (1) improve targeting of village-level public investments to location-specific needs of agricultural and rural development, (2) increase access of poor farmers to information, and (3) reorient agricultural research to rainfed areas (p. ii, Objectives and Scope).</p>	<p>Project will support participatory planning in eligible villages to identify innovations and public investments necessary for adoption (p. 7, para 27).</p>	<p>Village project investment committee (VPIC)—elected in each project village to validate and consolidate investments proposed by farmer groups—will establish and operate bank account to manage funds for approved investments (p. 14, para 49).</p>	<p>Project will establish, develop capacity, and support operation of VPICs, project inter-village for a, and district coordinating committee. These structures will work together to consolidate, scrutinize, approve, support, implement, and monitor investments proposed by farmer groups (p. 7, para 26).</p>	<p>VPIC will ensure implementation is in line with proposals and in accordance with guidelines. Implementation progress and disbursements will be posted on village bulletin boards. VPIC will maintain records accessible to the public (p. 14, para 49).</p>	<p>Poor farmers' empowerment</p> <p>Development of national and local agricultural information resources</p> <p>Support for agricultural innovation and dissemination</p> <p>Project management</p>
(8)	Improve the living	To empower	Project will ensure that		Initially, WUAs		Agricultural



Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
<p><b>Agricultural Rehabilitation Project (Tajikistan)</b> 2002</p>	<p>conditions of the farming communities in the project area and institute measures to sustain benefits attained through the project (p. iv, Objectives).</p>	<p>beneficiaries, project will support promotion, formation, and training of water users' associations (WUAs) in the project area (p. 9, para 33).</p>	<p>dialogue is established between target communities and concerned sector agencies; that WUAs are organized in a participatory process; and that the level and role of female participation are promoted in formulation, organization, and management of WUAs (p. 9, para 33).</p>		<p>will manage tertiary system. Eventually, they will take over secondary system as they gain experience. Finally they are expected to handle O&amp;M of all irrigation and drainage facilities (p. 9, para 34).</p>		<p>support services for dekhans farms</p> <p>Rehabilitation of irrigation and drainage systems and institutional support, including</p> <ul style="list-style-type: none"> <li>• interfarm irrigation and drainage rehabilitation</li> <li>• support to water resources management agencies</li> <li>• organization and training of WUAs</li> </ul> <p>Improvement of potable water systems</p>
<p><b>(9) Coral Reef Rehabilitation and Management Project Phase II (Indonesia)</b> 2002</p>	<p>Enhance national and local capacity to manage the country's coral reef resources and rehabilitate and effectively manage priority coral reef ecosystems, thereby raising income levels and improving standards among poor coastal</p>	<p>Each participating district will formulate a coral reef management plan that will be prepared through a participatory process that will involve the local communities (p. 5, para 18).</p>	<p>NGOs and academic institutions will be contracted to assist in organizing, training, and empowering local communities in project sites; and to facilitate participatory planning and decision making within the framework of an overall marine action strategy (p. 8, para 28).</p>		<p>Project will support local communities in the management and use of their natural resources through coastal resource management plans formulated by them (p. 8, para 29).</p>		<p>Institutional strengthening and project management support:</p> <ul style="list-style-type: none"> <li>• strengthening national and regional government institutions</li> <li>• network of coral reef information and training</li> </ul>

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
<p>(10)  <b>Punjab Community Water Supply and Sanitation Sector Project (Pakistan)</b>            2002</p>	<p>communities (p. ii, Objectives).</p> <p>Reduce poverty and improve living conditions and quality of life of the communities in rural settlements in Punjab Province where water is scarce and groundwater is brackish (p. iii, Objectives and Scope).</p>	<p>Extend water supply, drainage, and sanitation coverage to poor village communities that do not have access to organized water supply, using community-based, demand-driven approach; strengthen and build capacity of newly constituted associations to organize community-based water supply and drainage development (p. iii, Objectives and Scope).</p>	<p>Subprojects will be selected by municipal administration based on applications filed by communities; validation/prioritization of these projects will be done through community meetings (p. 26, para 2).</p>	<p>Project will provide latrine components to households to be repayed in 2-3 installments. CBO will collect payment and manage revolving fund to procure latrines for other members of community (p. 6, para 20) Community development fund will be established through repayments in microcredit scheme and managed by CBO for microenterprise development and</p>	<p>Part A will organize CBOs that will take charge of O&amp;M of subprojects that will be constructed by the Project (p. 21-22, Design Summary and Performance Indicators/Targets)</p>		<p>centers project management support</p> <p>Community-based resource management and development</p> <p>Part A.            Construction of water supply and drainage facilities</p> <p>Part B. Hygiene education program</p> <p>Part C.            Institutional strengthening and capacity building</p> <p>Part D. Social uplift and poverty eradication program (SUPER)</p>

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
(11) <b>Sindh Rural Development Project (Pakistan)</b> 2002	Reduce poverty in the canal-irrigated areas of the project area by increasing empowerment and improving governance, improving access of rural poor to public services, transferring technology for improved livelihoods, and providing essential infrastructure (p. iv, Objectives and Scope).	Project will improve the social status and economic well-being of the poorest groups in the project area through capacity building and awareness raising on their rights and obligations, and increasing villagers' participation in identifying and implementing small-scale community infrastructure and livelihood projects (p. 4-8, paras 14-32).	CBOs will be given capacity-building support to enable them to more actively participate in local governance, community development, and selection and implementation of community subprojects (p. 5-8, paras 16-32).	expenditures for classroom construction (p. 7, para 24-25).	(See Participatory Planning and Design)	Civil society groups will actively monitor activities in the improved governance and legal support component. They will have access to relevant records to these activities (p. 5, para 19)	Improved governance and legal support Enhanced social processes at the community level Improved rural livelihoods Upgraded rural infrastructure and settlement improvement Project management support
(12) <b>Community Livestock Development Project (Nepal)</b> 2003	Project aims to reduce incidence of poverty in rural communities in project area, through improved food security, nutrition, and incomes. (p. ii, Objective)	Improve men and women's food security, nutrition, incomes, and employment from livestock production and small-scale livestock-related enterprises in 48 districts. (p.4, para 16)		Community members receive microcredit loans for livestock projects they select. (p.7, paras 32-35)	Communities select enterprise from menu of livestock enterprises; community groups prepare action plan, and receive training and microcredit loans. (p. 5, para 23)		Community development Livestock productivity enhancement Livestock processing and marketing Livelihoods pilot program for higher altitudes

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
<p>(13) <b>Conflict Affected Areas Rehabilitation Project (Sri Lanka)</b> 2003</p>	<p>Support rehabilitation of essential infrastructure and restoration of community livelihoods in the most severely conflict-affected areas.  (p iv, Objectives and Scope)</p>	<p>Community restoration and development component will rehabilitate water supply and sanitation, health, education, and renewable energy facilities, and restoration of livelihood in the target communities.  (p8-9, paras 34-42)</p>	<p>Communities agreed to location of water wells. Community groups agreed to pay portion of initial cost for construction of renewable energy facilities. Community/household facilities needed to restore livelihood were identified.  (p 29-34, Appendix 5, paras 2, 13, 17)</p>	<p>Communities agreed to contribute construction labor and maintain water and sanitation facilities. (p10 para 46)  There may be contracting of some access road construction to community-based groups, and participation of beneficiaries in construction and maintenance. (p32, Appendix 5, para 11)  CBOs are willing to assume maintenance of renewable energy facilities. (p 33 Appendix 5, para 3)</p>	<p>Communities agreed to contribute construction labor and maintain water and sanitation facilities. (p10 para 46)  There may be contracting of some access road construction to community-based groups, and participation of beneficiaries in construction and maintenance. (p32, Appendix 5, para 11)  CBOs are willing to assume maintenance of renewable energy facilities. (p 33 Appendix 5, para 3)</p>	<p>Project management services  Road rehabilitation  Power and electrification  Community restoration and development  Jaffna water supply feasibility study</p>	
<p>(14) <b>Development Of Poor Urban Communities Sector Project (Philippines)</b></p>	<p>Provide sustainable systems for providing affordable shelter and</p>	<p>Informal urban communities are improved/upgraded through provision of basic services and financing (microfinance for</p>	<p>Community action plans are prepared to prioritize needed infrastructure improvement and basic services in target communities.</p>	<p>Community members receive microcredit loans for upgrading,</p>	<p>Community organizations will participate in implementation of community action plans.</p>		<p>Site development and tenure distribution  Shelter financing</p>

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
2003	services for the poor. (p iii, Objectives and Scope)	upgrading, housing and micro enterprise). (p 3, para 11)	(p 4, para 13)	housing, and microenterprise they selected. (p 5, para 14)	(p 5 para 15; p 10, para 29; Appendix 12 para 5)		Capacity-building Project implementation support
(15) North East Coastal Community Development Project (Sri Lanka)	Reduce poverty and meet basic needs in coastal communities in three districts of Eastern Province through sustainable livelihood improvement and sound management of natural resources. (p ii, Objectives)	Sustainable livelihood component to provide support to communities on meeting basic needs through small-scale infrastructure and livelihood improvement activities (p 4 para 14).	Communities will identify and prioritize the community infrastructure and community-based resource mapping and resource management interventions needed, and prepare subproject concept proposals with the help of IP-NGOs. Households will also identify viable livelihood activities. (p 10-11, paras 36-37)	Livelihood support activities to be financed through microfinance (p4, para 13)	Communities to manage and maintain the infrastructure facilities (p 4, para 14)		Sustainable livelihood improvement Resource management in three special management areas Coastal resource planning, fisheries development Project implementation support
2003 Neighborhood Upgrading And Shelter Sector Project (Indonesia)	Reduce income poverty and quality-of-life poverty in urban areas (p. ii, Objective).	Project will improve local shelter planning and provision systems and the national organizations servicing them, and enable financing systems to respond efficiently and in a sustainable manner to the needs of the urban poor (p. 3, para 11).	An urban land development program will be developed, especially housing for the poor, with the participation of informal urban poor dwellers (identification and prioritization of sites for upgrading and/or development of new housing facilities) (p. 4, paras 13,14).	Beneficiaries will use loans for home improvement (p.4, para 16).	Community savings-and-loan groups will be formed, which will mobilize savings and channel the loans to beneficiaries (p. 4, para 16); beneficiaries will participate in implementation of subprojects (p. 5, para 19).		Improved planning and management systems for sites upgrading Improved access to shelter finance Upgrading of poor neighborhoods and development of new sites
(17) Rural Finance	Establish sustainable rural	Ensure enhanced access by the rural households to	Support will be given to community-led	Beneficiaries will avail of	(See Participatory Planning and		Strengthened sector institutions Conducive policies

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
<p><b>Sector Development Program (Sri Lanka)</b> 2003</p>	<p>finance system through policy adjustments and improvement of operations of rural financial institutions (p. iv, Program Loan Objectives).</p>	<p>rural financial services (p. 12, para 43).</p>	<p>development activities in skills development, creation of marketing networks, and construction of community infrastructure through the Rural Economy Resuscitation Fund with full beneficiary participation (p. 15, para 25).</p>	<p>microcredit loans for micro- and small rural enterprises (p. 20, para 80).</p>	<p>Design)</p>		<p>Supportive legal and regulatory framework  Institutional reforms for sustainability  Strengthening the demand side  Expansion of rural finance in conflict-affected areas</p>
<p>(18) <b>Second Participatory Livestock Development Project (Bangladesh)</b> 2003</p>	<p>Enhance the status of women and increase income-generating activities and employment from livestock-related enterprises (p. 24, Objective/Purpose).</p>	<p>Community capabilities to develop and manage income-generating activities will be improved by technical and social development training program; and provision of microfinance and technical supporting services for livestock enterprise development, including assistance to the ultra poor through a pilot program of asset development and training (p. 5, para 17).</p>	<p>Through community mobilization, community groups will be organized by NGOs that will help them identify community issues that need government attention, in the process enabling them to demand accountability for the use of public resources (p. 5, para 19); identify appropriate enterprises that will be supported by microfinance loans (p. 6, para 23).</p>	<p>Households will be provided microcredit loans to finance livestock enterprises that they selected (p. 6, para 23).</p>			<p>Community development  Livestock enterprise development  DLS capacity building  Project services</p>
<p>(19) <b>Small Towns Development Sector Project (Lao People's Democratic</b></p>	<p>Improve the quality of life and enhance productivity in selected small urban centers that</p>	<p>Community access to essential urban infrastructure and services will be improved, and income-earning potential of townspeople,</p>	<p>Project will design and assist in implementing a town-wide participation strategy to ensure townspeople are involved at each stage of project</p>	<p>A Community investment fund is available to communities within slums</p>	<p>Project will design and assist in a program to help villages implement a community-based village</p>	<p>Community dialogue will be undertaken in all stages. Project will ensure that intended</p>	<p>Part A. Urban infrastructure and environmental improvements  <ul style="list-style-type: none"> <li>Town-wide infrastructure</li> </ul> </p>

Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
<b>Republic)</b> 2003	<p>play or have the potential to play important role as market, services, and manufacturing centers supporting the rural hinterland (p. iv, Objectives).</p>	<p>especially the poor, will be enhanced (p. 22–23, Project Summary).</p>	<p>implementation, including subproject selection and preparation, design, and construction. A system will be developed for regular feedback from the townspeople into project implementation. The participation strategy will include mechanisms for consultation with affected people on resettlement issues (p. 55, 4.iii).</p>	<p>identified through the Municipal Action Plan for Poverty Reduction process to finance social sector and non-physical initiatives.</p>	<p>upgrading program; e.g., participatory assessment of needs and prioritization, village planning, forming village committees, operation and maintenance by villages of provided infrastructure and services, cost sharing for improvements, and training key staff of urban development administration authorities (UDAs) and resource persons in villages (p. 56, 4.iv).</p>	<p>participatory processes are followed by providing considerable input for implementing program of community dialogue and partnering, involving assistance in designing and implementing consultative processes, and capacity building for UDAA staff, village organizations, and communities for community-based improvements (p. 10, para 37).</p>	<ul style="list-style-type: none"> <li>and amenities</li> <li>Town cleanliness and environmental services</li> <li>Village upgrading and livelihood promotion</li> </ul> <p>Part B. Support for project implementation, community processes, capacity building</p> <ul style="list-style-type: none"> <li>Support for project management and implementation</li> <li>Civic awareness, community dialogue, and partnering</li> <li>Capacity building for UDAs</li> </ul>
<b>(20)</b> <b>Community-based Water Supply and Sanitation Sector Project (Nepal)</b> 2003	<p>Expand the coverage of improved water supply and sanitation facilities to underserved populations, especially to poor remote areas, and</p>	<p>Project intends to use community-based, demand-driven approach to extend water supply and sanitation facilities to approximately 1,200 communities.</p>	<p>Project will train and assist communities to organize water user groups; develop their capacity to plan, construct, manage, operate, and maintain water supply schemes and sanitation facilities; and ensure the sustainability of water</p>	<p>Beneficiary communities will implement subprojects with support of NGOs/CBOs, and village and district development committees</p>	<p>Rural component</p> <ul style="list-style-type: none"> <li>Community mobilization and capacity building for sustainability</li> <li>Construction of community water supply</li> </ul>		



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	improve health and hygiene practices related to waterborne and sanitation diseases (p. iv, Objectives).		supply after project completion (p. 6, para 20).		(DDCs); direct beneficiaries will be required to make minimal contributions to the project to qualify for project funding (p. 5, para 16, 18).		<p>and sanitation facilities</p> <ul style="list-style-type: none"> <li>• Health and hygiene program</li> <li>• Gender, caste, and ethnic minority program</li> </ul> <p>Institutional strengthening component</p> <ul style="list-style-type: none"> <li>• Strengthening DDC capacity to provide water supply and sanitation</li> <li>• Supporting decentralization policy of the Department of Water Supply and Sewerage</li> </ul>
<b>(21) Decentralized Rural Infrastructure And Livelihood Project (Nepal) 2004</b>	Provide sustainable increased access to economic and social services, and enhanced social and financial capital for people in the project area, particularly the poor (p. iv, Objective).	Project will invest in small, community socio-economic infrastructure; and provide jobs, empower rural communities for development, increase institutional capacity, and improve transparency and accountability (p. 4, para 12).	Communities, particularly disadvantaged groups and women, will participate in detailed planning of main subprojects, and in identification and prioritization of supplementary investments (p. 28, Performance Indicators/Targets).		Communities, particularly disadvantaged groups and women, will participate in implementation of main subprojects, and implementation and maintenance of supplementary	Communities in all subproject areas will be made aware of physical and financial progress of project implementation and will conduct regular participatory	<p>Community development and rural livelihood restoration</p> <p>Capacity Building and decentralized governance</p> <p>Rural transport infrastructure project</p>



Project	Objective/s	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-based Monitoring and Evaluation	Project Components
(22) <b>Community-managed Irrigated Agriculture Sector Project (Nepal)</b> 2004	Improve agricultural productivity and sustainability of existing farmer-managed irrigation systems (FMIS) suffering from low productivity and high incidence of poverty, thereby enhancing the livelihood of poor men and women in rural Nepal (p. iv, Objective).	Participatory irrigated agriculture development component will support participatory development of FMIS subprojects through a process approach (p. 6, para 16).	Project will support identification of viable subprojects and participatory preparation of comprehensive subproject implementation plans (SIP) (p. 6, para 17) Project will support the participatory detailed design and construction of infrastructure and facilities to be operated by WUAs (p. 6, para 19).		Project will empower WUAs to manage activities at preconstruction, construction, and post-construction stages. WUAs will play effective organizational, operational, resource mobilization, and networking functions to facilitate delivery and output marketing with collective bargaining power (p. 6, para 18).	community audit (p. 28, Performance Indicators/Targets).	Management services  Participatory irrigated agriculture development for FMIS <ul style="list-style-type: none"> <li>• Participatory planning and beneficiary mobilization</li> <li>• Irrigation and associated infrastructure</li> <li>• Agriculture development support and livelihood enhancement</li> <li>• Support for sustainable O&amp;M facilities</li> </ul> Institutional strengthening and project management Community mobilization Institutional capacity building Community-
(23) <b>Northern Community-managed Irrigation Sector Project</b>	Reduce rural poverty in project area through sustained growth of agricultural production by developing	(See Objectives)	Beneficiary communities will be involved in detailed identification and planning of agricultural extension services, community-managed irrigation schemes, rural access roads		Water user groups will be organized to implement activities in community participation development plan		Community mobilization Institutional capacity building Community-

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<b>(Lao People's Democratic Republic)</b> 2004	community-managed irrigation schemes with strong community ownership (p. iii, Objective and Scope).		upgrading, and rural water supply schemes. Project will provide capacity-building support to enable communities to formulate community participation development plan (p. 10–11, para 29–36).		and operate and manage subprojects that will be supported by the project (p. 10–11, para 29–36).		managed irrigation investment  Agricultural extension and resource use planning
<b>(24) Gender Equality and Empowerment of Women Project (Nepal)</b> 2004	Improve the socioeconomic conditions of poor rural women through a process of economic, social, legal, and political empowerment (p. iv, Objectives).	Project will strengthen women's capabilities to improve their access to and control over assets, build group support for individual and collective action to influence and hold institutions accountable, and reform government institutions and processes to become gender responsive and include previously marginalized women in development opportunities (p. 5, para 15).	Under programs for promoting income generation, women's working groups will express preference in selecting potential microenterprise; and service providers' comparative advantage, training, and credit needs for promoting microenterprises (p. 6, para 20).  Demand-driven household technology fund will provide time-saving household technologies and devices (p. 9, para 34)  Demand-driven community infra-structure fund will be made available for community-based social infrastructure (p. 9, para 35).		Service providers will implement subprojects supported by community infrastructure fund with the involvement of men and women in the community (p. 9, para 35).		Economic empowerment  Legal empowerment  Social empowerment  Institutional strengthening
<b>(25) Sustainable Livelihoods in Barani Areas Project (Pakistan)</b> 2004	Enhance access to land, water, markets, services, agricultural inputs, technologies, and employment among the	Village urban development component will provide financing for medium-scale infrastructure and other interventions that will help stimulate livelihood	Through targeted poverty alleviation component, project will make provision for small-scale poverty alleviation interventions targeted directly at small beneficiary groups.		Men and women's community organizations will be formed to undertake the projects in the targeted poverty		Village urban development component  Targeted poverty alleviation

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	<p>population living in barani areas in order to increase incomes, improve quality of life, and ultimately, reduce poverty among vulnerable groups within project area (p. iv, Objectives).</p> <p>Improve access to basic rural infrastructure for the poor and near poor in rural areas (p. 6, para 17).</p>	<p>in barani areas (p. 6, para 18).</p> <p>Part A will provide villages with social and technical facilitation and financial resources to meet their priority infrastructure needs (p. 7, para 20).</p>	<p>Activities will be demand-based and will include small-scale livelihood activities and minor water resource conservation and irrigation infrastructure (p. 6, para 21).</p> <p>Part A will create community implementation organizations (CIOs) that will plan and design priority infrastructure needed and develop operation and maintenance mechanisms for their respective community (p. 7, para 21–23).</p>	<p>CIOs will open bank account to manage funds for their approved project, make contract for works with the district implementation unit, prepare invoices and manage cash, and report expenditures to the community weekly (p. 13, para 45)</p>	<p>alleviation component; they will provide contribution in cash or in kind to these projects (p. 6, para 21).</p> <p>CIOs will be responsible for preparing village proposals and implementing the approved proposal (p. 13, para 45).</p>	<p>Literacy through skills training</p> <p>Institutional and implementation support</p>	<p>Part A. Infrastructure rehabilitation and improvement</p> <p>Part B. Implementation, monitoring, and coordination support</p>
<p>(26) <b>Rural Infrastructure Support Project (Indonesia)</b> 2005</p>	<p>Enhance the health status of low-income communities in rural areas, based on better hygiene and sustained access to safe drinking water and improved</p>	<p>Project will empower communities to take responsibility for developing and implementing project services, based on a demand-driven, community-based approach (p. 4, para 14).</p>	<p>Through community empowerment component, community implementation teams (CITs) will be formed with members drawn from community stakeholders in a transparent and inclusive manner. CITs will conduct village problem mapping</p>	<p>Communities will receive funds (maximum ceiling of Rp250 million) for community health and sanitation facilities, based</p>	<p>CITs will organize community groups to implement and monitor water supply and sanitation improvements, and hygiene behavioral change programs</p>	<p>Community will monitor and evaluate the sustainability and use of the new services (para 25, p. 7).</p>	<p>District and subdistrict capacity building</p> <p>Community empowerment</p> <p>Community-based water supply and sanitation facilities</p>
<p>(27) <b>Community Water Services and Health Project (Indonesia)</b> 2005</p>	<p>Enhance the health status of low-income communities in rural areas, based on better hygiene and sustained access to safe drinking water and improved</p>	<p>Project will empower communities to take responsibility for developing and implementing project services, based on a demand-driven, community-based approach (p. 4, para 14).</p>	<p>Through community empowerment component, community implementation teams (CITs) will be formed with members drawn from community stakeholders in a transparent and inclusive manner. CITs will conduct village problem mapping</p>	<p>Communities will receive funds (maximum ceiling of Rp250 million) for community health and sanitation facilities, based</p>	<p>CITs will organize community groups to implement and monitor water supply and sanitation improvements, and hygiene behavioral change programs</p>	<p>Community will monitor and evaluate the sustainability and use of the new services (para 25, p. 7).</p>	<p>District and subdistrict capacity building</p> <p>Community empowerment</p> <p>Community-based water supply and sanitation facilities</p>

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(28) <b>Chattisgarh Irrigation Development Project (India)</b> 2005	sanitation (p. iv, Objective).	Water Resources Department staff will be trained to ensure that WUAs manage the irrigation systems effectively, provide sustainable O&M, and develop winter crops and diversified cropping (p. 6, para 24).	and formulate community action plan, which will detail strategy to address identified water supply and sanitation, and health problems and reasonable budget level (p. 5, para 18).	on approved proposal selected from a menu of feasible subprojects provided by the project (para 22, p. 6).	(p. 5, para.18). Communities will contribute in cash and in kind for construction cost of water supply and sanitation projects and be responsible for all O&M costs. (p. 6, para.22).		Sanitation and hygiene behavioral change
	Improve irrigation delivery, enhance agricultural practices, and strengthen water resources management to increase the productivity of irrigated agriculture in project area (p. iv, Objectives).			All WUAs that successfully complete training will receive one-time grant for organizational start-up costs, administration, and O&M equipment (p. 6, para 25).	(See community Control of Resources)		Strengthening the Water Resources Department  Participatory irrigation management  Rehabilitation and upgrading of irrigation systems  Agricultural support services

ADB = Asian Development Bank; CBO = community-based organization; CIO = community implementation organization; CIT = community implementation team; DDC = district development committee; FMIS = farmer-managed irrigation systems; FY = fiscal year; GIS = geographic information system; NGO = nongovernment organization; O&M = operation and maintenance; PIU = project implementing unit; RBG = road-building group; UDAA = Urban Development Administration Authority; VAI = village area improvement; VPIC = village project investment committee; WUA = water users' association;