



EVIDENCE NOTE ON COMMUNITY DRIVEN DEVELOPMENT (CDD)

A summary of key findings on World Bank financed CDD operations

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Introduction

- 1. Community-driven development (CDD) is an approach to local development that emphasizes community control over planning decisions and investment resources.** CDD programs prioritize community participation and voice in the planning, implementation, and decision-making processes of development. This approach enables communities to work in partnership with national and local governments to identify and manage community-level investments. CDD builds upon the idea that local communities have greater knowledge than central planners about their circumstances and needs and therefore can help set priorities for local development.
- 2. This note summarizes existing evidence on CDD's effects across five topics: service delivery, poverty reduction, poverty targeting, participation, and social cohesion.** The objective of the note is to provide a succinct, holistic overview of what the evidence says on each topic – including positive, negative, and null impacts. It is not a comprehensive literature review.¹ Rather, the note is designed to provide a concise, non-technical summary of the evidence for task teams and clients and to identify areas of future research.² This note contributes to past efforts to summarize research on participatory community development programs (Mansuri and Rao 2013; Wong and Guggenheim 2018) by incorporating the latest studies and internal evaluations and synthesizing the findings into five core topics – service delivery, poverty reduction, poverty targeting, participation, and social cohesion – important to policymakers and CDD practitioners.
- 3. The note focuses on World Bank-financed CDD projects and is based on a review of 104 documents, including impact evaluations, academic studies, project audit reports, monitoring reports, and publicly available internal evaluations.**³ We define CDD projects as those that include a direct financial resource transfer to administratively-defined communities that the community can use for productive investments (i.e. small-scale infrastructure, revolving loans).⁴ Reviewed documents were included in the note if they met the following criteria: i) publicly available as of January 2022; ii) includes analysis of a World Bank-financed CDD project and clearly describes the methodology used; iii) includes findings on one or more of the five topics covered in the note.⁵

¹ For a more comprehensive review of the literature, see Casey (2018), IFAD (2020), Wong (2012), or Wong and Guggenheim (2018).

² A limitation of this approach is that the note does not focus on answering more nuanced questions such as 'when does CDD work' or 'what aspects of CDD are most effective in which context'. See Barron et al (2011) for an example of a study that focused on the conditions under which a CDD project is effective.

³ To identify documents, the team reviewed: existing literature reviews and meta-analyses on CDD; an internal database of evaluations and audit reports, including recent academic studies; all studies published since 2008 in the World Bank's Open Knowledge Repository and mentioning 'community-driven'; all studies from the World Bank's Social Observatory that mentioned 'community-driven'; Google results for recent publications on CDD; and additional papers as recommended by reviewers.

⁴ See Annex 1 for a typical CDD results chain. The literature on CDD both benefits and suffers from the fact that there are many types of CDD projects. For a more detailed overview of the different types of CDD projects see Wong and Guggenheim (2018) and Mansuri and Rao (2012).

⁵ The note is not limited to a specific timeframe and includes all studies that meet the criteria and contribute to a holistic summary of the evidence on CDD. The team paid special attention to documents published after 2018 to ensure the note captures studies released since Wong and Guggenheim's (2018) comprehensive review of the literature.

4. **Overall, there is consistent evidence that CDD is an effective tool to deliver services, especially in remote, fragile, and conflict-affected situations.** CDD approaches also have a strong track record of benefitting the poorest areas of a country and fostering inclusion by increasing participation and voice of marginalized groups in the development process. For most projects, these effects meet or exceed the project's stated objectives. In some cases, CDD projects also contribute to positive impacts on economic welfare and health and education outcomes. Findings on social cohesion outcomes are more mixed, perhaps because beneficiary communities have high baseline levels of social cohesion and because CDD programs are not designed with the explicit purpose or investments to improve social cohesion outcomes.

Service Delivery

Does CDD improve basic public services and infrastructure?

5. **Evaluations of CDD projects regularly find strong positive effects on access, utilization, and quality of services and infrastructure.** A meta-analysis of rigorous CDD evaluations, including World Bank-financed projects in Afghanistan and Sierra Leone, finds that CDD projects contribute to a robust and statistically significant⁶ increase in the bundle of local public goods including access to clean water, hours of electricity, education and health outcomes, and infrastructure quality of education and health facilities (Casey 2018). The World Bank projects included in this meta-analysis (Afghanistan and Sierra Leone) produced the largest positive effects on local public goods.⁷
6. **A randomized control trial (RCT) of the *National Solidarity Program (NSP)* in Afghanistan found that it significantly increased access to clean, protected water sources and increased usage of electricity (Beath et al 2013).** In Laos, the *Poverty Reduction Fund II (PRFII)* project also increased access to protected water sources, improved community members' perceptions of school quality, and decreased travel times to neighboring villages (World Bank 2016b). In Sierra Leone, the *GoBifo* project led to significant improvements in local public infrastructure, including more functional latrines, community centers, agricultural drying floors, and foot paths (Casey, Glennerster, Miguel 2013), though a later study found that *GoBifo* was less effective at providing local public goods in larger communities (Anderson and Magruder 2017). In the Solomon Islands, the *Rural Development Program (RDP)* improved satisfaction levels for access to roads, markets, water, sanitation, and electricity compared to baseline levels (Neelim and Vecci 2013).
7. **Evaluations often find that the size and significance of positive effects on services and infrastructure varies across sub-project types.** For example, the *NSP* in Afghanistan had no impact on irrigation and transportation outcomes despite its positive effects on water and electricity outcomes. In the Philippines, the *Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social*

⁶ The treatment effect for all CDD projects in the meta-analysis was 0.119 standard deviation units with a standard error of 0.025.

⁷ For Afghanistan, the treatment effect is 0.123 (0.043) standard deviation units and for Sierra Leone the treatment effect is 0.2.04 (0.119) standard deviation units.

Services (KALAHI-CIDSS) project did not affect education and health outcomes but did improve outcomes linked to road projects such as household accessibility and mobility (Labonne 2013). This is not necessarily surprising given that the size of investments can vary widely across sectors within a community. For example, some communities may decide to invest in road sub-projects for three out of four project cycles and a water sub-project for one project cycle.

8. **In some cases, research shows that CDD projects not only improve access and quality of services but also improve health and education outcomes.** For example, the *National Program for Community Empowerment (PNPM)*⁸ program in Indonesia created significant positive impacts across a range of health and education outcomes, including a 10 percent decrease in childhood malnutrition (Olken, Onishi, Wong 2011). This decline in childhood malnutrition was detected 15-18 months after project implementation but did not persist 27 to 30 months after implementation, in part because childhood malnutrition declined dramatically in both treatment and control areas between baseline and endline measurement. In Cambodia, the *Commune and Sangkat Fund (CSF)* project reduced infant mortality in treated villages by 3.2 percent compared to the mean baseline value (BenYishay et al 2019). In Senegal, the *National Rural Infrastructure Project (PNIR)* significantly improved the nutritional status of children even in *PNIR*-eligible areas without completed subprojects, potentially because of spillover effects (Arcand and Bassole 2008). In Nepal, the *Poverty Alleviation Fund (PAF)* project increased school enrollment among 6- to 15-year-olds by 14 percentage points, including girls and disadvantaged caste/ethnic groups (Parajuli et al 2012).
9. **However, CDD projects do not always result in improved human development outcomes nor should this always be expected.** An evaluation of the *National Human Development Initiative (INDH)* program in Morocco found that small positive economic impacts did not translate into any improvements in early childhood development outcomes (El-Kogali et al 2016). This is not necessarily surprising given that education related investments were only a portion of the project's investments and education outcomes were not part of the project's development objective indicators.⁹ For example, the project also included investments in electrification, rural roads, and drinking water, all of which produced high rates of return (El-Kogali et al 2016).

Do CDD projects produce high-quality, durable subprojects? How do these compare to government-funded infrastructure projects?

10. **Evaluations and studies of CDD programs continue to support the consensus that CDD programs deliver high-quality village infrastructure at low cost.** These infrastructure and public works projects are consistently rated positively by communities and beneficiaries. Technical audits and evaluations of CDD programs in the Philippines, Indonesia, and Timor Leste found that most surveyed beneficiaries reported being satisfied or highly satisfied with program subprojects (Pomeroy 2016; World Bank 2016a; PRIMEX 2016; Wetterberg et al 2012). Infrastructure and public works projects also consistently produce Economic Rates of Return (ERR) above what is considered an acceptable

⁸ PNPM is a hybrid CDD cash transfer program.

⁹ The *INDH* evaluation acknowledges several program design features of the Indonesia *PNPM* program that help explain why that project did impact health outcomes, including incentivizing and supporting communities to select projects that would improve health and education indicators.

investment.¹⁰ Weighted ERR levels for CDD operations in the Philippines, Indonesia, Burkina Faso, Afghanistan, and Timor Leste, for example, demonstrated relatively high levels of economic impact ranging from 21 to 95 percent (Wong and Guggenheim 2018; Pomeroy 2016; World Bank 2012). In Afghanistan, *Citizens' Charter Afghanistan Project (CCAP)* subprojects' average ERR ranged from 19 percent for rural tertiary roads to 239 percent for rural irrigation projects (Donahue and Glass 2019).

11. **There is some evidence that these outcomes persist in the medium and long term.** In Afghanistan, a random sample of subprojects 12 months after completion found a wide range of social, economic, and quality of life benefits, including an annual savings of \$57 per family from reconnecting to mainline power sources and an average reduction of 22 minutes per trip in time taken to fetch water (Atos Consulting 2014). In Sierra Leone, a study conducted 12 years after project launch found that *GoBifo* communities were twice as likely to have functional agriculture drying floors and three times as likely to have grain stores than comparison communities, indicative of the endurance of positive infrastructure and economic outcomes (Casey et al 2012).
12. **Independent technical audits and studies of CDD programs have found that using community contracting for infrastructure and public works is more cost-effective than government contracting without compromising technical quality.** Studies from the Philippines, Indonesia, Nepal, Burkina Faso, Malawi, Indonesia, and Ethiopia have demonstrated 15 to 57 percent lower costs, depending on the investment type (Wong and Guggenheim 2018; World Bank 2016b; IFAD 2020). For social funds (Bolivia, Honduras, Nicaragua, etc.), unit costs for projects were 25 to 40 percent lower (Wong 2012). These cost savings are driven by community contributions of labor and materials and eliminating middlemen/contractor overhead costs and generating substantial additional funds for program activities. For example, under the Indonesia *PNPM*, a 25 percent savings in a billion-dollar annual appropriation translated into \$250 million becoming available for the government's poverty work (Wong and Guggenheim 2018). There is also some evidence that the community contracting model generates greater economic benefits in the local economy. A study of the *PNPM* in Indonesia estimated a local level multiplier of 1.37, demonstrating that laborers re-spend a higher proportion of their income in the villages they are working in than business owners that generally import goods and materials (World Bank 2016b).

Poverty Reduction

Does CDD improve household or village level economic welfare?

13. **Findings from several rigorous evaluations provide robust evidence that CDD projects have improved economic welfare.** A meta-analysis of CDD projects, including World Bank-financed projects in Afghanistan and Sierra Leone, finds that overall the projects have a positive and statistically

¹⁰ ERRs are calculated based on various assumptions and methodologies and should be considered with caution.

significant effect on economic welfare measures such as household income, consumption, assets, and employment (Casey 2018).¹¹

14. **In Sierra Leone, a randomized control trial (RCT) of *GoBifo* found that the project had strong positive effects on village-level economic activity and household-level welfare (Casey et al 2013).** For example, the project contributed to a 30 percent increase in the number of petty traders and a 13 percent increase in goods available for local sale within treatment villages. At the household level, the project contributed to increased asset ownership including of common household durables (i.e. radios, mobile phones), improved amenities such as drinking water source and sanitation, and improved materials used in dwelling construction.

15. **Projects in Indonesia, Cambodia, Nigeria, and Nepal also created positive welfare impacts.** In Indonesia, the *PNPM* project resulted in significant increases in household welfare, especially among the poorest households, and led to more movement out of poverty (Voss 2012). In Cambodia, the *CSF* project reduced poverty in treated villages and increased consumption (by 7% per day) and spending (by 13% per month) for households in these villages (Boret et al 2021). *CSF's* effects on poverty reduction persisted over the nine-year study period and the projects also significantly increased economic development in the surrounding area¹² (BenYishay et al 2019). In Nigeria, the *Second National Fadama Development Project (Fadama II)* increased the mean income of beneficiaries by 40-60 percent and increased the value of productive assets owned by community groups, especially for the poor and for women's groups (Nkonya et al 2012). In Nepal, an impact evaluation found that the CDD project increased per capita consumption by 19 percent (Parajuli et al 2012).

16. **Livelihoods-focused CDD projects that use a self-help group (SHG) model to mobilize poor women and build community institutions have also improved household income and savings.** Evaluations of the flagship *India National Rural Livelihoods Mission (NRLM)* have generally found that the program improved household incomes (Institute of Rural Management 2017; Kochar et al 2020; Singh and Pandey 2019). For example, a rigorous impact evaluation found that an additional 2.5 years of NRLM SHG membership increased total household income by approximately 19 percent (Kochar 2020).¹³ Studies of NRLM, JEEVIKA, and the *Cambodia Livelihoods Enhancement and Associations Among the Poor (LEAP)* project found that that these projects increased household savings, consistent with the SHG's model of encouraging and facilitating savings practices (Pandey et al 2019; Kochar et al 2019;

¹¹ A review of the International Fund for Agricultural Development (IFAD) CDD projects (many of which are not WB-financed) conducted by their Independent Office of Evaluation (IOE) also finds that CDD projects often improve household consumption and living standards (IFAD 2020). These economic welfare effects are most likely driven by CDD's investments in infrastructure and services. However, research also suggests that CDD's approach of forming groups that increase cooperative activities and interactions with local leaders can also contribute to increased economic returns (Blattman et al 2016; Macours and Vakis 2014). There is also emerging evidence of the cost-effectiveness in FCV setting of economic inclusion programs (Bedoya et al 2019).

¹² As measured by nighttime light output. Each completed *CSF* project increased the NTL output by 20%. The median area received four *CSF* projects and experienced a gain of nearly 80% in NTL output. Rural transport projects are the main driver of these results and the impacts are especially large in more densely populated rural areas (BenYishay et al 2019).

¹³ A recent review of evidence from SHG programs in the South Asia region, including non-World Bank-supported programs, reported mixed-findings on the impacts on income (Javed et al 2022).

Datta et al 2015; Ban et al 2015). Findings are less conclusive on the impacts on household consumption, expenditures, and assets. In India, an impact evaluation found that the *Andhra Pradesh District Poverty Initiatives Project* (APDPIP) increased per capita consumption by 11 percentage points. However, studies of the NRLM, Tamil Nadu PVP, and JEEViKa projects did not find that these projects improved households' total or consumption expenditure (Institute of Rural Management Anand 2017; Khanna et al 2015; Datta et al 2015). Relatedly, while there is some evidence that these projects increase assets for beneficiary households, this effect varies depending on the asset type (Institute of Rural Management Anand 2017; Khanna et al 2015; Datta 2015).

17. **Other studies show more mixed or null results on economic welfare. In these cases, it is important to consider the project's objectives, the type of subprojects funded by the project, and the per capita allocation of funds.**¹⁴ For example, subprojects chosen by the community that consist primarily of improving clean water and sanitation or health services may not necessarily have direct impacts on per capita income in the short or medium-term. Increases in per capita household expenditure in Senegal were limited to villages with agriculture and education subprojects, not water or health (Arcand and Bassole 2008). Morocco's *INDH* created small positive economic impacts in the initial years of the project, but these effects dissipated over time (five years after baseline data collection) (El-Kogali et al 2016). In Afghanistan, a randomized control trial (RCT) of the *NSP* found that the project had strong positive effects on perceived economic welfare, especially among women, but no strong effects on household income, consumption, or assets (Beath et al 2013). Similarly, an evaluation of *KALAHI-CIDSS* showed no effects on household poverty status or labor force participation and earnings (Beatty et al 2018).

Poverty Targeting

Do CDD projects reach the poorest communities and the poorest/most vulnerable households?

18. **Many CDD projects invest in public goods and service delivery— such as clean water sources, roads, markets, schools, and health clinics – that benefit both the poor and non-poor.** However, CDD projects are often targeted at i) some of the poorest areas within a country and ii) poor and vulnerable households within a community.
19. **There is strong evidence that CDD programs do effectively benefit the poorest areas of a country.**¹⁵ For example, an evaluation of the *PNPM* project in Indonesia found that households in the poorest quintile sub-districts experienced significant positive impacts on per capita consumption and

¹⁴ For example, early versions of a non-World Bank financed project in DRC allocated only ~\$1 per capita so it is not surprising that evaluations found no evidence of positive impacts on household economic welfare (Humphreys et al 2012).

¹⁵ A review of IFAD CDD projects conducted by their Independent Office of Evaluation (IOE) finds that their CDD projects perform better than non-CDD projects in fragile countries. The report also finds that, "CDD projects adequately targeted regions, districts and communities with high numbers or proportions of rural poor people, on par with most IFAD-supported projects. Only in a few cases did the evaluations find that the project had not been sufficiently focused on the poorer communities. Evaluations found that sometimes the projects covered too wide an area to allow an effective implementation of the CDD approach" (IFAD 2020).

movement out of poverty while those in less poor sub-districts did not experience any significant benefits (Voss 2012). Separate projects in Indonesia also effectively benefitted areas with conflict victims (Barron et al 2009) and areas with low baseline health and education indicators (Olken, Onishi, Wong 2011).

20. **Within communities, CDD projects often fund public services that benefit the general community. However, evidence shows that poor and vulnerable community members are especially likely to benefit from CDD.** An evaluation of Indonesia's *PNPM* found that households in the poorest quintiles experienced the largest household consumption gains from the project (Voss 2012).¹⁶ This was also true for the *Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS)* project in the Philippines (Labonne 2013) and the *Fadama II* project in Nigeria (Nkonya et al 2012). In Afghanistan, an evaluation of *NSP* found that women were especially likely to benefit from increased access to education, healthcare, and counseling services and that the project increased women's economic outlook (Beath et al 2013). CDD projects that primarily support income-generating activities have also effectively targeted the most disadvantaged households. An evaluation of the India *Andhra Pradesh District Poverty Initiatives Project (APDPIP)* found that the poorest of the poor saw significant increases in nutritional intake and asset accumulation (Deininger and Liu 2009). In Nepal, the use of participatory methods and objective criteria (ethnicity, caste, etc.) for project targeting led to larger declines in food insecurity for disadvantaged households (Parajuli et al 2012).
21. **The benefits to the vulnerable households can vary by country and project.** For example, although the *Community-Based Reintegration Assistance for Conflict Victims (BRA-KDP)* in Indonesia effectively targeted conflict regions, within villages it did not benefit conflict victims any more than non-conflict victims (Barron et al 2009). In a Burkina Faso project co-financed by the International Fund for Agricultural Development (IFAD), IFAD found that the project lacked a targeting strategy and monitoring system capable of capturing information on vulnerability and that this allowed existing village governance norms to prevail and limit the benefits to vulnerable groups (IFAD 2020).

Are CDD projects and/or funds captured by elites?

22. **Evaluations find that CDD projects often reflect the priorities of all community members, not just the elite.** While there is little evidence on rates of capture, existing research shows that relatively small amounts of funds go missing from CDD projects and that the participatory nature of CDD may help mitigate elite capture. Ultimately, the level of elite capture will vary based on project design and context.¹⁷
23. **Evidence from the KALAHI-CIDSS program in the Philippines shows that projects reflect local preferences overall and are not aligned only with the preferences of wealthy and educated households** (Labonne and Chase 2008; Casey 2018). Under the Laos *Poverty Reduction Fund III (PRFIII)*

¹⁶ Though other disadvantaged groups such as female-headed households were not any more likely to benefit from the program.

¹⁷ See Ensminger (2017) for a comparative review of the *KDP* project in Indonesia and the *ALP* project in Kenya, which points to key differences in project design that shaped the nature and level of corruption in each project.

project, 85 percent of subprojects were considered a priority by ethnic minority groups (World Bank 2021b).

24. **Evidence is mixed on whether CDD's participatory approach mitigates capture.** On the Afghanistan *NSP* program, secret ballot referenda were found to reduce the influence of elite male preferences on the prioritization of subprojects and move subproject locations further from the village headman's house (Beath et al 2017). In Senegal, an evaluation found that, although elite capture may be present,¹⁸ it is mitigated by the increased number of women involved in the decision-making process (Arcand and Bassole 2008). Ultimately, the poor remained the program's biggest beneficiaries. Qualitative evidence from the Indonesia *PNPM* Urban program reflected that community respondents attributed purportedly low corruption levels to community participation and monitoring (World Bank 2013). In another test of elite capture, Casey et al (2012) find that when villages in Sierra Leone were given an asset and told they could use it for private or public use, nearly every village used the asset for public purpose.

Participation

Do CDD Projects improve participation, agency, and voice in community development, especially among women and the marginalized?

25. **Evidence suggests that CDD projects can contribute to increased participation, increased perceptions of voice/agency, and more responsive community development.** In many cases, this includes increased participation among marginalized groups such as women, ethnic minorities, displaced persons, and persons with disabilities. However, it is unclear whether this participation spills over to non-CDD community development activities and legacies of exclusion remain a barrier to participation for some of the most vulnerable.
26. **In Laos, the *PRFII* project significantly increased attendance at general village meetings, including non-*PRFII* meetings, overall and for poor women** (World Bank 2016b). In Philippines, after the first cycle of *KALAHI-CIDSS* subprojects, household participation in village assemblies increased by 20 percentage points (Labonne and Chase 2008). In India, households in NRLM villages reported participating in at least three community meetings in the last year, compared to an average of fewer than one meeting in non-NRLM villages (Institute of Rural Management Anand 2017). Similarly, almost one third of households in the *Tamil Nadu Empowerment and Poverty Alleviation Project* (PVP) areas reported attending the last Grama Sabha¹⁹ meeting, 31% higher than non-project areas (Khanna et al 2015). In Myanmar, qualitative evidence indicates that participation levels are consistent across conflict-affected and non-affected areas (Zurstrassen 2020). What remains unclear is how much participation is necessary and whether active participation creates benefits beyond successful project implementation. For example, an evaluation of *CSF* in Cambodia found that the establishment of participatory decision making councils and investments in local capacity building contributed to successful project implementation (BenYishay et al 2019). However, higher quality local councils (i.e.

¹⁸ Here, elite capture is a measure of whether a village received a completed project.

¹⁹ A Grama Sabha is the deliberative forum of village government.

those that are more responsive) did not lead to better project outcomes compared to villages with lower quality councils. In Sierra Leone, participation improved oversight of CDD activities but did not spill over to increased participation and collective action beyond the CDD project (Casey et al 2013).

- 27. CDD projects have a strong record of advancing participation of women and vulnerable groups through specific measures built into the project design.** In Afghanistan, *NSP* mandated gender parity in community councils leading to a significant and long-lasting increase in the number of women participating in village development activities (Beath et al 2013). Under the subsequent *CCAP* program, 130,000 members, or nearly half of the elected representatives from 13,000 local community development councils (CDC) across the country, are women. Women’s priorities are reflected in community development plans in over 90 percent of Afghanistan CDCs and qualitative evidence indicates that CDCs and their women’s committees are consistently viewed as the most effective spaces for women’s participation in surveyed areas (World Bank 2021a, Haines 2020). In Vietnam, 90 percent of the *Second Northern Mountains Poverty Reduction Project’s (NMPRP-2)* 93,000 “common interest group” members are ethnic minorities, with 82 percent of women and ethnic minorities regularly participating in planning and decision-making processes (World Bank 2019). In India, SHG interventions have been found to increase women’s confidence and their willingness and success in interacting with local authorities to solve problems (Kochar et al 2020; Singh and Pandey 2019; Khanna et al 2015). The PVP project nearly doubled the number of women who attend the Grama Sabha, and increased their frequency of speech by nearly 45 percent, though they were no more likely than those in control villages to drive the conversational agenda or elicit a relevant response from officials (Parathasarathy et al 2017). Importantly, Sanyal et al (2015) found that the Jeevika SHG project enabled more women to enter spheres outside of the household and domesticity, which helped break down normative restrictions related to gender.²⁰
- 28. In some cases, CDD projects also improve agency, voice, and accountability in community development decision-making.** In Laos, households from *PRFI* communities were significantly more likely than those in control communities to say that their community had influence over village decision-making and that the local government sought community inputs in the village (World Bank 2016b). In Afghanistan, 77 percent of surveyed respondents reported a person like them can influence CDC decision-making (The Asia Foundation 2018). Evaluations from Indonesia and the Philippines find that selected subprojects reflect community members’ ex ante preferences, suggesting that the CDD approach is responsive to local demands (Olken 2010; Labonne and Chase 2008). In a rare case in the Philippines, the *KALAHI-CIDSS* project decreased individuals’ belief that they have agency to improve the situation in their community despite increasing overall participation in community organizations and knowledge about local government (Beatty et al 2018). Data suggest that this results is driven by individuals who do not feel confident participating in community development activities, perhaps because participation is new to them.
- 29. Despite CDD’s success at including the most marginalized in the village development process, legacies of exclusion can make it difficult for vulnerable groups to feel empowered to actively**

²⁰ A recent review of evidence on SHG programs in the South Asia region, including non-World Bank programs, similarly found that SHG participants were 4 to 18 percentage points more likely to attend village council meetings compared to nonparticipants (Javed et al 2022).

participate in some activities. In Indonesia and Sierra Leone, high rates of female attendance at meetings did not translate into increased active participation for women such as speaking or joining a planning activity (Voss 2012; Casey et al 2012). Despite gender parity in Afghanistan’s community councils, women were not more likely to feel represented by the councils (Beath et al 2013). However, more recent qualitative research finds that Afghan women name the CDD women’s committee as the most effective channel to influence a public decision (Haines 2020).

Do CDD projects undermine citizen-state relations and existing governance systems?

30. **A common concern about CDD projects is that they establish parallel governance systems and undermine efforts to improve citizen-state relations.** This concern is often linked to the misconception that CDD projects bypass governments; however, World Bank-financed CDD projects are national government programs embedded within the national fiduciary system. Also, all World Bank-financed CDD operations work in partnership with local governments. While CDD projects are sometimes facilitated by an external agent, such as a nongovernmental organization, the role of this facilitator is to explain the government’s fiduciary rules for the program, help communities access technical expertise, and encourage a participatory process of community decision-making.
31. **Research that looks specifically at CDD’s effects on the citizen-state relationship shows that CDD projects can improve citizens’ confidence in the government.** An analysis of the Afghanistan *NSP*, one of the largest CDD projects in the world, finds that CDD strengthens legitimacy in the state because it delivers development projects that are responsive to community needs (Parks et al 2019). More specifically, the study finds that CDD projects that are responsive to community needs increase public confidence in local and district government and increase the likelihood that villagers are willing to use government courts to resolve disputes.²¹ Respondents living in CDD districts in Afghanistan have also reported slightly better perceptions of the national Government’s performance than those living in non-CDD districts (The Asia Foundation 2018). In the Philippines, trust towards local officials increased by 11 percentage points in villages that received funding from the *KALAHI-CIDSS* CDD project (Labonne and Chase 2008). However, households in these villages also requested fewer services from the local government and see fewer non-*KALAHI-CIDSS* projects implemented in their village, suggesting that the CDD project may substitute for other local investments.²² Another study of *KALAHI-CIDSS* finds that it improved knowledge and awareness of local officials and governing bodies and that development funds (including non-*KALAHI-CIDSS* funds) were more closely aligned with preferences of residents (Beatty et al 2018).

Social Cohesion

Do CDD projects improve social cohesion?

²¹ These results are especially strong when the baseline relationship between citizens and the state is low. As citizens develop more confidence in the state, the strength of this effect diminishes.

²² A review of IFAD’s CDD projects finds that, “CDD projects contributed to governments’ decentralization efforts where they were embedded in established and sustainable local government structures. CDD projects operating outside government structures had little to no direct impact on local governance” (IFAD 2020). The report also found mixed evidence on the sustainability of rural institutions that were created or strengthened through CDD.

32. **Existing evaluations provide little, and often mixed, evidence on CDD’s effects on social cohesion outcomes.**²³ Rigorous evaluations of projects in Afghanistan, Sierra Leone, Nepal, and Laos find that those projects have no substantive effect on a range of social capital and social cohesion outcomes (Beath et al 2013; Casey et al 2012; Parajuli et al 2012; World Bank 2008).²⁴ Similarly, Casey’s (2018) meta-analysis of CDD projects, including those in Afghanistan, Sierra Leone, and Sudan, finds that overall the projects do not improve trust outcomes.²⁵
33. **An analysis of the *KALAHI-CIDSS* program in the Philippines finds that the project increased trust in strangers** (Labonne and Chase 2008). In Thailand, the *Social Investment Fund (SIF)* project positively affected several social capital outcomes including a greater sense of self-sacrifice for the common good and improved vertical connections to formal authorities (Chase et al 2010). However, the same Philippines and Thailand projects, along with a project in Indonesia, were associated with decreased trust in neighbors, perhaps because the introduction of new funds increased tensions (Barron et al 2011, Chase et al 2010, Labonne and Chase 2008).²⁶ An analysis of Gambia’s *Community Development Project (CDP)* finds that households in treatment villages reported fewer social links and less participation in community based organizations (Heß et al 2021).
34. **There are at least five potential explanations for these mixed and null effects.** First, most CDD programs are not designed with any explicit purpose to improve social cohesion. Second, CDD communities are often quite homogenous and have high baseline levels of trust, cohesion, social ties, and civic engagement (Casey 2018). For example, evaluations in Sierra Leone and Afghanistan found high baseline levels of willingness to trust another community member with financial transactions (95% and 85% of respondents, respectively) and membership in at least one social group (75% in Sierra Leone) (Casey et al 2013, Beath et al 2013). Third, evaluators use varying definitions of social cohesion and may not be using the correct tools to measure these concepts. Fourth, in many fragile, conflict, and violent environments where CDD works, issues of security, rule of law, and justice are oftentimes higher-level concerns for communities that may eclipse immediate service delivery needs. These issues are beyond the scope of CDD and other interventions (World Bank 2011). Lastly, it may take years if not decades to change social norms and build trust in some societies and project evaluation periods of three to five years may not be sufficient time to detect these changes.

²³ This note defines social cohesion as “a sense of shared purpose and trust among members of a given group or locality and the willingness of those group members to engage and cooperate with each other to survive and prosper.” This definition comes from the social cohesion toolkit developed jointly by Mercy Corps and the World Bank (Kim, Sheely, and Schmidt 2020).

²⁴ A review of IFAD’s CDD projects also concludes that there is limited evidence to confirm a causal link between CDD and social capital. However, the report states that the that participatory planning and capacity-building approach improved the extent to which rural people and their communities meaningfully participated in making local development decision (IFAD 2020).

²⁵ A randomized control trial (RCT) of a non-World Bank financed CDD project in Liberia found that the project reduced social tension and improved individuals’ trust in community leadership (Fearon et al 2009). Individuals living in CDD communities were also 7.5 percent more likely than those in control villages to cooperate with their neighbors to solve community problems.

²⁶ In Indonesia, the CDD approach effectively resolved any increased tensions (Barron et al 2011).

35. **To address challenges with measurement and inconsistent definition of concepts, the World Bank worked with Mercy Corps to develop a toolkit for measuring social capital and social cohesion in CDD projects** (Kim et al 2020). The toolkit’s recommendations and indicators are being integrated into several ongoing independent CDD evaluations. World Bank task teams are also considering project activities that more explicitly focus on social cohesion, especially in regions where clients have expressed interest in these activities.

Conclusion and Future Research

36. **In sum, there is consistent evidence showing that CDD projects: i) effectively improve access, utilization, and quality of basic services; ii) reach lagging regions, conflict-affected areas, and vulnerable households; and iii) increase participation and voice in the village development process, including among vulnerable groups.** For most projects, these effects meet or exceed the project’s stated objectives. In some cases, CDD projects also contribute to positive impacts on economic welfare and health and education outcomes. The evidence is more mixed when it comes to CDD’s effects on social cohesion. These mixed results may be driven by differences in project design, variation in implementation success, and/or a lack of rigorous studies on the topic.

37. **Additional research is necessary to inform the growing portfolio of CDD projects, especially in fragile contexts.**²⁷ This note identified fewer than 10 new rigorous studies of World Bank financed CDD projects since 2018, when the last comprehensive review of the literature was completed. Meanwhile, World Bank lending towards CDD operations is growing. Total lending towards CDD operations in fiscal year 2021 was \$8.6 billion – a 26 percent increase over fiscal year 2020 (\$6.8 billion) and a 90 percent increase over the past five years (\$4.5 billion in fiscal year 2017). As of January 2022, the CDD portfolio covered 29 of the 39 countries on the list of Fragile and Conflict-Affected Situations (FCS). Increasingly, CDD projects include a focus on climate resilience, local economic development, women’s empowerment, forced displacement, and social cohesion.

38. **Future research should address both global and operationally specific research questions.** Despite consistent evidence showing CDD’s ability to improve services for vulnerable populations, more research is needed to understand how and when CDD works and the impacts of the new thematic emphasis of some CDD projects. Table 1 provides a list of (i) global research questions that will help inform the overall portfolio and thematic focus of CDD projects and (ii) operational research questions that will help inform specific design decisions.

39. **The World Bank continues to support efforts to increase the evidence base on CDD and to use this evidence to improve operations.** Together with Mercy Corps, the World Bank produced a toolkit for measuring social cohesion in CDD projects and is using the toolkit to inform evaluations across ECA, SSA, and EAP. We have also identified a set of pipeline projects that reflect the portfolio’s growing emphasis on topics such as livelihoods, social cohesion, climate resilience, and women’s empowerment. We are working with task teams and research partners to develop rigorous, well-

²⁷ Internal operations teams can find additional guidance on CDD project designs at [CDD/](#).

designed evaluations of these projects that will answer some of the priority research questions outlined in Table 1.

Table 1 Priority research questions for future analyses

Global Research Questions	Operational Research Questions
<ol style="list-style-type: none"> 1. How does CDD affect social cohesion and what types of social cohesion, especially in FCV contexts? 2. How can CDD improve community resilience to climate change, disasters, and shocks? 3. How can CDD help individuals and communities respond to forced displacement? 4. Do livelihood CDD projects improve household or village level economic welfare? 5. How can CDD use digital technology to democratize data and accountability at the community level? 	<ol style="list-style-type: none"> 1. Does incorporating leadership training into facilitation improve women's empowerment/participation? 2. Does reserving office bearer positions for women affect participation, poverty, or accountability outcomes? 3. Does delivering facilitation via NGO partners versus using government/departmental channels affect outcomes? 4. How does variation in the level of top-down guidance versus bottom-up discretion affect outcomes? 5. How can the alignment of incentives for local government and communities be strengthened for longer-term service delivery?

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Annex 1: Typical CDD Results Chain

