

# Who's at the Wheel when Communities Drive Development?

The Case of the  
KALAHI-CIDSS in the Philippines

Julien Labonne and Rob Chase

## Summary Findings

---

Community-Driven Development (CDD) approaches have become an important part of development operations and are one of the preeminent means by which the World Bank supports multistakeholder engagement in decentralized contexts. However, the existing literature does not provide a sufficient understanding of how decisions are made by communities in CDD projects, and in particular the role of elites in this process.

Diverging from previous research, the paper uses *ex-ante* data on the preferences of both household and village officials regarding the most pressing development problems faced by their community, as well as data on the project proposals that were put forward for funding in communities that did and did not receive funding. This allows us to understand (i) how decisions regarding which project to implement are made and (ii) how funds are allocated across villages.

Overall, the preferences of community members and elected village leaders (barangay captain) seem to be equally represented in the community's project proposal. We also find that households that are more involved in communal activities are more likely to have their preferences represented in village proposals. Our evidence suggests that, within a municipality, resources flow to the poorest and more politically active villages. Controlling for poverty, more unequal villages are, surprisingly, more likely to receive funding. We provide evidence that the negative impact of inequality arises during proposal selection: in more unequal villages, the barangay captain is more likely to override community preferences, and to influence inter-village competition such that project resources flow to their villages.

# SOCIAL DEVELOPMENT PAPERS

---

## Community Driven Development

Paper No. 107 / September 2007

Who's at the Wheel when  
Communities Drive Development?

The Case of KALAHI-CIDSS in the Philippines

Julien Labonne and Rob Chase

This *Working Papers Series* disseminates the findings of work in progress to encourage discussion and exchange of ideas on social development issues. Papers in this series are not formal publications of the World Bank. The papers carry the names of the authors and should be cited accordingly. The series is edited by the Participation and Civic Engagement Team in the Social Development Department of the Sustainable Development Network of the World Bank. The authors may be reached at [jlaborne@worldbank.org](mailto:jlaborne@worldbank.org) , [rchase@worldbank.org](mailto:rchase@worldbank.org)

This paper has not undergone the review accorded to official World Bank publications. The findings, interpretations and conclusions herein are those of the author(s) and do not necessarily reflect the views of the International Bank for Reconstruction and Development/ World Bank and its affiliated organizations, or its Executive Directors, or the governments they represent.

For additional copies of this paper, please contact:

Social Development  
The World Bank  
1818 H Street, NW  
Washington, DC 20433

Fax: 202-522-3247

E-mail: [socialdevelopment@worldbank.org](mailto:socialdevelopment@worldbank.org)



Printed on Recycled Paper

# Table of Contents

---

Acknowledgements.....	ii
1. Introduction.....	1
2. Literature Review .....	3
3. The KALAHY-CIDSS CDD Operation in the Philippines .....	5
4. The Data.....	7
5. The Results .....	9
5.1 Community Preferences and Proposal Selection .....	9
5.2 Whose Preferences are Represented in the Proposal? .....	10
5.3 Funding.....	11
6. Conclusion.....	14
Tables.....	16
References.....	24

## List of Tables:

Table 1: What Do Communities Ask For, What Gets Funded and What Are Individual Preferences? .....	16
Table 2: How Frequently Does the Village Proposal Match the Aggregated Community Preferences (using 6 different aggregation mechanisms)? .....	16
Table 3: Does the Proposal Reflect the Barangay Captain Preferences? .....	17
Table 4: Did the Community Proposal Reflect Household Preferences? .....	18
Table 5: Did the Community Proposal Reflect Household Preferences? .....	19
Table 6: Was the Village Proposal Funded? .....	20
Table 7: Did the Barangay Captain Override the Community Preferences .....	21
Table 8: Descriptive Statistics.....	21
Annex Table 1: Description of the Aggregation Mechanisms Used in the Analysis .....	22
Annex Table 2: How Frequently Does the Village Proposal Match the Aggregated Community Preferences? .....	23

## Acknowledgements

---

We wish to thank Dan Biller, Gillette Hall, Steen Jorgensen, Ghazala Mansuri, Ben Olken, Dan Owen, David Post, Melody Tulier and seminars participants at the World Bank for helpful discussions while preparing this paper. We also wish to thank the project task team leaders Bhuvan Bhatnagar and Andrew Parker, Arsenio Balisacan, Rosemarie Edillon, Sharon Piza and all the staff of APPC without which the field work would have been impossible. Special thanks are due to Catherine McSweeney for her editorial comments. We are grateful to the Philippines Department of Social Welfare and Development for allowing us to use the data. All remaining errors are ours. The views expressed here do not necessarily reflect those of the World Bank or its member countries.

# 1. Introduction

---

Increasingly, international aid organizations, multilateral organizations and national governments seek to involve communities in local development decisions. In the World Bank, Community-Driven Development (CDD) approaches<sup>1</sup> seek to add value to operations by directly engaging stakeholders in project design and implementation. In a typical CDD project, communities prepare subproject proposals, compete over block grants to finance investments for local public goods, and are then responsible for implementation and maintenance of those investments. In general, communities follow a facilitated process of social preparation as part of the project requirements. This process is expected to involve stakeholders in local development investments and to empower communities to manage their own development initiatives.

It is widely assumed that, for numerous reasons, increased participation improves development outcomes, benefiting citizens more than development operations that do not engage citizens. Several reasons are put forward for this. First, as local communities are the most reliable source of information about their priorities, the decisions made through participatory processes are expected to more closely address their needs. Second, participation is claimed to improve poverty targeting by tapping into local-level knowledge about who is poor, what constrains poor people most acutely and how to design projects to reduce these constraints. Third, participation in decisions and implementation increase local ownership, which in turn improves the quality of the operation and maintenance of projects. Finally, participation in itself is seen as valuable, as it opens a space for individuals to make their voice heard (Sen, 1999).

As discussed in the literature on ‘elite capture’ (see Bardhan 2002, Platteau and Gaspart 2004; Araujo et al 2006), local decisions are often taken by a few powerful local elites. Given entrenched norms of elites dominating local decisions-making, an outstanding empirical question is whether CDD efforts have successfully moved away from this norm, and instead engage a broader set of local stakeholders. Specifically, one needs to know: How are decisions made regarding proposals put forward by communities? Who is more likely to have their preferences represented in village proposals? Do village officials have a predominant role in the proposal selection process? Are poorer villages more likely to have their proposals funded? Is the likelihood of receiving funding a function of the socio-economic characteristics of those whose preferences are represented in the proposal? Those questions are not just of academic interest. CDD approaches have become an important part of development operations and are one of the primary means by which the World Bank supports multistakeholder engagement in decentralized contexts.

This paper explores how communities select their CDD proposals and how CDD resources are allocated across villages. In particular, we assess whether resources reach the poorest villages. We also explore how household preferences are aggregated at the community level. The analysis is conducted in the context of a CDD project in the Philippines, the KALAHI-CIDSS with data covering 1,200 randomly selected households in 66 villages in 8 of the municipalities that took part in the project.

---

<sup>1</sup> Based on reporting to senior World Bank management, the most recent figure (for the period July 2005 – June 2006) is that operations that take a CDD approach constitute 8 percent of World Bank lending (\$1.91billion out of \$23.6 billion).

We believe that the paper makes some interesting contributions to the literature and to knowledge on optimal design of CDD operations. Firstly, the analysis improves upon previous research by combining detailed *ex-ante* data on both household and village officials' preferences regarding the most pressing development problems, with data on the type of project the community requested from a CDD project. As such, it is possible to assess whether projects selected actually reflect communities' preferences. Detailed data on household's wealth, social capital and access to basic services enables analysis of whose preferences are represented in the community proposal.

Secondly, the data examined in this paper covers communities that did and did not receive funding for their proposals. Decisions on which proposal to fund are made by village representatives at a meeting organized by each participating municipality. This makes it possible to examine which community characteristics influence whether a proposal receive funding, and allows us to assess whether funding goes to the poorest, most needy, communities. To the best of our knowledge, this is the first analysis with detailed information on communities that applied for but did not receive project funding.

Thirdly, the data has been collected in the context of the KALAHI-CIDSS, a CDD operation in the Philippines with clear and detailed rules on how to select project proposals and on how to access funds. This allows for a more rigorous analysis than previous studies that tended to focus on social funds, a type of CDD operation in which rules for project selection were not always very clear. For example, in a study of the Ecuador Social Investment Fund, Araujo et al. (2006) state that "there are no records of what the specific processes of project selection were at the community level."

Overall, our results suggest that the preferences of the broader community and barangay<sup>2</sup> captain (as the main representative of the "political elite") are equally represented in community proposals. While there is some evidence that community proposals are best represented by giving more voting weight to those who are better off, proposals best match the preferences of those households in the middle quartiles of village asset distribution. We also find that households that are more involved in communal activities are more likely to have their preferences represented in the community's proposal.

Resources reach the poorest and the more politically active villages. Controlling for poverty, more unequal villages are, surprisingly, more likely to receive funding. However, the impact of inequality arises during proposal selection: in more unequal villages, the barangay captain is more likely to override community preferences, and to influence the inter-village competition so project resources flow to his/her village.

The paper is organized as follows. The next section presents a brief review of the literature. Section 3 describes the KALAHI-CIDSS project with a focus on its participatory aspect. Section 4 describes the datasets. Results are presented in Section 5. The final Section concludes and offers some policy recommendations.

---

<sup>2</sup> The *barangay* is the lowest level of elected government under the Philippines Local Government Code of 1991

## 2. Literature Review

---

There is a breadth of literature on the benefits and risks associated with transferring decision-making to the local communities. In this section we discuss evidence on the impacts of participation on development projects, focusing on how communities select proposals and how resources are allocated across communities. As there is scant evidence on resource allocation across communities, we also make reference to the literature on the links between diversity (economic and ethnic) and collective action, as we expect a community's capacity to act collectively to be instrumental in its success in gaining access to funds for development.

### *Elite Domination*

Case studies point out that local elites tend to play a dominant role in participatory development projects.<sup>3</sup> However, the definition of elites varies depending on the setting. The term can be used to refer to the traditional elite, to educated people and politicians (Dasgupta and Beard, 2007; Platteau, 2004; Platteau and Gaspart, 2003), to motivated individuals (Rao and Ibanez, 2005) or to 'prime movers' (White, 2002). Evidence indicates that these elites tend to dominate the process participatory development, and that the subprojects that are financed tend not to address the most pressing need of the community (Rao and Ibanez, 2005). They are able to dominate the process of local development either by favoring projects that represent their own preferences (rather than community preferences) or by misusing the funds provided to the community.

In a study of corruption in road projects in Indonesia, Olken (2007a) shows that elite domination takes various forms. For example, local officials try to give some of the paid jobs related to the project to family members. In addition, he shows that increasing grass-roots participation is not necessarily an efficient way to reduce corruption, especially in cases where the free-rider problem in monitoring is the greatest. Indeed, for grass-roots monitoring to be effective at deterring corruption, individuals need to "have a personal stake in ensuring that the goods are delivered and that theft is minimized" (Olken, 2007a).

Elite domination appears to be greater in more unequal communities. Araujo et al. (2006) analyze the links between local inequality and project choice in the context of the Ecuador's Social Fund (FISE). They use project data on all the subprojects financed by the FISE over the period May 1993 to January 1996, along with robust poverty and inequality estimates at the community level. They show that the likelihood of obtaining funds for a latrine subproject increases with community poverty levels, but *decreases* with local inequality. They argue that their results are consistent with elite capture as pro-poor projects (i.e. latrines in their case) are less likely to be funded in more unequal communities.

### *Preference Targeting / Satisfaction*

Despite the tendency for elite domination described above, a large majority of social fund/CDD project beneficiaries state that investments met one of their most pressing needs, and tend to be satisfied with project outcomes. For example, in their analysis of the Jamaica Social Investment Fund (JSIF), Rao and Ibanez (2005), show that 80 percent of households express satisfaction with

---

<sup>3</sup> It would be interesting to compare the elite capture in participatory and non-participatory development projects. Indeed, if elite capture in participatory projects is smaller than in non-participatory projects, implementing participatory projects is a step in the right direction. Bardhan and Mookherjee (2000) provide a theoretical framework to compare capture at the local and national levels. They show that only under certain conditions are local governments more prone to capture than national governments.

the project outcome. Similar results have been obtained in others social funds (Owen and Van Domelen, 1998; Van Domelen, 2002).

A possible explanation lies in the distinction between cases of “benevolent forms of elite domination and more pernicious types of capture” (Mansuri and Rao, 2004). In addition, as expressed by Platteau and Gaspart (2003), results on beneficiary satisfaction were obtained ex-post; community members may refrain from complaining about a project, even if it did not reflect their preference, for fear of not receiving another project in the future.

Olken (2007) presents evidence from the Indonesia project that might explain the consistently high satisfaction rates widely observed in participatory projects. Firstly, he shows that the CDD project under review (KDP in Indonesia) is responsive to community needs. Under this project, each village prepares two proposals: one prepared by the women and one prepared by the village as a whole. He finds that overall the women’s proposals reflect the women’s preferences, while the project proposals prepared by the village as a whole reflect men’s preferences. Secondly, by randomly allocating the process by which projects are selected (direct election or representative meeting), he is able to analyze the impact the participation. While direct election had a minor effect on the type and location of project chosen, it had a large effect on satisfaction rates and perceived benefits from the project.

### *Diversity*

The more unequal and ethnically diverse a community is, the lower the levels of collective action. This contributes to inadequate provision of public goods and poor management of common resources. In a study of community-level cooperation in irrigation systems in the South Indian state of Tamil Nadu, Bardhan (2000) shows that an increase in the Gini coefficient of landholding decreases the quality of maintenance of distributaries. Alesina et al. (1999) demonstrate that in the US, more racially and ethnically diverse municipalities tend to provide less funding for local public goods. Similarly, Miguel and Gugerty (2005) show that in rural Kenya, in more ethnically diverse areas primary schools raised lower funds through voluntary fundraising and community water well are less likely to be well maintained.

In this paper, in light of the literature described above, we aim to shed some light on the following hypotheses:

- Richer and better educated individuals are more likely to have influence over project selection.
- Individuals more active in the community are more likely to influence project selection.
- Poorer villages are more likely to be selected for funding.
- Diverse communities, being less able to act collectively, are less likely to receive funding.

### 3. The KALAHI-CIDSS CDD Operation in the Philippines

---

The KALAHI-CIDSS is the flagship poverty reduction project of the Government of the Philippines and is implemented by the Department of Social Welfare and Development (DSWD). The project follows a typical CDD approach. The total project cost of KALAHI-CIDSS is US\$182.4 million, of which the Bank finances US\$100 million, the national Government finances US\$31.4 million, and villagers and local governments contribute US\$51 million. The project was launched in January 2003 and is being implemented in four phases in 183 municipalities.

The objective of KALAHI-CIDSS is to empower local communities through improved participation in local governance and involvement in the design and implementation of development activities. It is implemented in the 42 poorest provinces (selected based on poverty data from the National Statistics Coordination Board). Within each province, the poorest one-fourth of all municipalities (based on municipal poverty mapping) is eligible to participate. All villages in a municipality are eligible to participate, though not all are guaranteed to receive funding.

Given the project design, decisions made within villages are participatory in nature. However, the ways in which participation is implemented in practice can vary greatly across settings. As such, it is important to carefully describe the process followed by communities in order to have a better understanding of what ‘participatory’ means in the context of KALAHI-CIDSS. In each participating municipality, the project is implemented according to a subproject cycle. This cycle has 16 steps<sup>4</sup> but, for ease of presentation, we describe these steps in three main categories below: preparation, funding and implementation.

- (i.) **Preparation.** After a municipal introduction, facilitators are sent to all villages in the municipality. A first village assembly is organized in which the facilitator presents KALAHI-CIDSS to villages and helps them select volunteers to conduct a participatory situation analysis. This leads to a village action plan that includes the top priority project to be submitted for KALAHI-CIDSS funding. These results are validated in another village assembly during which the project preparation team and village representative team are elected. The village representatives then attend a municipal meeting during which the rules and subproject ranking criteria are decided. Once those criteria have been agreed upon, the project preparation teams prepare proposals, which are validated in a village meeting.
- (ii.) **Funding.** Once the proposals are ready, a Municipal Inter Barangay Forum (MIBF) is set up. During this forum, preparation teams present the proposals and village representatives rank them (i.e., prioritize the proposals to be funded with the budget allocated to each municipality) based on a set of criteria – some of which are specified in advance while other criteria are decided on during the MIBF. The results of the MIBF are presented in village assemblies and, in the prioritized villages, villagers elect the members of various subproject management committees to oversee implementation of the subproject.

---

<sup>4</sup> The project is now being implemented according to the more flexible “Community Empowerment Activity Cycle” with four main stages: (i) Social Preparation stage, (ii) the Sub-project (SP) Identification Stage, (iii) the SP Preparation, Selection and Approval stage and, (iv) the SP Implementation, Monitoring and Evaluation (M&E), and Operations and Maintenance stage. (<http://kalahi.dswd.gov.ph/PartProc/> - visited on 03/05/2007)

(iii.) **Implementation.** Subproject proposals are then finalized by the committee and validated during a village assembly. Following this, another municipal forum validates final proposals. After the necessary training in construction techniques, reporting, procurement, financial management and operations and maintenance (O&M), the subproject is implemented by village volunteers. After completion of the construction, the O&M plan is implemented

The process of preparation, funding and implementation is repeated three times in each of the participating municipalities. Our paper focuses on the selection of proposals put forward by villages, as well on decisions made during the municipal forum.

## 4. The Data

---

Two data sets are used in the analysis. The first consists of a detailed household and barangay captain survey carried out in November 2003, as a baseline for a rigorous impact evaluation<sup>5</sup> of KALAHI-CIDSS activities. The sample covers 2,400 households in 132 villages, in 16 municipalities, in 4 provinces of the Philippines. The impact evaluation took advantage of project phasing, collecting data in municipalities about to enter Phase 3. The sample includes both treatment and control municipalities. In treatment areas, data was collected on 1,200 households in 66 villages in 8 KALAHI-CIDSS municipalities.

Given the project's objectives, detailed data was collected on poverty status, access to basic services, social capital and local governance. We use information on access to services, tenure status, quality of housing and ownership of various durable consumption goods to build an asset index which serves as a measure of wealth. Following McKenzie (2005), we take advantage of this index to compute a measure of relative inequality.<sup>6</sup>

We also have detailed information on whether the household is involved in communal activities (participation in groups, in village assemblies<sup>7</sup> and in bayanihan<sup>8</sup> activities) before the project started.

In addition, and of particular relevance to our analysis, both households and barangay captains were asked to name the three most pressing problems in their communities. To facilitate the analysis, the responses are categorized as follows: road, water, school, health, day care, electrification, livelihoods, peace and order, facilities and other. Since the survey was fielded a few months before the Poverty Situation Analysis was undertaken in each village, there is a risk that in the interval, some of the problems mentioned by community members were resolved, while other new problems arose (*e.g.*, the road was washed away or the water system broke down). However, given the short time frame between the survey and project implementation we can safely assume that the situation did not drastically change in those villages.

It is worth noting that KALAHI-CIDSS imposes certain restrictions on what can be funded. An implicit budget constraint is 'imposed' by KALAHI-CIDSS<sup>9</sup> and there is a negative list of investments for which KALAHI-CIDSS does not provide resources. For example, peace and order was mentioned by some households as a pressing community problem, but since investments related to these problems are not eligible under the project, there is little KALAHI-CIDSS can do directly to address these issues. These restrictions are not taken into account in our data on preferences.

For treatment villages in our baseline sample, the project Monitoring and Evaluation (M&E) unit provided data on whether or not the villages proposal was funded. In addition, we have data on

---

<sup>5</sup> For a detailed description of the survey, refer to World Bank (2005).

<sup>6</sup> For a detailed presentation of the index and of the relative inequality measure, see Labonne et al. (2007)

<sup>7</sup> The Local Government Code of the Philippines, which was passed in 1991, instituted village assemblies (barangay assemblies) and devolved power to them. They are to be held twice a year and can initiate legislative processes by recommending the adoption of measure for the welfare of the village (barangay).

<sup>8</sup> *Bayanihan* refers to a communal effort to achieve a particular objective (*e.g.* construction of a road, maintenance of the water system, etc.).

<sup>9</sup> In a given municipality, the amount of money available for each cycle is equal to approximately USD 6,000 x number of barangays in the municipality.

the type of subproject that the community put forward during the municipal forum.<sup>10</sup> Though data is available for some municipalities on two cycles of proposals and funding, to maintain the largest sample of villages we restrict ourselves to the first funding cycle.

---

<sup>10</sup> Please note that we only have this information for 46 of our villages.

## 5. The Results

---

In this section we discuss the main results of our analysis. Section 5.1 addresses the extent to which proposed projects match community members' preferences. Section 5.2 presents evidence on which individuals are more likely to have their preferences represented in the proposal. Finally, Section 5.3 discusses the characteristics that make a village more or less likely to be funded during the municipal forum.

### 5.1 COMMUNITY PREFERENCES AND PROPOSAL SELECTION

#### *Overall Distribution*

As described in Section 4, households and barangay captain were asked to name the three most pressing problems in their villages. Results and actual projects chosen are presented in Table 1. Column (1) shows the frequency with which each type of projects was proposed. Column (3) summarizes barangay captain preferences, by category. Column (4) presents the distribution of household choices. Column 5 through 11 summarized households choices, partitioning each village by education levels (5 and 6), wealth (7,8 and 9) and gender (10 and 11).

Results presented in Table 1 seem to suggest that, at equilibrium, neither the subproject proposals nor the actual projects funded fully reflect household or official preferences. Indeed, based on chi-squared tests, columns (3-11) are all statistically different from column (1) and column (2). However, those results do not take into account differences across villages as well as the way decisions are made within villages. Decisions regarding the proposal are made through consensus. It is thus necessary to take this into account to understand whether or not the project is responsive to the community needs.

It is interesting to note that there are differences between the distribution of subproject proposals and of actual projects funded. This suggests that the type of subproject being proposed influences whether or not the proposal is funded. Indeed, in our sample, while villages propose road and water systems with roughly equal frequency (32.6 % and 30.4 %), water systems are funded twice as often (45.5% against 22.7%). The difference between the two distributions is statistically significant. Richer households are more likely to prefer roads (23.8%) than poorer households (22.9 %) and less likely to prefer water systems (14.6% against 17.3 %). Differences between the more and less educated households are less marked. However, considering the entire distribution, chi-square tests reveal that the differences between the more educated and the less educated and between the richer and the poorer are not statistically significant.

We next simulate different ways to aggregate household preferences.<sup>11</sup> This enables us to obtain a ranking of the different problems facing the community and assess whether, for a given village, the proposal was one of the 'community preferred projects'. The analysis is not restricted to the 'community preferred project' as this would fail to account for the consensus-building meetings held in the communities to select the proposals.

---

<sup>11</sup> A comprehensive description of the aggregation mechanisms used in the analysis is available in Annex 1 Table 1. One should keep in mind that, as Arrow (1951) argued (Arrow's impossibility theorem), none of those mechanisms is perfect.

### *Community Preferences*

We generate a list of the preferred community projects according to stated ex-ante households' preferences. We can thus assess whether in a given community the proposal is one of the three preferred projects according to different aggregation mechanisms. This gives evidence whether the project responds to the communities' stated preferences. Results are available in Table 2.

Depending on the aggregation mechanisms used, between 54.4 % and 67.4% of the proposals reflected one of the top three priorities of most community members (with an average of 60.9%). While there is room for project proposals to better match stated needs, a majority of projects implemented do respond to community preferences.

To deepen the analysis, we generate the preferred project not only with the full sample but with different sub-samples: households in the top and bottom half of their village wealth distribution, households in the two middle quartiles (Q2 and Q3) of their village wealth distribution and, households in the top and bottom half of their village 'education distribution'.<sup>12</sup>

For most of the aggregation mechanisms, households in the 'middle' of their village wealth distribution appear to be the ones whose voices are the most likely to be heard when the community decides on the proposal. Indeed, the best match between proposals and preferences is obtained with the sample of households in the 'middle' of their village wealth distribution. The differences between the full sample and the sample of households in the 'middle' of their village wealth distribution are, however, not statistically significant.

### *Barangay Captain Preferences*

Our analysis above shows that the preferences of the richest or most educated in a village are not better represented than those in the middle of the village wealth distribution. An alternative hypothesis is that the barangay captain preferences are better represented. Our data allows us to assess whether the political elite captures the proposal process. Results are available in Table 3. In 60.9% of the villages, the proposal was mentioned by the barangay captain as being one of the top three problems facing the village. It is interesting to note that this is similar to results described above for the community at large. The barangay captain does not seem to have a predominant voice in the process of selecting the proposal.<sup>13</sup>

## **5.2 WHOSE PREFERENCES ARE REPRESENTED IN THE PROPOSAL?**

We now assess whose preferences are represented in the community proposal. We construct two dummy variables. The first dummy indicates if the proposal in the village was cited by the household as one of the three most pressing problem facing the village. The second dummy indicates if the proposal in the village was cited by the household as the most pressing problem facing the village. Given the extensive household-level data available, we can understand household and community factors influencing whether a household's preferences are represented

---

<sup>12</sup> We found that in general, when we weighted aggregation methods by respondent wealth, the frequency of a match between proposals and preferences increased. This suggests, in support of Araujo et al. (2006), that wealthier households do carry more weight in villages decisions. For instance considering the top 3 choices in approval voting, the matches increase from 60.9% to 66.5%. However, wealth weighting did not always increase the match. See Annex Table 2.

<sup>13</sup> One prevailing hypothesis is those community proposals are heavily influenced by facilitator preferences Humphreys et al. (2006). However, we do not have information on the facilitator's preferences so we cannot control for the facilitator's influence.

in a proposal. We can also assess whether diversity (wealth, ethnic) at the village level impedes households to have their preferences represented.

Presented in Table 4 and 5, for each dependent variable we run two regressions: first, a simple probit with household and village -level variables, municipal dummies and clustering of the residuals at the village-level (Table 4) second, a conditional fixed-effects logit with only the household level variables (Table 5). Results are available in Table 4 and 5.

Supporting the view that prime movers play an important role in CDD projects, we find that households that are more involved in community affairs are more likely to have their preferences represented in the proposal. Depending on the regressions chosen, households that participate in groups, households that participate in bayanihan activities, and households that participate in village assemblies are more likely to have their preferences heard. This effect is large. For example, moving from a household not involved in community activities to a household with at least a member belonging to a group and participating in bayanihan activities increases the likelihood of having their preferences represented by 16.5 percentage points (35.5 percent of the mean). This effect could arise because those households are better networked and as such are more likely to be able to influence things in the community. It could also be that they have more experience with community meetings which would make it easier for them to carry their point across when the villagers decide on the proposal.

There is no evidence that local elites are dominating during the proposal selection stage, at least when defining elites in economic and education terms. Depending on the regression chosen, households whose head only has primary school education are more likely than household whose head either has (i) no formal education, (ii) secondary school education, or (iii) college education to have their preferences represented. Interestingly, households in the top half of their village wealth distribution are no more likely to have their preferences represented than households in the bottom half of their village wealth distribution.

### 5.3 FUNDING

Having presented results on the match between what communities want and what they request from the project, we now consider decisions taken during the municipal forum, in order to explore and identify characteristics that makes a village more or less likely to have its proposal funded. We create a dummy variable equal to one if the village proposal was funded running a probit regression with municipal fixed-effects.

As shown in Table 6, the poorer the village, the more likely it is to receive funding during the municipal forum. Even in those poor municipalities, funds reach the poorest villages. We do not have information at the village level on who benefits from the subproject and thus we cannot assess whether the project actually reaches the poorest households in those poor villages. However, as shown in Table 4, we found no evidence that households with more assets were more likely to have their preferences represented in the proposal.

Second, controlling for poverty levels, villages in which citizens participated more in village assemblies before the project started are more likely to receive funding from the project. An increase of one standard deviation in the participation rate in village assemblies increases the likelihood of receiving funding by 21.3 percentage points (59.2 percent of the mean). This effect is large and suggests that experience with political processes help to secure funding in the municipal forum.

Third, controlling for poverty levels, more unequal villages are more likely receive funding. This is surprising as the literature tends to focus on the difficulties unequal communities face to act collectively. We would expect that community collective action is required for a successful CDD project. The literature also highlights the links between elite capture and inequality. We hypothesize that the observed positive impact of inequality on the likelihood of being funded arises through the process of proposal selection. In more unequal villages, the process of selecting proposals is more likely to be influenced by a particular group or individual, which then has a bigger incentive to ‘defend the proposal’ during the funding stage. To test this hypothesis, we run regressions controlling for whether or not the barangay captain’s preferences are represented in the proposal.

We are interested in whether the socio-economic characteristics of those whose preferences are represented in the proposal have an impact on the likelihood of receiving funding. We focus on the barangay captain and construct two dummy variables. The first dummy variable indicates whether the proposal was mentioned by the barangay captain as one of the three most pressing problems in the village. The second indicates if the proposal was mentioned by the barangay captain as one of the three most pressing problem in the village and the proposal was not one of the three preferred community projects.<sup>14</sup> This second variable captures whether the barangay captain preferences override those of his constituents. This happens in 23% of the villages. We run probit regressions of the probability of receiving funding with municipal fixed effects. Results are presented in Table 6.

First, the results confirm our previous findings on poverty targeting. Poorer villages are more likely to receive funding from the project.

Second, once we control for the village captain preferences, inequality is no longer found to be statistically significant. This supports the view that inequality plays a role during the proposal selection stage rather than during the municipal forum, so that more unequal villages are more open to be influenced by elites. This is consistent with the idea that intra-village inequality affects decisions taken within the village but not necessarily (at least not directly) decisions across villages.

Third, when the proposal reflects the barangay captain preferences but not community preferences, the village is more likely to have its proposal funded. This effect is very large. Indeed, a village whose proposal represents the barangay captain preferences but not the community preferences is 38 percentage points (79.1 percent of the mean) more likely to receive funding than a villages in which this is not the case. It could be that the barangay captain has better information on the type of project that is more likely to be funded during the municipal forum, and therefore might be able to convince villagers to ‘support’ his preferences.

As a further test to the assumption that inequality plays a role during the proposal selection stage, we assess which villages are more likely to have proposals that reflect the barangay captain’s preferences but not the community preferences. We run a probit regression of the probability that the proposal represents the barangay captain’s preferences but not the community preferences with municipal fixed-effects. Results are available in Table 7.

---

<sup>14</sup> The three community projects are obtained with the aggregation mechanism ‘Plurality (1 – 2 – 3)’ (see Annex – Table 1).

First, as expected, the more unequal the village, the more likely the village captain is to override the community preferences during the proposal selection. This result is in line with most of the literature on elite capture.

Second, the wealthier the village, the less likely the barangay captain is to override the community preferences during the selection of the proposal. The barangay captain's influence is greatest in poorest villages.

Third, the greater the proportion of villagers engaged in bayanihan activities, the less likely is the barangay captain to override the community preferences during the proposal selection. In a community with strong norms of collective action, the barangay captain is less able to override community's preferences.

## 6. Conclusion

---

In this paper, we build on existing research on the benefits and risks associated with transferring decision-making to the local level. First, we refine previous findings on whether such decisions indeed more closely address local needs by using *ex-ante* data on preferences over the most facing pressing development problems faced by the communities. Second, using data on proposals put forward for funding in communities that received funding and communities that did not, we assess whether the socio-economic characteristics of those whose preferences are represented in the proposal have an impact on the likelihood of receiving funding.

Overall, the community and the barangay captain preferences seem to be equally represented in the community proposal. We also find that households whose members are more involved in communal activities are more likely to have their preferences represented in the community's proposal. This supports the notion that prime movers influence community decisions in CDD operations. However, prime movers are not necessarily public officials or the richest, best educated individuals.

Resources reach the poorest and more politically active villages (measured by participation in village assemblies). Controlling for poverty, more unequal villages are, surprisingly, more likely to receive funding. We provide evidence that the impact of inequality arises during proposal selection: in more unequal villages, the barangay captain is more likely to override community preferences, and to influence the inter-village competition so project resources flow to their villages. Economic inequality often signals unequal power distribution within villages, likely to bias decisions in community investments in favor of local power brokers.

Three principle lessons for optimizing the design of CDD operations can be drawn from our results. These include:

1. **Design the participatory process carefully.** In a number of CDD projects, the process through which communities select subprojects to be funded is not very clear. However, in the KALAHI-CIDSS the participatory process is clearly specified and is probably one of the reasons for our results. We recommend that the process through decisions are to be made at the local level be carefully described in the Project Implementation Manual (KALAHI-CIDSS, 2002).
2. **Set up clear rules to allocate resources across communities and make sure that everyone is aware of these rules.** The clearer the rules the less room there is for capture. It makes grass-roots monitoring easier and facilitates complaints in case of elite domination. If the rules are to be decided at the local level, the process through which this is done should be described carefully.
3. **Ensuring that CDD projects are responsive to community preferences is an important part of assessing overall project performance.** The design of the KALAHI-CIDSS project and the use of household questionnaires for data collection make it possible to test the extent to which the project is responding to community preferences and how well the project is targeting poorer communities.
4. **Focus on building social capital.** CDD projects highlight the importance of empowering communities and building social capital to promote development and contribute to addressing the needs of the poor. Our results illustrate why this is important as

communities with more social capital appear more likely to gain access to funds for development.

Our results highlight the importance of collecting detailed ex-ante data on household preferences. Given the way decisions tend to be made in CDD projects, utilizing ‘narrow’ measures of community preferences (i.e. focusing on households’ preferred project) fails to capture the fact that households are interested to get one of several types of support and that aggregating households preferences is hard to model simply.

Our results are only an initial step to understanding better how communities drive development. We see at least three areas where more research would be helpful. First, it would be interesting to compare CDD projects with non-participatory approaches. Of particular interest would be to assess whether approaches that do not involve communities are able to provide infrastructure that match community preferences to a greater or lesser degree than CDD approaches.

Second, it would be interesting to see how the proposal and funding decisions evolve during project implementation. Our analysis is restricted to the first annual cycle out of three in the 66 villages covered in 8 municipalities. As individuals understand more the process and gain more experience with it, they might be more able to have their voice heard.

Third, it would be interesting to compare different political mechanisms to select subproject proposals and to decide which subproject proposals receive funding. As explained above, Olken (2007) provides the results of an experiment at the proposal selection stage but more effort would prove extremely valuable.

As an empirical analysis of community preferences and decisions in a CDD operation, this research adds nuance to a literature on CDD and elite capture that previously had been based on limited evidence. It also lends empirical support to the operational wisdom that primes movers in a community have a large role in driving CDD projects.

## Tables

**Table 1:**  
**What Do Communities Ask For, What Gets Funded and What Are Individual Preferences?**

	Village Proposal	Project Funded	Bar. Cpt.	Full Samp.	Education		Wealth			Gender	
	(1)	(2)	(3)	(4)	Top	Bottom	Top	Bottom	Middle	Male	Female
Road	32.6	22.7	25.8	23.1	23.7	23.9	23.8	22.9	36.2	22.1	24.4
Water	30.4	45.5	15.6	16.0	15.6	15.9	14.6	17.3	20.7	15.8	16.3
Health	4.4	9.1	7.8	11.5	10.8	11.5	12.3	10.5	4.9	12.0	10.9
School	2.2	0.0	4.7	6.8	6.3	7.2	6.8	6.9	5.3	7.6	5.8
Day Care	4.4	4.6	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1
Electrification	2.2	0.0	3.1	11.9	10.8	12.7	9.3	14.7	6.6	10.4	13.8
Livelihoods	15.2	18.2	18.0	18.8	20.7	17.5	19.0	18.5	19.6	20.9	16.3
Peace	0.0	0.0	3.1	5.4	5.3	5.4	6.3	4.4	2.9	4.9	6
Facilities	0.0	0.0	5.5	1.0	0.9	1.0	1.2	0.7	0.5	0.5	1.5
Other	8.7	0.0	16.4	5.3	5.8	4.6	6.5	4.1	3.3	5.7	4.9
Observations	46	22	46	808	493	506	418	391	402	336	472

Note: Column (1) gives the distribution of proposal by type. Column (2) gives the distribution of subprojects funded by type. Column (3) gives the barangay captain preferences while Column (4) gives the survey respondents' preferences. Columns (5-11) give survey's respondents preferred projects broken down by respondent's position in their village education distribution, wealth distribution and gender. Top of distribution is the top 50% of village distribution, bottom is the bottom 50% of village distribution and middle is 25%-75% of village distribution.

**Table 2:**  
**How Frequently Does the Village Proposal Match the Aggregated Community Preferences (using 6 different aggregation mechanisms)?**

	Full Sample	Education		Wealth			Gender	
		Top	Bottom	Top	Bottom	Middle	Male	Female
(1a) Plurality (1)	30.4	30.4	28.3	32.6	28.3	41.3	32.6	26.1
(1b) Approval voting (1/2)	32.6	28.3	28.3	30.4	30.4	37	30.4	26.1
(1c) Borda Count (1-2-3)	32.6	32.6	30.4	34.8	28.3	39.1	32.6	24.8
(2a) Plurality (1 – 2 – 3)	54.4	47.8	52.2	50	56.5	63	50	54.4
(2b) Approval voting (1/2)	60.9	54.4	58.7	52.2	45.7	63	52.2	58.7
(2c) Borda Count (1-2-3)	67.4	73.9	65.2	65.2	60.9	71.7	54.4	67.4

Note: Each cell gives the percentage of barangays for which the proposal was (i) the 'community's most preferred project' (Rows 1a,1b and 1c); (ii) one of the three 'community's most preferred projects' (Rows 2a,2b and 2c) according to the aggregation mechanism used and the sample considered. Top of distribution is the top 50% of village distribution, bottom is the bottom 50% of village distribution and middle is 25%-75% of village distribution. Number of observations: 46.

	<b>1<sup>st</sup> mentioned</b>	<b>2<sup>nd</sup> mentioned</b>	<b>3<sup>rd</sup> mentioned</b>	<b>Total</b>
Overall (n=46)	39.1	10.9	15.2	60.9
Funded Barangay (n=22)	45.5	22.7	4.5	68.2
Non Funded Barangay (n=24)	33.3	0.0	25.0	54.2

Note: Each cell gives the percentage of villages for which the proposal was mentioned by the barangay captain as being (i) the most pressing problem in the village (1); (ii) the second most pressing problem in the village (2); (iii) the third most pressing problem in the village (3). Column (4) gives the percentage of villages for which the proposal was mentioned by the barangay captain as being one of the three most pressing problem in the village. Column (1) (2) and (3) do not add up to (4) because the same problem was sometimes mentioned twice by the barangay captain.

**Table 4:**  
**Did the Community Proposal Reflect Household Preferences?**

	Top Preference				Top 3 Preferences			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Inequality	0.002 (0.252)	0.002 (0.254)	0.009 (0.253)	0.011 (0.249)	0.033 (0.251)	0.024 (0.252)	0.051 (0.248)	0.041 (0.243)
Ethnic Diversity	-0.081 (0.286)	-0.078 (0.286)	-0.077 (0.287)	-0.075 (0.285)	0.087 (0.291)	0.071 (0.288)	0.093 (0.294)	0.082 (0.287)
% Household engaged in Farming	0.404 (0.338)	0.418 (0.346)	0.423 (0.345)	0.405 (0.337)	0.025 (0.324)	0.042 (0.334)	0.050 (0.328)	0.033 (0.316)
Median Wealth	-0.071 (0.067)	-0.069 (0.067)	-0.067 (0.067)	-0.069 (0.067)	-0.039 (0.057)	-0.039 (0.058)	-0.034 (0.058)	-0.038 (0.056)
Median Education	0.016 (0.053)	0.015 (0.053)	0.015 (0.053)	0.016 (0.053)	-0.025 (0.044)	-0.026 (0.044)	-0.025 (0.045)	-0.023 (0.044)
Top ½ village wealth distribution	0.030 (0.041)	0.027 (0.040)	0.033 (0.040)	0.034 (0.040)	-0.018 (0.043)	-0.022 (0.043)	-0.010 (0.042)	-0.005 (0.043)
No Education	<b>-0.174</b> <b>(0.039)***</b>	<b>-0.175</b> <b>(0.040)***</b>	<b>-0.177</b> <b>(0.040)***</b>	<b>-0.175</b> <b>(0.040)**</b>	<b>-0.191</b> <b>(0.051)***</b>	<b>-0.196</b> <b>(0.052)***</b>	<b>-0.200</b> <b>(0.053)***</b>	<b>-0.197</b> <b>(0.052)***</b>
Secondary School	<b>-0.093</b> <b>(0.035)***</b>	<b>-0.089</b> <b>(0.034)***</b>	<b>-0.084</b> <b>(0.035)**</b>	<b>-0.091</b> <b>(0.036)**</b>	0.029 (0.042)	0.038 (0.041)	0.046 (0.042)	0.039 (0.043)
College	-0.118 (0.087)	-0.113 (0.086)	-0.106 (0.087)	-0.114 (0.088)	<b>-0.179</b> <b>(0.089)**</b>	<b>-0.166</b> <b>(0.091)*</b>	-0.150 (0.092)	<b>-0.165</b> <b>(0.091)*</b>
Female	<b>-0.085</b> <b>(0.034)***</b>	<b>-0.086</b> <b>(0.035)***</b>	<b>-0.090</b> <b>(0.034)***</b>	<b>-0.090</b> <b>(0.035)***</b>	-0.056 (0.045)	-0.054 (0.045)	-0.067 (0.045)	-0.063 (0.046)
HH Size	0.002 (0.007)	0.003 (0.007)	0.003 (0.007)	0.002 (0.007)	0.005 (0.006)	0.008 (0.006)	0.006 (0.006)	0.006 (0.006)
Group	0.033 (0.036)	0.039 (0.037)			<b>0.084</b> <b>(0.039)**</b>	<b>0.096</b> <b>(0.039)**</b>		
Participate BA	-0.015 (0.046)		-0.006 (0.045)		0.033 (0.050)		0.050 (0.049)	
Collective Action	0.050 (0.041)			0.053 (0.040)	<b>0.081</b> <b>(0.043)*</b>			<b>0.098</b> <b>(0.042)**</b>
Municipal Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs.	806	806	806	806	806	806	806	806

Notes: Results from probit regressions. The dependent variables is a dummy equal to one if the project selected in the barangay was cited by the household as the most pressing problem facing the community (Column 1 to 4). The dependent variables is a dummy equal to one if the project selected in the barangay was cited by the household as one of the three most pressing problems facing the community (Column 5 to 8) . Marginal coefficient calculated at the means. The standard errors (in parentheses) are Hubert-corrected and account for intra-barangay correlation. \* denotes significance at the 10% level, \*\* at the 5% and, \*\*\* at the 1%.

**Table 5:**  
**Did the Community Proposal Reflect Household Preferences?**

	Top Preference				Top 3 Preferences			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Top ½ village wealth distribution	0.021 (0.074)	0.031 (0.070)	0.034 (0.070)	0.035 (0.069)	-0.038 (0.054)	-0.037 (0.054)	-0.021 (0.053)	-0.017 (0.054)
<b>No Education</b>	<b>-0.224</b> <b>(0.084)***</b>	<b>-0.215</b> <b>(0.080)***</b>	<b>-0.229</b> <b>(0.087)***</b>	<b>-0.207</b> <b>(0.076)***</b>	<b>-0.195</b> <b>(0.074)***</b>	<b>-0.197</b> <b>(0.069)***</b>	<b>-0.206</b> <b>(0.076)***</b>	<b>-0.204</b> <b>(0.070)***</b>
Secondary School	-0.066 (0.056)	-0.068 (0.052)	-0.077 (0.055)	-0.052 (0.055)	0.063 (0.045)	0.069 (0.045)	0.071 (0.045)	0.075 (0.048)
College	-0.142 (0.180)	-0.149 (0.161)	-0.160 (0.170)	-0.117 (0.167)	-0.176 (0.130)	-0.168 (0.125)	-0.153 (0.128)	-0.146 (0.123)
Female	<b>-0.072</b> <b>(0.044)*</b>	-0.058 (0.045)	-0.073 (0.045)	-0.065 (0.042)	-0.024 (0.050)	-0.017 (0.053)	-0.038 (0.051)	-0.031 (0.052)
HH Size	0.000 (0.009)	0.001 (0.009)	-0.003 (0.009)	0.003 (0.010)	0.001 (0.007)	0.005 (0.007)	0.000 (0.007)	0.004 (0.007)
Group	0.050 (0.052)	0.050 (0.053)			<b>0.104</b> <b>(0.044)**</b>	<b>0.117</b> <b>(0.047)**</b>		
Participate BA	<b>0.169</b> <b>(0.066)**</b>	0.299 (0.680)	<b>0.160</b> <b>(0.061)***</b>		<b>0.144</b> <b>(0.046)***</b>		<b>0.154</b> <b>(0.045)***</b>	
Collective Action	-0.105 (0.073)	0.038 (0.680)		-0.071 (0.071)	-0.011 (0.047)			0.027 (0.048)
Obs.	600	600	600	600	698	698	698	698

Notes: Results from conditional fixed-effects logit regressions. The dependent variables is a dummy equal to one if the project selected in the barangay was cited by the household as the most pressing problem facing the community (Column 1 to 4). The dependent variables is a dummy equal to one if the project selected in the barangay was cited by the household as one of the three most pressing problems facing the community (Column 5 to 8) . Marginal coefficient calculated at the means. The standard errors (in parentheses) are Hubert-corrected and account for intra-barangay correlation. \* denotes significance at the 10% level, \*\* at the 5% and, \*\*\* at the 1%.

**Table 6:**  
**Was the Village Proposal Funded?**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Inequality	<b>0.652</b> <b>(0.324)*</b> *	0.421 (0.306)	<b>0.662</b> <b>(0.322)*</b> *	0.457 (0.304)	0.495 (0.523)	0.658 (0.488)	0.548 (0.536)	0.673 (0.499)	0.075 (0.521)	0.373 (0.466)	0.127 (0.496)	0.399 (0.459)
<b>Wealth</b>	<b>-0.187</b> <b>(0.089)*</b> *	<b>-0.178</b> <b>(0.086)*</b> *	<b>-0.182</b> <b>(0.085)*</b> *	<b>-0.174</b> <b>(0.085)*</b> *	<b>-0.356</b> <b>(0.101)**</b> *	<b>-0.367</b> <b>(0.108)**</b> *	<b>-0.353</b> <b>(0.102)**</b> *	<b>-0.360</b> <b>(0.107)**</b> *	<b>-0.319</b> <b>(0.105)**</b> *	<b>-0.328</b> <b>(0.106)**</b> *	<b>-0.310</b> <b>(0.105)**</b> *	<b>-0.322</b> <b>(0.106)**</b> *
Education	-0.033 (0.068)	-0.004 (0.059)	-0.015 (0.062)	0.005 (0.056)	0.096 (0.097)	0.092 (0.099)	0.105 (0.093)	0.101 (0.094)	0.107 (0.096)	0.089 (0.091)	0.113 (0.087)	0.099 (0.088)
Group	0.340 (0.458)	0.236 (0.424)			0.234 (0.642)	0.169 (0.623)			0.217 (0.577)	0.198 (0.576)		
Participate BA	<b>0.758</b> <b>(0.404)*</b>		<b>0.672</b> <b>(0.403)*</b>		-0.380 (0.466)		-0.354 (0.450)		-0.572 (0.506)		-0.519 (0.460)	
Collective Action	-0.249 (0.435)			-0.013 (0.407)	0.000 (0.517)			-0.120 (0.457)	0.147 (0.569)			-0.074 (0.478)
Barangay Captain Overrides Preference					-0.134 (0.212)	-0.126 (0.213)	-0.140 (0.215)	-0.118 (0.227)	<b>0.385</b> <b>(0.162)**</b>	<b>0.303</b> <b>(0.172)*</b>	<b>0.371</b> <b>(0.146)**</b>	<b>0.299</b> <b>(0.179)*</b>
Barangay Captain Preference												
Obs.	66	66	66	66	46	46	46	46	46	46	46	46

Notes: Results from probit regressions. The dependent variable is a dummy equal to one if the village received funding for their proposal. Marginal coefficient calculated at the means. The standard errors (in parentheses) are Hubert-corrected. \* denotes significance at the 10% level, \*\* at the 5% and, \*\*\* at the 1%.

**Table 7:**  
**Did the Barangay Captain Override the Community Preferences**

	(1)	(2)	(3)	(4)
Inequality	<b>1.041</b> <b>(0.358)***</b>	<b>0.930</b> <b>(0.389)**</b>	<b>0.954</b> <b>(0.364)***</b>	<b>1.023</b> <b>(0.379)***</b>
Ethnic Diversity	-0.026 (0.305)	-0.001 (0.393)	0.135 (0.385)	-0.203 (0.350)
Wealth	<b>-0.106</b> <b>(0.052)**</b>	<b>-0.142</b> <b>(0.059)**</b>	<b>-0.133</b> <b>(0.058)**</b>	<b>-0.124</b> <b>(0.058)**</b>
Education	-0.045 (0.062)	0.001 (0.059)	-0.011 (0.063)	-0.026 (0.060)
Group	-0.053 (0.324)	-0.014 (0.339)		
Participate BA	0.340 (0.278)		0.238 (0.313)	
Collective Action	<b>-0.875</b> <b>(0.424)**</b>			<b>-0.799</b> <b>(0.413)*</b>
Municipal Dummies	Yes	Yes	Yes	Yes
Obs.	46	46	46	46

Notes: Results from probit regressions. The dependent variable is a dummy equal to one if the project selected was cited by the barangay captain as one of the three most pressing problem facing the village and was not the “community project”. Marginal coefficient calculated at the means. The standard errors (in parentheses) are Hubert-corrected. \* denotes significance at the 10% level, \*\* at the 5% and, \*\*\* at the 1%.

**Table 8:**  
**Descriptive Statistics**

Variable	Obs	Mean	Std. Dev.
Match HH Preferences 1	808	0.316	0.465
Match HH Preferences 1-3	808	0.463	0.499
Inequality	808	0.744	0.264
Ethnic Diversity	808	0.454	0.270
% HH engaged in farming	808	0.510	0.235
Median Asset in Village	808	2.578	0.977
Median Education in Village	808	5.584	1.177
No Education	808	0.059	0.237
Primary School	808	0.647	0.478
Secondary School	808	0.239	0.427
College	808	0.054	0.227
Female	808	0.584	0.493
HH Size	808	5.153	2.165
Group	808	0.391	0.488
Participate BA	808	0.688	0.464
Collective Action	808	0.672	0.470

<b>Annex Table 1: Description of the Aggregation Mechanisms Used in the Analysis</b>		
<b>Preferred Project?</b>		
	Plurality (1)	We focus only on the most important problem - the choice that receives the most vote is selected
	Approval voting (1/2)	We focus only on the problems ranked 1 <sup>st</sup> and 2 <sup>nd</sup> - the choice that receives the most vote is selected (regardless of the rank at which it was mentioned)
	Approval voting (1/2/3)	We focus on the 3 problems mentioned - the choice that receives the most vote is selected (regardless of the rank at which it was mentioned)
	Borda count (1/2)	We focus only on the problems ranked 1 <sup>st</sup> and 2 <sup>nd</sup> - the choice that receives the most points is selected (a problem mentioned 1 <sup>st</sup> receive 10 points and 3 if mentioned 2 <sup>nd</sup> )
	Borda count (1/2/3)	We focus on the three problems mentioned - the choice that receives the most points is selected (a problem mentioned 1 <sup>st</sup> receive 10 points, 3 if mentioned 2 <sup>nd</sup> , and 1 if mentioned 3 <sup>rd</sup> )
<b>Within Top 3</b>		
	Plurality (1 - 2 - 3)	The choice that receives the most vote as 1 <sup>st</sup> problem is selected along with the choice that receives the most votes as 2 <sup>nd</sup> problem and the choice that receives the most vote as 3 <sup>rd</sup> problem
	Approval voting (1/2)	We focus only on the problems ranked 1 <sup>st</sup> and 2 <sup>nd</sup> - the three choices that receive the most vote are selected (regardless of the rank at which it was mentioned)
	Approval voting (1/2/3)	We focus on the 3 problems mentioned - the three choices that receives the most vote are selected (regardless of the rank at which it was mentioned)
	Borda count (1/2)	We focus only on the problems ranked 1 <sup>st</sup> and 2 <sup>nd</sup> - the three choices that receive the most points are selected (a problem mentioned 1 <sup>st</sup> receive 10 points and 3 if mentioned 2 <sup>nd</sup> )
	Borda count (1/2/3)	We focus on the three problems mentioned - the three choices that receive the most points are selected (a problem mentioned 1 <sup>st</sup> receive 10 points, 3 if mentioned 2 <sup>nd</sup> , and 1 if mentioned 3 <sup>rd</sup> )

**Annex Table 2:  
How Frequently Does the Village Proposal Match the Aggregated Community Preferences?**

	Full Sample	Education		Wealth			
		Top	Bottom	Top	Bottom	Middle	
<b>Preferred Project?</b>							
Plurality (1)	30.4	30.4	28.3	32.6	28.3	<b>41.3</b>	
Approval voting (1/2)	32.6	28.3	28.3	30.4	30.4	<b>37.0</b>	
Approval voting (1/2/3)	<b>30.4</b>	<b>30.4</b>	23.9	23.9	30.4	28.3	
Borda count (1/2)	32.6	32.6	30.4	32.6	28.3	<b>39.1</b>	
Borda count (1/2/3)	32.6	32.6	30.4	34.8	28.3	<b>39.1</b>	
<i>(with weights)</i>							
Plurality (1)	39.1	<b>45.7</b>	37.0	39.1	30.4	39.1	
Approval voting (1/2)	30.4	30.4	30.4	30.4	<b>37.0</b>	34.8	
Approval voting (1/2/3)	26.1	28.3	21.7	26.1	<b>34.8</b>	30.4	
Borda count (1/2)	39.1	<b>41.3</b>	37.0	34.8	32.6	34.8	
Borda count (1/2/3)	32.6	32.6	30.4	34.8	28.3	<b>39.1</b>	
<b>Within Top 3</b>							
Plurality (1 – 2 - 3)	54.4	47.8	52.2	50.0	56.5	<b>63.0</b>	
Approval voting (1/2)	60.9	54.4	58.7	52.2	45.7	<b>63.0</b>	
Approval voting (1/2/3)	54.4	52.1	<b>56.5</b>	45.7	43.5	54.4	
Borda count (1/2)	67.4	<b>69.6</b>	63.0	63.0	58.7	<b>69.6</b>	
Borda count (1/2/3)	67.4	<b>73.9</b>	65.2	65.2	60.9	71.7	
<i>(with weights)</i>							
Plurality (1 – 2 - 3)	58.7	<b>60.9</b>	56.5	54.3	54.4	60.9	
Approval voting (1/2)	63.0	<b>69.6</b>	67.4	58.7	60.9	63.0	
Approval voting (1/2/3)	60.0	<b>65.2</b>	63.0	52.2	60.9	56.5	
Borda count (1/2)	<b>77.1</b>	73.4	65.2	67.4	65.2	71.7	
Borda count (1/2/3)	<b>77.1</b>	71.7	65.2	65.2	65.2	71.7	

## References

---

- Alesina, A., R. Baqir, and W. Easterly (1999) "[Public Goods and Ethnic Divisions](#)" Quarterly Journal of Economics, Vol. 114(4): pp. 1243-1284
- Araujo, M.C., F. Ferreira, P. Lanjouw and B. Ozler (2006) "Local Inequality and project Choice: Theory and Evidence from Ecuador" World Bank Policy Research Working Paper 3997.
- Arrow, K. (1951) "Social Choice and Individual Values" Wiley, New York (2nd edition 1963).
- Bardhan, P. (2000) "[Irrigation and Cooperation: An Empirical Analysis of 48 Irrigation Communities in South India](#)" Economic Development and Cultural Change, Vol. 48 (4): pp. 847-865
- Bradhan, P. (2002) "Decentralization and Governance in Development" Journal of Economic Perspectives, Vol. 16(4): pp 185-205.
- Bardhan, P. and D. Mookherjee (2000) "Capture and Governance at Local and National Levels" American Economic Review, Vol. 90 (2): pp 135-139.
- Dasgupta, A. and V. Beard (2007) "Community-Driven Development, Collective Action and Elite Capture in Indonesia" Development and Change, Vol. 38(2): pp 229-249.
- Humphreys, M., W. Masters and M. Sandbu (2006). "The Role of Leaders in Democratic Deliberations: Results from a Field Experiment in Sao Tome and Principe." World Politics, Vol. 58(4).
- KALAH-CIDSS (2002) "Community Organizing Manual", Department of Social Welfare and Development, Manila, processed.
- Labonne, J., D. Biller and R. Chase (2007) "Inequality and Relative Wealth: Do They Matter For Trust? Evidence from Poor Communities in the Philippines" World Bank - Social Development Papers 103.
- Mansuri, G., and V. Rao (2004) "[Community-Based and -Driven Development: A Critical Review.](#)" World Bank Research Observer, Vol. 19(1): pp. 1-39.
- McKenzie, D. (2005) "Measuring Inequality with Asset Indicators" Journal of Population Economics, Vol. 18: pp 229-260.
- Miguel, E. and Gugerty, M.K. (2005). "[Ethnic diversity, social sanctions, and public goods in Kenya](#)" Journal of Public Economics, Vol. 89 (11-12): pp. 2325-2368.
- Olken, B. (2007) "Political Institutions and Local Public Goods: Evidence from a Field Experiment in Indonesia" mimeo Harvard University.
- Olken, B. (2007) "Monitoring Corruption: Evidence from a Field Experiment in Indonesia" *Journal of Political Economy*, Vol. 115 (2), pp. 200-249.
- Owen, D. and J. Van Domelen (1998) "Getting an Earful: A Review of Beneficiary

Assessments of Social Funds”. World Bank - Social Protection Discussion Paper.

Platteau, J.P. (2004) “Monitoring Elite Capture in Community-Driven Development”  
Development and Change, Vol. 35(2): pp 223-246

Platteau, J.P and F. Gaspart (2003) “The Risk of Resource Misappropriation in Community-Driven Development” World Development, Vol. 31(10): pp 1687-1703.

Rao, V. and Ibáñez, A.M., 2005. The Social Impact of Social Funds in Jamaica: A ‘Participatory Econometric’ Analysis of Targeting, Collective action, and Participation in Community-Driven Development. Journal of Development Studies 41 (5), 788-838.

Sen, A. (1999). Development as Freedom, New York: Anchor Books.

Tendler J (2000) “Why are social funds so popular?” In: Local dynamics in an Era of Globalisation. S. Yusuf, W. Wu and S. Evenett (eds) World Bank. Washington DC.

Van Domelen, J. (2002) “Social Funds: Evidence on Targeting, impacts and Sustainability”  
Journal of International Development 14, 627-642.

White, H., 2002. Social Funds: A Review of the Issues. Journal of International Development 14, 605-610.

World Bank (2005) “Community Driven Development and Social Capital: Designing a Baseline Survey in the Philippines.” Social Development Department.