



Executive Summary

Participatory approaches that involve local communities in their own development have gained substantial support among international donors over the past quarter-century and have become increasingly important in the work of the World Bank. Community participation is an approach to development that can be used with any Bank lending instrument and across sectors. Projects can involve communities in different ways—by sharing information, consulting, collaborating, or empowering them. The process of involving communities in project activities is also expected to contribute in most cases to community capacity enhancement.

The World Bank's support for community participation has been manifested in the design and implementation of either community-based development (CBD) or community-driven development (CDD) projects. Although the literature does not clearly distinguish CBD from CDD,¹ there is increasing consensus that CDD projects give communities control over resources and decisions in the design and implementation of subprojects. CBD projects, however, give communities comparatively less responsibility and emphasize collaboration, consultation, and information sharing with them. Since the late 1990s, the focus of such Bank-supported projects has shifted toward CDD, although many CDD projects also include CBD components.

Interest in community empowerment emerged in large part because donors, in-

cluding the World Bank, were impressed by the poverty-reducing effects of local initiatives that developed independently in several countries.

In these islands of success, local communities had taken control of their lives as a result of independent forms of social action. In its ongoing effort to reduce poverty, the Bank has emulated these local initiatives by attempting to enhance community capacity by building social capital and fostering empowerment in communities through its projects. Research into the multidimensional nature of poverty has further reinforced the importance of empowerment. Today, the Bank's Strategic Framework identifies empowering poor people to participate in development as one of the two priorities in the fight against poverty.

Interest in a community-based approach is also predicated on a belief that not only

would it lead to better allocation of resources to help communities, but would also lead to reduced corruption and misuse of resources, and thereby more development assistance would reach the poor. Community involvement is expected to increase transparency and accountability by working directly with the ultimate beneficiaries, especially

where state capacity is weak or has been weakened by conflict and other factors.

Evaluation Findings

The Bank has not, until recently, systematically identified and tracked its portfolio of CBD/CDD projects,² and therefore has lacked a comprehensive understanding of

Table ES.1: Overview of CBD/CDD Strengths and Weaknesses³

| Strengths of Bank CBD/CDD projects | Weaknesses of Bank CBD/CDD projects |
|--|---|
| Outcome ratings are generally better for CBD/CDD than for non-CBD/CDD projects. Much more success has been achieved in CBD/CDD projects on quantitative goals, such as the construction of infrastructure, than on qualitative goals, such as capacity enhancement or quality of training. | The Bank’s project M&E systems do not allow systematic assessment of the capacity-enhancing impact of CBD/CDD interventions. It is often assumed that meeting the quantitative goals will automatically fulfill the qualitative goal—for example, holding a certain number of training courses is expected to enhance capacity. |
| Borrower officials believe that a participatory approach can contribute to poverty alleviation. | Borrower officials do not necessarily believe that community control over decisions and resources in a subproject is the best means of engaging communities. |
| CBD/CDD projects help lower the cost to government of delivering infrastructure. | Communities bear an increased share of the burden for service delivery infrastructure. |
| They have increased access of remote communities to service-delivery infrastructure such as schools, health centers, and the like. | But the poorest may not always benefit from CBD/CDD projects. |
| Capacity-enhancement effort in a CBD/CDD project has been more successful when a Bank project supports indigenously matured efforts or provides sustained, long-term support to communities beyond a Bank subproject cycle. | The individual subproject cycle is too short to sustainably enhance community capacity where it is weak or does not exist. |
| Sustainability ratings have improved over time. | Infrastructure and services have been difficult to sustain beyond the Bank presence because of a lack of resources from the government and communities to ensure their operation and maintenance. |
| CBD/CDD projects have enhanced government capacity to implement participatory interventions. | Few governments appear to have adopted the CBD/CDD approach more widely in their own development programs. |
| Adaptation of Bank policies and decentralization to field offices have enhanced Bank capacity to implement CBD/CDD projects. | More changes are needed to improve fiduciary and safeguard compliance in CBD/CDD projects. |

the evolution and scope of its work in this field. Although the Bank has been supporting such projects for more than a quarter-century, it has no database that has tracked these projects since their inception. It is only recently (for projects approved from fiscal year 2000 onward) that the Bank has started maintaining a database.

Despite a rapid increase in lending, most Bank-supported CBD/CDD projects have not yet been subjected to rigorous evaluation.⁴ The share of projects in the Bank's portfolio that include a CBD/CDD component grew from about 2 percent in fiscal 1989 to 25 percent in 2003. However, as yet there is very little hard evidence on the impact of these projects in reducing poverty or enhancing community capacity. This is because of: (i) the Bank's failure to include baseline surveys in most of the projects completed thus far and (ii) inadequacies in the design of the Bank's project monitoring and evaluation systems to systematically assess changes in community capacity resulting from the Bank intervention. Some recent CBD/CDD projects are setting up baselines, but the results will not be available for several years. To fill these gaps, in the absence of baseline data, this evaluation used a pragmatic approach based on household surveys to assess the association between CBD/CDD projects and change in communities' capacity and drew on a variety of sources for insights into the projects' poverty impact.

Outcome

Outcome ratings of Bank-supported CBD/CDD projects were, on average, better than those for non-CBD/CDD projects between 1994 and 2003. The education sector has had the highest percentage of projects rated satisfactory on outcome, followed by projects in the transport, urban development, and social protection sectors. The rural development sector, with the largest CBD/CDD portfolio, is a below-average performer on outcome in the aggregate, as are projects under the water supply, health, and environment sectors. Between 1999 and 2003, the outcome rating for CBD/CDD projects in post-conflict countries was better than the outcome rating for CBD/CDD projects in non-conflict countries.

The borrower government officials interviewed for this review were convinced that a participatory approach can contribute to poverty alleviation in their countries. However, they did not necessarily believe that allowing community control over investment decisions and resources in a Bank sub-project is the best means of engaging communities. This appears to be partly because government officials have concerns about the capacity of communities to manage resources, but also partly because they feel threatened by devolution of complete control over decisions and resources to communities.

The Bank has not systematically and realistically assessed the costs and benefits of undertaking CBD/CDD projects to the institution, the borrower, or the communities.⁵ CBD/CDD projects are more expensive than non-CBD/CDD projects for the Bank to prepare and supervise, and there are substantial costs in time spent by the borrower in putting a participatory approach in place. While CBD/CDD projects have helped lower the cost to governments for delivering service delivery infrastructure, the communities now bear an increased part of the cost of that infrastructure. The insufficient focus on costs and benefits in CBD/CDD projects, especially on measures of poverty impact, has prevented convincing comparisons with non-CBD/CDD investments and policy and institutional reform programs.

Much more success has been achieved in CBD/CDD projects on quantitative goals, such as the construction of infrastructure, than on qualitative goals, such as capacity enhancement or quality of training. However, without baseline data, and without appropriate indicators, it is often assumed that meeting the quantitative goals will automatically fulfill the qualitative goal—for example, holding a certain number of training courses is expected to enhance capacity. That said, since CBD/CDD projects have supported construction of infrastructure in scattered communities, they have also increased access to infrastructure for schools, health centers, and the like for the communities in which they intervene. Several of the CBD/CDD projects in conflict and

post-conflict countries have met quantitative targets for infrastructure rehabilitation and have also provided substantial employment benefits to the local population. However, as with other Bank projects, increased access to infrastructure does not always translate into effective service delivery because of the inadequacy of complementary inputs such as teachers, doctors, and medicines.

Bank-supported CBD/CDD projects have had much more success with community capacity enhancement when they have supported indigenously matured participatory efforts or when they have provided sustained, long-term support to communities. The one year of a typical subproject cycle is generally too short a time to bring about the kind of enhancement of community capacity that is envisioned in Bank-supported CBD/CDD, particularly CDD projects; it is sufficient to allow successful subproject execution, but not to consistently enhance community capacity.

Sustainability

Sustainability ratings have improved over time for both CBD/CDD and non-CBD/CDD projects, although several concerns remain. Infrastructure and other activities supported by the Bank's CBD/CDD projects have been difficult to sustain beyond the Bank presence because of a lack of the needed resources from the government and communities to ensure their operation and maintenance. More broadly, Bank projects have often failed to provide consistent long-term support for an activity to become sustainable (for example, in a forestry project, support should be provided until the forest starts yielding adequate returns from timber and non-timber products).

Institutional Development Impact

Bank-supported CBD/CDD projects have enhanced the capacity of government institutions to implement participatory interventions, but so far few borrower governments appear to have adopted the approach more widely in their own development programs. At the country level the Bank's approach to promoting government

decentralization under various CBD/CDD projects has not always been consistent. In other cases, the ad hoc parallel arrangements set up to implement Bank projects have hindered the long-run enhancement of local government capacity.

The Bank's Operational Policy Requirements and Processes

It is difficult to ensure fiduciary and safeguard compliance in CBD/CDD projects. It is easier for the Bank to monitor resource use and comply with safeguards in non-CBD/CDD investments, such as large bridges or a power plant, than where small subprojects are being implemented by hundreds of remote communities in scattered locations. Over time, adaptation of operational policies and decentralization of the Bank to field offices have enhanced the Bank's capacity to implement CBD/CDD projects, but additional changes are needed. Among the issues that need to be addressed are: weaknesses in monitoring and evaluation (particularly with regard to monitoring progress on community capacity enhancement), development of adequate guidelines for staff on safeguards for CDD projects, and the short time span of the Bank's subproject cycle.

In the end, the Bank should be aware that it is largely trying to use a single financial channel—project financing—to bring about changes in empowerment and social capital, which are affected by a long history of social, cultural, and political forces embedded in the societies in which the Bank is trying to support development. Sometimes, the Bank support works well, especially when it supports existing grass roots initiatives. But when the Bank tries to initiate empowerment and enhance social capital through CBD/CDD projects, it is often not enough—or can even be counterproductive if the better-off sections of the community gain more than the less-well-off. Where the Bank supports the creation of “temporary” arrangements for the implementation of CBD/CDD projects at the local level, they could further undermine long-term capacity building efforts and should be carefully considered, especially if financing is provided for only a few years.

Recommendations

Given the mixed and limited evidence on the impacts of CBD/CDD projects—particularly in terms of poverty reduction and empowerment—and questions about sustainability and safeguard and fiduciary compliance, the Bank should approach future CBD/CDD projects, particularly CDD, with greater care. In countries where the Bank is already supporting a CDD program, the institution needs to rigorously assess the poverty and institutional development impact of its projects before scaling them up. A cautious approach would be especially important in countries or areas where the Bank is just beginning to support CDD. In its future assistance to CBD/CDD, the Bank should:

At the corporate level, strengthen operational guidance and management oversight.

- The Bank should provide operational guidance for the application of Bank safeguard policies and fiduciary oversight of CBD/CDD projects and for the strengthening of cost-benefit analysis and M&E systems and should commission an audit of the fiduciary aspects of a representative sample of CDD projects for submission to the Board within a year.

At the country level, design the CBD/CDD program as an integral part of the overall assistance strategy and carry out periodic

assessment of ongoing CBD/CDD projects to ensure relevance and effectiveness of the program to the country context.

- Future CASs should show how they have analyzed and addressed linkages, not only among various CBD/CDD projects to be undertaken in the country, but also among CBD/CDD and relevant non-CBD/CDD projects. In particular, the analysis should address whether arrangements for CBD/CDD project implementation come at the expense of local government capacity development.

At the project level, the Bank should give priority to helping countries build up existing indigenously matured initiatives; where there are no such existing initiatives, the Bank should tailor its project to the country and community context, while undertaking selective, rigorous impact assessments to ensure learning.

- For any new CBD/CDD project, the Bank should analyze (using existing processes, such as social assessments) whether it is building on indigenously matured initiatives or attempting to begin a CDD program in a country, and then tailor the intervention to local capacity; and the Bank should also selectively undertake rigorous impact assessments upon completion of its *ongoing* CBD/CDD projects to learn for the future.