Community-Driven Development (CDD) is an approach that gives control of development decisions and resources to community groups. Poor communities receive funds, decide on their use, plan and execute the chosen local projects, and monitor the provision of services that result. It improves not just incomes but also people’s empowerment, the lack of which is a form of poverty as well.

Through its support for CDD, the International Development Association (IDA), the World Bank’s fund for the world’s poorest countries, has been harnessing the energy and capacity of communities for poverty reduction. Since the start of this decade, IDA lending for CDD has averaged annually just over 50 operations, for an average total of US$1.3 billion per year.

**At a glance**

- Kecamatan Development Program (KDP), Indonesia—18 million people benefit from better services which include more than 37,000 kilometers of local roads and 8,500 bridges, 9,200 clean water supply units, and 3,000 new or improved health posts; more than 1.3 million people obtain loans to start or complement local businesses through micro-financing.
- Andhra Pradesh Rural Poverty Reduction Project (APRPRP), India—10.1 million rural poor women organize into community based organizations that collectively save over US$770 million and leverage credit over $2.7 billion from commercial banks.
- National Solidarity Program (NSP), Afghanistan—Elected village-level community development councils, which include women, use grants and local labor to rebuild bridges and roads, fix schools and install water pumps to benefit 13 million people across Afghanistan thereby building state credibility and strengthening local democracy.
- Social Fund for Development, Yemen—Supported to 2,403 community-based projects reaching almost 4.5 million poor results in increase in number of girls’ schools (from 502 to 554) and basic education enrollment rates (from 63 percent to 68 percent), improved access to rural roads, reduced journey costs and travel times (by 40 percent).
- Second National Fadama Development Project, Nigeria—Real incomes of households participating in project activities rise by 45 percent as compared to income gains of non-beneficiary households with the poorest participants experiencing the largest increase of group-owned productive assets (almost a hundred-fold increase in assets).
- Social Investment Fund Project V, Honduras—2.5 million people benefit from a total of 2,888 projects (1,446 rehabilitated schools, about 700 new schools, 163 new health centers, 347 small water/sanitation systems, and 461 latrines) resulting in all children in targeted areas attending primary school In project communities, an increase in access to health care assistance, and more communities having access to running water.
Through its support to community-driven programs, IDA finances services such as water supply and sanitation, housing, and schools that are tailored to community needs and likely to be maintained and sustainable. By emphasizing transparency and accountability in local decision-making, IDA’s CDD initiatives have contributed to more empowered citizenry, more responsive government (particularly local government), improved delivery of public goods and services, and more sustainable community assets. In post-conflict countries, in particular, the approach has helped deepen peace-keeping by fostering attitudes of trust and tolerance in the process of rebuilding communities.

AN EVOLVING FIELD

CDD is increasingly seen as a nexus between bottom-up and top-down approaches to improved governance and service provision.

IDA initially adopted the CDD approach as a mechanism for improved service delivery in key public sectors. But building on the principles of participatory governance and country-based aid that are hallmarks of its support, IDA has used CDD also to foster social accountability that supports decentralization of services. By the start of this decade, CDD had become an IDA priority for empowering poor communities and building greater accountability.

CDD was also a reaction to the failures of earlier approaches to targeted poverty reduction, such as integrated development programs for a geographical area, and lending to agricultural credit institutions. Such failure was also widespread outside the World Bank, and encouraged a general move towards greater decentralization—a move away from reliance on central government as the main service provider—and participation. The World Bank responded by adopting and further developing a wide range of innovations.

Eventually these included:

- A strong emphasis on participation in projects within specific sectors, i.e. around certain services like water supply or nutrition.
- Support to decentralization programs and local government, typically around a territorial jurisdiction with some autonomy.
- Community support through, for example, ‘social funds’ that operate across sectors, and CDD programs that depend on social groups that, traditionally or voluntarily, make collective decisions.

The three approaches all emphasize many of the same principles: Empowerment of the poor and other marginalized groups; Responsiveness to beneficiary demand; Autonomy of local institutions; Enhancement of local capacities. With respect to capacity, it had indeed become clear by the late 1990s that community development needed to be embedded in those institutions capable of local-level coordination, training, facilitation and technical support.

Each of the three approaches has generated a distinct body of theory and practice. There is consensus, however, on the benefits of linking them together. Such a cooperative approach promises to improve coordination, synergy, efficiency, and responsiveness in local development processes.
IDA’s Contributions

Over the last decade, IDA has increasingly focused on lending to CDD programs in order to reach local communities directly. Between FY2000–08, IDA committed an average of US$1.3 billion per year towards CDD, through just over 50 operations per year. This amounted to 16 percent of IDA’s entire lending volume. CDD lending for IDA projects for FY08 was US$1.9 billion.

More than half of IDA’s CDD lending was in the Africa and South Asia regions. A review of 62 Country Assistance Strategies in countries drawing on World Bank support found three quarters to include community-based or community-driven development operations.

A Focus on Priority needs

IDA has used CDD approaches to support a wide range of priority needs including water supply and sewerage rehabilitation, school and health facilities construction, nutrition programs for mothers and infants, building of rural access roads, and support for livelihoods and microenterprise. IDA’s CDD support also focuses increasingly on strengthening the capacity of community groups to help them be even more effective.

Moreover, CDD has proven useful in responses to natural disasters. Communities are usually the first responders in natural disasters and their active participation and engagement in project planning and implementation has been a key factor in the success of many World Bank-financed disaster management projects. After the 2005 tsunami, for instance, CDD approaches in Indonesia, India, and Sri Lanka provided a front line response to ensure that resources were used effectively and transparently, and that the affected communities were involved in assessing their needs and designing recovery programs. Similarly, in the aftermath of the 2005 Pakistan earthquake, the Second Pakistan Poverty Alleviation Fund was quick to respond to the regional tragedy and instrumental in facilitating linkages between partner organizations for disaster response.

Scale and Expertise

IDA’s resources and policy discussions have allowed promising CDD approaches to operate on a larger scale and across more sectors than other donors interested in community development generally can. Today’s linked local and community driven development requires an approach that combines multiple disciplines and sectors. Moreover, it involves improvements to the way public money in transferred by and within governments, allowing decentralization of resources to local authorities, as well as in governance and accountability systems. IDA has been very well placed to address such a complex challenge.

Rebuilding Trust, Securing Peace

CDD has proven an effective way of rebuilding communities in post-conflict situations. By restoring trust at a local level and rebuilding social relationships, it has produced valuable peace dividends in places like, Afghanistan, Bosnia-Herzegovina, East Timor, and Rwanda.

Salie Alando, chair of a village committee in the Philippines, said rebels in a neighboring municipality began peace talks after the introduction of CDD projects. “They found that the bottom-up process resembled their own work with the masses. Perhaps they became leftist rebels in the first place because they saw no progress in the village. Now they could channel their energies into this development work,” he said.
• First, through its expertise in a wide range of sectors, IDA can support CDD programs that give communities leeway to undertake initiatives in whatever sector produces the highest impact.
• Second, as an active participant in country-level dialogue, IDA helps create opportunities for community engagement. This includes guidelines and standards for community procurement and investment, and encouraging local government to welcome community engagement.
• Third, IDA has the financial and human resources to vastly broaden and deepen its support in such conducive environments.
• Fourth, since IDA supports CDD operations across many regions, sectors, and contexts, it has been able to share valuable practical knowledge that allows clients to develop appropriate CDD procedures and expand their use.

In particular, IDA has been able to develop and share guidelines on a range of critical CDD issues such as: Economic and social analysis; Community mobilization and capacity building; Fiscal and administrative decentralization; Information and communications Monitoring and evaluation; Targeting and selection; Direct financing; and contracting; Institutional options; Safeguards; Social and gender inclusion.

RESULTS

Main Dimensions of Impact

Although CDD operations vary based on country priorities and capacity, there are some common elements in terms of what they seek to achieve and how they proceed to do it. CDD operations produce two primary types of results: more and better distributed assets,
and stronger, more responsive institutions. Through these results, they seek to improve service delivery, empower communities and local governments, and expand livelihood opportunities. These objectives are intertwined. Some CDD operations see improved service delivery as the end, to be achieved through stronger local capacity to act collectively resulting in improved access to health, education, transport, and water and sanitation services. Other CDD operations see empowerment as an end in itself, to be achieved through greater voice in how local government services respond to community needs. Finally, in an effort to promote greater livelihood security by strengthening activities that stabilize income streams, many CDD operations have promoted local producer organizations and microfinance systems and actively engaged in building occupational skills for income generation activities and jobs.

CDD operations support the mobilization of community groups, promote their engagement in local development decisions, and link community representation and influence to local authority processes and structure.

**Project Outcome Ratings**

CDD operations have demonstrated effectiveness at delivering results. In a 2005 evaluation of the Bank’s work to date in this area, the World Bank’s Independent Evaluation Group rated World Bank-financed CDD operations completed between 1999 and 2003 as 73 percent satisfactory, just above the 72 percent average for the rest of the World Bank’s portfolio.

**Understanding Results**

It is difficult to aggregate results across many CDD operations. After all, the central idea of CDD approaches is to give communities greater control over decisions and resources—some communities choose to build roads while others opt to dig boreholes or organize producer groups for the marketing of new products. Further, while CDD seeks to change institutions, this change is often hard to quantify.

For many individual CDD projects, the increase in services or their use, and the positive impact on people’s lives, is well established. There are also examples of outputs being produced at a cost well below those usually incurred by governments. In all likelihood, those savings are due to the use of less expensive local labor and materials, and from community oversight over contractors’ use of resources. In Indonesia, for example, independent evaluations of the KDP 2 Project carried out in 2005 indicated that infrastructure costs (water, roads and bridges) were approximately 40% less than similar works constructed through government agency procurement.

Many CDD projects show enhanced participation. Again in Indonesia, some 36 percent of participants in key investment decision meetings in the context of a CDD operation were women; for comparison, across all other decision-making meetings, women accounted for less than one percent of participants.

Of the three broad types of CDD objectives (service delivery, empowerment/governance and economic livelihoods), evaluation data has been most lacking on outcomes in terms
of improvements to the lives and incomes of the poorest people themselves. This is now beginning to change with a growing body of robust evidence from impact evaluations that have focused specifically on this issue.

Project Examples

The Kecamatan Development Program (KDP) in Indonesia, the world’s largest CDD program, which began in 1998 and is currently in its third phase, has expanded to a nation-wide program. As of 2008, the program covered 32 of 33 Provinces, benefiting 38,000 villages. The program had directly benefited an estimated 18 million people (as of December 2006). Key to this dramatic impact is better basic infrastructure, including around 37,000 kilometers of local roads and 8,500 bridges, 9,200 clean water supply units, and 3,000 new or improved health posts. Through micro-financing, more than 1.3 million people have obtained loans to start or complement local businesses. Around 101,500 young people have received scholarships to attend school and 5,100 schools have been built or rehabilitated.

The Community Reintegration and Rehabilitation Project in Sierra Leone helped restore social stability and rekindle economic activities for more than 1 million people. Almost 50,000 ex-combatants were trained, of which close to half found employment or self-employment. More than 220,000 people who were forced to flee their homes are back in their locations of choice. The level of interaction between ex-combatants and their communities is high, indicating that ex-combatants are resuming their places as regular members of their communities. Two-thirds of all ex-combatants are currently residing in their community of choice.

The Andhra Pradesh District Poverty Initiatives Program in India increased incomes for almost 90 percent of poor rural households in the area, including 10 million women as of April 2009. The number of households with access to credit rose from fewer than 500,000 in 2000 to more than 10 million in 2008, and the annual credit flow to poor households increased from US$42 million to US$2.7 billion in 2008. More than 9 million rural poor have death and disability insurance coverage, up from less than 1,000 before the project. Income sources shifted from subsistence wages to diversified self-employment and ownership of assets. Having seen the results of this CDD effort, the State of Andhra Pradesh is now

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**Achieving Privacy in Mumbai**

Previous efforts to provide toilets to slum-dwellers in Mumbai had failed because the facilities were badly designed, constructed and maintained. Connections to water and electricity supplies were inadequate, privacy was poor, and the toilets made no provision for children. A CDD project provided an opportunity for local authorities to work with community groups to provide better communal sanitation.

The authority provided the initial funding while the community groups operated and maintained the toilets. Local people were involved in the design of the toilets, resulting in better provision for both sexes and children. Some communities decided to add extra facilities such as crèches, gyms and community halls. Importantly, the new toilets were for the use of the specific community only, which gave them a sense of ownership and motivated them to maintain the service to a high standard.

One woman said afterwards: “We never invited relatives and friends because we were ashamed of our living conditions—we had no toilets. Now I can have guests in the house.”

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using a similar approach to taking measures again climate change, especially in the area of water management in arid agricultural areas.

**The Sustainable Livelihoods Project in Mongolia (2002–2007)** enabled 85,000 people to raise their incomes by an average of 30 percent. As a result of access to credit, 96 percent of borrowers from a Micro-Finance Development Fund reported an improvement in livelihoods. The number of visits to district health centers rose by 24 percent in project districts (compared to a drop of over 30 percent in non-project districts). The number of children staying in school dormitories (essential in a nomadic society) increased by 169 percent, the drop-out rate fell by 82 percent, and the kindergarten enrollment rate rose by 69 percent.

**The Second National Fadama Development Project in Nigeria (2004–2009)** aims to increase incomes by helping communities take charge of their own development, and by reducing conflict between fadama users. Fadamas are flood plains and low-lying areas underlined by shallow aquifers. In supporting various sectors (crops, livestock, forestry, fishing, and fish farming), the project provides special preferences to groups of youth, women (especially widows), the disabled, the elderly, and people with HIV/AIDS. An impact evaluation after the first year of the project found that real incomes of households that participated in project activities rose by 45 percent as compared to income gains of non-beneficiary households over the same period. The poorest participants experienced the largest increase of group-owned productive assets (both in absolute and percentage terms), equivalent to almost a hundred-fold increase in assets owned by the poorest households.

The National Solidarity Program (NSP) in Afghanistan drew on IDA’s experience in Indonesia. Since 2002, elected village-level community development councils, which include women, have used grants and local labor to meet their priorities. Rebuilding bridges and roads, fixing schools and installing water pumps, these efforts have benefited about 13 million people across Afghanistan. The national program, backed by multi-donor financing, is helping build state credibility, strengthen local democracy and restore basic services. Community development councils, now recognized by law, are helping the government coordinate its programs in different sectors such as education, health and agriculture.

**The Yemen Social Fund for Development** supported a total of 2,403 community-based projects in nine sectors over three phases (1997-2009) that reached almost 4.5 million beneficiaries—65 percent of the population living in extreme poverty. The number of girls’ schools in targeted communities increased from 502 to 554 as a result of the project. The project financed 105 smaller projects designed to improve access to rural roads, reducing journey costs and travel times by 40 percent and increasing daily trips to markets, schools and health facilities by 180 percent. As a result of the construction, rehabilitation and expansion of classrooms, enrollment rates in basic education rose from 63 percent to 68 percent overall (and from 46 to 53 percent for girls) between 2001 and 2004.

**The Social Investment Fund Project V in Honduras (2001–2006)** benefited almost 2.5 million people through a total of 2,888 projects (1,446 rehabilitated schools, about 700 new schools, 163 new health centers, 347 small water/sanitation systems, and 461 latrines)

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funded by the Honduran Social Investment Fund. In communities with such a project, 100 percent of children attended primary school in 2004, versus 93 percent in control group communities, from a 1998 baseline of 89 percent in both types of communities. The number of children enrolled in the grade corresponding to their age grew by 19 percent. The project achieved a 14 percent increase in the number of people facing a severe health problem who sought assistance from a health center. Finally, 92 percent of households in communities backed by the Social Investment Fund had running water, compared to only 36 percent in control communities.

The Bosnia and Herzegovina Local Initiatives Project, which ended in 2005, operating in a post-conflict situation, created almost 200,000 jobs through the provision of microcredit services. Within five years, the micro-credit organizations contracted under the project were able to quadruple their active clients to about 100,000, reduce their interest rate by half, and reduce their portfolio at risk to 1 percent.

**CHALLENGES AHEAD**

**Overcoming hurdles**

The first challenge encountered in the spread of community-driven approaches has been the reluctance of many governments and sectors to devolve much power and responsibility to the local levels. Overcoming this reluctance requires the realization of the desperate needs of the poor, sound analysis, a patient strategy, and IDA-supported policy dialogue combined with political pressure from below.

Second, a review of both community-based development (CBD) and community-driven development (CDD) projects completed between 1989 and 2003 by the World Bank’s Independent Evaluation Group indicated some strengths and challenges. Initially weak sustainability improved when IDA’s support became more consistent and long term, and focused more on institutional changes. These improvement occurred as the program was shifting from CBD to CDD. The projects fared better in meeting quantitative goals (such as construction of infrastructure) than qualitative goals (such as capacity enhancement), which are difficult to evaluate and measure.

Increased access to schools and health centers did not always translate into better service delivery. Further, while evidence suggests that these projects are more effective at targeting the poor than the World Bank’s portfolio overall, the very poorest may not always have benefited from these projects. And finally, monitoring and impact evaluation of these programs remains a challenge.

Third, collaboration across sectors is needed to drive this agenda. Within IDA, the incentives and skills for such collaboration have been improving, and the recent combination of most relevant sector staff into a single network will help as well. However, effective collaboration across sectors has to involve country-level parties, too.

Finally, while the CDD agenda fits well into the Poverty Reduction Strategy Papers that the World Bank drafts with its country partners, putting it into practice through the loan programs under these strategies has proven difficult. The latter have so far dealt primarily with the national level. Development policy operations allow IDA to address the intergovernmental fiscal system but make it hard to give detailed attention to local systems of resource allocation, accountability, incen-
tives, and capacity development. One solution could be development policy operations that focus explicitly on the intergovernmental and local systems.

A Consistent Need for Leadership, Analysis and Resources

Over the last decade, the understanding and consensus on local empowerment for development have improved enormously, as have the tools involved. IDA’s volume of CDD lending has expanded as well. However, generalizing CDD approaches into institutions and fiscal systems, transferring real power, resources, and accountability to local levels, and developing the implementation capacities for such programs is still not well advanced in most IDA countries. Over the long-term, this agenda will require consistent leadership, and analytical and financial support from IDA.

CDD programs fit well with the agenda of improving governance since, if well-designed and well-implemented, they strengthen transparency and accountability. They have proven particularly useful in post-conflict settings to help rebuild community infrastructures and services, and social capital. Development driven by local governments and communities can strengthen weak post-conflict states from below, complementing activities to rebuild the central state. As with all development approaches and tools, CDD is not a panacea. Excellent analysis, program design, implementation, and monitoring are needed to promote change from traditional control by local elites, so that broader sets of local stakeholders have influence over these CDD resources. Besides consistent donor support, this requires funding largely from national and local revenues as well as backing by national leaders.

While deepening its lending programs for local and community driven development, IDA will focus its analysis and program guidance in several areas:

- CDD in conflict, post-conflict, fragile and disaster management contexts;
- youth inclusion in CDD;
- linking with the private sector for both productive livelihood projects and public welfare programs; and
- impact evaluation and participatory monitoring.

CDD approaches are increasingly engaged in the response to climate change challenges. Communities, particularly the poorest, are exposed to significant risks by the impacts of climate change—direct effects like adverse weather events and changes in water availability, as well as indirect effects such as population migration and rising social tension. Involvement of local-level institutions and community groups is vital to an effective response to climate change. CDD is an approach well-adapted to introducing awareness of and mitigation and adaptation actions in response to climate change.

July 2009.
http://www.worldbank.org/ida