



SUPPORTING COMMUNITY-DRIVEN DEVELOPMENT
IN DEVELOPING MEMBER COUNTRIES

Community-Based Development in Water and Sanitation Projects



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in Developing Member Countries

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David Hill

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Abbreviations

ADB	Asian Development Bank
CAP	community water and health action plan
CBD	community-based development
CBO	community-based organization
CDD	community-driven development
CFT	community facilitation team
CIT	central implementation team
CPMU	Central Project Management Unit
CPO	Central Project Office
CWSHP	Community Water Services and Health Project
DAR	Department of Agrarian Reform
DDC	district development committee
DSWD	Department of Social Welfare and Development
DWSS	Department of Water Supply and Sewerage
EIRR	economic internal rate of return
GDP	gross domestic product
InfRES	Infrastructure for Rural Productivity Enhancement Sector project
Kalahi–CIDSS	Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services
LGU	local government unit
MDB	multilateral development bank
M&E	monitoring and evaluation
NGO	nongovernment organization
O&M	operation and maintenance
OED	Operations Evaluation Department
PMO	project management office
RWSSP	Rural Water Supply and Sanitation Project
RWSSSP	Rural Water Supply and Sanitation Sector Project
STWSSSP	Small Towns Water Supply and Sanitation Sector Project
WSLIC	Water and Sanitation for Low-Income Communities Project
WSS	water supply and sanitation

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Executive Summary

Purpose

The objective of this study is to undertake a comparative analysis among community-based development (CBD) and/or community-driven development (CDD) projects, and between CBD and/or CDD and non-CBD and non-CDD projects in water supply and sanitation (WSS) to determine differences and similarities in achieving outcomes and effects, specifically looking into

- (i) project cycle and subproject selection processes;
- (ii) cost and quality of subprojects constructed or repaired;
- (iii) cost-sharing arrangements, and community and local government contributions;
- (iv) tariff-setting arrangements, implementation, and other operation and maintenance (O&M) concerns;
- (v) project operations and management arrangements;
- (vi) institutional arrangements and the roles of communities, nongovernment organizations (NGOs), local governments, and other actors;
- (vii) financing and procurement arrangements; and
- (viii) modes of fund transfer employed.

Findings from the study are expected to assist the operations of the Asian Development Bank (ADB) through knowledge generation for better-informed project planning and management, and enhanced awareness of and capacity in the application of CDD in participating developing member countries. The findings also will provide recommendations as the basis of a toolkit for designing new projects and for systems development.

Scope and Methodology

Indonesia, Nepal, and the Philippines were selected as the three focus countries for the study based on their record with WSS projects, both CDD and non-CDD, and their potential for scaling up CBD and CDD activities. From the WSS projects being undertaken by both ADB and the World Bank in the three focus countries, a sample of projects for detailed examination was chosen. In the selection of the sample, consideration was given to (i) whether the project was active or closed, and if active, the degree of progress; (ii) the perceived degree of CBD and CDD elements; (iii) the similarity to other WSS projects in the country; and (iv) the donor. The specific selection of the nine subprojects was made to ensure a preponderance of ADB projects and CDD projects and to ensure there was a balance of the number of projects in each country. Other considerations were the availability of data, and a focus on rural WSS as much as possible. The methodology broadly entailed literature and project-specific document review, development of a survey instrument, consultations with key informants, synthesis of data collected, and comparative analysis. The analysis presented uses both a qualitative and quantitative assessment of the performance of the sample projects.

Findings

The findings are generally consistent with CDD theory and other similar evaluation studies in suggesting that CDD (i) is a more cost-effective mode of delivery of international donor funding for rural infrastructure projects; (ii) presents a more responsive approach to local community infrastructure demands, generating increased

benefits; (iii) instills a sense of ownership that translates to better O&M and increased sustainability; (iv) provides a fund disbursement mechanism that promotes transparency and limits leakages; and (v) results in projects with higher rates of return than ADB sector projects. Based on the sample projects, five interesting results were generated:

- (i) CDD projects do not take significantly more time from appraisal through implementation to closure than non-CDD projects.
- (ii) CDD projects do not result in more time or cost overruns than non-CDD projects.
- (iii) Projects with more CDD elements tended to be more successful (as per Operations Evaluation Department criteria) than projects exhibiting fewer CDD elements.
- (iv) CDD projects in the sample showed a lower per-capita cost for the water supply infrastructure intervention as compared with ADB projects with similar designs and scopes.
- (v) CDD projects were more likely to realize a per-capita cost savings (as compared to appraisal-based estimates) than non-CDD projects.

Recommendations

To enhance ADB's CDD operations in the rural WSS sector, the following recommendations are proposed.

The design of CDD projects should

- (i) be kept as simple as possible;
- (ii) include an assessment of the implementation capacity of the proposed executing agency and implementing agencies;
- (iii) promote the establishment of a project-specific account to be managed and maintained by the executing agency, including a third-party organization or government agency for oversight;
- (iv) maintain flexibility so that changes in implementation arrangements may be made based on progress and feedback received from the monitoring and evaluation (M&E) system;

- (v) require the establishment of a regularly updated and functional M&E system of both qualitative and quantitative data, including economic benefits, which will serve as a project management tool;
- (vi) allow for flexible subproject implementation cycles;
- (vii) dictate specific requirements for the inclusion of women and disadvantaged groups;
- (viii) include an assessment of the technical capability of NGOs and their ability to manage the expected number of local communities; and
- (ix) incorporate engineering standards based on local demands and conditions.

The implementation of CDD projects should

- (i) follow the processes and procedures prepared during the design and appraisal phase;
- (ii) prevent or reduce delays through the application of piloting and batches;
- (iii) keep disbursement processes simple, transparent, and easy to follow; and
- (iv) ensure that local communities maintain their participatory responsibilities and not pass them on to NGOs and external consultants.

ADB should

- (i) reconsider the preparation of sector loans and transfer those resources into the development of CDD projects to achieve the same envisaged outcomes;
- (ii) ensure that borrower institutional policy framework will work with CDD-designed interventions;
- (iii) develop a more comprehensive project performance database linked to project M&E systems, to more consistently gauge the institution's performance, including its own internal costs in undertaking project-specific development activities;
- (iv) better integrate sanitation with water supply infrastructure interventions; and
- (v) use CDD projects to promote private participation.

Introduction

The Asian Development Bank (ADB) has been supporting the use of community participation, either in the form of what can be defined as community-based development (CBD) and community-driven development (CDD) approaches, in water supply and sanitation projects in several developing member countries.

Various studies by the World Bank and other international development institutions, as well as independent organizations, have shown the immense contribution of such participatory approaches in enhancing the sustainability of small-scale infrastructure and in ensuring the responsiveness of subprojects to the needs of the poor. However, documentation on the use of such approaches and their impact in achieving outcomes of ADB-supported water supply projects is lacking.

Building on earlier studies that sought to capture the global experience of CDD approaches and their application to ongoing and future ADB operations, a new technical assistance project has been approved. The technical assistance for Supporting CDD in Developing Member Countries is designed to

implement the key recommendations and promote and support the demand for CDD in the developing member countries.¹

As a part of the overall technical assistance, this particular study undertakes a comparative analysis of a sample of CDD and CBD projects and between CDD and CBD and non-CDD projects in water supply and sanitation. The purpose is to outline similarities and differences between projects with similar objectives, provide lessons, and evaluate differences in the design and implementation to achieve outcomes and effects.

The comparative analysis is both qualitative and quantitative in form. The qualitative descriptive comparison is used to describe specific project experience in design and implementation and lessons learned. The data collected from the sample projects are used in the quantitative analysis to test a number of hypotheses that are fundamental to the evaluation of applying a CDD approach. Collectively based on the qualitative and quantitative comparative analysis, recommendations are duly made as the basis of the toolkit for future projects.

¹ Details of the overall project scope, Supporting Community-Driven Development in Developing Member Countries, ADB TA-6400, are presented in Appendix 1.

Brief Study Background

Community-driven development (CDD) refers to an approach in development projects whereby investment funds or resources are disbursed directly to communities. These funds are then used to design, implement, operate, and maintain infrastructure and associated services. Communities themselves set priorities with the help of governments, donors, consultants, technical advisers, facilitators, and nongovernment organizations (NGOs). Conceptually, the key assumption of the CDD approach is that communities know what is best for them, and if properly guided and educated will act collectively to advance their interests when given control of the resources and decision making. Economic theory and CDD approach proponents suggest that outcomes are likely to be more relevant, effective, efficient, and sustainable compared with more top-down approaches or arrangements involving government officials or outside experts who are not directly affected by the infrastructure intervention.

Although a large number of donor-produced project and similar study documents were reviewed, only the most recent ADB study is discussed in this section of the report. A summary of the donor-sponsored studies that are specifically related to the direction and framing of this particular study is presented in Appendix B.

The current study essentially begins where the previous well-documented CDD study on ADB operations, *A Review of Community-Driven Development and Its Application to the Asian Development Bank* (ADB 2006b), left off. The limited objectives of the earlier 2006 ADB study were to

- (i) present a clear conceptual summary of CDD, including differentiation from the much broader community-based development (CBD) approach;
- (ii) provide a brief description of CDD project performance in the portfolio of other multilateral development banks, particularly the World Bank;

- (iii) undertake a review of ADB's CDD portfolio from 2001 to 2006 and to focus on exemplary cases for detailed review and discussion; and
- (iv) suggest recommendations for the future use of CDD initiatives in ADB's portfolio.

The 2006 ADB study can be viewed as a primer serving to inform ADB about ongoing CDD and CBD developments, an initial review of the potential ADB CDD portfolio, and the opening of an internal policy dialogue that warrants further consideration and discussion.

Two points concerning the previous study should be noted:

- (i) The study did not evaluate the performance of ADB's CDD projects, at least those that could be classified as CDD, although data pertaining to ADB's CDD lending operations were described.
- (ii) The study focused on addressing institutional issues related to ADB undertaking CDD work, rather than CDD project design issues and corresponding outcomes or development effects.

A key advancement made in the ADB (2006) review was in distinguishing CDD projects from other broader CBD-style interventions through development of an operational definition of a CDD project. As defined by the ADB (2006) review, CDD projects have five possible defining characteristics in their design and as related to their subproject implementation cycle:

- (i) **Community focus.** The essential defining characteristic of a CDD operation is that its target beneficiaries or implementing agent is some form of a community-based organization (CBO) or representative local government of a community. Given this characteristic, the project essentially consists

- of numerous small-scale community subprojects in the specific sectors that the overall project is targeting.
- (ii) **Participatory planning and design.** The community or CBO itself designs the community subprojects through participatory planning. Only then can the project be termed “community driven.” Therefore, the range of goods and services that a CBO can select for a subproject investment is often very large, usually as an increasingly common element of CDD project design.
 - (iii) **Community control of resources.** There should be at least some form of resource transfer to the community and the CBO, although the level of control by the community may vary from project to project.
 - (iv) **Community involvement in implementation.** This involvement often takes the form of direct supply of inputs, labor, or funds as in-kind community contributions to the subprojects, or indirect inputs through management and supervision of contractors, or operation and maintenance functions.
 - (v) **Community-based monitoring and evaluation.** This is not so much a “necessary” condition as it is a way to ensure accountability to the community. Some accountability tools are participatory monitoring, community scorecards, and grievance redress systems.

For purposes of this study, the operational definition of CDD projects from the ADB (2006) study is adopted as those interventions having most of the five characteristics or components.

A key advancement made in the ADB (2006) review was in distinguishing CDD projects from other broader CBD-style interventions through development of an operational definition of a CDD project.

The ADB (2006) study advocated increased ADB CDD project volume on a limited scale because CDD lending from other donor organizations such as the World Bank and the Inter-American Development Bank were rising rapidly, illustrating a growing demand among borrowers, i.e., potential ADB customers, and because the limited ADB experience in CDD has generally been positive. The report recommended both a short-term strategy of launching pilot CDD operations and a medium-term strategy of improving the quality and increasing the volume of CDD in ADB operations. To achieve the medium-term strategy, the report recommended that ADB examine further the lessons both from its own projects as well as others, and address issues, especially institutional constraints in CDD-related design and implementation features. Two associated institutional changes for both the short and medium terms were recommended: building a knowledge base, and deeper review of ADB experience with CDD.

Scope, Methodology, and Summary Project Review

Scope

As outlined above, this study focuses on projects using community-based development (CBD) and community-driven development (CDD) approaches in both design and implementation. It aims to undertake a comparative analysis among CBD and CDD projects, and between CBD and CDD and non-CBD and non-CDD projects to determine differences and similarities in achieving outcomes and effects, specifically looking into

- (i) project cycle and subproject selection processes;
- (ii) cost and quality of subprojects constructed or repaired;
- (iii) cost-sharing arrangements, and community and local government contributions;
- (iv) tariff-setting arrangements, implementation, and other operation and maintenance (O&M) concerns;
- (v) project operations and management arrangements;
- (vi) institutional arrangements and the roles of communities, nongovernment organizations (NGOs), local governments, and other actors;
- (vii) financing and procurement arrangements; and
- (viii) modes of fund transfer used.

The analysis focused on water supply and sanitation (WSS) projects in three ADB developing member countries: Indonesia, Nepal, and the Philippines. Indonesia was selected given that two notable World Bank CDD projects, the Kecamatan Development Project and the Water Supply for Low Income Communities Project (WSLIC), were both successfully implemented for years with numerous follow-on loans and thus can offer extensive and substantial lessons. Additionally, given its positive

experience with CDD, Indonesia is scaling up its CDD portfolio of projects. The Philippines was chosen given the success of one of the World Bank's flagship CDD projects, Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services (Kalahi–CIDSS). The country's recent experience with other donor-funded projects of non-CDD design have typically not been as successful because of corruption allegations and lack of sustainability. So the Philippines appears to have vast potential for more CDD interventions similar to Kalahi–CIDSS. Nepal is one of the poorest developing member countries in South Asia and CDD is seen as one effective approach to poverty alleviation. Nepal is also recovering from many years of civil conflict and so is viewed as having high potential for scaling up CDD.

Initially, all selected projects for inclusion in the study were to be closed ADB projects. However, given the countries of focus and the specific sector, this was deemed unfeasible. Hence, both open projects and World Bank projects were included in the sample.

Methodology

The nature of this study focuses on the collection of pertinent data, the synthesis of such data, and the application of a comparative analysis to discern differences and similarities in approaches relative to the achievement of outcomes and effects.

The analysis is twofold: on one level it will compare CDD and CBD to non-CDD and non-CBD projects, while on another level it will compare CDD and CBD projects among themselves. Differences related to geographical location, funding agency, and CDD and CBD activities and project types will be isolated and minimized to account for sample project design characteristics and the influence of such characteristics on outcomes and effects.

The methodology broadly entailed the following steps:

- (i) literature review and identification of key issues to be managed in the study;
- (ii) initial analysis of potential CDD and CBD projects for inclusion in the study;
- (iii) project selection for study inclusion;
- (iv) initial data collection;
- (v) detailed discussion of the projects selected based on readily available data and reports;
- (vi) development of a survey instrument or questionnaire based on previous ADB and World Bank Operations Evaluation Department (OED) studies, data gaps, and intended analysis;
- (vii) application of the survey instrument and questionnaire;
- (viii) synthesis of data collected and analysis; and
- (ix) drafting of the report.

- (ii) ADB Classified CDD Loan Projects, 2001–2008;
- (iii) ADB Classified CDD Japan Fund for Poverty Reduction Grant Projects, 2001–2007; and
- (iv) ADB Classified CDD Asian Development Fund Grant Projects, 2005–2007.

However, it should be noted that the definition and classification of CBD and CDD projects are not necessarily distinct, and that differences remain in the typology of CBD and CDD projects, aside from the generally accepted distinction that CDD projects are a subset of the much larger CBD type of projects. Indeed, it may be the case that the bulk of ADB's CDD portfolio consists of projects with CDD components, rather than full-fledged CDD projects, as the strict definition of CDD versus CBD projects is applied. To evaluate this point and indeed as part of the methodology, the inclusion of the five CDD components and the degree of inclusion was measured for each project.

Portfolio Identification

As described in the 2005 World Bank OED study, *The Effectiveness of World Bank Support For Community-Based and -Driven Development* (World Bank OED 2005), one of the greatest challenges to that study was identifying the portfolio of CBD and CDD projects to be reviewed. At the time of that study, the institution had no database that actively tracked CBD and CDD projects. However, the World Bank OED had developed a methodology to identify the universe of CBD and CDD projects.

In the case of ADB and for the purposes of this study, this task has been made easier by the previous research in this field and corresponding operations evaluation studies of the respective multilateral development banks (MDBs). Projects for the study sample were chosen from the following project lists:²

- (i) World Bank CDD Portfolio Matrix (FY2000–FY2007);

Sample Project Selection

As per the strict definition of the contract title for this study, the comparative analysis should be focused on completed ADB projects in the three subject countries. However, given data limitations and potential subtle differences in definition interpretation, two slight modifications were made: ongoing projects were included, and non-ADB projects were also included. Many of the projects in the MDB CDD project lists are still ongoing, albeit near to completion. As for including non-ADB projects, given the relatively greater amount of research and project design work the World Bank has done on CDD operations, especially regarding some of its projects in the countries of focus, the inclusion of World Bank projects promotes a more robust comparative analysis. Additionally, inclusion of previous work and adoption of development projects regardless of MDB leads to better ongoing donor harmonization.

² The four lists of potential projects for sample selection were useful, although the data fields across lists, even the three from within ADB, differed. The adoption of consistent data fields for project classification, particularly within the same MDB, would be an advance for portfolio tracking and operations evaluation.

Table 1: Sample Study Projects

Country	ADB CDD	World Bank CDD	ADB Non-CDD
Indonesia	Community Water Services and Health Project (CWSHP) (Loan 2163/2164-INO)	Second Water and Sanitation for Low Income Communities Project (WSLIC II) (Credit No. 3382-IND)	Rural Water Supply and Sanitation Sector Project (RWSSSP) (Loan 1352-INO)
Nepal	Small Towns Water Supply and Sanitation Sector Project (Loan 1755-NEP)	Rural Water and Sanitation Project I (Credit No. 2912-NEP)	Fourth Rural Water Supply and Sanitation Sector Project (RWSSSP) (Loan 1464-NEP)
Philippines	Agrarian Reform Communities I Project (ARCP) (Loan 1667-PHI)	Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services (Kalahi–CIDSS) (Credit No. 7147-PHI)	Infrastructure for Rural Productivity Enhancement Sector Project (InfRES) (Loan 1772-PHI)

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

Source: Consultant's Inception Report, November 2008.

The sample of nine projects was proposed, reviewed, and finalized.³ Table 1 outlines the donor, country, and categorization of these projects. A brief summary of objectives, scope, estimated benefits, and other cost and time data for each project is presented in Appendix 3.

Whether the projects were completed or active, data collected on projects were not necessarily equivalent at first view because of differences in country of operation, donor, or time. That is, it would appear that because of differences in the countries in which the donors operate, there are differences in demands on the data collection and synthesis on which the reports are based and produced. This is likely associated with the demands of the specific client and could be related to political issues within a particular country and the institutions or agencies involved in a particular sector. It was also realized that as with any business, clients and client relations differ even though the product offered is essentially the same. Similarly, although donor harmonization is being actively pursued, ADB and the World Bank do not always collect the same data for similar projects nor are the institutions' reports necessarily the same in structure and quality of information

dissemination. Indeed, even within the same donor and within the same country, some available reports are much more informative than others. Additionally, because of differences in the time of project design and implementation, there are differences in the availability of accurate data. In contrast to what originally was expected, older closed projects did not necessarily yield data more easily than more recent and active projects.

This section continues with a summarized discussion of the sample projects regarding the fields of comparison and contrast as per the study design. A more detailed discussion of each project and the countries of focus is presented in Appendix 4.

Project Organization, Operations, and Management

In both CDD and non-CDD rural WSS projects, the project organization tends to include all levels of government: national, provincial, and district (local).

³ It should be noted that two additional projects were also initially considered for inclusion in the sample, and were indeed reviewed. These were the World Bank-funded Philippines Local Government Unit Urban Water Supply and Sanitation Project (Credit No. 7080-PHI) and the ADB-funded Community-Based Water Supply and Sanitation Project in Nepal which was approved in 2003. However, after discussions with the in-country project officers, these were both dropped. The reason for dropping the World Bank Philippines project was that the alternative included project represented a much more CBD or CDD approach that was complete and closed. The ADB Nepal project was far behind schedule because of implementation delays, and it was uncertain whether data would be available. In place of that project, a completed Nepal project was included.

In non-CDD ADB projects, national agencies tend to be nominated as the executing agencies and implementing agencies, which then form project steering committees or a central project unit or both to monitor progress, funding, budgets, and disbursements in addition to overseeing procurement and overall project management.⁴ These agencies then work through their provincial or district offices in the project areas, which in turn interact with the local communities through project-appointed staff and externally hired consultants and contractors. In some projects such as the Indonesia Rural Water Supply and Sanitation Sector Project (RWSSSP) (ADB 1994b), the organizational structure of the project was not consistent from design through to implementation. Furthermore, it was unnecessarily complex regarding the numbers of national stakeholders with different agencies being the executing agencies and implementing agencies. This created significant issues with authority and jurisdiction wherein implementation tasks required coordination, but where one agency could not make another agency expend the necessary resources at critical times.

The World Bank assessed the capability of the Department of Water Supply and Sewerage (DWSS) in Nepal at a time when the bank was undertaking a shift in its WSS development program toward what eventually became defined as CDD interventions. As a result of its assessment, the World Bank decided that a separate entity or special project vehicle apart from the existing DWSS was required to effectively implement the project. After significant effort by the World Bank, the Government of Nepal established the Rural Water Supply and Sanitation Fund Development, which then served as the executing agency.

In general, as with the sample projects, CDD projects tend to follow a similar model as with non-CDD projects regarding the use of national agencies as the executing agency and implementing agencies, and in the formation of project steering committees and project management units composed of various national agency stakeholders. However, as in the case of Nepal, the design of CDD projects and their reliance on local community action reduces the need

for a strong, entrenched, large executing agency as long as adequate technical engineering and capacity building can be delivered locally to those who accept ownership of the works and responsibility for O&M.

The Roles of Communities, Non-government Organizations, Local Governments, and Other Actors

In both CDD and non-CDD projects, local communities generally need to meet certain qualifying criteria to participate.

In non-CDD projects, local communities typically need to submit a formal request to the executing agency to participate in the project. Usually, resources do not allow all the interested local communities to participate. The process of community selection is then in the hands of the executing agency, which tends to decide by setting priorities, but can also engage in political decision making in lieu of development impact criteria.

As is typical with CDD project design, each participating local community establishes a project-specific unit of some form that is responsible for ensuring full involvement of the community in all project-related planning, training, subproject selection, fund raising, construction, and O&M. Consultants hired to assist with engineering or training or both typically support the unit in the development of the project and in capacity building. In many cases these consultants take the form of NGOs. In some countries such as Nepal, issues have been raised about the use of national versus regional or local NGOs. The concern is that national NGOs are unresponsive or lack local awareness. Conversely, it has also been argued that local NGOs lack the necessary skills. In either case, NGOs play an important role in CDD projects and their own capacity needs to be carefully assessed when implementing projects.

In both CDD and non-CDD projects, local communities are typically required to establish water users groups to set and collect tariffs and

⁴ In these projects, typically there is only one executing agency, but there can be many implementing agencies charged with the responsibility of implementing different components of the project, for example, physical infrastructure, capacity building, or extension services.

maintain the works, either themselves or through procurement.

Project Cycle and Subproject Selection Process

In non-CDD ADB sector projects, subprojects are often prepared in batches. The number of batches is based on funding allocation and generic subproject cost estimates. Often, external consultants or the national agency serving as the executing agency conducts the necessary subproject identification, preliminary design, and feasibility study before implementation.

In the CDD project cycle, the local community unit works with the greater community at large in the subproject selection, design, and development of an implementation or action plan. As much as possible, the subproject selection process is conducted in an open manner using a participatory methodology to identify and set priorities for local demand. The subproject design, guided by consultants, is then based on the community's demands in concert with local resources, with an appreciation of costs and the ability to ensure long-term sustainability via O&M. The subproject plan typically contains

- (i) detailed engineering designs for water and sanitation infrastructure;
- (ii) a budget for planning and construction of all physical works, including a breakdown of community and government contributions;
- (iii) an action plan defining work to be performed by local labor, contracted work, proposed payment arrangements, and a procurement schedule;
- (iv) key behavior changes to be promoted in the community to increase health standards and an action plan for this purpose; and
- (v) an implementation agreement.

In some CDD projects, the subproject cycle was taking longer than 1 year, and resulted in implementation delays due to government budget allocation problems. More recent CDD projects are now attempting to limit the subproject development and implementation cycle to less than 1 year and synchronize them so that progress milestones and the release of funds are timed with the national budget allocation process.

Cost and Quality of Subprojects Constructed or Repaired

In non-CDD projects, consultants and contractors procured by the executing agency are typically used in subproject design and construction in which generic national-based designs are used. However, in CDD projects the local communities themselves, in the form of a project unit, participate in the design, construction, and O&M of the civil works. Evidence suggests that this process engenders an increased sense of ownership of the works and reduces costs. Indeed, in the construction, repair, and O&M activities of CDD projects, it has been noted that the costs of supplies and labor are usually lower than when procured through nonlocal entities.

In non-CDD ADB sector projects such as the Indonesia RWSSSP and the Nepal Fourth RWSSSP, while the individual subproject costs appear to be within the cost estimates, overall numbers of subprojects constructed vary compared with those initially planned during the appraisal period. Specifically, in the case of Indonesia RWSSSP, reported numbers from the executing agency of subprojects are known to be in error and no accurate data is available, while in the case of both projects, serious concerns about long-term sustainability of the engineering works remain. That is, even where the subprojects were constructed, proper O&M has not been consistent because of the lack of a sense of ownership by the local community, inadequate available funding, or inadequate capacity building. As a result of failed subprojects that do not meet their designed life expectancy, the realized economic internal rate of return (EIRR) will fall far short of the estimate, and thus perhaps lower than the required threshold level originally deemed feasible.

In CDD projects, preliminary evidence to date suggests that the physical infrastructure and local fiscal capability of subprojects are sustainable, with general willingness to administer the necessary functions to maintain service provision and fee collection. Furthermore, available postconstruction EIRR analysis has suggested that realized returns are higher than those originally estimated. Additionally, while the quality of the subprojects appears to be better or at least equivalent to previous rural WSS projects, implementation costs seem to be lower when items are procured by local government contractors rather than national government agency contractors. Therefore in CDD rural WSS projects,

the realized EIRR can often be higher than what is typically estimated.⁵

Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

In the non-CDD ADB sector projects included in the sample, cost-sharing agreements are usually dictated in broad terms between ADB and the executing agency. The executing agency has some flexibility in determining the relative contributions of the various in-country stakeholders at the national, provincial, district, and local community level. While most non-CDD projects advocated a way to ensure O&M funding, the issue of tariff setting was usually left to the borrower.

In the CDD sample projects studied, local community contributions were usually clearly defined during the appraisal process as an integral aspect of the project design. During implementation, the cost-sharing agreements, specifically the requirements of the local communities, are made clear through the use of memorandums of understanding or similar documents in which the executing agency and the local community form a contractual agreement outlining responsibilities.

From the sample, it would appear that a 20% contribution composed of 4% in cash and 16% in in-kind contributions from the local community is the operational standard meeting either willingness-to-pay or ability-to-pay criteria. In CDD projects, specific tariff setting is left up to the local community but is typically guided by formulas contained in a project operations manual, which bases the tariff on capital

and O&M cost estimates in conjunction with the population served.

Financing Arrangements and Modes of Fund Transfer

In non-CDD ADB sector projects, it is usually the national executing agency to which funds are transferred from ADB and who then has the authority over disbursements. Typically the executing agency, through either its national or regional offices, will be central to the procurement process in the selection of consultants, contractors, and supplies.


Direct channeling of community funds has proven to be both reliable and efficient in providing the flow of funds to the beneficiaries of community-based civil works contracting in CDD projects. Typically, project-specific individual bank accounts are established in guaranteed state-owned banks. Project-based imprest accounts serving as “pass through” accounts are established by the national executing agency or other established project entity such as a fund board. The MDB deposits funds into the account and the executing agency makes payments from it directly to the individual bank accounts established by the local communities.

The schedule of payments to the participating local communities is usually outlined in the specific project’s implementation guidelines. The executing agency through the project management unit or project manager will arrange to channel funds to the village in tranche allocations based on an agreed percentage against subproject implementation progress.⁶

Funds transferred to local communities for subproject implementation have taken the form of both grants and loans in both CDD and non-CDD

⁵ It should be further noted that the typical economic analysis framework focuses upon the quantifiable benefits, while in CDD projects a significant benefit is expected in capacity building and local social capital formation, which are difficult to quantify. Therefore, it is likely that the real return is even higher than measured.

⁶ A typical schedule observed is tranche payments of 40%, 30%, and 30%, whereby the first installment is primarily used for preparations and requires the local community’s cash contribution. A second tranche of 30% payment is released when there is evidence that the work has begun and that all necessary materials are purchased and civil works are subcontracted or implemented by community members as their in-kind contribution. Disbursement of the third tranche of 30% takes place when physical works have been finalized and the period of trial running and verification (via the establishment of a subproject user group and implementation of the M&E system) has begun.



projects. The idea behind the loan funding was that local communities lacked access to capital, which then would be provided through the project. A loan would reinforce the application of a reasonable design and stimulate O&M and tariff collection. Limited evidence suggests that loan repayment tends to place too heavy a burden on the local

communities and constrains O&M funding. Hence, grant funding to local communities appears to be the most viable option. However, an initial grant to the local community, through which the community itself establishes a revolving fund for loans to individual users for sanitation improvements, appears to work and to support expansion or limited scaling up.

Survey Design

In addition to the collection of data from available project documents, a survey was designed and enumerated. The design of the survey was based on the literature review, the previous experience of the World Bank Operations Evaluation Department's community-based development (CBD) and community-driven development (CDD) review and its collective study framework, and the context of this specific study. The survey form is presented in Appendix 5.

Given that the study included both ADB and World Bank projects, and both ongoing and completed projects, the data needs were assessed according to what was usually readily available from existing project documentation, based on the aims of the study. Additionally, informing those interviewed of the intention and direction of the study and specific data requirements assisted in the overall data collection—those interviewed usually offered additional documentation or data about the project in question.⁷ The survey assisted in opening the discussion of some of the more pertinent study issues, such as

- (i) policy and institutional context and potential bottlenecks or constraints related to the success or failure of participatory approaches;
- (ii) specific issues in project design and implementation;
- (iii) project operations, management, and procedural arrangements, particularly procurement, financing, and funds transfer;
- (iv) quality and cost issues realized; and
- (v) lessons learned and innovations for future projects.

To make a comparison across projects of different donors, five evaluation criteria used by both ADB and the World Bank were adopted: relevance, efficacy, efficiency, sustainability, and institutional development. In this sense, the perception of people with knowledge of the project design and implementation, whether right or wrong, was collected as a means to gauge project performance and thereby assist in making the comparison between CDD and non-CDD projects.

⁷ Despite various systems and procedures, the availability of project documentation and data appears to vary widely.

Comparative Analysis and Assessment

This section presents a comparative analysis of the sample projects and an assessment of each project's performance to date. As much as possible the analysis presented relies on available quantitative data, estimates, and approximations in concert with the subjective opinion of persons who are or were directly involved in the design and implementation of the sample projects, rather than on anecdotal comparisons. Quantitative assessment and qualitative evidence of what has transpired in the projects is reviewed within specific lines of inquiry for comparison of what some projects had in their design, experienced in implementation, and the results realized.

Before proceeding, a few caveats should be stated. This study has been conducted with approximately 3 months of intermittent input for nine sample projects. Therefore, as much as possible, the analysis makes use of available data from appraisal reports, reports and recommendations to the President, benefit monitoring and evaluation (M&E) studies, project completion reports, and project performance assessment reports, rather than attempting to create its own data.

Table 2 presents for each sample project the identifier, donor, country, project name, abbreviation, status, and perception of whether the project is a community-driven development (CDD) project. The following should be noted:

- (i) All projects in the sample are representative of the community-based development (CBD) approach to infrastructure interventions.
- (ii) All the World Bank projects included in the sample are perceived to be CDD interventions.
- (iii) ADB projects that are perceived not to be CDD interventions have the word "sector" in their formal title, thereby representing the ADB type of sectorwide intervention, albeit still under the CBD general approach.

- (iv) Regardless of perceived CDD status, the projects in Nepal and Indonesia are all specifically focused on water supply and sanitation (WSS), while all the projects in the Philippines are multisector with WSS components.
- (v) The sample has a heavy focus on rural WSS infrastructure interventions, apart from the ADB Nepal Small Towns Water Supply and Sanitation Sector Project (STWSSSP), which can be more appropriately stated as having a peri-urban focus on towns.

The use of the term "perception" should be noted. Although projects have been labeled or designed as CDD, during implementation projects may become more or less CDD than their design. From examination of the study sample, it is clear that, usually, projects were designed with more CDD components than were realized in implementation. Furthermore, recall that this analysis uses the revised definition of a CDD as per the ADB (2006) study, in which true CDD projects must have some degree of the following five elements: community focus and scope, participatory planning and design, community control of funds and resources, community involvement in implementation and operation and maintenance (O&M), and community-based M&E. Table 2 makes use of this definition and the degree of CDD in each of the sample projects.

The following are possible measures to gauge project design and implementation:

- (i) Economic effectiveness as measured by the economic internal rate of return (EIRR) and efficiency as measured by the economic net present value:
 - (a) Should an infrastructure investment be undertaken?
 - (b) If so, which type of intervention provides the best value?

Table 2: Status and Community-Driven Development Designation of Sample Projects

Identifier	Donor	Country	Name	Abbreviation	Status	Perceived CDD
I1	ADB	Indonesia	Rural Water Supply and Sanitation Sector Project	RWSSSP	Closed	No
I2	World Bank	Indonesia	Second Water Supply and Sanitation for Low Income Communities Project	WSLIC II	Active	Yes
I3	ADB	Indonesia	Community Water Services and Health Project	CWSHP	Active	Yes
N1	ADB	Nepal	Fourth Rural Water Supply and Sanitation Sector Project	4th RWSSSP	Closed	No
N2	World Bank	Nepal	Rural Water Supply and Sanitation Project	RWSSP I	Closed	Yes
N3	ADB	Nepal	Small Towns Water Supply and Sanitation Sector Project	STWSSSP	Closed	Yes
P1	ADB	Philippines	Agrarian Reform Communities Project I	ARCP I	Closed	Yes
P2	ADB	Philippines	Infrastructure for Rural Productivity Enhancement Sector Project	InfRES	Active	No
P3	World Bank	Philippines	Kapitbisig Laban sa Kahirapan—Comprehensive and Integrated Delivery of Social Services	Kalahi—CIDSS	Active	Yes

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

Source: The consultant.

- (ii) Duration:
- (a) How long did it take to achieve a planned outcome?
- (b) Did it take longer than planned? If so, why?
- (c) Are there more time-efficient methods of delivery?
- (iii) Costs:
- (a) How much did a project cost to achieve a planned outcome?
- (b) Did it cost more or less than expected?
- (c) What was the per capita cost to the taxpayer or recipient?
- (iv) Coverage:
- (a) How many subprojects were constructed?
- (b) How many benefits were achieved?
- (c) Was the number achieved more or less than the design?

Appropriateness of Economic Evaluation for Comparison

Donors routinely use EIRR and economic net present value in the planning and feasibility study stages of proposed infrastructure interventions.⁸ Indeed, the project appraisal process is usually one of reiterative refinement during the course of a project's design. Estimates are calculated and designs may be adjusted accordingly to maximize the estimate or ensure that it meets a stated threshold. The issues in using EIRR values in this form of comparative analysis are multifaceted. First,

⁸ Hereinafter EIRR is solely used, but for purposes of the argument presented should be deemed as referring to both EIRR and economic net present value.

in the case of the study sample, it was observed that EIRRs were not always calculated during the technical assistance or project appraisal stage when the project was designed and submitted for donor approval and recipient agreement. Second, different countries have different time values of money, discount rates, and thresholds in which they perceive a project is economically feasible. Third, the advance estimation and post-project capture of project benefits can be exercises with inherent institutional bias. Fourth, given the differing status of projects and benefit M&E studies undertaken, the available data on project benefits was far from uniform. Lastly, comparing EIRRs is not a technically correct evaluation. Instead, economic net present value should be the measure for a comparison of one investment decision versus another. For these reasons, the study does not compare the projects based on the estimated EIRRs. Indeed, the study simply assumes that all the sample projects achieved the required EIRR threshold during the technical assistance or project appraisal stage, regardless of country, donor, or project scope and associated costs at the time of evaluation.

Is Project Duration a Relevant Project Performance Factor?

The duration of a project is an easily measurable indicator, and it can also be argued that it has a direct bearing on both benefits or outcome realization and costs. The longer a project takes to implement, the longer it will usually take to achieve its designed objectives and goals. Furthermore, there is usually a correlation between project duration and cost. More significant is the matter of unexpected problems in implementation that result in delays and possible cost overruns. Lastly, as an important issue for examination, it has been argued in the literature that a problem inherent in CDD projects is the time required, which is longer than the usual project time frame from start to finish. Table 3 provides an examination of the durations of the sample projects.

Dates used in the calculations are based on loan approval and loan closing. All the sample projects, whether CDD or non-CDD, exceeded their original closing date. The only project that did not experience a time overrun is the ADB Indonesia Community Water Services and Health Project, which will almost

certainly exceed its original closing date because of ongoing implementation delays.

For the study sample, it does not appear that whether a project is CDD or non-CDD has any significant effect on time overruns. Indeed, all projects seem to experience time overruns to some degree. The amount of time overrun relative to CDD status and the negative notion of time overruns is further examined in Hypothesis 2 on page 20.

The Application of Cost Estimates and Coverage for Comparison

The advance calculation of project costs is not a science. Like economic benefit calculation, it is an art. With almost 100% certainty, one can predict that realized project costs will not match the estimates made before construction. In almost every project, there are changes in scope resulting in changes in quantities. In addition, there are unforeseen occurrences and changes in unit prices due to outside market factors, which is why contingencies are included in estimates. Nonetheless, cost estimates and realized costs are usually readily available in project documentation and lend themselves to comparison.

Given the direct relationship between changes in scope and costs, a means to assess true cost overruns as compared to changes in scope is to look at costs while also looking at project outputs such as subprojects constructed, community benefits, or simply the estimated number of beneficiaries. In examining the projects in the sample there are obvious differences in the number of subprojects given the differences in water supply versus sanitation content, or size of water supply systems. Similarly, whether CDD or simply CBD, the intended community unit size differs. This is because of both project design and geographical, social, or cultural differences among the three countries. Therefore, in lieu of evaluating the projects based on the number of subprojects delivered or communities served, costs are analyzed in the context of the estimated number of beneficiaries.

Table 4 displays the overall project costs, both at the time of appraisal and realized to date, in concert with the aggregate number of estimated beneficiaries, again both at the time of appraisal and realized to date. These costs include not only

Table 3: Project Durations

Sample Identifier	Abbreviation	Perceived CDD	Appraisal Estimates			Realized Dates			Difference (Years)
			Approval	Planned Closing	Duration (Years)	Approval	Revised Closing	Duration (Years)	
I1	RWSSP	No	2 Feb 95	30 Sep 00	5.66	2 Feb 95	1 Nov 02	7.75	2.09
I2	WSLIC II	Yes	15 Aug 00	31 Jul 06	5.96	15 Aug 00	31 Jul 10	9.96	4.00
I3	CWSHP	Yes	7 Apr 05	30 Dec 11	6.73	7 Apr 05	31 Dec 11	6.74	0.00
N1	4th RWSSSP	No	24 Sep 96	30 Jun 02	5.77	24 Sep 96	31 Dec 02	6.27	0.50
N2	RWSSP I	Yes	3 Sep 96	31 Mar 02	5.58	3 Sep 96	31 Dec 03	7.33	1.75
N3	STWSSSP	Yes	12 Sep 00	31 Dec 06	6.30	12 Sep 00	30 Nov 08	8.22	1.92
P1	ARCP I	Yes	18 Dec 98	31 Dec 05	7.04	18 Dec 98	30 Sep 08	9.79	2.75
P2	InfRES	No	31 Oct 00	30 Jun 08	7.67	31 Oct 00	30 Jun 10	9.67	2.00
P3	Kalahi-CIDSS	Yes	23 Aug 02	30 Jun 09	6.86	23 Aug 02	30 May 10	7.77	0.92

ARCP = Agrarian Reform Communities I Project, CDD = community-driven development, CWSHP = Community Water Services and Health Project, InfRES = Infrastructure for Rural Productivity Enhancement Sector Project, Kalahi-CIDSS = Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services, RWSSP = Rural Water Supply and Sanitation Project, WSLIC = Water Supply for Low-Income Communities, RWSSSP = Rural Water Supply and Sanitation Sector Project, STWSSSP = Small Towns Water Supply and Sanitation Sector Project.

Source: Project documents and author's calculations.

Table 4: Overall Project Costs

Sample Identifier	Acronym	Perceived CDD	Appraisal			Realized To Date			Difference	
			Cost (\$ millions)	Estimated Beneficiaries	Duration (Years)	Cost (\$ millions)	Estimated Beneficiaries	Duration (Years)	Cost (\$ millions)	Estimated Beneficiaries
I1	RWSSP	No	142.00	1.4 million	105.00	417,614	(37.00)	(1 million)		
I2	WSLIC II	Yes	48.07	3.6 million	43.99	4.6 million	(4.08)	1 million		
I3	CWSHP	Yes	92.39	1.8 million	23.50	196,200	(68.89)	(1.6 million)		
N1	4th RWSSSP	No	26.40	600,000	25.70	670,000	(0.70)	70,000		
N2	RWSSP I	Yes	21.25	550,000	16.01	782,000	(5.24)	232,000		
N3	STWSSSP	Yes	53.90	600,000	51.00	890,545	(2.90)	290,545		
P1	ARCP I	Yes	168.90	140,000	135.60	77,520	(33.30)	(62,480)		
P2	InfRES	No	150.00	860,000	47.95	150,000	(102.05)	(710,000)		
P3	Kalahi-CIDSS	Yes	182.00	Not estimated	124.61	2.7 million	(57.39)	Not calculated		

(-) = negative value, ARCP = Agrarian Reform Communities I Project, CDD = community-driven development, CWSHP = Community Water Services and Health Project, InfRES = Infrastructure for Rural Productivity Enhancement Sector Project, Kalahi-CIDSS = Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services, RWSSP = Rural Water Supply and Sanitation Project, WSLIC = Water Supply for Low-Income Communities, RWSSSP = Rural Water Supply and Sanitation Sector Project, STWSSSP = Small Towns Water Supply and Sanitation Sector Project.

Source: Project documents and author's calculations.

the donor loan, but also the government and local communities' contributions. In analyzing these broad numbers, a few observations are possible:

- (i) For all the sample projects, realized overall costs are less than appraisal estimated costs, which indicates implementation delays, fewer subprojects than expected, or that the project is active and costs represent progress to date.
- (ii) Three of the CDD projects (ADB Nepal STWSSSP, World Bank Nepal RWSSP I, and World Bank Indonesia WSLIC II) illustrate a decrease in overall project cost, yet an increase in beneficiaries, suggesting an effectiveness or efficiency gain during implementation.
- (iii) However, the ADB Indonesia Community Water Services and Health Project (CWSHP), which is also a CDD project, shows a decrease in project cost as measured through disbursement and an even more significant decrease in beneficiaries.
- (iv) Additionally, the ADB Nepal Fourth RWSSSP, a non-CDD project, shows a decrease in costs yet an increase in beneficiaries.
- (v) The ADB Philippines Agrarian Reform Communities I Project, a CDD project, and the ADB Indonesia RWSSP, a non-CDD project, both illustrate how a decrease in expected cost or disbursements for

subprojects results in expected decreases in beneficiaries.

Clearly, the results from this broad examination of costs and outcomes are mixed. Given that the Philippines projects are all multisector creates problems in attempting to estimate the WSS component cost to beneficiaries from this approach, since the beneficiaries do not necessarily represent those receiving WSS subprojects. Additionally, the problem with the ADB Indonesia CWSHP project is that unforeseen implementation delays have significantly affected the amount of disbursements, the number of subprojects, and the number of beneficiaries to date. Lastly, although the ADB Nepal Fourth RWSSSP appears to have performed well, there remain questions on the sustainability of some of the implemented subprojects, raising the question of the actual realized number of beneficiaries.

To obtain a clearer picture of the cost-effectiveness of these infrastructure interventions, and (particularly in the case of the Philippines multisector projects) to factor out the other types of subprojects and focus on WSS subprojects, an analysis of the per capita cost for the projects' WSS infrastructure interventions was calculated. Once again, the comparison is based on appraisal versus realized estimates (Table 5).

As with the differences in overall cost comparison, the results are mixed. Some CDD

Table 5: Per Capita Cost (Appraisal Versus Realized Estimates)

Project Identifier	Abbreviation	Perceived CDD	Appraisal Per Capita Cost (\$)	Realized Per Capita Cost (\$)	Difference (\$)
I1	RWSSP	No	88.00	251.43	163.43
I2	WSLIC II	Yes	18.55	16.63	(1.93)
I3	CWSHP	Yes	49.92	166.36	116.44
N1	4th RWSSSP	No	44.33	38.36	(5.98)
N2	RWSSP I	Yes	43.25	23.72	(19.53)
N3	STWSSSP	Yes	89.83	57.25	(32.58)
P1	ARCP I	Yes	20.68	42.00	21.32
P2	InfRES	No	18.42	32.03	13.61
P3	Kalahi-CIDSS	Yes	14.48	14.91	0.43

() = negative value, ARCP = Agrarian Reform Communities I Project, CDD = community-driven development, CWSHP = Community Water Services and Health Project, InfRES = Infrastructure for Rural Productivity Enhancement Sector Project, Kalahi-CIDSS = Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services, RWSSP = Rural Water Supply and Sanitation Project, RWSSSP = Rural Water Supply and Sanitation Sector Project, STWSSSP = Small Towns Water Supply and Sanitation Sector Project, WSLIC = Water Supply for Low-Income Communities.

Source: Author's estimates.

projects clearly achieved project outputs far better, i.e., cheaper, than expected at the time of appraisal or very close to expected infrastructure provision per capita costs. One non-CDD project, the ADB Nepal Fourth RWSSSP, also appears to have outperformed initial expectations, while one CDD project, the ADB Indonesia CWSHP, appears to be significantly underperforming. However, two points should be made concerning these two results that appear to be deviations from the general trend:

- (i) The ADB Indonesia CWSHP is still active and, although experiencing some implementation delays, per capita costs are expected to decline as more subprojects are completed.
- (ii) The ADB Nepal RWSSP I has been closed for some time and, although it was rated *partly successful* in the project completion reports in 2004 based on data at the time—such as the numbers of subprojects delivered, corresponding beneficiaries, and realized EIRR—anecdotal evidence from within Nepal suggests that many of these subprojects already may no longer be functioning as designed, thus raising questions over the project’s continued performance, long-term sustainability, and general success.⁹

Additionally, it should be stated that anomalies are to be expected. That is, regardless of planning and design, most projects inevitably have problems in implementation. Therefore, the question becomes one of which project design—CDD or non-CDD—is more robust or usually more capable of overcoming the inherent difficulties experienced in project implementation?

Degree of Community-Driven Development Elements

To further investigate the role of the CDD approach in project performance, a detailed review of each of the projects in the sample was done. In addition, a

survey was taken of persons knowledgeable about each project’s design and implementation, with specific reference to the five elements that define a CDD project. Recall that all nine projects can more or less be classified as CBD interventions, thus classification according to the more strict definition of CDD may assist in segregating the sample and thus observing whether those projects perceived as CDD are truly CDD, and indeed in generating an ordinal score of the degree of CDD characteristics in a project. Based on the information received, Table 6 presents the sample in descending order of CDD score, from those with the most CDD elements in their design and implementation to those with fewest CDD elements.

The projects were evaluated on five definition elements of CDD in both their design and implementation. Each element was given equal weight. Clarification between design and implementation was intentionally made because projects often are implemented differently from their originally intended design. Scores were given according to the following ordinal ranking: 3.0 = substantial, 2.0 = moderate, 1.0 = little, and 0.0 = negligible.

Overall, the CDD score for any given project could then theoretically take on a scale value of 3.0 for a project fully incorporating CDD principles to 0.0 for one that did not incorporate any at all. Given the overlap between CBD and CDD approaches, and the emerging yet still subtle distinction between the two classifications, for a project to score an overall 0.0 rating would suggest that the project did not even take a CBD approach at all, but rather a top-down nonparticipatory approach. Although this may be the first attempt at measuring the relative CDD score of projects, based on the results obtained for this sample and given the knowledge of the projects involved, it would appear that the cutoff point between CBD and CDD would be around 2.0.

In analyzing the CDD score ranking of the sample projects, it would appear that the data collected and methodology of assessing the CDD characteristics of the sample projects have produced

⁹ This can only really be answered through a project performance assessment report in which a sample, majority, or indeed all the subprojects would be observed. The report would assess operational sustainability and thus evaluate whether the subprojects were truly achieving their intended outputs over their expected life cycle. Because of reports of blatant misreporting of subprojects in the ADB Indonesia RWSSSP, such a project performance assessment report was done. It resulted in a significantly revised assessment of the project performance. Clearly, although not for the same reasons, it is plausible that through an assessment, a similar but less significant revision to the performance of the ADB Nepal Fourth RWSSSP would be realized.

Table 6: Community-Driven Development Score of Sample Projects

Project Identifier	Abbreviation	Perceived CDD	CDD Score
P3	Kalahi–CIDSS	Yes	2.7
N2	RWSSP I	Yes	2.6
N3	STWSSSP	Yes	2.6
I2	WSLIC II	Yes	2.3
I3	CWSHP	Yes	2.3
P1	ARCP I	Yes	2.3
P2	InfRES	No	2.2
N1	4th RWSSSP	No	1.3
I1	RWSSP	No	0.7

ARCP = Agrarian Reform Communities I Project, CDD = community-driven development, CWSHP = Community Water Services and Health Project, InfRES = Infrastructure for Rural Productivity Enhancement Sector Project, Kalahi–CIDSS = Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services, RWSSP = Rural Water Supply and Sanitation Project, RWSSSP = Rural Water Supply and Sanitation Sector Project, STWSSSP = Small Towns Water Supply and Sanitation Sector Project, WSLIC = Water Supply for Low-Income Communities.

Source: Author's estimates.

a good fit. Those projects originally perceived as being non-CDD in the sample are clustered at the bottom with the lowest scores, while those assumed to be CDD initiatives generally have the higher CDD scores. This is not to say that this is a precise measure, since the scores are based on the subjective opinions of those surveyed, and some anomalies in the scores can be suggested. For instance, although the ADB Nepal STWSSSP is a project with CDD elements, it may be questioned as to why it would score higher than either World Bank Indonesia WSLIC II or the ADB Indonesia CWSHP. Additionally, the ADB Philippines Infrastructure for Rural Productivity Enhancement Sector project (ADB 2000) is generally not looked upon as a CDD initiative, yet it scores somewhat high on the scale, very close to the ADB Philippines Agrarian Reform Communities Project I (ADB 1998), which is generally viewed as a CDD initiative.

In addition to obtaining opinions on the relative amounts of CDD elements in the sample projects, the survey asked those highly knowledgeable to answer some questions about a host of other topics regarding project design, implementation, and

overall performance. Given the diversity of projects across countries and differences in donors, readily available data and documentation, and project status between being active and closed, the survey replicated a typical ADB operations evaluation assessment.¹⁰ That is, persons surveyed were asked a number of questions about the project in terms of relevance, efficacy, efficiency, sustainability, institutional development, and other effects. In this manner ADB and World Bank projects, whether closed or active, could be compared regarding their performance as measured by those surveyed. The projects could then be compared with project completion reports or implementation completion reports or both for those closed projects for which such a document had been prepared.¹¹ The ratings offered by evaluation criterion category and the weighting given to each criterion were in accordance with ADB Operations Evaluation Department's (OED) processes (Table 7).

Aside from the ADB Nepal Fourth RWSSSP, there is a clear pattern emerging between the likelihood of successful project performance and the estimated

¹⁰ Although ADB and the World Bank tend to follow the same five operations evaluation categories, differences remain in the actual rating and in what is published in project completion reports or implementation completion reports.

¹¹ Note that there is some lag between project completion, loan closing, and the timing of when a project completion report or implementation completion report is prepared.

Table 7: Ratings by Evaluation Criterion Category and Weight

Project Identifier	Abbreviation	CDD Score	Estimated OED Evaluation	Overall OED Rating
P3	Kalahi–CIDSS	2.7	2.37	Successful
N2	RWSSP I	2.6	2.49	Successful
N3	STWSSSP	2.6	2.31	Successful
I2	WSLIC II	2.3	1.84	Successful
I3	CWSHP	2.3	1.78	Successful
P1	ARCP I	2.3	2.17	Partly Successful
P2	InfRES	2.2	1.56	Partly Successful
N1	4th RWSSSP	1.3	1.94	Successful
I1	RWSSP	0.7	1.23	Unsuccessful

ARCP = Agrarian Reform Communities I Project, CDD = community-driven development, CWSHP = Community Water Services and Health Project, InfRES = Infrastructure for Rural Productivity Enhancement Sector Project, Kalahi–CIDSS = Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services, OED = Operations Evaluation Department, RWSSP = Rural Water Supply and Sanitation Project, RWSSSP = Rural Water Supply and Sanitation Sector Project, STWSSSP = Small Towns Water Supply and Sanitation Sector Project, WSLIC = Water Supply for Low-Income Communities.

Source: Author's estimates.

CDD score. Note that the overall OED rating is not only based on cutoff intervals in the OED quantitative score, but also on whether the project achieved a minimum threshold score in any one of the five OED criteria. That is, if it failed to achieve such a threshold in any one of the five evaluation criteria, it was then downgraded to the next lower qualitative rating, despite its overall OED quantitative score. This happened in the cases for the ADB Philippines Agrarian Reform Communities Project I and the ADB Indonesia RWSSP.

Although correlation analysis will not yield estimates of expected magnitudes of change between one variable and another (as in regression analysis), it will, however, suggest relative relationship strengths between variables and the direction of movement between variables. It is thus through this form of structured analysis that the following questions can be answered regarding the specific sample (Table 8). Is there a relationship between the number of CDD characteristics and

- (i) the difference in expected project duration,
- (ii) the performance as approximated by the overall OED rating,
- (iii) realized per capita costs, and
- (iv) the difference between realized per capita costs versus expected per capita costs at the time of appraisal.

Hypothesis 1: CDD Projects Take Longer Than Non-CDD Projects

CDD projects have long been cited as requiring significantly more time to implement than non-CDD projects. Based on the project time duration in the sample, this does not appear to be the case. At the time of appraisal, it was anticipated that the average required duration of the sample CDD projects would be 6.41 years, while the sample non-CDD projects were anticipated to require only slightly less—an average of 6.36 years. Regarding realized duration, a similar slight difference on average is observed, with the sample CDD projects requiring 8.30 years to complete, while non-CDD projects required 7.89 years. **Thus, based on the sample, it can be stated that while CDD projects are expected to and have been realized to take longer, the difference is usually less than 6 months from the time of loan approval to closing.**

Hypothesis 2: CDD Projects Experience More Delays and Time Overruns Than Non-CDD Projects

As far as any correlation between the difference in years expected at the time of appraisal versus the realized length of time to implement, the correlation coefficient between the CDD score and the realized

Table 8: Sample Project Correlation Data

Project Identifier	Acronym	CDD Score	Estimated OED Evaluation	Realized Per Capita Costs (\$)	Duration Overrun (years)	Per Capita Cost Difference (\$)
P3	Kalahi-CIDSS	2.7	2.37	14.91	0.92	0.43
N2	RWSSP I	2.6	2.49	23.72	1.75	(19.53)
N3	STWSSSP	2.6	2.31	57.25	1.92	(32.58)
I2	WSLIC II	2.3	1.84	16.63	4.00	(1.93)
I3	CWSHP	2.3	1.78	166.36	0.00	116.44
P1	ARCP I	2.3	2.17	42.00	2.75	21.32
P2	InfRES	2.2	1.56	32.03	2.00	13.61
N1	4th RWSSSP	1.3	1.94	38.36	0.50	(5.98)
I1	RWSSP	0.7	1.23	251.43	2.09	163.43

() = negative value, ARCP = Agrarian Reform Communities I Project, CDD = community-driven development, CWSHP = Community Water Services and Health Project, InfRES = Infrastructure for Rural Productivity Enhancement Sector Project, Kalahi-CIDSS = Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services, OED = Operations Evaluation Department, RWSSP = Rural Water Supply and Sanitation Project, RWSSSP = Rural Water Supply and Sanitation Sector Project, STWSSSP = Small Towns Water Supply and Sanitation Sector Project, WSLIC = Water Supply for Low-Income Communities.

Source: Author's estimates.

time difference is 0.067. **This suggests that there is very little relationship between the number of CDD characteristics in the sample projects and their tendency to overrun their original time duration.** Clearly, factors other than CDD design and implementation attributes play more significant roles in explaining why the implementation of a particular project is delayed.

Based on anecdotal information, in some cases it is actually those projects that continue on well past their original predicted date of completion that outperform other projects. It is as if once an initiated project goes well during implementation, the executing agency and donor parties involved decide to extend and increase the funding, rather than close down the project as scheduled and replicate the design with a new project. This is likely because of the time and other associated preparation costs involved in going through another procurement process. Some projects finish near or

slightly past the original expected completion date, yet result in lower disbursements and fewer accomplishments. It is as if the parties involved in these projects simply want to close the door on an underperforming initiative and start anew with something else. In any event, the study sample shows that CDD projects do not take significantly longer to implement, nor do they experience any extraordinary duration overruns compared to non-CDD projects.¹² Furthermore, anecdotal evidence from observations in both Nepal and Indonesia suggest that once initial CDD interventions of a particular design have demonstrated their effectiveness in a particular sector, other similar projects with the same or a different donor tend to be proposed, building on the lessons of the original design. Should this knowledge transfer and learning-by-doing be the case among donors, then it is hard to argue that CDD initiatives take significantly more time to design than more typical non-CDD projects.

¹² However, it should be noted that, because of data limitations (particularly in the assessment of when project concepts are initiated, the donor or agency resources involved, and the start of design processes or feasibility studies), an accurate assessment of the time and costs required to develop a new CDD project versus a new non-CDD project could not be gauged with confidence. This should be investigated further.

Hypothesis 3: CDD Projects Do Not Perform Better Than Non-CDD Projects in the Rural Water Supply and Sanitation Sector

Performance in the international development assistance and infrastructure provision business can be measured by different metrics, such as overall cost to achieve a demanded solution, time involved, per capita costs, or even a subjective evaluation of performance including some of the intangible or hard-to-quantify aspects.

As discussed above, an ADB OED-style evaluation was carried out for each project in the sample, while a couple of the sample projects had established ADB OED evaluations. The results of the correlation between the estimated or stated OED evaluation and CDD score are quite significant, resulting in a correlation coefficient of 0.75. That is, being highly positive and indeed close to 1, as represented by the sample projects, the more CDD characteristics a project is observed to possess and the higher the realized-to-date project performance is as measured by the subjective OED criteria and process. **Based upon the sample, the degree of CDD characteristics is highly correlated with the evaluated success of rural WSS projects.**

Hypothesis 4: CDD Projects Cost More Than Non-CDD Projects

The indicator of cost per capita as measured by the total project cost per estimated beneficiary is an important variable, given that ultimately, in one form or another, the direct and indirect beneficiaries of a project must pay back the loan of the donor-funded initiative. This variable captures not only what the

local communities must contribute in cash or in kind, but also what their national government contributes in addition to overall donor loan costs.¹³ However, the perspective of the donor in this analysis is assumed, since it would seem to be the donor's prerogative to supply the least-costly intervention per capita to achieve a given result. Otherwise, the customer or beneficiaries may seek an alternative supply source.

The analysis illustrates that the post-project realized per capita cost is highly correlated negatively with the estimated CDD score, generating a correlation coefficient of -0.67 . This indicates that the more a project exhibits the five CDD elements, the lower the realized per capita costs. **Therefore, based on the sample, CDD projects do not cost more than non-CDD projects in the rural WSS sector.**

Hypothesis 5: CDD Projects Have a Higher Probability of Cost Overruns

Because of implementation delays or other issues, the spread between expected per capita costs and realized per capita costs was quite variable in the sample projects. A final correlation analysis between CDD score and the difference in per capita costs shows a significant negative relationship, with a coefficient of -0.63 . This indicates that among the sample projects, the higher a CDD score, the more likely a project is going to achieve a per capita cost underrun as compared with a per capita cost overrun. **Thus, based on the sample, projects with more CDD elements have a higher probability of realizing lower per capita costs than originally estimated, i.e., a cost savings, as compared with projects exhibiting fewer CDD elements.**

Table 9 presents a summary of the correlations and coefficients generated.

¹³ Unfortunately, the cost to the donor in time and other expenditures cannot be accurately assessed, given data limitations. However, it is assumed that donor costs are relatively inconsequential compared with the costs of the borrower.

Table 9: Summary of Correlation Coefficients

Variable 1	Variable 2	Correlation Coefficient	Indicative Relationship
CDD Score	Duration Difference	0.06	No significant relationship between the number of CDD characteristics and time difference realized beyond original implementation schedule.
CDD Score	OED Score	0.75	Increased CDD characteristics are likely to result in higher OED performance evaluations.
CDD Score	Realized Per Capita Cost	-0.67	The higher the number of CDD characteristics, generally the lower realized per capita costs.
CDD Score	Difference in Per Capita Cost	-0.63	The higher the number of CDD characteristics, generally the greater chance a project realizes reduced costs per capita, compared with its original appraisal estimates. That is, more CDD increases the probability of per capita cost savings versus per capita cost overruns.

CDD = community-driven development, OED = operations evaluation department.

Source: Author's estimates.

Conclusions and Recommendations

This study is focused on the collection of pertinent data, the synthesis of such data, and the application of a comparative analysis as a means to discern differences and similarities in approaches relative to the achievement of outcomes and effects.

The analysis has been twofold in terms of comparison and contrast: on one level it compared community-driven development (CDD) and community-based development (CBD) to non-CDD and non-CBD projects, while on another level it compared CDD and CBD projects among themselves. Differences related to geographical location, funding agency, and in the two broad categorizations of CDD and CBD projects (CDD and CBD activities and CDD and CBD project types) have been isolated, accounted for, and minimized in terms of sample project design characteristics and the influence of such characteristics on outcomes and effects.

Overall, there are clearly some representative trends. Arguments can be made justifying the preference for a CDD approach, which, based on the sample projects, should have a higher likelihood of better performance. In particular:

- (i) CDD projects do not necessarily take significantly longer to implement than non-CDD projects.
- (ii) CDD projects appear to generate better project performance than non-CDD projects in the rural water supply and sanitation (WSS) sector, as represented by an overall ADB Operations Evaluation Department (OED) rating.
- (iii) CDD projects generally provide rural WSS infrastructure at a lower per capita cost than non-CDD projects.
- (iv) The more CDD elements in a project, the lower the realized per capita cost, compared with appraisal estimates.

Regarding specific projects in the sample, it is clear that the same or different donors have

tried to replicate the design of CDD-based WSS interventions, to build upon the lessons and previous positive performance and outcomes. However, experience shows that sound design is only one facet of generating projects that perform well; implementation is another. From both the qualitative and quantitative comparative analysis, a couple of projects in the sample stand out as models for the rural WSS sector from which lessons can be learned and that can be used as templates for future project planning. These are the World Bank Nepal Rural Water Supply and Sanitation Project (RWSSP) I and the World Bank Indonesia Water and Sanitation for Low-Income Communities Project (WSLIC) II.

The World Bank-funded Nepal RWSSP I stands out as a model in Nepal. Because of its success, the World Bank not only extended its funding of the initial project but also initiated a follow-up project based on the same CDD principles, project design, and implementation arrangements. Additionally, the ADB-funded Nepal Community Water Supply and Sanitation Project, initially considered for inclusion in the study sample but dropped for being too early in implementation, also replicates its design.

The World Bank-funded Indonesia WSLIC II is a CDD initiative that is performing well. It builds upon the lessons from its predecessor, the World Bank Indonesia WSLIC I. Additionally, the ongoing ADB project that is also a part of this sample, the ADB Indonesia Community Water Services and Health Project (CWSHP), closely replicates the CDD approaches and design of the World Bank Indonesia WSLIC II. The difference between the two projects is a matter of implementation performance and suggests that regardless of good intentions, one should be careful in overloading a specific executing agency in a particular sector. In Indonesia, the executing agency for both the World Bank Indonesia WSLIC II and the ADB Indonesia CWSHP is the same. Thus, there is similar if not the same project design, same executing agency, yet vastly different results to date. It is expected that the ADB Indonesia CWSHP will catch up and ultimately perform well, while the

current performance issues are simply a matter of executing agency institutional capacity constraints.

Why not choose the ADB Nepal Small Towns Water Supply and Sanitation Sector Project (STWSSSP) or the World Bank Philippines Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services (Kalahi–CIDSS) as model CDD projects? The ADB-funded Nepal STWSSSP has generally performed well, but is focused on peri-urban WSS involving technology and associated operation and maintenance (O&M) demands that are really beyond the scope and ability of small rural communities to undertake. This is a future growth area in CDD, but compared with the focus of most of the projects in the sample, it is something of an outlier in terms of its intended beneficiaries.

Although the World Bank–funded Philippines Kalahi–CIDSS ranks the highest in CDD score, has performed remarkably well, and certainly has lessons that should be followed (especially in the context of the Philippines), it is a multisector project, and, again for sake of the focus on the rural WSS sector, is not chosen as a model.

Lessons particularly in the design and experience of these two projects, as well as of others in the sample, are as follows:

- (i) Project planning and design are critically important. Additional donor costs in the planning and design of projects are insignificant compared with the realized costs of unforeseen implementation delays. Indeed, the undertaking of a feasibility study should not only focus on the future of planned infrastructure, but also on past project performance, with specific focus on the institutional arrangements. Based on experience, the creation of a special project vehicle or fund board should be recommended as a means to ensure counterpart efficiency and transparency in funds flow.
- (ii) If special project vehicle or fund board establishment is not possible, subproject cycles or phasing should be synchronized with government budgetary cycles as much as possible when counterpart funding is required.
- (iii) Projects should be planned with time contingencies for implementation delays. If there are built-in allowances for implementation delays, then they will not significantly reduce the project performance.
- (iv) A guideline of a maximum of 20% local community contribution should be considered in the project design. In cases where local community contribution has been beyond this level, the weight or burden of the debt may outweigh the perception of benefits of the project to the local community.
- (v) Specifically established project loan accounts should be the mechanism through which donor funds are released to the project regardless of whether a special project vehicle or fund board is established. Additionally, a government oversight agency such as the department or ministry of finance, apart from the executing agency, should serve as a watchdog on allocations and disbursements.
- (vi) A revolving fund for subproject loans to finance infrastructure in which tariff collection may prove difficult (such as sanitation improvements) should be considered. When a revolving fund is used, sanitation subprojects are built, but when the fund is not used, the sanitation component in the overall project tends to be put off in favor of water supply.
- (vii) The implementation of CDD initiatives should be phased in batches, in intentionally clustered or selected geographical areas that reduce the burden of nongovernment organizations (NGOs) or executing agencies or both. If established in this manner and with proper planning, it is much easier to scale up to other geographical areas through subsequent batches.
- (viii) The use of NGOs should be carefully analyzed during the planning phase. NGO capacity can be limited and, if not available, invites project failure during implementation, especially if executing agency capacity is lacking. Local NGOs should be used in preference to national NGOs because of differences in local environments and subcultures.
- (ix) If CDD initiatives are to be used as tools for increased participation of women or ethnic minority groups, then specific roles, responsibilities, and quotas for these disadvantaged persons must be included in

the project design. It has been observed that in implementation these groups have been included, but in many cases only as a means to check off the box that cites their inclusion in the participatory process.

Based on both the qualitative and quantitative analysis of the sample CDD and non-CDD projects and the specific lessons, the following recommendations are offered regarding project design, implementation, and policy.

Design Recommendations

- (i) As much as possible, project design should follow the “keep it simple” principle. By intent, CDD projects are founded on bottom–up participatory principles, devolving required actions and decision making to the local community, who are the targets of not only the infrastructure intervention but also the associated capacity building. Level I and II water supply systems may be easy for local communities to learn to operate and maintain. However, complex and legalistic contracts, organizational structures, and fund disbursement processes may not be easily followed or indeed may hinder the required local participation. Local community access to project resources needs to be governed by simple rules that are easy for participating communities to interpret and apply. Clearly defined and widely disseminated procedures will help to avoid confusion, minimize administrative complexity, and promote participation in the subproject design and implementation cycle.
- (ii) Initial project design should include an assessment of the executing agency or implementing agency capabilities, or both, in concert with their intended responsibilities. If warranted by the assessment, requiring commitment of the government to form a special project vehicle such as a specifically created agency for managing the implementation of the project should be advocated, even if it risks the failure of the borrower to sign the loan agreement. Evidence from Nepal suggests that such pressure from an external source can bring about the necessary internal changes when there is real demand for the project’s physical infrastructure and associated services. Aside from creating an enabling environment for project implementation, the creation of such a new institution, if needed, is likely to also bring forth the institutional reforms sought in the sector.
- (iii) Project design should promote the establishment of a project-specific account to be managed and maintained by the executing agency. Furthermore, a third-party organization or government agency that does not have any specific interest in the project should be appointed to ensure transparency and accountability over disbursements. Project design should shun structures that release ADB loan disbursements into the general account of a specific executing agency.
- (iv) Maintain flexibility in the design of projects such that changes in implementation arrangements may be made based on progress and feedback from the monitoring and evaluation (M&E) system. Flexibility in design can often be achieved through piloting the subprojects. Given that rarely are projects implemented exactly as designed, it is essential to allow systems—such as reporting, accounting, training, and procurement—to evolve and adapt better to fit local demand and capabilities. Flexible program planning and decentralized decision-making mechanisms, situated as close to the community as possible, have proven to be effective at facilitating quick responses to changes in CDD projects.
- (v) Establishment of a regular and functional M&E system is essential. For a flexible and responsive CDD design, M&E is not only a progress reporting mechanism but also a management tool that serves to advance sector reforms through CDD principles of accountability and transparency. The M&E system should incorporate both quantitative and qualitative data, in the form of statistical data and feedback from participatory assessments and evaluations. The M&E system should not just monitor physical works and financial disbursement progress, but should also consider the

quality of participatory processes and the economic benefits of subprojects or the development impact of activities. Additionally, participatory M&E through local community involvement evaluation is a useful tool for evaluating the perception of the activities as seen and valued by the beneficiaries. If the M&E system is truly to serve as a tool to assist in the management of progress, then it must be used not only for the final impact but also through every phase. M&E should not just be conducted at various points in the project implementation cycle but rather continuously, as a means to promote real-time progress assessment. Additionally, systematic M&E of program processes and outcomes is critical to ensure that programs continue to grow and adapt to changing conditions. This is particularly important in CDD projects that start in pilots or limited batches and are then scaled up. The M&E system should be such that it can illuminate potential bottlenecks or problems early before they hinder progress, such as with disbursement flows.

- (vi) Project design should allow for flexible subproject implementation cycles. Evidence from the sample subprojects suggests that the subproject implementation cycle was too short for the outcomes of sanitation components to be achieved. This is reportedly because of the longer time required to engender behavioral change through hygiene awareness programs associated with the infrastructure improvements. Conversely, with respect to the water supply component of the CDD projects in Indonesia, the subproject cycle was too long or the timing of the subproject selection process was off relative to the Government of Indonesia's budgetary cycles. This resulted in disbursement delays. While there is no easy answer, the recommendation is that project design should allow for subproject cycle flexibility, to adapt to local conditions and demands.
- (vii) To achieve the full benefits of community empowerment, CDD project design needs to be socially inclusive, giving decision-making responsibility to women and disadvantaged groups. A number of CDD projects in the sample had specific designs intended

to promote the inclusion of women and disadvantaged groups. However, anecdotal evidence collected suggests that although such groups were included as required in the participation guidelines, in reality they were left out of the decision-making process on subproject selection and implementation. Socially inclusive project rules and procedures to promote the empowerment of such focus groups need to be carefully structured, without hindering the keep-it-simple principle and project performance.

- (viii) Similar to the assessment of the executing agency and implementing agency, the number and capacity of NGOs need to be properly assessed during the project design phase. CDD projects rely heavily on NGOs as field-based resources to be contracted to provide technical advice and capacity building for the participating local communities. Based on evidence from the sample projects in Nepal, the capacity of NGOs to meet numerous project demands of more than one donor can become overstretched. Additionally, questions were raised about the effectiveness or appropriateness of contracting national NGOs as opposed to local NGOs. In the case of CDD projects in Indonesia, the availability of technically competent NGOs in remote rural areas was deemed to be a significant issue.

Implementation Recommendations


- (i) A planned implementation in batches or following the use of piloting should reduce, if not avoid, unforeseen implementation delays. Based on the sample, those projects that experienced significant implementation delays are also those that had much higher levels of funds that were not disbursed, fewer subprojects constructed, higher per capita costs than originally estimated, and thus a significantly lower realized economic internal rate of return (EIRR) if calculated. Smooth implementation is linked with proper project design and planning.
- (ii) In line with the keep-it-simple design principle, implementation and disbursement

arrangements should be clearly defined and easy to follow. In the case of the Indonesian sample projects, whether CDD or non-CDD, the number of stakeholders involved as members of the executing agency or implementing agencies was overly complex. This complicated project administration, coordination, and management, and hindered implementation through jurisdictional and authority issues over resource allocation.

- (iii) As part of keeping implementation arrangements simple, local communities must not be allowed to pass their assigned participatory responsibilities on to NGOs or other external consultants. The use of NGOs as consultants to support the capacity building of local communities and institutional development of their locally formed project units is required. However, the local communities must take on key implementation activities themselves and learn by doing. In one of the Philippines sample projects, the process of doing a subproject feasibility study became a contest to see which local community could first engage the limited number of local consultants who knew the requirements of the executing agency for approval of the project. This development and other reported shortcuts in the implementation process effectively lead to a rubber stamp process rather than one in which the communities engage in the implementation and learn by doing.

Policy or Non-Project-Specific Recommendations

- (i) Based on the sampled projects, CDD approaches to rural WSS have been evaluated to be more successful on average than non-CDD interventions. Thus, ADB-funded rural WSS projects should be designed based on tested and proven CDD principles. Note that this is specifically for rural WSS projects rather than urban or peri-urban projects, which require further study on the application of CDD principles.
- (ii) The policy and institutional framework of the borrower country is important since the delivery and sustainability of the WSS intervention is dependent on both technical and financial inputs. CDD principles are related to empowerment of the local community and instilling a sense of ownership of the works. Therefore, a clear legal framework must be in place that supports the establishment of local community organizations, such as water user groups, that are able to establish bank accounts, sign contractual documents, levy a tariff on members or users, and take ownership of the infrastructure.
- (iii) ADB needs to carefully carry out M&E to ensure that projects are implemented according to their design. If unapproved changes are made, ADB must be willing to halt financing of a project despite potential political repercussions. During the study it was discovered that there is no central ADB database that tracks the costs and benefits or other key performance indicators of projects. If ADB is to require its development partners to be strict in the monitoring of projects, then ADB should also devote more resources to collecting appropriate data that measures the performance of projects. Given the usual focus on economic feasibility to proceed with ADB Board approval, it is quite surprising that benefit M&E studies are not more consistently administered, or that realized project benefit cost ratios are not regularly compared with those estimated during the appraisal process. With the decentralized process of CDD rural WSS interventions and the establishment of project-focused entities that can readily collect data, it is recommended that such interventions be the vanguard for assisting ADB in developing a new database for collection and synthesis of project performance data.
- (iv) Sanitation interventions need to be better integrated with water supply interventions. In both the CDD and non-CDD sample projects, although designs included sanitation infrastructure and hygiene-focused components, in the course of going from design to implementation, the focus of the interventions tended to shift to water supply infrastructure. It is accepted that the behavior change required for achievement



of sanitation benefits is more difficult to achieve than with the delivery of clean water. However, the CDD project cycle and processes are conducive to integration of sanitation infrastructure and hygiene education programs.

- (v) Through the use of CDD approaches and adoption of decentralized ownership and

management of the infrastructure and the delivery of services to the community level, policies and institutional reforms should be promoted that remove government monopolies and barriers to private sector participation, and create a competitive environment, allowing communities greater access to goods and services providers.

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APPENDIX 1

Key Objectives and Activities of Asian Development Bank Technical Assistance for Supporting Community-Driven Development in Developing Member Countries

The objectives of the overall technical assistance for Supporting Community-Driven Development in Developing Member Countries, approved in 2008, are aimed at enhancing capacity and commitment of developing member countries and the Asian Development Bank (ADB) in scaling up community-driven development (CDD) operations through

- (i) providing assistance to ADB's pilot CDD initiatives in selected developing member countries;
- (ii) supporting knowledge generation and management for ongoing CDD operations; and
- (iii) promoting activities that enhance awareness and capacity in applying CDD in participating developing member countries.

Three corresponding components to achieve these objectives are

- (i) **Component 1: Pilot initiatives.** The provision of technical support through CDD experts in preparing pilot CDD projects and the exploration of innovative and efficient CDD operational modalities.
- (ii) **Component 2: Knowledge management.** The development of knowledge products that would communicate the value of CDD

approaches over traditional infrastructure intervention approaches. These products are expected to include

- (a) case studies that track and document ongoing CDD experiences with a focus on lessons learned from previous projects;
 - (b) a CDD database to serve as a project tracking information system;
 - (c) a CDD-oriented website under ADB's overall website; and
 - (d) small-scale studies that assess specific issues related to using CDD in ADB operations.
- (iii) **Component 3: Awareness and capacity development.** Following the communication of information and the raising of awareness via the knowledge products, this component will proactively seek collaboration among development partners to help stakeholders in developing member countries to adopt CDD practices.

This specific study is primarily focused on Component 2, sub-item (a), with potential to also address issues related to sub-item (d).

APPENDIX 2

Relevant Literature Review

This provides a summary of the scope, methodology, and findings or recommendations from four previous World Bank and Asian Development Bank (ADB) studies. These specific studies and the literature review are important in understanding the evolution of the community-driven development (CDD) and community-based development (CBD) project evaluation, indeed the evolution of the operational definitions of CBD and CDD, the distinction between them, and most importantly, the framing of the current study.

Community-Driven Development: Lessons from the Sahel—An Analytical Review **World Bank Operations Evaluation Department (2003)**

Undertaken to lay the foundation for the 2005 World Bank Operations Evaluation Department (OED) CDD and CBD evaluation or effectiveness review, this desk study was based on literature review, assessment of a sample of World Bank projects in Africa, various internal World Bank reports, and interviews with World Bank staff members. The study identified the basic development objective behind participatory approaches. Additionally, the study observed significant changes that have occurred in the World Bank's approach to community participation and in the design of CBD and CDD interventions:

- (i) evident movement along the participation continuum toward increased emphasis on empowerment and collaboration in project design;
- (ii) increased emphasis on building a suitable enabling environment within member countries for supporting participatory

- projects, along with devolving more control over project activities to local levels;
- (iii) increased emphasis on flexibility in implementation combined with more focus on monitoring destinations of resource allocation, i.e., increased emphasis on monitoring and evaluation (M&E);
- (iv) increased focus on delivering outcomes for the impoverished rather than large infrastructure projects; and
- (v) changes in the institutional planning horizon to a longer-term perspective.

The study also identified implications or issues for World Bank project preparation and implementation resulting from these observations. That is, while the observed changes suggest improved overall project design, they have also added increased complexity, and thus affect the time and resources that donor operations require for design, including both preparation and appraisal, and subsequent implementation.

To attempt to provide further information of these effects on World Bank operations and overall evaluation of the CDD approach, the sample of projects was assessed in terms of relevance, efficiency, efficacy, sustainability, and institutional development impact. As evaluated by development objective, implementation progress, and project-at-risk indicators, the results of the analysis were mixed. Although CDD and CBD projects tend to produce better outcomes and institutional development effects in the specific focus region, their performance compared to all World Bank projects in the period of analysis was questioned, as was the long-term sustainability of the CDD and CBD interventions themselves. This overall result seemed at odds with what is expected out of CDD and CBD approaches given their theoretical underpinnings of efficiency and effectiveness in resource allocation. Reasons for

this result were discussed in the following general categories: CDD and decentralization, a multisector approach, community participation, efficiency of resource use in supporting CDD, scaling up, an enabling environment, flexibility, learning by doing, adequate time commitment, and clear long-term vision. Essentially, the study set the stage for further analysis by raising questions through the discussion of issues in the categories listed above, most of which pertained to World Bank policies and internal processes for project appraisal and implementation.

Community-Driven Development: A Study Methodology World Bank Operations Evaluation Department (2003)

Undertaken shortly after the 2003 CDD Sahel Analytical Review, this study worked in parallel with the review in preparing for the World Bank's OED review of CDD interventions. Given the sharp increase in World Bank funding for CDD interventions, the study sought to provide an analysis framework for evaluating the effectiveness of the World Bank's strategic approach for supporting CDD. However, the nature of the whole concept is complex and pertinent questions had to be considered for purposes of outlining a study methodology, such as

- (i) CDD-style interventions are founded on the overriding concept of community empowerment, but how does one assess or measure empowerment?
- (ii) CDD as an international development assistance concept and intervention tool has been and continues to evolve, making the portfolio of projects highly heterogeneous. So how does one define CDD projects and what are the appropriate measures for evaluating project performance of such a moving target?
- (iii) Contingent upon the definition of CDD versus non-CDD interventions, that is if CDD interventions can be more specifically defined from other participatory approaches, what is the baseline condition for benchmarking CDD intervention performance?

In terms of structure, this brief report paved the way for a further OED review of World Bank CDD and CBD interventions by

- (i) defining the terms and identification of key concepts;
- (ii) reviewing the theoretical assumptions and conceptual framework for CDD interventions;
- (iii) outlining the World Bank's strategy for supporting CDD, which addresses some of the issues raised in the World Bank's 2003 Sahel Analytical Review;
- (iv) further defining, identifying, and delineating the World Bank's CBD and CDD portfolio; and
- (v) discussing a study design proposal for an OED CDD evaluation.

The OED study design proposal, a significant part of the report, focused on three aspects of the proposed forthcoming OED study: framework, design, and methods and instruments.

The study framework provided two distinct points of view of the CDD intervention, that of the community beneficiaries, or in a sense the borrower, and that of the World Bank, or donor. In other words, is CDD intervention a win-win situation? Additionally, the framework served to illustrate the links between these partners through four aspects of the intervention:

- (i) **Inputs.** Resources for capacity building, basic infrastructure, and service.
 - (a) Has the intervention been relevant to community priorities? (borrower)
 - (b) To what extent are CDD interventions relevant to borrower priorities? (donor)
- (ii) **Outputs.** Basic infrastructure and services created, more income-generating activities, favorable enabling environment, and strengthened local institutions.
 - (a) Are the subprojects being adequately operated and maintained so that services are provided? (borrower)
 - (b) Is the CDD approach the most efficient way to develop this type of infrastructure in the country? (donor)
- (iii) **Outcomes.** Empowered communities, community control, and management of decisions and resources.

- (a) Has CDD intervention built capacity and social capital at the community level? (borrower)
- (b) Have sustainability issues been addressed during project design and implementation? (donor)
- (iv) **Impact.** Sustainable development and poverty alleviation.
 - (a) How much has CDD intervention improved the institutional capacity of the communities to take charge of their own development? (borrower)
 - (b) Does the borrower see the CDD approach as an important poverty alleviation tool? (donor)

Furthermore, in terms of study design, the five assessment fields of relevance, efficacy, efficiency, sustainability, and institutional development were once again advocated as evaluation measures and linked with questions concerning the beneficiary community or borrower and donor concerns.

- (i) **Relevance.** How relevant and effective have CDD interventions been compared to alternatives in achieving the donor's poverty reduction mission and the borrower countries' and communities' development priorities?
- (ii) **Efficacy.** Do CDD interventions represent an effective approach to development, that is, do they work as intended and meet their design objectives?
- (iii) **Efficiency.** Do CDD interventions have an advantage in supporting development compared to other intervention frameworks?
- (iv) **Sustainability.** What conditions are important to ensure the sustainability of the benefits from a CDD intervention and what are the challenges for ensuring such benefit flows?
- (v) **Institutional development.** To what extent have CDD interventions improved a country's capacity to use its human, organizational, and financial resources effectively?

Methods of data capture and survey instruments were then designed with specific questions related to the five general assessment fields to solicit responses that could be both measured and compared.

The Effectiveness of World Bank Support for Community-Based and -Driven Development World Bank Operations Evaluation Department (2005)

Given the discussion of the two studies above, the concept of undertaking this more extensive study had clearly been considered and planned for some time at the World Bank. Indeed, the two previous studies can be viewed as precursors to this more extensive and in-depth effort. The goal of this particular internal evaluation was to assess the overall development effectiveness of the World Bank's CBD and CDD projects, essentially as a subset or distinct sample of the more general participatory-based approaches. At the time of this study, the more explicit distinction between CBD and CDD had not been defined. Therefore the study was unable to focus solely on CDD interventions alone.

For the study design, the five identified assessment fields of relevance, efficacy, efficiency, sustainability, and institutional development were targeted. However, the perspective of this World Bank OED study tends to focus on how these projects performed within the World Bank's framework of mission, priority, internal processes, and procedures. Two evaluation themes ran throughout the study:

- (i) How did these types of interventions perform compared to other types of interventions as far as meeting their objectives within allocated budgets and time frames for delivery, according to the five assessment fields?
- (ii) What was the World Bank's capacity to successfully undertake these types of projects within its own framework of safeguarding policies and processes for design, appraisal, and implementation?

It should be noted that in addition to doing an evaluation based on the five assessment fields and the two evaluation themes, the study also addressed whether World Bank internal policies and processes position the World Bank to adequately support CBD and CDD interventions. That is, were the World Bank's internal policies, procedures, and even its type of lending instruments conducive to designing and implementing CBD and CDD interventions?

An initial task in the evaluation was the identification of CBD and CDD projects for review. Of 847 World Bank projects identified by OED, 84 were selected. Specifically designed surveys were administered to beneficiaries, executing agency government officials, donor task managers, and other World Bank staff.

The evaluation produced a number of insightful results regarding both the strengths and weaknesses of CBD and CDD projects within the World Bank's processing framework as well as recommendations for adjusting such internal World Bank processes and procedures to better design CBD and CDD interventions. These are summarized as follows:

1. Relevance

- (i) There was an increasing importance given to CBD and CDD projects in World Bank country assistance strategies.
- (ii) Government officials were convinced of the benefits of a participatory approach, but remained reluctant to give communities control over decisions. Differences remained between officials and the World Bank on how community empowerment should be promoted.
- (iii) Open menu options were more likely to meet community priority needs.

2. Efficacy

- (i) Perhaps because of issues with measurement, quantitative goals in subproject implementation and service delivery were achieved more successfully than qualitative goals such as community capacity enhancement.
- (ii) Communities have a different understanding of their role in the project from the donor.
- (iii) The overall outcome rating of CBD and CDD projects was better than non-CBD and CDD projects.

3. Efficiency

- (i) Efficiency measures were generally not considered in the selection of a CBD and CDD project versus alternatives.
- (ii) Donor operational costs for CBD and CDD were significantly higher than for non-CBD and CDD projects.

- (iii) The cost to the borrower of introducing a CBD and CDD approach has been significant, although overall actual costs of the infrastructure provision have been lower.
- (iv) Communities bear a significant cost of service delivery in CBD and CDD interventions.

4. Institutional Development

- (i) CBD and CDD projects have not brought radical reorientation in partnering institutions but have helped enhance government institutions.
- (ii) CBD and CDD projects have contributed to the development of nongovernment organization capacity and nongovernment organizations have played significant roles as partners in CBD and CDD project implementation.
- (iii) CBD and CDD projects have increasingly supported government decentralization reform, but project implementation has been hampered by weak coordination between differing government departments and levels.

5. Sustainability

- (i) Sustainability of CBD and CDD projects is improving but scarcity of resources for operation and maintenance activities has been a constraint.
- (ii) There are instances in which communities do not have the necessary information or technical knowledge for adequate operation and maintenance or M&E and require government support after implementation.

6. Donor Processes

- (i) Typical subproject cycle is too short.
- (ii) The information access chain is much longer and has greater gaps in CBD and CDD interventions compared with non-CBD and non-CDD interventions, but this does not necessarily imply that the data are any worse or better.
- (iii) Sectoral organization and program thinking handicaps the design and implementation of CBD and CDD interventions.

The report concluded that although the World Bank had made some improvements, its processes for supporting CBD and CDD interventions need still more improvement in CBD and CDD project identification and portfolio tracking via a systematic database, measurement of project results, and revision of certain structure and processes in project design and implementation, to ensure more sustainable interventions and outcomes. The following recommendations were made:

- (i) clear articulation of expected achievements in CBD and CDD interventions;
- (ii) more systematic calculation of costs and benefits of CBD and CDD projects, including the costs borne by the donor, borrower, and community;
- (iii) focus on sustainability and long-term development with adequate follow-through; and
- (iv) revised operational policies and M&E systems that will better support longer-term processes that are required for realizing empowerment and sustainability.

A Review of Community-Driven Development and Its Application to ADB

The current study will essentially begin where the previous well-documented CDD study on ADB operations, *A Review of Community-Driven Development and Its Application to the Asian Development Bank*, left off.¹

While ADB has been engaged in CBD through participatory bottom-up demand-driven sector projects for some time, the World Bank has led the development and application of CDD approaches. The limited objectives of the earlier 2006 ADB study were to

- (i) present a clear conceptual summary of CDD, including differentiation from the much broader CBD approach;

- (ii) provide a brief description of CDD project performance in the portfolio of other multilateral development banks, particularly the World Bank;
- (iii) do a review of the ADB's CDD portfolio over the previous 5 years (2001–2006) and focus on exemplary cases for detailed review and discussion; and
- (iv) suggest recommendations for the future use of CDD initiatives in ADB's portfolio.

In this light, the 2006 ADB study can be viewed as a primer serving to inform ADB about ongoing CBD and CDD developments, an initial review of the potential ADB CDD portfolio, and the opening of an internal policy dialogue that warrants further consideration and discussion.

Two points concerning the previous study should be noted:

- (i) the study did not evaluate the performance of ADB's CDD projects, at least those that could be classified as CDD, although data pertaining to ADB's CDD lending operations were described on a factual basis; and
- (ii) the study focused on addressing institutional issues related to undertaking CDD work in ADB, rather than CDD project design issues and corresponding outcomes or development impacts.

A key advancement made in the ADB 2006 review was in distinguishing CDD projects from other broader CBD-style interventions through development of an operational definition of a CDD project. As defined by the 2006 ADB review, CDD projects have five possible defining characteristics in their design or their subproject implementation cycle, or both:

- (i) **Community focus.** The essential defining characteristic of a CDD operation is that its target beneficiary or implementing agent is some form of a community-based organization or representative local government of a community. Given this

¹ ADB. 2006. *A Review of Community-Driven Development and Its Application to the Asian Development Bank*. Manila.

characteristic, the project essentially consists of numerous small-scale subprojects at the community level in the specific sectors that the overall project is targeting.

- (ii) **Participatory planning and design.** The design of the community-level subprojects is accomplished through participatory planning by the community or community-based organization itself; only then can it be termed “community driven.” Therefore, the range of goods and services that can be selected by a community-based organization for a subproject investment is often very large, usually as an increasingly common element of CDD project design.
- (iii) **Community control of resources.** There should be at least some form of resource transfer to the community and community-based organization, although the level of control by the community may vary from project to project.
- (iv) **Community involvement in implementation.** This involvement often takes the form of direct supply of inputs, labor, or funds as in-kind “community contributions” to the subprojects, or indirect inputs through management and supervision of contractors, or operation and maintenance functions.
- (v) **Community-based monitoring and evaluation.** This is not so much a “necessary” condition, but accountability tools such as participatory monitoring, community scorecards, or grievance redress systems that ensure downward accountability to the community form part of this characteristic.

The number and degrees of these five defining CDD characteristics or components in either the project design or implementation may vary among CDD interventions, and as hypothesized in the 2006 review, this trend is likely correlated to the

intervention design date. That is, with the evolution of CDD interventions as compared to more broadly defined CBD, newer CDD projects will likely have more of the five characteristics, or greater degrees of these characteristics, inherent in the project design and implementation.²

Whether this is purely because of the nature of CDD evolution on its own accord or in connection with the development of an operational CDD intervention definition is unclear. That is, did CDD-type interventions become more specialized and distinct from CBD by design or by an evolutionary trend, or is the distinction partially a construct of the definition itself and what has been observed in the evolution of the CDD approach?

In any case, this study has adopted the operational definition of CDD as those interventions having the five characteristics or components. Perhaps a further refinement or advancement would be the establishment of threshold parameters of community involvement in the five components in the operational definition, if such benchmarks can be accurately and easily measured.

The 2006 ADB study advocated increased ADB CDD project volume on a limited scale, citing that CDD lending from other donor organizations such as the World Bank and the Inter-American Development Bank were rising rapidly, illustrating a growing demand among borrowers, i.e., potential ADB customers; and the limited ADB experience in CDD has generally been positive. To move forward, the report recommended both a short-term strategy of launching pilot CDD operations and a medium-term strategy of improving the quality and increasing the volume of CDD in ADB operations. To improve quality and increase volume, the report recommended that ADB further examine the lessons, both from its own projects and those of others, and address issues, particularly the institutional constraints of CDD-related design and implementation features. In addition, it was recommended that ADB build a knowledge base of its CDD experiences.

² Note that the degrees of the respective defining characteristics may not necessarily be the same from design through to implementation since changes have been known to occur either with or without the donor’s knowledge.

APPENDIX 3

Specific Project Summaries

Republic of Indonesia, Asian Development Bank (ADB), Non-Community-Driven Development (Rural Water Supply and Sanitation Project, Loan 1352-INO)

1. Project Objective

The objectives of the project were to (i) provide safe, adequate, and reliable water supply and sanitation (WSS) services to selected low-income rural communities, less-developed villages, rural growth centers, growth-center villages, and *kecamatan* (subdistrict) towns through community-based arrangements; and (ii) support hygiene and sanitation education, water quality surveillance, and community management activities for targeted communities. Project sustainability was to be achieved through the development of community awareness and active community participation in all stages of the project development cycle, including planning, design, implementation, and operation and maintenance. The project also incorporated institutional development and strengthening programs for all involved agencies at central, provincial, and local levels.

2. Project Scope

The project had three components:

- (i) Water supply facilities including the construction of new water supply systems and the rehabilitation of existing water supply systems and the provision of consulting services to carry out feasibility studies, detailed design, and construction supervision.

- (ii) Sanitation facilities, i.e., the construction of public and private latrines linked to hygiene and sanitation programs.
- (iii) Institutional support and project administration, composed of consulting services for implementation assistance, hygiene and sanitation education and a water quality surveillance program, training and media campaigns for a community management program, and a WSS services institutional development program.

3. Expected Project Benefits

- (i) 3.0 million people with improved water by the end of 2000;
- (ii) 2.3 million people with improved sanitation facilities by the end of 2000; and
- (iii) improved hygiene and sanitation education and community management capability in 3,000 rural low-income communities.

4. Project Cost

- (i) Estimated at appraisal: \$142 million

5. ADB Loan

- (i) Estimated at appraisal: \$85.0 million
- (ii) Cancelled amount: \$17.6 million

6. Project Preparation: Technical Assistance to the Republic of Indonesia for Preparing the Rural Water Supply and Sanitation Project (TA 1818-INO)

- (i) Technical assistance amount: \$600,000
- (ii) Date of approval: 23 December 1992

7. Key Dates

- (i) Loan approval: 2 February 1995
- (ii) Loan effectiveness: 4 June 1995
- (iii) Project completion: Estimated at appraisal 31 December 2007
- (iv) Loan closing: Estimated at appraisal 30 September 2000

8. Status

- (i) Completed and closed

Republic of Indonesia, World Bank, Community-Driven Development (Second Water Supply and Sanitation for Low-Income Communities Project, Loan 3382-IND)

1. Project Objective

The objectives of the Second Water Supply and Sanitation for Low-Income Communities Project were to improve the health status, productivity, and quality of life in underserved rural villages in Indonesia. The project was designed to achieve improvements in health behavior and health services of the communities related to waterborne diseases through the provision of safe, adequate, cost-effective, and easily accessible WSS services, and developing sustainability and effectiveness of services through community participation.

2. Project Scope

The project had four components: community and local institutions capacity building, improving health behavior and services, developing water and sanitation infrastructure, and project management and monitoring.

3. Expected Project Benefits

- (i) Development of community capacity to plan, manage, and maintain village infrastructure and programs.
- (ii) Improved quality of life and increased productivity for low-income households

through more convenient, higher quality, and more accessible water and improved community sanitation.

- (iii) A reduction in the morbidity and mortality as a result of waterborne diseases.
- (iv) Employment generation.
- (v) An expected overall economic internal rate of return (EIRR) of 24%.

4. Project Cost

- (i) Estimated at appraisal: \$106.7 million

5. ADB Loan

- (i) Estimated at appraisal: \$77.4 million

6. Project Preparation

This project was initiated based on slight revisions to the previous successful Water Supply and Sanitation for Low-Income Communities (WSLIC I).

7. Key Dates

- (i) Loan approval: 16 May 2000
- (ii) Loan effectiveness: 15 August 2000
- (iii) Project completion: Estimated at appraisal 31 July 2006
- (iv) Loan closing: Estimated at appraisal 31 July 2006

8. Status

- (i) Active and ongoing

Republic of Indonesia, ADB, Community-Driven Development (Community Water Services and Health Project, Loan 2163/2164-INO)

1. Project Objective

This project represents a targeted intervention in the WSS sector and health and human services, with a primary objective of providing sustainable economic growth inclusive of human, social, and gender development in rural areas. The project aims to enhance the health status of low-income

communities in rural areas through better hygiene behavior and sustained access to safe drinking water and improved sanitation.

2. Project Scope

The project had three components:

- (i) To improve the capacity of local governments for facilitating, regulating, and delivering quality WSS services to the target communities.
- (ii) To strengthen the community capability to design, cofinance, build, operate, and manage community-based WSS facilities.
- (iii) To improve access to WSS services through construction of adequate facilities based on community demand.
- (iv) To increase hygiene awareness through information, education, and communication campaigns.

3. Expected Project Benefits

- (i) Provision of improved rural WSS facilities to 1,000 communities with an estimated 1.2 million beneficiaries receiving safe drinking water and 0.6 million beneficiaries receiving improved sanitation services.
- (ii) Reduced poverty and increased health benefits in poor districts.
- (iii) Increased community empowerment.
- (iv) Strengthened local government capacity.

4. Project Cost

- (i) Estimated at appraisal: \$92.40 million

5. ADB Loan

- (i) Estimated at appraisal: \$64.69 million

6. Project Preparation

- (i) TA 4063-INO: Technical Assistance to the Government of Indonesia for the Community Water Services and Health Project
 - (a) Technical assistance amount: \$1 million
 - (b) Date of approval: 2002
- (ii) TA 4317-INO: Small-scale Technical Assistance to the Government of Indonesia

for the Community Water Services and Health Project: Reaching the Millennium Development Goals in a Decentralized Context.

- (a) Technical assistance amount: \$150,000
- (b) Date of approval: 2004

7. Key Dates

- (i) Loan approval: 7 April 2005
- (ii) Loan effectiveness: 12 April 2006
- (iii) Project completion: Estimated at appraisal 31 June 2011
- (iv) Loan closing: Estimated at appraisal 30 December 2011

8. Status

Active and ongoing—20% project progress, 55% of original loan period elapsed. Because of delays in loan effectiveness and in recruiting consulting services, the overall progress under the loans is behind schedule.

Nepal, ADB, Non-Community-Driven Development (Fourth Rural Water Supply and Sanitation Sector Project, Loan 1464-NEP)

1. Project Objective

The primary objective of the project was human development, and the secondary objective was poverty reduction. The project's objectives were to (i) provide safe water supply in about 1,500 rural communities in 40 districts of Nepal's eastern, mid-western, and far-western development regions; (ii) promote hygiene education and low-cost sanitation facilities in these regions; (iii) achieve greater sustainability by extending the community-based approach to all rural WSS projects; (iv) strengthen water users committee operation and maintenance capabilities for completed subprojects; (v) improve sector cost recovery; and (vi) strengthen sector institutions, including the Department of Water Supply and Sewerage and water users committees.

2. Project Scope

The project had three components: community development through an awareness and education

program; high-priority investments in rural WSS infrastructure; and project implementation assistance and institutional strengthening.

3. Expected Project Benefits

- (i) An estimated 600,000 direct beneficiaries.
- (ii) Increased water consumption and water quality.
- (iii) Energy and time savings.
- (iv) Health benefits through a reduction in mortality and morbidity rates.

4. Project Cost

- (i) Estimated at appraisal: \$26.6 million

5. ADB Loan

- (i) Estimated at appraisal: \$20.0 million

6. Project Preparation

- (i) TA 2340-NEP: Fourth Water Supply and Sanitation Sector Project
- (ii) Technical assistance amount: \$171,000
- (iii) Date of approval: 1 June 1995

7. Key Dates

- (i) Loan approval: 24 September 1996
- (ii) Loan effectiveness: 9 January 1997
- (iii) Project completion: Estimated at appraisal 31 December 2001
- (iv) Loan closing: Estimated at appraisal 30 June 2002

8. Status

Complete and closed on time with insignificant reduction in allocated loan disbursements versus original estimate.

Nepal, World Bank, Community-Driven Development (Rural Water Supply and Sanitation Project I, Loan 2912 NP)

1. Project Objective

The proposed project was a follow-on to a pilot project concept (JAKPAS³), which tested a demand-driven approach. Lessons from JAKPAS were incorporated into the project design and agreed upon by the government and the World Bank, including the bold establishment of a special delivery vehicle through an autonomous implementing agency, the Fund Board. The project had three objectives: (i) the delivery of sustainable health and hygiene benefits to rural populations through improvements in WSS facilities; (ii) the improvement of rural real incomes by helping women to identify ways to earn income from time saved in fetching water; and (iii) strengthening government and nongovernment capabilities to undertake and sustain these development efforts. The project design was in line with the World Bank's country assistance strategy developed at the time of project appraisal, which emphasized support for rural water as a priority sector.

2. Project Scope

The project had three components: the establishment and operation of the Rural Water Supply and Sanitation Fund Development Board, the selection and construction of rural WSS schemes, and institutional development studies.

3. Expected Project Benefits

- (i) Time savings arising from reductions in time spent in collecting water.
- (ii) Increased availability of safe potable water.
- (iii) Improved health knowledge and better hygiene practices.

³ Nepali acronym of *Janata Ko Khanepani ra Sarsafai Karyakram*, which means People's Water Supply and Sanitation Program.

- (iv) An overall EIRR of 15% on the basis of direct benefits to 550,000 rural inhabitants.
- (v) Nonquantifiable long-term benefits from institutional strengthening and sustainability.

4. Project Cost

- (i) Estimated at appraisal: \$21.25 million

5. World Bank Loan

- (i) Estimated at appraisal: \$21.25 million
- (ii) Cancelled amount: \$5.24 million

6. Project Preparation

- (i) Identification and preparation amount: \$114,600
- (ii) Date of approval: 19 November 1993

7. Key Dates

- (i) Loan approval: 3 September 1996
- (ii) Loan effectiveness: 23 April 1997
- (iii) Project completion: Estimated at appraisal 31 March 2002
- (iv) Loan closing: Estimated at appraisal 31 March 2002

8. Status

Completed and closed. However, the World Bank Rural Water Supply and Sanitation Project II has been initiated for the most part on the same design as this successful project.

Nepal, ADB, Community-Driven Development (Small Towns Water Supply and Sanitation Sector Project, Loan 1755-NEP)

1. Project Objective

The project will improve water supply and sanitation conditions in 40–50 new small towns with average populations of about 12,000 each as a means to assist human development and reduce poverty. The objectives are to (i) improve the health and quality of life of the people living in the project

towns by constructing water supply, drainage, and sanitation facilities, and providing health and hygiene education; (ii) support community participation by developing the institutional capacity of community-based water users and sanitation committees and by requiring the beneficiaries to make contributions in cash or kind to cover partial project costs; and (iii) promote community-based water quality monitoring.

2. Project Scope

The project had four components:

- (i) Public awareness campaign and health and hygiene education that will carry out programs focused on community hygiene awareness, participation and project ownership, and construction of on-site sanitation facilities.
- (ii) WSS facilities, including the construction of water supply schemes and basic storm water drainage and sewerage with communal septic tanks and public latrines.
- (iii) Technical support to water users and sanitation committees that will provide technical and financial training, including the establishment of technical support centers in five regional offices of the Department of Water Supply and Sewerage.
- (iv) Project implementation assistance that covers consulting services, vehicles and office equipment, and project incremental administrative expenses.

3. Expected Project Benefits

- (i) Improved WSS facilities and associated health services to 29 small towns with an estimated 600,000 beneficiaries.
- (ii) Time and cost savings from purchasing, fetching, treating, and storing water.
- (iii) Improved public and family hygiene and health.
- (iv) Reduced medical outlays and increased productive days.

4. Project Cost

- (i) Estimated at appraisal: \$53.9 million

5. ADB Loan

- (i) Estimated at appraisal: \$35.0 million

6. Project Preparation

- (i) TA 3059-NEP: Small Towns Water Supply and Sanitation Project
- (ii) Technical assistance amount: \$600,000
- (iii) Date of approval: 20 August 1998

7. Key Dates

- (i) Loan approval: 12 September 2000
- (ii) Loan effectiveness: 18 March 2001
- (iii) Project completion: Estimated at appraisal 30 June 2006
- (iv) Loan Closing: Estimated at appraisal 31 December 2006

8. Status

- (i) Completed and closed

Republic of the Philippines, ADB, Community-Driven Development (Agrarian Reform Communities Project, Loan 1667-PHI)

1. Project Objective

The primary objective of the project is poverty reduction. The project was designed to increase the income of the agrarian reform beneficiaries, improve their quality of life by providing basic infrastructure and development support services, and increase agricultural production. Of the 984 agrarian reform communities nationwide, the project was designed to assist 140, which would be selected on the basis of specific criteria.

2. Project Scope

The project had four components:

- (i) Rural infrastructure: access infrastructure, communal irrigation, and potable water supply systems.
- (ii) Land survey for approximately 100,000 hectares of public land.
- (iii) Development support services for agriculture, rural enterprises, community and institutional development, and

access to credit from the Land Bank of the Philippines from its own resources for agricultural production and enterprise investments.

- (iv) Project management and capacity building.

3. Expected Project Benefits

- (i) An estimated 28,000 households in 140 agrarian reform communities to directly benefit from investments in agriculture and rural infrastructure.
- (ii) An estimated 200,000 people to benefit from improved road network.
- (iii) Incremental increase in farm income, estimated in advance at 36%.
- (iv) Around 17,000 person-years of incremental employment generated.
- (v) Substantial nonquantifiable benefits, in particular in the Special Zone for Peace and Development and other poverty-stricken agrarian reform communities, including providing for the sustainability of the peace process.

4. Project Cost

- (i) Estimated at appraisal: \$168.9 million

5. ADB Loan

- (i) Estimated at appraisal: \$93.2 million
- (ii) Cancelled amount: \$13.9 million

6. Project Preparation

- (i) TA 2767-PHI: Agrarian Reform Communities Development Project
- (ii) Technical assistance amount: \$253,000
- (iii) Date of approval: 12 March 1997

7. Key Dates

- (i) Loan approval: 18 December 1998
- (ii) Loan effectiveness: 31 July 1999
- (iii) Project completion: Estimated at appraisal 31 July 2005
- (iv) Loan closing: Estimated at appraisal 31 December 2005

8. Status

- (i) Completed and closed

Republic of the Philippines, ADB, Non-Community-Driven Development (Infrastructure for Rural Productivity Enhancement Sector, Loan 1772-PHI)

1. Project Objective

The primary objective of the project is economic growth, while the secondary objective is poverty reduction. The designed long-term goal of the project was to increase rural incomes with distributional gains favoring the poor in areas with high agricultural potential. The immediate, or short-term, objectives of the project were to remove the constraints on the improvement of agricultural productivity caused by the lack or inadequacy of rural infrastructure, and reduce rural poverty by increasing agricultural productivity and profitability.

2. Project Scope

The project had three components: improved rural infrastructure, capacity building for devolved project implementation and management, and project management and coordination.

3. Expected Project Benefits

- (i) Households in an estimated 100 municipalities, with an estimated 700,000 direct beneficiaries and another 160,000 indirect beneficiaries and 93,000 people, lifted out of poverty by project completion.
- (ii) Rural road user cost savings and increased crop production to increase annual average household incomes from \$94 to \$553.
- (iii) Annual incomes from crop production for farmers with irrigated holding to increase by 82%–215% from investment in irrigation systems.
- (iv) Some 1,000 person-years of incremental employment generated.
- (v) An overall EIRR of 18%.

4. Project Cost

- (i) Estimated at appraisal: \$150.0 million

5. ADB Loan

- (i) Estimated at appraisal: \$75.0 million

6. Project Preparation

- (i) TA 3194-PHI: Infrastructure for Rural Productivity Enhancement Sector Project
- (ii) Technical assistance amount: \$800,000
- (iii) Date of approval: 15 May 1999

7. Key Dates

- (i) Loan approval: 31 October 2000
- (ii) Loan effectiveness: 4 February 2002
- (iii) Project completion: Estimated at appraisal 31 December 2007
- (iv) Loan closing: Estimated at appraisal 30 June 2008

8. Status

- (i) Not completed as per original schedule and extended.
- (ii) Active and ongoing: 68% project progress, 105% of original loan period elapsed.
- (iii) Revised completion date December 2009; revised loan closing 30 June 2010.

Republic of the Philippines, World Bank, Community-Driven Development (Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services [Kalahi–CIDSS] Project, Loan 7147 PH)

1. Project Objective

The primary objective is strengthening local communities' participation in *barangay* (village) governance and developing their capacity to design, implement, and manage development activities that reduce poverty. This objective establishes a strong link between improved local governance and poverty reduction. To achieve these ends, the Kalahi–CIDSS adopts a community-driven approach to development and poverty reduction by (i) empowering communities to manage their assets, lives, and livelihoods in ways that restore their sense of responsibility and human dignity; (ii) strengthening their social networks and linking them up with policy and administrative structures

of the state; and (iii) promoting representation and accountability at different levels of the decision-making pyramid.

2. Project Scope

The project has three components: community block grants; implementation support including social mobilization and community organizing, and capacity building for local communities and local government units; and monitoring and evaluation.

3. Expected Project Benefits

- (i) Travel time savings and cheaper freight costs due to improved local roads.
- (ii) Reduced mortality and morbidity due to improved water supply and health facilities.
- (iii) Higher income due to improved opportunity for education and attainment levels achieved.
- (iv) Improved crop yields due to improved irrigation systems.
- (v) Contingent on actual type of subprojects chosen from menu, estimated expected total project EIRR of 31%.

4. Project Cost

- (i) Estimated at appraisal: \$182 million

5. World Bank Loan

- (i) Estimated at appraisal: \$100 million

6. Project Preparation

- (i) Project appraisal: April–May 2002

7. Key Dates

- (i) Loan approval: 23 August 2002
- (ii) Loan effectiveness: 2 December 2002
- (iii) Project completion: Estimated at appraisal 30 June 2009
- (iv) Loan closing: Estimated at appraisal 30 June 2009

8. Status

Ongoing, expected to be completed by 30 May 2010. Note that Kalahi–CIDSS II has been planned based on the successful design and implementation of this project.

APPENDIX 4

Detailed Sample Project Review

This appendix presents a detailed review of each of the sample projects selected in terms of the following 10 fields:

- (i) **Brief overview and status.** A summary of the intent of the project given the context of the country and experience with other development efforts, key aspects of the project design, and its realized status.
- (ii) **Project organization, operations, and management.** A discussion of institutional relationships beyond the community level.
- (iii) **The roles of communities, nongovernment organizations (NGOs), local governments, and other actors.** A description of what the project expects from the communities and other local stakeholders in terms of participation as well as the use of consultants.
- (iv) **Project cycle and subproject selection processes.** A brief outline of how the project was to be implemented as per its project design.
- (v) **Cost and quality of subprojects constructed or repaired.** Any evidence to date on the efficiency and sustainability of the local infrastructure interventions.
- (vi) **Cost-sharing arrangements, community and local government contributions, and tariff setting.** A brief statement on the agreed financial obligations of the local stakeholders.
- (vii) **Financing arrangements and modes of funds transfer.** A summary of the fund flow from the donor to the local beneficiary.
- (viii) **Highlights, lessons, or issues in the design phase.** Key points about the effectiveness of the project design.
- (ix) **Highlights, lessons, or issues in the implementation phase.** Key points about

the realized experience when the project was implemented as per design or otherwise.

- (x) **Insights.** Questions and possible answers regarding how the experiences of the intervention can be used to further the community-driven development (CDD) approach study.

Based on an understanding of the Asian Development Bank (ADB) and World Bank operations, internal documents and any accompanying data files were compiled for the sample projects selected, including

- (i) terms of reference and requests for proposals;
- (ii) prefeasibility planning and project design documents;
- (iii) project technical assistance or implementation documents such as inception reports, midterm reports, social impact analysis or similar soft sector analysis, economic and financial analysis, benefit monitoring and evaluation (M&E) reports, and draft final reports;
- (iv) project appraisal documents, technical assistance reports, and reports and recommendations of the President;
- (v) project completion reports (PCRs) and implementation completion reports;
- (vi) project performance assessment reports and project performance audit reports; and
- (vii) relevant internal ADB documents such as midterm mission reviews or aides memoire.

A comprehensive list of the specific reports collected and used for data collection and analysis is in the References.

I. Case Study Analysis of Projects in Indonesia

Bottom-up planning was introduced in Indonesia in the early 1980s. Village proposals were formulated by village committees and forwarded to the higher central government for approval. In the 1990s, the World Bank faced increasing demand from its clients for support with their decentralization efforts and the institution provided policy advice and financial support on designing mechanisms for intergovernment transfers and local capacity enhancement to several countries. Furthermore, the World Bank started to develop new instruments such as demand-driven investment funds that enabled governments to transfer resources directly to communities.

In the mid-1990s, following the collection of data via household expenditure and needs surveys undertaken by the National Development Planning Agency, which collectively identified and stratified poor rural villages based on their housing, population, and local infrastructure, the Government of Indonesia initiated its Villages Left Behind program. The World Bank was supportive of this program and embarked on its own Village Infrastructure Project in Java, which had the objectives of (i) empowering villagers to decide priority uses of the grant funds available under the project for their village; (ii) providing public infrastructure needed in poor villages; (iii) creating jobs that paid in cash for underemployed villagers to construct the public works; (iv) mobilizing village contributions toward the agreed public works; and (v) supporting the government's decentralization policies, including its action plan to reduce constraints on trade and transport in the rural areas. As a pilot project, the intervention pioneered direct resource transfers to villages for building rural infrastructure. The project used simple block grants with a restricted menu and a one-time allocation of funds to the poorest villages. Viewed as a success, the project not only generated lessons but also helped to initiate follow-on projects such as the Second Village Infrastructure Project and the Kecamatan Development Program and its

two subsequent versions, all of which built upon each preceding design with further innovations to overcome issues encountered in implementation.

After the Asian financial crisis and the change of government, Indonesia embarked on a radical and rapid decentralization program. Within a year, the effort decentralized much of the responsibility for public services to the local level. An intergovernmental fiscal framework, using largely general block grants, was also introduced through accompanying laws. This fiscal framework took over what used to be largely earmarked grants. During this time the World Bank Kecamatan Development Program continued and gradually expanded its coverage, especially in light of the new decentralization policy, which was highly favorable to the program's design. Other community-based development (CBD) and community-driven development (CDD) projects began to be designed and implemented simultaneously with increased government awareness of the return in outcome value from the initiatives. In 2009, the government will implement a single community-driven poverty reduction program. Allocated funding is estimated at \$1.5 billion per year to cover all villages in Indonesia.

Rural Water Supply and Sanitation Sector Project—ADB Loan 1352-INO

1. Brief Overview and Status

The Rural Water Supply and Sanitation Sector Project (RWSSP) was initiated in the mid-1990s, building on ADB's previous experience in providing water supply for small rural towns.¹ Problems realized in the design and implementation of these previous projects in the Indonesian context included (i) insufficient community consultation and participation in the planning, design, and implementation of subprojects; (ii) poor community acceptance of schemes, which resulted in slow uptake of house connections and inadequate cost recovery; (iii) lack of trained staff in water enterprises resulting in poor organizational performance; and (iv) use of inappropriate local technology. To improve project performance and ensure that project objectives were in line with the

¹ ADB. 1984. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the IKK Water Supply Sector Project*. Manila; ADB. 1990. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to the Republic of Indonesia for the Second IKK Water Supply and Sanitation Project*. Manila.

Government of Indonesia,² ADB and the government engaged in policy dialogue in the formulation of project design. Subsequently, a bottom-up participatory approach intended to involve the community in all aspects of subproject planning, implementation, and operation and maintenance (O&M) was agreed upon and incorporated into the project design document.

Designed to cover 4,400 communities in 80 districts in 12 provinces, the project commenced in 1995. It was implemented and generally completed on schedule in 2000. However, there were a number of institutional and procedural issues that arose during implementation that may have affected the performance of the project, the quality of the works built, and their subsequent sustainability. The executing agency submitted a PCR that rated the project *successful* in 2001. An ADB PCR was completed in October 2002 and concluded that the project was *partly successful*. However, the report also noted that the project was not implemented according to the intended design and that there were a number of discrepancies in the executing agency's PCR pertaining to the number of facilities actually constructed, particularly regarding sanitation works. The ADB PCR then advocated a full technical and financial audit of the project. ADB completed a project performance audit report in 2004, which reported that the project was *partly successful* bordering on *unsuccessful*.

2. Project Organization, Operations, and Management

The project organization consisted of actors in the central, provincial, *kabupaten* (district), and village governments.

The executing agency for the project was the Ministry of Public Works through the Directorate General of Human Settlements. A central project administration office was established to be responsible for overall coordination of project activities at the central, provincial, and district levels. The Directorate General of Human Settlements was also responsible for the physical implementation of the water supply and sanitation (WSS) schemes.

The Ministry of Home Affairs through its Directorate General for Rural Community Development and Directorate General for Regional Development was the implementing agency for community development and WSS institutional development. The Ministry of Health through the Directorate General for Communicable Disease Control and Environmental Health was the implementing agency and was responsible for the hygiene and sanitation education program and the water quality surveillance program. The implementing agencies were therefore responsible for community preparation, the sustainability of the constructed facilities, and the establishment of water and sanitation user groups and user management groups. In summary, the project organization suggested that the executing agency was responsible for the technical engineering works in terms of design and implementation, while the implementing agencies were responsible for the necessary capacity building to ensure that the communities were capable of actively participating in the planning, selection, and design of the subprojects as well as their subsequent O&M.

At the provincial level, project implementation was the responsibility of a team of people from the provincial offices of the executing agency and implementing agencies. Provincial governments were initially responsible for procurement, however this was eventually transferred to the *kabupaten* level near the end of the project.

3. The Roles of Communities, Nongovernment Organizations, Local Governments, and Other Actors

As per the project design, communities were to participate in the planning phase of the subprojects through the preparation of village action plans and the selection of technology to be used for the WSS works. Based on the prepared village action plans, the districts were required to review subproject proposals via the production of subproject appraisal reports, which would outline the works proposed, provide an assessment of the costs, impact, and feasibility, as well as point out any social or environment issues.

² REPELITA VI was the government's sixth 5-year plan and targeted provision of water supply and sanitation (WSS) to 20,600 villages by incorporating a community-based participatory approach to the planning, implementation, operation, and rehabilitation of rural WSS facilities.

The bulk of the user groups were to be established with the assistance of the NGO, Bina Swadaya.

Both national and international consultants were recruited to provide (i) technical assistance for production of subproject appraisal reports, (ii) project management support at the central and kabupaten levels, (iii) community development activities, and (iv) training.

4. Project Cycle and Subproject Selection Processes

This project was implemented under an ADB sector approach using a batch approach of subprojects to be implemented. Each batch of subprojects was scheduled to be implemented over a 28-month period, thus a cycle of two batches roughly equated to the 5-year predicted total project implementation period. After the selection of consultants, feasibility studies were conducted on possible subprojects and communities participated at this stage in the subproject conceptual design process. Once the studies were complete, the final proposed list of subprojects in the current batch would be approved by the executing agency and ADB, and then detailed design would commence, followed by approval once again. The next step was tendering and awarding of contracts, which the executing agency managed.

The actual initial subproject selection process was for the most part directed by the executing agency in concert with the consultants and based on the initial ADB technical assistance study.

5. Cost and Quality of Subprojects Constructed or Repaired

Despite being completed more or less on schedule, and having reportedly produced more subprojects than originally planned (partially a result of an interim approved request for a change in scope to include more communities), the project resulted in an undisbursed amount of the original loan approved at appraisal. This was primarily attributable to the depreciation of the rupiah from the Indonesian financial crisis. As the project neared the completion date, the government requested another extension of the project scope to use the undisbursed loan funds; however, given the observed project performance and questions of mismanagement, ADB did not approve the request.

As noted in ADB's PCR, it appeared that the reported numbers of constructed facilities did not accurately represent the numbers of facilities actually constructed. This was further confirmed by ADB's project performance assessment report, which noted that in some cases where subprojects were reported, no works were ever carried out or have either been abandoned before completion or had never been commissioned. Furthermore, the project performance audit report noted from observations that most of the water supply facilities were no longer functioning as designed³ and only 30% of sanitation facilities were still being used at all.

The quality of work provided by the consultants and local contractors was highly variable, and this is partially because of serious coordination and supervision issues involving project management responsibilities. Additionally, it appears that the use of standard designs created problems in matching local community operating capabilities.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

Of the \$142 million estimated total project cost, the central government and participating provincial and district governments and communities were to fund the remaining local currency costs of \$57 million equivalent. ADB financing was intended to cover 60% of the estimated total project costs. Community and local government contributions to the initial capital outlay were to be based on the community's ability to pay and the necessary technology required, as per agreement between the local community and the executing agency. While not explicitly described in the project design with respect to tariff setting, O&M costs were to be entirely borne by the local community.

7. Financing Arrangements and Modes of Fund Transfer

Funds were disbursed as follows: (i) contractors and suppliers submitted invoices to project managers for approval; (ii) project managers submitted invoices to the local government treasury for payment; (iii) the local government treasury then requested payment from the local representative bank and submitted payment evidence to the Ministry of Finance;

³ An estimated 30%–40% of water supply facilities relying on spring, river, lake, or groundwater; and 70% of facilities relying on rainwater.

(iv) after receiving funds from the Bank of Indonesia, the local representative bank paid the contractor or supplier; (v) the Bank of Indonesia reported payments to the Ministry of Finance; (vi) the Ministry of Finance then submitted expenditure statements to ADB and requested replenishment of the specifically established special account and bridging fund for the project; and (vii) ADB then verified expenditures against records of contract procurement and made the necessary disbursements.

8. Highlights, Lessons, or Issues in the Design Phase

As per the project design, the Central Project Administration Office was to manage and coordinate the activities of all implementing agencies. However, this failed to account for the institutional issues or conflicts arising from involving more than one major government agency in the role of executing agency or implementing agency, a situation in which a single agency project management unit is limited in its authority over other agencies. This resulted in a lack of coordination between agencies and delays in implementation. The project design should also include an assessment of the executing agency and implementing agency capabilities in concert with their intended responsibilities.

For the most part, the original project design as described in the ADB reports and recommendations of the President, which included the lessons from previous ADB WSS projects in Indonesia, identified potential project pitfalls and attempted to account for these in the project design. Therefore, the majority of the shortcomings of the project that occurred in the course of implementing this project were because of the project not following the design.

9. Highlights, Lessons, or Issues in the Implementation Phase

The standard engineering designs for representative subprojects did not necessarily reflect the demands or conditions of the local community. Furthermore, it was noted that the local communities were not necessarily the authors of the village action plans as intended in the project design. This resulted in significant subproject planning quality issues, including errors in the choice of appropriate technology. During and after construction there was a lack of ownership of the subproject by the local community and willingness to use and properly operate and maintain the implemented subprojects.

This was the effect of the executing agency deciding on the choice of technology, relative location, and functionality of the subproject rather than the local community, i.e., the beneficiaries. Clearly, better coordination between local community, district, provincial, and national government representatives would have made for better implementation and sustainability of the works.

10. Insights

The project was not implemented as designed. From anecdotal evidence during the data collection process, it would appear that certain stakeholder institutions had their own concepts of how this project was to be implemented for whatever reason, which led to changes in the implementation realized as compared with what has been designed and approved. Clearly, the M&E system was particularly weak in terms of checks and balances by allowing false data on project implementation progress to be gauged as authentic. For large projects encompassing many different geographical locations and levels of government, a separate project entity or institution should be established with adequate operational authority and staffing resources for implementation, M&E data compilation, and reporting.

Water Supply for Low-Income Communities II—World Bank Loan 1352-INO

1. Brief Overview and Status

Water Supply for Low-Income Communities II (WSLIC II) is substantially based on the successful design of WSLIC I. In that first project, the number of rural water systems constructed exceeded the original design by approximately 40%. WSLIC II adopted a decentralized model responsive to community demand that channels financial resources and technical assistance directly to established village management units including the technical and financial administration of the subproject, as well as responsibility for monitoring. The approach is consistent with Indonesia's policy of decentralization and should avoid previous projects' problems with management and monitoring of resources channeled through national agencies. Additionally, the implementation of the project is linked with Indonesia's Water and Sanitation Policy Formulation and Action Planning Project.

While WSLIC I suffered from unnecessary complexity in fund channeling and multiagency administrative arrangements, particularly at the national or central levels, modifications have been made with the intention of streamlining project administration. The project is ongoing and will be extended. Although originally targeted to operate in six provinces and 40 districts, the project has already completed work in five provinces and will initiate work in three more. Given the very similar design apart from changes in the project organization from WSLIC I, WSLIC II to date is expected to continue to realize very similar results to the closed WSLIC I, for which an implementation complete evaluation has been performed.

2. Project Organization, Operations, and Management

The project organization structure is based on the central (or national), provincial, district, subdistrict, and village governments.

The Ministry of Health through the Directorate of Communicable Disease Control and Environmental Health is the executing agency for the project, for which a central project management unit (CPMU) has been established. The CPMU is composed of a central management team of agency officials as well as a central implementation team (CIT) of procured consultants. At the provincial level, provincial coordinating units have been established which compile and disseminate project planning and implementation data and report to a provincial planning and management team headed by the provincial planning agency, which essentially manages the district participation selection process.

3. The Roles of Communities, Nongovernment Organizations, Local Governments, and Other Actors

Each participating districts has formed a district project management unit composed of a district management team staffed by government professionals and a district implementation team of procured consultants. These consultants on the district implementation teams will also form community facilitation teams (CFTs) and will assist the local communities (villages) by disseminating technical and project information and assisting with subproject preparation and implementation. NGOs are typically hired as the national consultants to serve as CFTs.

Village implementation teams composed of representatives selected by interest groups

representing men, women, poor, and non-poor elements of the community have been created for the planning and management of subprojects.

4. Project Cycle and Subproject Selection Processes

CFTs assist the selected villages with rapid technical assessments to determine the technically feasible options for water and sanitation infrastructure. CFTs use a participatory methodology, Participatory Hygiene and Sanitation Transformation, to simplify a process in which communities themselves will identify local health and water problems, set priorities, and then agree on a strategy for solving the problems. Based on this approach, village implementation teams prepare community water and health action plans (CAPs) with assistance from CFTs. The CAPs are composed of (i) detailed engineering designs for water and sanitation infrastructure; (ii) a budget for planning and construction of all physical works, including a breakdown of community and government contributions; (iii) an action plan defining work to be done by village labor, contracted work, proposed payment arrangements, and the procurement schedule; (iv) key behavior changes to be promoted in the community and an action plan for this purpose; and (v) an implementation agreement.

5. Cost and Quality of Subprojects Constructed or Repaired

Although still ongoing, evidence to date suggests that subprojects are sustainable regarding both physical infrastructure and village fiscal capability and willingness to administer the necessary related functions to maintain service provision and fee collection. Furthermore, preproject economic internal rate of return analysis suggests that a 24% return was to be expected, while post-project partial economic internal rate of return analysis has suggested that an estimated 35% return is being realized. Additionally, while quality of the subprojects appears to be better or at least equivalent to previous other rural WSS projects, implementation costs seems to be about 50% less when procured by local government contractors rather than national government agency contractors.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

Grant funds will finance up to 80% of subproject costs. Communities must contribute 20%, of which

at least 4% must be in cash and 16% or less in in-kind contributions. Tariffs are set by the community and calculated based on the subproject characteristics and community service population as advised by the CFTs and a project operations manual.

7. Financing Arrangements and Modes of Funds Transfer

The World Bank disburses project funds to a Bank of Indonesia special account for the project. This is replenished when requests are made by the CPMU. Districts through the district project management unit prepare budgets based on the planned number of participating communities. Funds from the national project account are then transferred to similarly established special district project accounts. Villages make requests from fund transfer to the district project management unit based on having reached a number of established thresholds, including an approved CAP, a signed implementation agreement, and proof of the village's 4% contribution.

Allocations take the form of block grants to villages for activities defined in the subproject proposals, varying in amount based on the feasible technology options for WSS infrastructure and the health options chosen by the community. The ceiling for grants to each village is based on the appropriate technology options, and the amount of the grant provided is based on the estimated cost of the community's subproject proposal. The grants will comprise two parts: one for improving sanitation and health behavior and services, and one for civil works infrastructure.

The transfer to the village level is disbursed in three tranches: a 40% initial transfer, a 40% second transfer, and a 20% final transfer. The second and third disbursements are transferred to the village via its established bank accounts when the previous disbursement is drawn down during implementation.

8. Highlights, Lessons, or Issues in the Design Phase

Although WSLIC I was generally viewed as being successful, modifications in the design of WSLIC II reflect an ongoing approach of refining and building on previous lessons. Regarding lessons from the design of both these World Bank initiatives, it is clear that in the Indonesian rural WSS sector, the CDD approach in providing villages with water supply works well in comparison with a traditional

top-down approach. CDD approaches implemented in WSLIC I and WSLIC II stimulate community ownership; increase the participation of women, the poor, and other marginalized groups; improve prospects for subproject sustainability; and appear to generate higher economic internal rates of return than originally estimated.

With the government's ongoing national WSS policy initiatives, the link with the Water and Sanitation Policy Formulation and Action Planning Project will assist in the compilation of data from operations and ongoing M&E efforts.

Progress was initially slower than expected in the WSLIC II project. This was attributable to a failure in the planning and design—the number of districts selected did not match the allocated resources, and the districts were essentially a bottleneck. However, flexibility in design has allowed for a reallocation of resources.

9. Highlights, Lessons, or Issues in the Implementation Phase

Based on WSLIC I and progress to date on WSLIC II, scaling up and mainstreaming of WSLIC-based initiatives has been limited. Despite its relative successes, the WSLIC project principles were not intended to become routinely part of development planning and budget programming of local governments. Mainstreaming such principles would require a national framework, attention to advocacy and the recognition of WSS as a development priority, incentives for local government ownership of the program in project areas, and dissemination of CDD WSS beyond participating districts.

Furthermore, there appears to be a problem with the budgeting and allocation process. Subproject implementation is driven to be completed before the end of the year for budgetary reasons, yet at times allocation of the funds for the subproject implementation does not occur until midyear or later.

10. Insights

For budgets, estimates of subproject costs, and allocations, it should be clearly expressed that generic subproject costs are a guide for subproject costs, not a set allocation or ceiling. Subprojects should be designed and the costs based on actual requirements for coverage, whether less than or greater than the generic estimate.

Block grants should be used to fund subprojects. The currently implied practice of budgeting for a fixed specific number of subprojects at an estimated

cost per district per year should be discontinued. The subproject implementation cycle should no longer be linked to the budget calendar. This could be done through a front-loaded multiyear budgeting process.

Further observations on experiences and links in the Water and Sanitation Policy Formulation and Action Planning Project should be investigated. This will allow the CDD approach to operate within a national planning and policy framework, especially since the Government of Indonesia is keen to pursue a national program to achieve WSS Millennium Development Goals (MDGs).

Community Water Services and Health Project—ADB Loan 2163/2164-INO

1. Brief Overview and Status

Building on the lessons from ADB RWSSP and the World Bank WSLIC I and II, this ADB project was designed in line with the Government of Indonesia's objectives as described in its National Policy for Community-Based WSS. The objectives are to improve development, provision, and maintenance, and to enhance the sustainability and effective use of WSS infrastructure and services. Indeed, the ADB project was designed and initiated slightly before the policy, but by design the two initiatives are to be implemented concurrently. The Government of Indonesia is committed to meeting the MDGs, including the target of reducing by half the proportion of people without access to safe drinking water and basic sanitation by 2015 MDG 7, Target 10).

The project uses the same approach as the World Bank WSLIC II and indeed it is working through the same executing agency. Similar to the World Bank WSLIC II, it is designed to improve district government capacity to deliver basic water and sanitation services, strengthen communities to take primary responsibility for such services, extend water and sanitation facilities to communities through a demand-driven community-based approach, and increase communities' awareness and education regarding appropriate health and hygienic behavior. The project will eventually cover about 1,000 communities in 20 districts in four provinces.⁴

The project is ongoing and making progress, although because of delays in loan effectiveness and

in recruiting consulting services, the overall progress in areas funded under the loan are behind schedule.

2. Project Organization, Operations, and Management

The project organization consisted of actors in the central, provincial, *kabupaten* (district), subdistrict, and village governments.

At the central level, the executing agency for the project is the Directorate General for Communicable Disease Control and Environmental Health of the Ministry of Health, in which a CPMU has been established. The CPMU is guided by a project steering committee chaired by the National Development Planning Agency and includes representatives from the Ministry of Health, the Ministry of Public Works, the Ministry of Finance, and the Ministry of Home Affairs, among others. However, the CPMU was given overall responsibility for implementing and managing the project.

In the province, provincial support teams have been established with expertise in engineering, accounting, and institutional capacity building to support district and community consultants. A provincial coordination committee appointed by the governor also provides support to district coordinating teams and resolves any cross-jurisdictional issues.

In each participating district, a district project management unit has been established with responsibility for managing all project-related activities at the district level and below and for monitoring and evaluating project activities and reporting directly to the CPMU. In each district there is a district support team consisting of specialists in community empowerment, WSS engineering, and sanitation and hygiene behavior change to support the district project management unit and provide training to communities.

3. The Roles of Communities, Nongovernment Organizations, Local Governments, and Other Actors

As per the project design, each participating community establishes a CIT that is responsible for ensuring full involvement of the community in all project-related planning, training, subproject selection, fund raising, construction, sanitation

⁴ With an estimated 430 households per community.

and hygiene behavior change, and O&M. The term “support” typically identifies consultants hired to assist with implementation of the project, whether they provide engineering or capacity building and training, or both. These consultants can, and in many cases will, take the form of NGOs.

4. Project Cycle and Subproject Selection Processes

The project’s CFTs assist local communities to develop their own CAPs for sustainable WSS. The process of CAP development starts with the establishment of a long list of communities showing interest in the project. A road show, containing information about the project and criteria for participation, is organized in each district to inform and register the interested communities. Based on specific criteria for the selection of communities, a short list is established in which the methodology for participatory assessment–participatory hygiene and sanitation transformation is implemented. The methodology for participatory assessment–participatory hygiene and sanitation transformation is a methodology to assess strengths and weaknesses of a community and to assess the sustainability and use of community water and sanitation services. The methodology provides data to be used to plan and implement new services. Participatory hygiene and sanitation transformation is used to assess the opportunities for sanitation and hygiene behavior change. As a result of the assessment, a CIT consisting of selected members of the community is formed and legalized by the *bupati* (district head). As a legalized village institution, the CIT will open a bank account to receive the money for project implementation. Supported by the CFT, the CIT will develop a CAP for WSS, to be approved by the district project management unit.

It is expected that the WSS civil works subproject cycle will take less than 1 year with approximately 2 months for subproject planning and 3–6 months for subproject implementation. As for the sanitation and hygiene behavior change component of each subproject, it was originally expected that this would take longer than 1 year; however, this has been compressed to less than a year for national fiscal planning purposes.

5. Cost and Quality of Subprojects Constructed or Repaired

Since the implementation is ongoing, it is too early to assess the cost and quality of the subprojects being designed and implemented. However, given that the design of the Community Water Services and Health Project (CWSHP) is largely based on the design of the World Bank WSLIC II, results similar to those realized under that project should be expected.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

Following the working example set by the World Bank WSLIC II, communities are required to demonstrate their commitment by contributing at least 20% of the total capital investment cost of the WSS subproject, in the form of 16% in-kind and 4% cash contribution.⁵ The local community is responsible for all O&M costs, which are estimated during the subproject selection process.

Tariffs are set by the communities themselves, guided by the CFTs and based on the project operations manual, which offers prescription guidance on tariff setting given community population, subproject design, and cost.

7. Financing Arrangements and Modes of Fund Transfer

For CPMU, provincial coordination, and district project management unit activities, ADB has used direct payment and imprest accounts procedures for payment of these activities to the Government of Indonesia. Direct fund channeling of community funds has proven to be both reliable and efficient in providing the flow of funds to the beneficiaries of community-based civil works contracting. Therefore, for village investments, state-owned bank imprest accounts serving as “pass through” accounts make payments directly to individual bank accounts established and held by the CITs.

Payments to the participating communities are outlined in the project’s implementation guidelines. The CPMU project manager will arrange to channel the village grant tranche allocations in installments

⁵ In the post-tsunami areas where the project is being implemented under grant funding, local communities are not required to meet the 20% cost contribution. It may be an interesting future study to analyze whether this change results in any observable differences in subproject quality, cost, and sustainability.

of 40%, 30%, and 30%. The first installment is primarily used for preparations and is composed of 20% from the district government, including the 4% community cash contribution, and 20% from the ADB loan. A second tranche of 30% payment indicates that implementation of the works has begun and that all necessary materials are purchased and civil works are subcontracted or implemented by community members as their in-kind contribution. Disbursement of the third tranche indicates that physical works have been finalized and that the period of trial running and verification has begun. It is the project's policy that the third installment will only be paid after the user's group or the water management unit has been formed and properly trained in O&M, fee collection, administration, and finance of the constructed water supply facilities.

8. Highlights, Lessons, or Issues in the Design Phase

Based on lessons and recurring problems in the provision of Indonesia's rural WSS services, the project design addressed three key problems that resulted in poor health outcomes: (i) insufficient local government capacity to facilitate and deliver quality services in water, sanitation, and health to the communities; (ii) insufficient community capability to develop, build, operate, and maintain community-based WSS facilities; and (iii) lack of community awareness about safe sanitation and hygiene practices.

9. Highlights, Lessons, or Issues in the Implementation Phase

Because of delays, it is too early to assess implementation progress under the loan component of the project. However, according to recent quarterly progress reports from the grant-funded areas affected by the tsunami, the project appears to be progressing well. The CAPs include detailed procedures on how newly constructed infrastructure will be properly operated and maintained. The third tranche payment to the communities should only be released if an adequate O&M system is in place. However, in some villages, facilities have been completed without establishing adequate O&M procedures or systems required for ensuring the

sustainability of newly established sanitation or water supply services or both. While community mobilization and participation in the development of CAPs and carrying out civil works is very encouraging in all participating villages, more emphasis needs to be placed on the establishment of adequate O&M mechanisms.

10. Insights

As discussed above, the CWSHP has followed the design of the WSLIC II and is even using the same executing agency. The WSLIC II started prior to the CWSHP and is making reasonable progress, while the CWSHP has been hampered by implementation delays. Without knowing the rationale for the selection of the executing agency, the capacity of the agency and indeed the consultants and NGOs supporting both projects appear to be limited in trying to support both projects at once. This suggests that a closer examination of the capacity of counterpart agencies in the project design regarding implementation or scaling up of CDD projects needs to be considered. Simply replicating the design of a successful project is not enough to guarantee positive results.

II. Case Study Analysis of Projects in Nepal

Nepal is the poorest country in South Asia, with an annual per capita gross domestic product (GDP) of \$290 and poverty incidence of 31% in 2006.⁶ The effectiveness of many years of assistance from various bilateral and multilateral international donor and aid agencies is highly debatable. Given that the recently ended 10-year internal conflict is widely recognized as having devastated Nepal's development through intentional damage to physical infrastructure, low private investment, a reduction in aid-funded development expenditures, weakened grassroots service delivery, trade disruption, and increased migration from conflict affected areas, an isolated analysis of such programs is difficult.

From many years of ADB assistance to Nepal in WSS, valuable lessons were learned with resultant changes in the donor's country and sector strategy.

⁶ United Nations Statistics Division. 2008. *Social Indicators*. <http://unstats.un.org/unsd/demographic/products/socind/inc-eco.htm>; World Bank. 2008. *Nepal at a Glance*. http://devdata.worldbank.org/AAG/npl_aag.pdf

ADB's first two rural WSS projects in the 1980s were essentially supply driven, with the Department of Water Supply and Sewerage (DWSS) as both project implementer and operator of the completed water schemes. There was no community participation and little cost recovery. The reliance on the central government budget for O&M of the rural water supply projects proved unsustainable. The major lessons from the first two projects were that project sustainability required a participatory approach and projects must be demand driven. The commitment of beneficiary communities, in terms of capital cost contribution and timely setting up of community-based WSS users committees, is essential to successful implementation and sustainability of the projects. Such commitment, however, can be obtained only by involving the communities in planning, design, and O&M of the projects, which in turn requires comprehensive education and interaction with the local communities.

Applying lessons from these earlier projects, the third and fourth ADB rural WSS projects incorporated participation by communities, NGOs, and women in the project designs. Countrywide lessons were reported in ADB's *Nepal: 1999 Country Synthesis of Evaluation Findings*. The key lessons are as follows:

- (i) Participation of local communities during both design and implementation is crucial for project sustainability and success.
- (ii) Project design should institute appropriate O&M mechanisms and properly delineate responsibilities.
- (iii) Good governance and anticorruption measures contribute to a more favorable project implementation environment.
- (iv) Private sector participation should be encouraged especially in the marketing, distribution, and maintenance of project outputs.

Similarly, the World Bank has assisted in the development of Nepal's WSS sector since 1974. Prior to 1991, its focus was on urban water systems in support of the United Nations Development Programme. Following an internal review, the World Bank shifted its focus to investment opportunities in the rural sector. Once again in partnership with the United National Development Programme, and through the use of NGOs, a 3-year pilot program

(JAKPAS) was launched to explore service delivery opportunities. The result of this pilot program was the World Bank's first lending project, the RWSSP, which was CDD in design.

Fourth Rural Water Supply and Sanitation Sector Project (4th RWSSP)—ADB Loan 1464-NEP

1. Brief Overview and Status

Under this project, as well as the similarly named Third Water Supply and Sanitation Project, DWSS started to change from project implementer and water supply system operator to development facilitator. DWSS also started to transfer the completed water schemes to the local communities for O&M. Although this project was designed early in the 1990s, it substantially moved away from the earlier supply-driven approach. However, with the participatory approach being essentially a rudimentary form of consultation with the stakeholders, it does not fully qualify as a CDD project, but rather can be categorized as a CBD project.

The project's objectives were to (i) provide safe water supply in about 1,500 rural communities in 40 districts of Nepal's eastern, mid-western and far-western development regions; (ii) promote hygiene education and low-cost sanitation facilities in these regions; (iii) achieve greater sustainability by extending the community-based approach to all rural WSS projects; (iv) strengthen water users committee's O&M capabilities for completed subprojects; (v) improve sector cost recovery; and (vi) strengthen sector institutions, including DWSS and water users committees.

Based on ADB's evaluation criteria against its original project design, objectives, and performance indicators, the project has been internally evaluated as *successful*. The project's objectives and approach were very much aligned with development strategies of both the government and ADB. In terms of delivery, those types of subprojects that were implemented generally achieved the expected benefits; however, development effects appear to vary because of issues with subproject design and sustainability as related to DWSS support to local communities.

This project was implemented from 1997 to 2002 and is closed. A PCR was completed in 2004, which rated the project *successful*.

2. Project Organization, Operations, and Management

As predicted during project appraisal, the project management and organizational structure existing from the previous two ADB-assisted WSS projects was adopted for this project. The Ministry of Physical Planning and Works (MPPW), in its capacity as the line agency for the sector, was the executing agency providing overall policy and technical supervision for the project. DWSS was appointed as the implementing agency, with overall responsibility for implementation. A project steering committee was established, chaired by MPPW and including members of DWSS, the Ministry of Finance, the Ministry of Local Development, and the National Planning Commission to provide guidance and oversee implementation. However, its effectiveness was limited since it did not meet regularly and was not proactive in addressing project implementation issues.

The project organization consisted of actors in central, regional, district, and village governments. A central project management office (PMO) was established with DWSS and was charged with coordinating and managing all aspects of project implementation including planning and monitoring, developing operational procedures and manuals, procurement, and coordinating with the donor and local agencies in the districts. Regional PMOs were established in the three project regions and supported the central PMO through coordinating with the district water supply offices and water users committees at the subproject level.

3. The Roles of Communities, Nongovernment Organizations, Local Governments, and Other Actors

The communities assisted in the selection of subprojects and submitted the formal request to the district development committees through the village development committees. DWSS procured domestic consultants to assist with project management, training, community development, subproject design, and construction supervision.

4. Project Cycle and Subproject Selection Processes

The subproject implementation and selection procedure as detailed during the project design was generally followed. This included a scoring system to set priorities for subprojects, given a set of criteria and data on the subproject and community such as

current water supply access, estimated subproject costs, and potential community contributions.

The subproject selection process was initiated with the dissemination of information about the project to the communities through the district development committees and the village development committees. Surveys of proposed subproject sites and subproject identification reports were then prepared and submitted to the district water supply offices, which then went to the regional PMOs and eventually the central PMO for consolidation and inclusion into the national program. Depending on their inclusion and evaluated priority, more detailed subproject appraisals were then undertaken.

Design and construction were undertaken by DWSS with assistance from procured domestic consultants. Once subprojects were completed, they were handed over to the communities.

5. Cost and Quality of Subprojects Constructed or Repaired

A sampling of 30 subprojects was undertaken at the time of the PCR, approximately 2 years after the project was completed. At that time, approximately 30% of the subprojects were deemed to be less likely for long-term sustainability because of inadequate O&M cost recovery, poor water quality, and significant management and technical problems.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

The actual project cost was \$25.7 million, or 96% of the estimated cost, including \$11.4 million in foreign exchange costs and \$14.3 million in local currency costs. ADB financed about 72% of the overall project cost, the government financed about 15%, and beneficiaries financed an estimated 13%. Upon agreement of the subproject, water users committees collected deposits (NRs500–NRs1,000) from beneficiary households as an in-cash contribution to be set aside. Interest would be earned to partially finance O&M.

7. Financing Arrangements and Modes of Fund Transfer

In this project, funds were transferred from ADB to a Government of Nepal imprest account. DWSS played a dominant role in supplies and services procurement.

8. Highlights, Lessons, or Issues in the Design Phase

While the project's design followed the community-based active participatory approach, the community beneficiaries only had a limited role in the actual planning and implementation of subprojects. DWSS played a more dominant role in subproject design and procurement. DWSS maintained that local communities lacked the institutional capacity and technical capability to undertake such processes on their own.

Although the project was conceptually designed as an integrated WSS development project, the sanitation component was limited to local school latrines and community education. It was expected that such activities would spill over into private household latrine construction, but because of project design or lack of required support, this did not occur.

By intention, women in local communities were targeted beneficiaries, particularly in terms of participation and time saved. However, the design did not provide adequate measures to promote active participation in the subproject design and implementation. Although women served as members on water users committees, they were represented in minority numbers and did not occupy any key decision-making positions in the local community units established for the project. Therefore, while the numbers of women required to be involved in the process were generally met, the intent of their inclusion was not.

9. Highlights, Lessons, or Issues of the Implementation Phase

Project implementation was efficient, as all project activities were completed without any implementation delays or cost overruns. However, project implementation and management deteriorated toward the end of the project. This situation may have been precluded had more of these activities been the responsibility of the beneficiary communities rather than DWSS.

Weak subproject implementation monitoring resulted in inadequate social mobilization, weak implementation of the project's sanitation component, and sometimes, unsatisfactory outputs under some subprojects.

10. Insights

The project illustrated that community capacity building should be closely linked to more tangible

subproject activities and the benefits that follow as a means to ensure continued community engagement and active participation.

An effective community-based M&E system would have likely led to better sequencing of subproject activities during implementation via adequate social mobilization and buy-in.

Project designs should include clear procedures regarding the interests and roles of disadvantaged groups, including women, minorities, and the poor, to ensure more participation in decision-making processes and more equitable sharing of project benefits and effective poverty reduction effects.

Rural Water Supply and Sanitation Project I—World Bank Credit 2912-NEP

1. Brief Overview and Status

The goal of this project was to assist the Government of Nepal's implementation of a strategy to promote decentralization and involve beneficiaries and the private sector in the provision of rural WSS. Lessons from previous projects suggested that establishment of a new quasi-government organization, the Rural Water Supply and Sanitation Fund Development Board, was needed to successfully implement the project.

The project had three major objectives: (i) delivery of sustainable health and hygiene benefits to the rural population through improvement in WSS facilities; (ii) increasing real income by assisting women to identify ways to earn income during time saved in fetching water; and (iii) strengthening government and nongovernment capabilities to undertake and sustain development efforts.

Based on the World Bank's evaluation criteria against its original project design, objectives, and performance indicators, the project has been internally evaluated as *satisfactory*. The project's objectives and approach were very much aligned with development strategies of both the government and ADB. In terms of delivery, it was found that the Fund Board evolved over time and became an effective organization to support the project. Aside from Fund Board's final say on subproject planning and decision making, local communities have control of the other four CDD features.

Implemented from 1996 to 2003, this project is technically closed; RWSSP II—essentially a follow-on to RWSSP I—has recently been appraised and is now being implemented. Given the batch nature

in which RWSSP I was implemented, it is difficult to assess any significant difference in project design and implementation aside from the fact that RWSSP II is now entering geographic areas that were not included in the batches of RWSSP I.

2. Project Organization, Operations, and Management

The institutional arrangement for the project was specifically geared to support a demand-driven and participatory approach that would empower communities to be in charge of the WSS facilities.

The Fund Board was established as a special vehicle for this project based on the recommendations of the JAKPAS pilot study. The Fund Board's objective is to promote sustainable, reliable, and cost-effective demand-led rural WSS services with emphasis on community-based approaches. The Fund Board, by World Bank agreement with the government, will be responsible for overall oversight of the project, including policy formulation and M&E. All necessary powers to approve budgets, programs, plans, and the selection of support organizations and schemes, based on objective transparent eligibility criteria, is conferred on the Fund Board. It can subcontract with support organizations and communities that meet eligibility criteria for the development and implementation phases of a scheme.

The Fund Board liaises with MPPW to ensure that subproject selection and development is in line with national plans.

3. The Roles of Communities, Nongovernment Organizations, Local Governments, and Other Actors

At the scheme level, the Water Supply and Sanitation User Group with its WSS users committee are the main actors. These are locally established groups in the communities with responsibility for O&M of the schemes. These are legally registered bodies, registered under the Water Resources Act and Regulations, consisting of representatives of every household that has chosen to participate in the rural WSS scheme. The Water Supply and Sanitation User Group elects a WSS users committee as its executive body. The committee implements, operates, and maintains the WSS. A support organization will assist the Water Supply and Sanitation User Group and the committee.

Support organizations are legally registered local, national, or international NGOs, private firms, or

community-based organizations selected by the Fund Board based on their proven record in community development activities to support rural communities in carrying out their WSS schemes. The support organizations will also disseminate information on the availability of support for WSS in rural areas under the Fund Board approach. The support organizations will help communities apply to the Fund Board and then provide assistance in technical and social aspects of the project, including social capital mobilization, awareness creation, and community capacity development in identification, planning, implementation, O&M of rural WSS schemes, and periodic support during the post-implementation phase to ensure sustainability of the services.

4. Project Cycle and Subproject Selection Processes

Project activities are divided into four phases: predevelopment, development, implementation, and post-implementation. The activities include prefeasibility studies, survey and design of schemes, and estimating the construction cost of water supply schemes, school or institutional and household latrines, and catchment protection activities as well as nominal amounts for post-implementation support.

The predevelopment phase (gravity 12 months, groundwater 17 months) consists of the following activities: prequalification of support organizations, site appraisal and collection of relevant data, prefeasibility study preparation and assessment, scheme selection, and signing of the development phase contract.

The development phase (12 months) activities include orientation and training of support organization staff, preparation of the CAP, in-cash and in-kind contributions by the community, completion of the detailed design, and finalization of the implementation phase proposal.

The implementation phase (gravity 13 months, groundwater 10 months) begins after the development phase audit is complete and includes technical training of the community, construction activities, and Women's Technical Support Services activities. This phase is a consolidation of all the phases with the development of a completed and functioning water supply scheme and sanitation facilities. It requires trained WSS user committee and community members capable of operating and maintaining the scheme and facilities, including operating bank accounts and managing community resources.

The post-implementation phase (24 months) is used to follow up periodically on the sustainability aspects of the scheme including O&M.

The overall design of the project involves the development process going through these four phases in batches. In this manner the Fund Board queues areas and communities to avoid overstressing its project management and administration capabilities.

5. Cost and Quality of Subprojects Constructed or Repaired

Experience to date suggests that the demand-driven and participatory decision-making processes in which the community is in the driver's seat ensures scheme sustainability. Based on established project indicators, a sustainability analysis of batches I and II schemes shows that 82.5% of batch I and 89% of batch II schemes are satisfactorily maintained by the communities after 3 years of subproject completion.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

Communities are expected to contribute at least 20% of the capital costs of the water supply schemes. In addition, communities are expected to make an up-front contribution toward the cash costs, ranging from 2.5% for gravity schemes to 20% for shallow tube wells. Up-front cash deposits are also made equal to the annual average estimated O&M expenditure, roughly estimated at 3% of the scheme construction costs. It should be noted that communities have identified creative methods to assist poorer residents in meeting their cost obligations through the use of sliding scales.

Tariffs are set by the communities with the assistance of the support organizations.

7. Financing Arrangements and Modes of Funds Transfer

The World Bank provides funds for the Fund Board in a specially established account. The government then releases these funds as block grants to the Fund Board in three tranches according to its fund release procedures.

The funds flow mechanism from the Fund Board to the communities is governed by contracts approved by the Fund Board and supporting organizations in the development phase of subprojects, and an agreement among the

supporting organizations, communities, and the Fund Board in the implementation phase. The release of tranches is contingent upon specific accomplishment of predefined outputs. Community cash and in-kind contribution has to be clearly specified in the scheme proposal. Proposals from supporting organizations and communities are carefully examined by a technical appraisal committee, and once the Fund Board sanctions the proposals, the amounts to be disbursed from the International Development Association credit against specific outputs are treated as expenditures.

8. Highlights, Lessons, or Issues of the Design Phase

The project design was highly relevant to the achievement of project objectives under implementation. This resulted from the time and investment of the earlier JAKPAS pilot study, which concluded that the establishment of a new executing agency was needed. The effectiveness of the project design was directly related to the establishment, evolution, and performance of the Fund Board.

The design also carefully distinguished the differing roles and requirements of the Fund Board versus those of the communities. This assisted in the measurement of the performance indicators established in the M&E framework, which was given a high priority at the project appraisal stage. The communities were largely responsible for the M&E in terms of compliance, material spot checks, financial audit of the supporting organizations and community itself, and overall process monitoring directly related to objectives, outcomes, and impact monitoring. The Fund Board played a key role in the M&E, acting as both coordinator and collator of data and information. However, it was noted that the Fund Board could not analyze all the information in a timely manner to provide necessary feedback in bringing about any required strategic changes. As a result, a separate M&E division in the Fund Board has been proposed for the RWSSP II.

9. Highlights, Lessons, or Issues of the Implementation Phase

Project implementation exceeded expectations. As rural communities realized subproject benefits, there was evidence of increased revealed preference for the various types of subprojects and increased participation.

The Fund Board maintained high financial transparency in project activities. An agreement among the community, support organizations, and the Fund Board is carried out for the implementation phase. The Fund Board releases funds for construction to a support organization and water users committee joint account. The support organization was responsible for procurement. This increased the local communities' capacities in procurement, sense of ownership, and transparency. Each community posts the contract procurement amounts with various contractors. In general, it is estimated that the schemes cost the communities less than through previous methods.

10. Insights

Comprehensive approaches to development in which provision of small-scale infrastructure is accompanied by capacity building to develop local institutions that are willing to accept ownership and responsibility for O&M are much more successful than infrastructure alone.

The project illustrated that rural communities, even if poor and with low levels of educational attainment, can successfully implement, operate, and maintain simple rural WSS systems. Their success depends on their ability to organize themselves and to reach internal agreement on subprojects, and their willingness to make up-front financial commitments.

Project outcomes need to be considered in a careful design of institutional relationships and M&E to link project interventions to expected improvements, development effects, and responsible stakeholders.

It has been stated that the establishment of the Fund Board was key to the successful implementation of the project; however, governance of the Fund Board was one of the most contentious issues in the design. The donor learned two lessons: (i) the lengthy time and associated cost of the pilot study paid dividends in the subsequent project design and implementation; and (ii) it may be difficult to obtain initial borrower buy-in for certain project designs, particularly with proposed institutional changes, but careful and conditioned in-depth institutional analysis, explanation of the issues and rationale, and inducement to the borrower can bring about workable compromises.

Small Towns Water Supply and Sanitation Sector Project—ADB Loan 1755-NEP

1. Brief Overview and Status

The primary objective of the project is classified as human development and secondarily as poverty reduction. The project will improve water supply and sanitation conditions in 40–50 new small towns with average populations of about 12,000 each. The objectives are to (i) improve the health and quality of life of the people living in the project towns by constructing water supply, drainage, and sanitation facilities, and providing health and hygiene education; (ii) support community participation by developing the institutional capacity of community-based water users steering committees, and by requiring the beneficiaries to make contributions in cash or kind to cover partial project costs; and (iii) promote community-based water quality monitoring. The project is closed.

2. Project Organization, Operations, and Management

This project has a two-tier structure consisting of stakeholders at the national or central and town government levels.

MPPW is the executing agency for the project and DWSS is the implementing agency. DWSS has established a PMO to manage the project on a day-to-day basis including all aspects of implementation. Consultants have been procured to assist the PMO. In the central government, a project coordination committee has been established, and is chaired by the secretary of MPPW. It has been set up to coordinate the activities of DWSS, the Town Development Fund, local governments, and water users steering committees.

The PMO establishes in each selected town a town project office with qualified staff, including a female social worker. The town project office coordinates with consultants, NGOs, local government, and water users steering committees in project-related field activities assisted by the implementation consultants. The town project office will also supervise the town project implementation, certify the quality and quantity of contractor outputs, and submit town project progress reports to the PMO. The town project office will include two

representatives from the local water users steering committee, with at least one being female.

A government-owned autonomous body, the Town Development Fund, has been providing financial and institutional support to the project. The Town Development Fund examines the town projects' costs in connection with debt servicing capabilities of the local governments and water users steering committees in the subproject appraisal process.

3. The Roles of Communities, NGOs, Local Governments, and Other Actors

In each town project a water users' association is created and registered at the district water resource committee. From within the association, a water users steering committee is formed, which will perform all tasks on behalf of the association on WSS development within the town service area. The steering committee, on behalf of the community, prepares the financing plan and collects the necessary contribution resources to provide an initial cash deposit of 5% of the project cost and in-kind or cash contributions of 15% of the project cost. In addition, the steering committee disburses 30% of the capital cost of the project during construction at an annual interest rate of 8% out of the soft loan borrowed from the Town Development Fund within the maturity period of 12–15 years of operation of the town project.

Local governments are responsible for providing the initial information required for preparing town project applications and ensuring that water users steering committees are established in town project service areas. The application from the local body and the steering committee for project funding, endorsed by the district development committee concerned, is required in the submission of subproject proposals to the PMO.

The role of NGOs in the project is largely focused on the public awareness campaign and the health and hygiene education program, and thus is focused on the changing of local communities' perspectives and attitudes regarding drinking water and sanitation activities.

Domestic consultants are procured by DWSS to strengthen and support project management and implementation capabilities of the PMO regarding feasibility studies, engineering design, and construction supervision.

4. Project Cycle and Subproject Selection Processes

Selection criteria have been developed for screening and setting priorities for the town project based on the town's existing WSS condition, service level, hardship conditions, and willingness for participation by local bodies and water users steering committees. However, potential town projects are selected mainly on the basis of the community's willingness to contribute a minimum of 20% of the construction cost, including a minimum of 5% in cash.

The project is based on a demand-driven approach through an interactive process involving significant community participation. The subproject cycle starts from a joint application from the local government and the steering committee with district development committee endorsement. Other activities consist of (i) evaluation of the applications and setting them in priority order; (ii) signing of the CAP by the steering committee; (iii) doing a feasibility study; (iv) confirming the feasibility study by the PMO, the town development fund, and the steering committee; (v) a detailed engineering design by consultants; (vi) a town project agreement signed by the steering committee and the PMO; (vii) tendering and bid evaluation by the PMO and the steering committee of potential consultants and contractors; and (viii) construction supervision by consultants.

5. Cost and Quality of Subprojects Constructed or Repaired

Overall costs on the subprojects has been less than expected at the appraisal stage, but this is mainly because of actual delays in the implementation of the works. With such delays, full actual realized costs may end up being greater than initially estimated. In particular, there are significant delays in the implementation of tap connections. In general, water is being delivered, but not according to the original design of the subprojects. Quality failings have been observed in transmission lines, treatment facilities, and most frequently in the bulk metering systems.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

Funding for a water supply subproject is on a 50%–50% basis between the water users steering committee and the Government of Nepal. The project requires the beneficiaries to make

contributions in cash or kind to initially cover 20% of the project cost during implementation and the remaining 30% in a loan payback period of 12–15 years after commission. Additionally, the town development fund supports the steering committee in recommending tariff setting and monitors fee collection in the project to ensure that at least O&M and 30% debt service payments are covered. The town development fund also provides training to users on financial planning and bookkeeping.

7. Financing Arrangements and Modes of Fund Transfer

The PMO is responsible for disbursing 50% of town project construction costs for water supply and 80% of construction costs for sanitation and drainage facilities development. The PMO is also responsible for providing up to 50% of construction costs of in-premise latrines to identified urban poor households.

According to the signed project agreement between ADB and the Town Development Fund, the fund has agreed to provide a 30% loan to the water users' association against the construction costs of the project. The Town Development Fund will lend 30% of the construction cost incurred on water supply facilities development in the towns project and will collect from the communities loans with an annual interest rate of 8% for 12–15 years.

Payments made by the PMO and the Town Development Fund are through an established water users steering committee source account especially set up for the proposed subproject.

8. Highlights, Lessons, or Issues of the Design Phase

The collaboration of NGOs and water users' associations and water users steering committees is essential for capacity building. These committees do not possess adequate knowledge of water management, health and sanitation, and empowerment of women, all of which the NGOs are supposed to provide through training. To ensure that local NGOs are each getting across the same message, it may be useful to have an umbrella organization. In general, there appears to be a lack of clear responsibilities in the design of the project or in the interpretation of the design, since it has been reported that there appears to be little coordination between DWSS and steering committees.

Despite training efforts on financial aspects by the Town Development Fund, on technical aspects by consultants, and on hygiene and sanitation by NGOs,

the training does not appear to be intensive enough to generate confidence in the ability of the steering committees to manage the O&M of their system.

While the concept of making a loan to the local communities to generate their active participation in operations and collection of fees makes sense in principle, it is not working as designed. Low and delayed payment of principal and interest installments on the loan for the subprojects is because of low numbers of tap connections and low water tariffs. Most subprojects are not breaking even and will be unable to repay loans.

9. Highlights, Lessons, or Issues of the Implementation Phase

Changing the attitudes and behavior of the local communities is a long-term process; therefore it should be assigned to local NGOs which are hired full-time throughout the project implementation period. National NGOs without local units in the project area cannot accomplish what is required. Involvement and active participation of locally based NGOs is crucial to the success of public awareness, health, and hygiene campaigns.

Delay in construction has been found to be a common feature in almost all of the subprojects. Such delays have significant cost implications for the communities who are being charged interest on the loans from the day of disbursement.

10. Insights

Increased quantity and quality of water are considered health benefits, but questions remain on the efficiency of project implementation. The technology chosen, given the nature of the designed service area coverage and delivery, may not be conducive to CDD as an approach as it is currently structured. Capacity-building efforts focused on developing the skills of communities clearly take a long time. This applies to both the technical capability for O&M of WSS civil works and to increasing hygiene awareness. This extended effort should be carefully considered in the context of the scope, size, and duration of the project.

III. Case Study Analysis of Projects in the Philippines

In the 1960s, the Philippines was hailed as a model for development in Asia. It had a high GDP per capita, a burgeoning urban metropolis, a strong rural

agrarian sector that yielded enough rice to make the country a net exporter of the country's main staple crop, and an institutional and legal framework closely modeled on a successful Western democratic republic. Indeed, given its location, along with these and other factors, the capital of Manila was selected as the headquarters of ADB. However, since that time and contrary to what was expected, the Philippines growth path has been suboptimal, falling far short of its potential given the country's resources and starting position. In 2007, the Philippines GDP per capita was below that of Indonesia, Thailand, Malaysia, and Singapore. While remaining higher than that of Cambodia, Timor-Leste, the Lao People's Democratic Republic, and Viet Nam, growth rates suggest that these other countries are on a pace to overtake the Philippines in the near future.

A perennial constraint to growth and development has been the overall state of infrastructure in the country, particularly in rural areas. Infrastructure development has lagged behind the high population growth, with serious consequences for the country's competitiveness and quality of life. Low levels of investment in infrastructure have increased the cost of doing business and adversely affected the attractiveness of the Philippines as an investment destination. In the *Global Competitiveness Report 2008–2009* (Porter et al. 2008), the Philippines ranked 71st out of 134 countries in the survey and is significantly lower than its regional neighbors—Indonesia at 55, Thailand at 34, and Malaysia at 21. This was dragged down by the infrastructure ranking of 94.

Reliable physical infrastructure is the backbone for improving competitiveness and expanding productive capacity. Infrastructure spending has been shown to have a significant positive impact on GDP growth in the Philippines. Yet, efforts of the Government of the Philippines to deliver infrastructure have often been reactive responses to crises rather than proactive inputs to a growth strategy based on effective long-term planning and providing an enabling environment for development (World Bank 2005c). Despite years of assistance from ADB and the World Bank, the Philippines has invested less in infrastructure than have most of its regional neighbors. For example, in 2005 the national government capital expenditure as a share of GDP was 8.6% for Viet Nam, 5.3% for Malaysia, and 3.0% for the Republic of Korea, but only 2.4% for the Philippines. These development partners have been urging the Government of the Philippines to

raise infrastructure investment levels to at least 5.0% of GDP, but funding for infrastructure has been chronically low and inconsistent. Government expenditure on infrastructure, after peaking at 4% of GDP in 1994, has declined to approximately 2%. Furthermore, the infrastructure that does get delivered is arguably of questionable quality and value and ripe with accusations of graft and corruption, such as the recent World Bank-funded National Roads Improvement and Management Program Phase 1 and the private sector participation airport project, Ninoy Aquino International Airport Terminal 3. These accusations raise questions about the transparency and effectiveness of the disbursements for these funds during the projects' implementation. Additionally, have the projects achieved their objectives in improving the quality of life and empowering their target beneficiaries?

However, there have been notable success stories that have utilized CDD principles, which are in line with the Filipino culture of *bayanihan*—the spirit of cooperative effort involving a community of members. For instance, the Kapitsibig Laban sa Kahirapan—Comprehensive and Integrated Delivery of Social Services (Kalahi–CIDSS) Project is the most popular and successful CDD project in the country. Implemented in 2003, the project empowers communities through enhanced community participation in local governance through the use of a competitive process in which villagers select projects from an open menu and set them in priority order for funding. More importantly, the project provides villagers with an organized and formal venue for accessing information, expressing their opinions, and influencing local governance. Other successful projects that have taken on the CDD approach, some of which have been patterned after Kalahi–CIDSS, include

- (i) the World Bank's Mindanao Rural Development Project Phase 2, part of a four-phase adaptable program loan aiming to improve incomes and food security in Mindanao;
- (ii) the Autonomous Region in Muslim Mindanao Social Fund Project, focused on the development of rural roads, water supplies, sanitation, small-scale irrigation, communal clinics, schools, and other infrastructure and basic services through speedy financing of local projects in conflict-affected areas of the country;

- (iii) the Community-Based Resource Management Project, to reduce environmental degradation and rural poverty through projects designed and carried out by local communities for agriculture, forestry, coastal resources, fisheries, and rural infrastructure;
- (iv) the Third Rural Finance Project, which will support the development of microenterprises; and
- (v) the Spanish Agency for International Development Corporation (AECID)–funded Poder y Prosperidad dela Comunidad Project in Agusan del Sur and Surigao del Sur.

The CDD approach, coined by the Department of Social Welfare and Development (DSWD) as *Makamasang Tugon* in Tagalog, has been used in pilot municipalities in two regions. The forthcoming the Agrarian Reform Communities Project II adopts the same CDD approach undertaken in the first project of the same name. It involves infrastructure projects and the enhancement of agribusiness activities to support poor beneficiaries of the government's Comprehensive Agrarian Reform Program. Other funding will be used to support a Kalahi–CIDSS II project. Clearly in the Philippines, CDD projects have shown their value in generating economic development relative to the country's experience in non-CDD projects.

Agrarian Reform Communities Project—ADB Loan 1667-PHI

1. Brief Overview and Status

The project was formulated in line with the framework used for the World Bank–funded Agrarian Reform Communities Development Project. At the time of its formulation the project was very much in line with the government's development priorities as described in its Medium Term Philippine Development Plan, Social Reform Agenda, and Comprehensive Agrarian Reform Program. These plans sought to focus resources on rural poor areas through a process of decentralized government, using local government units (LGUs), NGOs, and people's organizations. The project was focused on the income enhancement of targeted beneficiaries through improved farm and communal productivity measures, access to technology, asset reform through land distribution, and complementary infrastructure interventions that either reduce cost or add value

to the beneficiaries' livelihood activities. An agrarian reform community (ARC) was defined as a *barangay* (village) or cluster thereof where 50% or more of the households had been recipients of land distribution efforts. The project area covered some 200 agrarian reform communities in 25 provinces and it was expected that each community would require some form of potable water system improvement either in the form of pumps or the digging of wells, or both.

The project is now essentially closed, having completed its impact assessment in 2008.

2. Project Organization, Operations, and Management

The Department of Agrarian Reform (DAR) served as the executing agency responsible for management and implementation of the project. Due to the similarities in project design, this ADB-funded initiative made use of the World Bank–funded Agrarian Reform Communities I Project Management Board and Central Project Office (CPO). The Project Management Board was chaired by DAR and included members of the National Economic Development Authority, the Department of Finance, the Department of Budget Management, the Department of Agriculture, the National Irrigation Administration, and the Land Bank of the Philippines. The Project Management Board provided policy guidance and approved the annual plan for implementing the various components. The CPO had actual management responsibility for all project activities and components including subproject approval and supervision, budget preparation and project accounting, M&E, procurement, and disbursement of funds to implementing agencies. The CPO was a large project organization with a staff of about 50.

At the provincial level, project activities were supported by DAR's provincial office staff, which oversaw the work of development facilitators.

3. The Roles of Communities, NGOs, Local Governments, and Other Actors

LGUs and NGOs were used heavily for all components of the project, particularly training for community and institutional development. The water supply schemes were implemented through the Municipal Engineering Office of the DAR Provincial Office with assistance from LGUs and the local communities.

Consultants were hired for positions in the CPO and as development facilitators, while NGOs were contracted as support institutions.

4. Project Cycle and Subproject Selection Processes

Subprojects had to be chosen by the community, not funded by other local or foreign sources, and had to pass National Economic Development Authority guidelines for technical, economic, financial, social, and environmental assessment. Subprojects were selected and set in priority order by the development facilitators, working with municipal officers of DAR. After technical evaluation by appointed project staff, the proposals were submitted to the CPO for approval. After selection, water supply systems would be implemented by the LGU with the assistance of local offices of relevant national agencies. The LGUs, with the assistance of the Department of Interior and Local Government, were expected to assist agrarian reform communities in the formation of rural or barangay waterworks and sanitation associations.

The O&M of the water supply subprojects was the responsibility of the community or households served by the source. The rural or barangay waterworks and sanitation associations were responsible for the fees after receiving institutional development and support from the Department of Interior and Local Government.

5. Cost and Quality of Subprojects Constructed or Repaired

Level I and level II water supply systems were specified in the project design. However, levels I, II, and III systems were actually constructed. Although the total cost for potable water systems was less than originally estimated at appraisal, the average unit cost of potable water systems increased compared with costs estimated at appraisal stage, because fewer of these subprojects were selected. This situation was due to the beneficiaries' preferences—most of the systems constructed were of level II design instead of the expected level I design.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

For water supply projects, 30% of the cost was derived from the local community and LGU and 70% from the government in the form of a grant. Tariffs were to be set by the rural or barangay waterworks and sanitation associations.

7. Financing Arrangements and Modes of Funds Transfer

Procurement and disbursement to contractors was handled by the DAR CPO through the LGU using forced accounts.

8. Highlights, Lessons, or Issues of the Design Phase

The project design benefited from the executing agency having implemented a number of other projects by various donors. Learning from previous similar efforts, the design tightened the functional and economic relationships between cooperative and infrastructure development to boost the targeted cooperatives' financial capability and to rationalize any proposed community infrastructure interventions, which are critically needed to enhance the beneficiaries' incomes. Additionally, the design was innovative in that it attempted to capture nuances across different segments of the population within the coverage area, including those of indigenous people.

9. Highlights, Lesson, or Issues of the Implementation Phase

Unit costs for water supply systems tended to increase in implementation over estimates made at appraisal. The local communities tended to choose level II and III systems rather than level I and II as originally expected. The project used a decentralized approach to procurement and contract award. Although this worked well in lessening the number of offices processing documents and the time required, oversight needs to be maintained to safeguard against malfeasance and ensure adherence to donor and government standards.

10. Insights

Consultations, with an emphasis on local governance and LGU commitments, were conducted with target beneficiaries. These have been proven to ensure ownership of the subprojects by the local stakeholders and a commitment to O&M requirements. Commitments forged through memorandums of agreement between the executing agency and communities clarified roles and responsibilities for O&M of completed subprojects.

Infrastructure for Rural Productivity Enhancement Sector—ADB Loan 1772-PHI

1. Brief Overview and Status

Lessons from previous ADB projects in the Philippines involving rural infrastructure indicated that (i) LGU and beneficiary involvement at all levels of project conceptualization, design, and implementation is crucial to sustained O&M; and (ii) use of labor-based

equipment-supported techniques for O&M can be cost-effective and increase local ownership by providing opportunities for part-time employment. ADB incorporated these lessons in the project design of Infrastructure for Rural Productivity Enhancement Sector. This was a multisector demand-driven project focused on the delivery of rural infrastructure through a limited open menu. The project supported ongoing government strategies focused on development of rural infrastructure to the southern Philippines. This infrastructure development was expected to increase agricultural productivity, decentralization, and locally driven O&M. Community participation in the selection of infrastructure interventions was expected to increase transparency in procurement.

The project met with considerable implementation delays caused by national budgetary issues and is behind schedule. The project is now well past its originally planned closing date but continues to make progress.

2. Project Organization, Operations, and Management

The project was organized through the national, regional, local, and community governments.

The Department of Agriculture was the executing agency. It established a project coordination unit responsible for (i) preparing operations manuals and plans for ensuring the long-term sustainability of the subprojects, (ii) procuring consultancy services and initial equipment and vehicles, (iii) submitting budget requests, and (iv) finalizing eligibility criteria, setting priorities for initial subprojects, and communicating with all LGUs in the project regions. The Department of Agriculture procured international and domestic consultants for positions in the project coordination unit. An interagency project management committee was also established.

The Department of Agriculture also used regional field units, which supported the project through information dissemination, advocacy, and liaison activities with the LGUs. The regional field units also had the responsibility of endorsing subproject proposals that the LGUs made and that the project office cleared for further study.

Municipal Development Fund offices became involved if LGUs needed loans to meet equity requirements for their contribution.

3. The Roles of Communities, Nongovernment Organizations, Local Governments, and Other Actors

In the case of the Philippines, one or a number of communities or barangays can fall under the jurisdiction of an LGU. For this project, the LGU made most of the decisions, however communities within that LGU usually cooperated or bargained in the planning and development of a subproject. The LGUs led subproject implementation and had specific responsibility for (i) participatory consultation and preparing subproject proposals, (ii) awarding contracts for feasibility studies and detailed engineering designs, (iii) contracting and supervising the implementation of subprojects, (iv) monitoring physical progress and evaluating results, (v) financial management, and (vi) preparing O&M plans and implementing and supervising O&M.

National consultants and contractors were procured through local competitive bidding for implementing the works.

4. Project Cycle and Subproject Selection Processes

To participate in the project, LGUs needed to satisfy financial, institutional, and organizational eligibility criteria before subproject proposals could be submitted to the project. These criteria can be broadly described as having (i) financial capacity to fulfill its contribution and pay for O&M, (ii) institutional or technical capacity to implement the subproject, and (iii) organizational capacity to apply appropriate monitoring mechanisms. Once LGUs met the inclusion criteria, the regional field unit assisted in the planning process to develop a subproject proposal. Once the subproject concept was agreed upon and the regional field unit endorsed it, the LGU conducted a feasibility study of the subproject and was given training by the Department of Agriculture project coordination unit. The subproject feasibility studies were then submitted to the project management consultant for approval. The actual civil works were constructed through the hiring of contractors.

5. Cost and Quality of Subprojects Constructed or Repaired

The 35 completed contract packages represent 311 kilometers (km) of farm-to-market roads, 18 potable water systems, and communal irrigation systems covering 1,454 hectares. From the 105

subprojects currently being constructed, 587 km of farm-to-market roads are already partially usable.

Several contract packages are experiencing delays in project implementation. Problems with these subprojects include slow work progress due to unfavorable weather conditions, encounters with rock excavations, late mobilization of a contractor, nonissuance of quarrying permits by the Provincial Environment and Management Office, and peace and order issues. In general, subprojects appear to be functioning as intended and costs are within estimates, inclusive of contingencies.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

The subproject cost-sharing arrangements in this project depend on the type of subproject (i.e., the percentage of local contribution for a farm-to-market road differs from that of a water supply scheme). From the menu of subprojects under the water supply schemes, the national government provided 50% of the costs, while the local community was required to also provide 50% of the costs. The local contribution could take the form of either cash or in-kind contributions, such as land or labor. The local contribution or charges for O&M are based on the initial input and replacement costs as set out in the consultant's O&M manual.

7. Financing Arrangements and Modes of Fund Transfer

ADB funds were disbursed to the national budget, which were then allocated to the budgets of the Department of Agriculture and the Municipal Development Fund offices. Two imprest accounts were established to facilitate the timely release of funds and expedite implementation of the project. One was held by Municipal Development Fund offices for disbursements related to the LGUs' infrastructure subprojects. The second was managed by the project coordination unit of the Department of Agriculture for all other eligible expenses. Funds were never disbursed directly to the stakeholder community.

8. Highlights, Lessons, or Issues of the Design Phase

Although the design was innovative in arrangements between the executing agency, LGUs, NGOs, and other stakeholders, it did not account for entrenched

views, especially those of NGOs and the government, which were not only irreconcilable at times but also overshadowed the demands of the local beneficiaries.

9. Highlights, Lesson, or Issues of the Implementation Phase

LGUs hired national consultants to do the feasibility study for their proposed subproject. The process became a rubber stamp because of delays and pressures to expedite disbursement of project funds.

However, the LGUs gradually increased their interest in and commitment to the executing agency and their faith in the agency and its project office to provide the planned subproject investments in a transparent way.

10. Insights

Better performance could have been obtained by piloting the process through preselected investment areas, with a greater focus on institutional and organizational development rather than on the infrastructure interventions themselves. Additionally, better efficiency could have been obtained if the project was managed more by the local stakeholders and contracted consultants rather than the executing agency. In this way, some of the inherent bureaucracy would have been minimized.

Kapitbisig Laban sa Kahirapan—Comprehensive and Integrated Delivery of Social Services Project—World Bank Loan 7147-PHI

1. Brief Overview and Status

Launched in 2003, Kapitbisig Laban sa Kahirapan—Comprehensive and Integrated Delivery of Social Services (Kalahi—CIDSS) adopted CDD approaches to empower local communities through increased participation in local governance and involvement in the design, implementation, and management of poverty reduction projects. Kalahi—CIDSS aims to establish a strong link between improved local governance and poverty reduction through three components: (i) provision of community grants, (ii) implementation support to strengthen formal and informal local institutions, and (iii) monitoring and evaluation. The initially designed 6-year project was intended to cover 4,270 villages and 177 municipalities in the 42 poorest provinces of the

Philippines. More specifically, the poorest one-quarter of all municipalities within a project province was targeted using municipal poverty mapping methods.

As of September 2008, 3,130 subprojects were completed by communities and LGUs, benefiting approximately 651,772 households in 3,250 barangays. The implementation has been structured to occur in phases across different geographical areas, contingent on their mapped poverty status. In the earlier implemented phases, subproject completion rates are high; some are complete while others exceed 80%. New phased areas have learned from previous implementations showing gains in efficiency of delivery, although overall implementation continues to lag behind original estimates.

According to the World Bank report on the status of projects in execution (World Bank Operations Policy and Country Services 2008), the project has provided grants for more than 4,000 community subprojects, has helped improve transparency and accountability in local decision making, and has empowered poor communities through training in key skills such as bookkeeping, procurement, and project management. Institutionalizing the benefits of the project was seen as the key challenge from the outset but appears to be making good progress. In terms of status, the project is still ongoing and although it was originally scheduled to be completed in 2009, it will continue past this date. Additionally, a second Kalahi–CIDSS project is being designed based on the lessons from the current project.

2. Project Organization, Operations, and Management

The project implementation structure consists of an interagency National Steering Committee for policy and coordination functions composed of the National Economic Development Authority, the National Anti-Poverty Commission, DSWD, the Department of Interior and Local Government, Ministry of Finance, Department of Budget Management, and four NGO representatives. The National Steering Committee is cochaired by the secretary of DSWD, and DSWD serves as the implementing agency. The National Steering Committee provides the overall policy direction of the project and policy guidelines on targeting poverty. It sets goals for the implementation and assures institutional convergence on poverty

reduction outcomes. The National Steering Committee also ensures a continuous review of the project's contributions to the achievement of the Social Reform Agenda goals, and its links to the economic recovery agenda.

The national project management team is composed of employees of DSWD's National Programs and Operations Bureau and external technical consultants. The team handles the day-to-day Kalahi–CIDSS operations and the project manager reports to the DSWD secretary, who serves as the Kalahi–CIDSS national project director.

Regional project management teams are composed of a core group of approximately 15 each who work largely to implement Kalahi–CIDSS locally. These teams are responsible for setting the poorest provinces in the region as priorities based on poverty indicators, providing assistance to provincial level consultants, training trainers, and launching Kalahi–CIDSS in the region. A full-time regional project manager is designated in each regional office to assume responsibility for implementation and is assisted by regional staff in supervising municipal area coordination teams.

3. The Roles of Communities, NGOs, Local Governments, and Other Actors

The provincial government provided the provincial development plans, which will provide the funding for higher-order infrastructure investments to support those at the community and municipal levels.

Municipalities play an important role in the project through (i) monitoring, (ii) problem solving at regular inter-barangay assembly meetings with beneficiary communities, (iii) provision of technical services on request, (iv) support for community investments through complementary municipal development planning, and (v) auditing and accounting reports.

Municipal inter-village forums are convened by the municipal mayor and facilitated by the Kalahi–CIDSS area coordinator. The forums are composed of both regular and associate members. The regular members are up to three representatives from each village in the municipality, while the associate members include LGU department heads, NGOs operating in the municipality, local media groups, and universities. The forums gather a panel of representatives from each village to vote on which subprojects should win funding. Only regular members are entitled to vote during forum

deliberations. Associate members can only advise voting members on technical and other aspects of the subprojects.

At the barangay level, the village assemblies are composed of all village residents and are chaired by the village captain. The quorum is 50% of the municipality's households, plus one. The village assembly is the ultimate decision maker in the Kalahi–CIDSS since it selects 20 volunteers, or representatives, to actively participate in the designing and implementing of subprojects. Key criteria for the volunteers include the ability to communicate effectively, strong community standing, and willingness to serve without monetary compensation. Village representatives, or community volunteers, however, assume responsibility for day-to-day project development and implementation. The village assembly holds discussions on priorities and builds consensus on broad policies. The larger village assembly is convened at least five times during the project cycle to ensure that ordinary villagers are in control of decision making.

4. Project Cycle and Subproject Selection Processes

Kalahi–CIDSS uses the Community Empowerment Activity Cycle as its primary implementation guide. The cycle consists of four main stages and 16 steps, starting with the social preparation stage, in which communities are trained to identify their problems and needs. In stage two, the subproject identification stage, people are technically trained to design and package community subproject proposals to address their needs. The third stage is the subproject preparation, selection, and approval stage, in which communities decide which proposals will be funded by Kalahi–CIDSS, using a set of criteria communities have developed themselves. Communities with approved proposals then go on to the subproject implementation, M&E, and O&M stages. After subprojects are completed, communities undergo a transition stage to enter into the second implementation of the Community Empowerment Activity Cycle.

5. Cost and Quality of Subprojects Constructed or Repaired

In general, except for one type of subproject, unit costs for the project were lower compared with projects run by other government agencies in the Philippines, particularly water supply. It has been reasoned that the unit subproject costs were lower

because the use of the local communities' resources and labor precludes paying the costs for road rights-of-way, a contractor's profit, or the taxes involved in procured transactions. To date, subprojects constructed are generally functioning as designed and being adequately maintained.

6. Cost-Sharing Arrangements, Community and Local Government Contributions, and Tariff Setting

Community and LGU counterparts make up for about 33% of the total cost of all funded community subprojects in the form of either cash or in-kind contributions, or both. The national government through DSWD covers the remaining balance of the subproject implementation costs.

7. Financing Arrangements and Modes of Fund Transfer

Funds for community subprojects are usually released in tranches of 50%, 40%, and 10%. Funds are transferred from DSWD to a village account at the nearest branch of the Land Bank of the Philippines. The village account usually has three signatories: the chair of the village project implementation team, the village treasurer from the LGU, and DSWD area coordinator. The approval, disbursement, and recording functions are segregated. The village finance team approves disbursement requests on a weekly basis.

The chair of the village implementation team does not have the sole authority to disburse funds. An audit committee conducts a periodic review of all transactions and fund balances. When more funds are to be requested, a village assembly must first approve the financial and physical accomplishment reports in an accountability meeting. The reports will also be verified by the DSWD area coordinator and the local poverty reduction officer of the municipal government before submission to DSWD's regional office.

8. Highlights, Lessons, or Issues of the Design Phase

Lessons learned in the design phase include recommendations to maintain a simple yet flexible project design that considers the Philippines' economic, ethnic, and religious variability, and entails realistic and precise objectives. Community participation, particularly that of women and indigenous people in project planning and during implementation, is also key to improving

the effectiveness and sustainability of subproject benefits. Clearly established guidelines on the roles and responsibilities of the national government implementing agency, NGOs, and the community have helped to ensure the autonomy of inter-barangay forums against potential unsolicited political influence, particularly in the decision on the type of specific subproject. A technically viable O&M plan and the establishment of allocated O&M funds for all funded subprojects, primarily sourced from user associations' service fees and trust funds, must be put in place to address physical infrastructure maintenance problems brought about by deficiency in the communities' technical skills and the nature of recurring costs, as well as to avoid dependency on government funds.

9. Highlights, Lessons, or Issues of the Implementation Phase

An analysis on the economic effects of Kalahi–CIDSS indicates that the overall project is economically beneficial, generating a conservatively estimated economic internal rate of return of 21%, excluding benefits from investments to strengthen community participation and local governance. The 2006 subproject survey indicated that requirements for O&M are generally in place for most subprojects and was found satisfactory in most regions. However, financing sources and the assignment of various roles remain unclear for certain public goods such as gravity-driven water supply subprojects.

The subproject selection process has been found receptive to community demands, based on the high correlation between the preferences of households found in the 2003 baseline data and the actual portfolio of subprojects. In terms of fiscal impact, the project did not crowd out investments, given its size and financing arrangements. New financial resources were found for counterpart contributions of local governments, communities, and private sources, as well as for community counterpart contributions. Overall, the project has been viewed as comparatively more cost-effective than traditionally implemented infrastructure projects in the Philippines, particularly on the unit cost of infrastructure since it was able to save on contractor's profit, value-added tax, and costs for land acquisition and rights-of-way.

10. Insights

The Kalahi–CIDSS project highlights the importance of appreciating the differences in the degrees of poverty and the extent of empowerment and inclusive governance in the implementation of large-scale programs. CDD approaches must entail different strategies and focal points to attain flexibility and adaptability, particularly when institutionalizing standard practices on a large number of diverse local areas. Otherwise, the project is likely to lose its main objective and advantage: community responsiveness.

APPENDIX 5

Survey Form

The survey was designed to collect comparable data across projects, accounting for differences in available documentation due to donor requirements, changes over time, and issues in consistency.

Additionally, aside from study-specific data queries, the design of the survey built on the previous World Bank study and current World Bank and Asian Development Bank internal project evaluation studies regarding these five criteria:

- (i) Relevance:
 - (a) How relevant is the intervention in achieving the borrower's priorities?
 - (b) How relevant is the project in terms of the country strategy partnership or country assistance strategy?
 - (c) How relevant is the intervention in achieving community priorities?
- (ii) Efficacy:
 - (a) Has the project achieved what it was designed to achieve?
 - (b) What is the likelihood of project outputs leading to intended outcomes?
- (iii) Efficiency:
 - (a) What is the time frame of the intervention from concept to design to implementation?
 - (b) How long does it take for outcomes to be realized?
 - (c) Were the costs of the interventions more or less than expected?
 - (d) Were the organizational design and institutional arrangements conducive to implementation?
- (iv) Sustainability:
 - (a) Are the infrastructure interventions functioning as designed?
 - (b) Are the infrastructure interventions going to meet their expected design life?
- (v) Institutional development:
 - (a) Is there an improvement in the institutional capacity of communities to take charge of their own development?
 - (b) Is there an improvement in the institutional capacity of communities to take ownership and operation and maintenance responsibility for infrastructure interventions?
 - (c) Is there an improvement in the institutional capacity of the government to support community-driven development or non-community-driven development interventions?

ADB TA-6400 (REG)
Supporting Community-Driven Development in Developing Member Countries (DMCs)

Developing Knowledge Product on CDD in Water Supply and Sanitation: Case Studies of Completed ADB Projects in Indonesia, Nepal, and the Philippines

The Asian Development Bank (ADB) is currently undertaking an evaluation of support for community-driven development (CDD) initiatives in client countries. The CDD approach puts communities in charge of their own development to harness their considerable potential and social capital to improve the livelihood of the people. Projects with higher levels of participation that give control over resources and decisions to communities are understood to be CDD and distinguished from those that are considered to be community-based development (CBD), or other more general participatory approaches where less control over decisions and resources are given but are nevertheless participatory.

As a part of this evaluation, ADB is conducting a survey of ADB Project Officers / World Bank Task Managers of selected CDD/CBD projects to assess among other things: the extent to which Bank supported participatory interventions have been relevant to community priorities, what are considered to be the main costs and benefits of the CDD/CBD approaches; and to what extent have CDD/CBD interventions helped improve the institutional capacity of the government both at the central and local levels. We would appreciate if you could complete this survey and we thank you in advance for your time and cooperation.

We would like to ask for your cooperation in filling out the survey questionnaire below. The survey may require cooperation from a number of individuals involved in the project. However, most of the required information should be available from analysis undertaken during the technical assistance study used to justify appraisal for implementation, ongoing benefit and cost monitoring studies during implementation, and project completion reports and project performance audits.

Thank you very much for your time and cooperation in the collection of this data.

Sincerely,

David Hill
Consultant
David.hill@ghd.com.au

Basic Respondent Information

Title of the Project:

Loan/Credit Number:

Name of the Project Officer / Task Manager:

Email address:

Date:

Initial General Questions

- a. Please describe the participatory design in the project development cycle with specific focus on how it is designed to work versus how it actually works in practices during implementation?
- b. Please describe the cost-sharing arrangement (%) from community, local, and/or national government contributions both in cash and in-kind (time, labor, land counterpart)?
- c. Please describe the operation and maintenance (O&M) arrangements with an emphasis on tariff setting arrangements and implementation, or any other O&M concerns?
- d. Please describe the institutional arrangements and roles of various stakeholders such as communities, nongovernment organizations (NGOs), local governments, others, etc.
- e. Please describe the financing and procurement arrangements as well as financial reporting for subprojects?
- f. Please describe the modes of funds transfer to communities?

Specific Questions

1. How relevant is the intervention in achieving the borrower's priorities?
highly relevant = 3, relevant = 2, partly relevant = 1, irrelevant = 0
2. How relevant is the intervention in achieving the communities' priorities?
highly relevant = 3, relevant = 2, partly relevant = 1, irrelevant = 0
3. Is there overlap between the project principles and the country strategy and program (CSP) or country assistance strategy (CAS)?
significant overlap = 3, consistent overlap = 2, partial overlap = 1, non-overlap = 0
4. Did the country's policies and programs influence the process of selection of the type of intervention? If so, how? (Please complete the table below)

Question:	Yes or No?	Describe
a. Selection of community-driven development (CDD)/community-based development (CBD) approach		
b. Identification of the project		
c. Identification of implementation mechanisms		
d. Overall design of the project		
e. Donor coordination (Policies of the international community or neighboring countries)		
f. Others, please suggest		

5. Please provide your assessment on government procedures, interest, involvement and capacity to implement a CDD project based on a six point coding: 1 = High, 2 = Substantial, 3= Moderate, 4 = Marginal, 5 = Negligible, and 6 = Do not know.

a.	Bureaucratic procedures and documentations	
b.	Interest in community participation and empowerment	
c.	Interest in community participation and empowerment	
d.	Interest in providing access to local / national data sources	
e.	Involvement in project selection, implementation, and supervision	
f.	Involvement in project operations and maintenance	
e.	Capacity to fulfilling financial commitment	

6. What was the original economic internal rate of return (EIRR)/financial internal rate of return (FIRR) at appraisal for the entire project?
7. To what degree has this intervention met its ex ante stated objectives?
 Highly achievement = 3
 Average achievement = 2
 Marginal achievement = 1
 It has not made any achievement = 0
8. To what degree has this intervention met its ex ante stated outcomes?
 Highly achievement = 3
 Average achievement = 2
 Marginal achievement = 1
 It has not made any achievement = 0
9. What was the time frame in month / years of the intervention from design to appraisal and approval to initiation of implementation? (Please give dates if available.)
10. Has the project been implemented on schedule? If not, why not and how far is it behind schedule?
11. How long does it take from implementation of the intervention to realization of project benefits and outcomes?
12. How many subprojects have been constructed?
13. How many different types of subprojects have been constructed?

	Acronym	Subproject Type	Included
1	DW	Deep well	
2	DWHP	Deep well with hand pump	
3	FL	Family latrine	
4	GPS	Gravity pipe system	
5	HC	House connection	
6	IG	Infiltration gallery	
7	PH	Public hydrant	
8	PL	Public latrine	
9	RWC	Rain water collector	
10	SL	School latrine	
11	SWTP	Simple water treatment plant	
12	WELL	Hand dug well	
13	WTP	Water treatment plant	

14. What is the number of subprojects of various types? What is the distribution of among subprojects?

Subproject Type

15. What is the range of costs per subproject type? That is, what has been the least and most expensive per type?

Subproject Type	Low	High

16. What was the estimated EIRR / FIRR at appraisal for the analyzed generic subprojects? (List the types of subprojects and their ex ante EIRR / FIRR estimates, additional paper will be provided as required.)

Subproject Type	EIRR	FIRR

17. What percentage of subprojects funded under the CDD initiative are operating at desirable capacity?
 More than 80% = 1
 Between 60% and 80% = 2
 Between 40% and 60% = 3
 Between 20% and 40% = 4
 Below 20% = 5

21. What are the realized O&M costs of the subprojects by type? (If different than expectations, why?)

Subproject Type	O&M Cost

For these two questions, use the entity codes as listed below.

22. In your opinion, for this project who is primarily responsible for the following activities:

a. Design of the project	
b. Implementation of the project	
c. Supervision of the project	
d. Management of the project	
e. Monitoring and evaluation of the performance in terms of impacts / outcomes	

23. In your opinion, for the subprojects project who is primarily responsible for the following activities:

	Technical Responsibility	Financial Responsibility
a. Construction		
b. Operations and Maintenance		
c. Staffing and Supplies		
d. Monitoring and Evaluation		

Type of entity:

1 = ADB/WB

2 = Local government

3 = Regional/Provincial government

4 = National government

5 = NGOs

6 = Community beneficiaries

7 = Groups established as a result of the project

8 = Do not know

24. Please provide your assessment of the improvement in the institutional capacity of communities to take charge of their own development as a result of the Project based on the five point coding: 1= High, 2 = Substantial, 3 = Moderate, 4 = Marginal, and 5 = Negligible.

25. Please provide your assessment of the improvement in the institutional capacity of communities to take ownership and O&M responsibility for the infrastructure interventions based on the five point coding: 1= High, 2 = Substantial, 3 = Moderate, 4 = Marginal, and 5 = Negligible.
26. Please provide your assessment in the institutional capacity of the government to support interventions where the key role in implementation and O&M of the subprojects is at the local level based on the five point coding: 1= High, 2 = Substantial, 3 = Moderate, 4 = Marginal, and 5 = Negligible.
27. In your opinion, which type of CDD interventions develop the capacity of the donor?
28. Please provide your assessment about the Bank's ability of using the CDD/CBD approach advocated by the project on the following components based on the five point coding: 1= High, 2 = Substantial, 3 = Moderate, 4 = Marginal, and 5 = Negligible.

1. Address poverty alleviation goal	
2. Address national priorities	
3. Address local priorities	
4. Take account of social and cultural factors that influence outcomes	
5. Address policy and institutional issues that affect outcomes	
6. Create backward and forward linkages for incomes generating activities	
7. Ensure sustainable flow of benefits	
8. Enhance capacity at community levels	
9. Enhance institutional capacity	
10. Scale up	

29. Please describe the key institutional and operational weaknesses in the application of CDD in your project, whether this is due to local community, borrower/government agency, or ADB/World Bank?

Operations Evaluation

In the following five pages, the enumerator will work with you in making an assessment of the project with respect to the associated criteria.

Relevance

Criterion	Explanation of Performance	Rating	Value
1. Relevance of project preparation to project output at the time of approval			
2. Relevance of project output to achieve project goals and purposes at the time of approval			
3. Priority in the context of the Government's development strategy at the time of approval			
4. Priority in the context of the ADB/World Bank's development strategy for Nepal at the time of approval.			
5. Priority in the context of the Government's development strategy at the time of evaluation.			
6. Priority in the context of the ADB's development strategy for Nepal at the time of evaluation.			
7. Priority in the context of one or more of ADB's/World Bank's strategic objectives at the time of evaluation.			
8. Appropriate changes made at modern review to make the project more relevant.			
Average Value and Rating			

Highly relevant = 3, Relevant = 2, Partly relevant = 1, Irrelevant = 0.

Efficacy

Criterion	Explanation of Performance	Rating	Value
1. Achievement of most project physical outcomes			
2. Achievement of most project intangible outcomes			
3. The likelihood of project outcomes leading to project goals			
Average Value and Rating			

Highly efficacious = 3, Efficacious = 2, Less efficacious = 1, Inefficacious = 0.

Efficiency

Criterion	Explanation of Performance	Rating	Value
Efficiency of Investment			
1. EIRR > 12 percent			
2. FIRR > weighted average cost of capital			
Efficiency of Process			
1. Manner of ADB's/World Bank's internal processing of the Project			
2. Organization and management of executing and implementing agencies			
3. Effectiveness of project management			
4. Efficiency in recruiting consultants and of procurement			
5. Timely and adequate availability of counterpart funding			
Average Value and Rating			

Highly efficient = 3, Efficient = 2, Partly efficient = 1, Inefficient = 0.

Sustainability

Criterion	Explanation of Performance	Rating	Value
1. Availability of adequate and effective demand for project services or products			
2. Probable operating and financial performance of the operating entity and the ability to recover costs			
3. Probability of the existence of appropriate maintenance policies and procedures			
4. Probability of funds availability (cash flow) for continued operation, maintenance, and growth requirements			
5. Probable continued availability of required skills			
6. Probable availability of appropriate technology and equipment to operate the project			
7. Probable availability of enabling environment in which the Project is operating at the time of evaluation			
8. Government ownership and commitment to the Project			
9. The extent to which the operations affect the environment and renewable or nonrenewable resources			
10. The extent to which community participation and beneficiary incentives are adequate to maintain the project benefits			
	Average Value and Rating		

Most likely = 3, Likely = 2, Less likely = 1, Unlikely = 0.

Institutional Development and Other Impacts

Criterion	Explanation of Performance	Rating	Value
Institutional Development			
1. The country's formal laws, regulations, and procedures			
2. The people's informal norms and practices			
3. Organizational strengthening			
4. Institutional skill levels and capacities			
5. Participatory attitudes of society			
6. Sector policy framework			
Other Development Impacts			
1. Impacts on poverty			
2. Impacts on the environment			
3. Impacts on social organization			
4. Impacts on political developments			
	Average Value and Rating		

Substantial = 3, Moderate = 2, Little = 1, Negligible = 0.

Overall Evaluation of Project CDD Components

	1	2	3	4	5
	Community Focus/Scope	Participatory Planning and Design	Community Control of Funds/Resources	Community Involvement in Implementation and/or O&M	Community-Based M&E
Design					
Implementation					

Substantial = 3, Moderate = 2, Little = 1, Negligible = 0.

Highlights of Design

Highlights of Implementation

Insights for Future Project Planning

APPENDIX 6

Persons Consulted

Name	Position	Agency / Firm
Indonesia		
Ir. Tamin M.Z. Amin	Director	Department of Public Works, Water Resources Development
Wolfgang Claus	Team Leader, CWSHP	Macon Consulting
Dra Pimanih	Head of CPMU, CWSHP	Directorate General Disease Control and Environmental Health
George Soraya	Task Manager, WSLIC III	World Bank
Ir. Janti M. Rinaldi	Consultant, WSLIC II	P.T. Lenggogeni
Ir. Irina Sarawati Pohan	Consultant, WSLIC II	P.T. Lenggogeni
Siti Hasanah	Project Officer, CWSHP	Asian Development Bank
Mike Ponsoyby	Project Team Leader, WSLIC II	Independent Consultant
Nepal		
Raju Tuladhar	Project Officer, 4th RWSSP	Asian Development Bank
Laxmi Sharma	Project Officer, STWSSSP	Asian Development Bank
Arjun Narsing Rayamajhi	Executive Director	Rural Water Supply & Sanitation Fund Development Board (RWSSFFDB)
Tej Rej Dahal	Technical Advisor	Rural Water Supply & Sanitation Fund Development Board (RWSSFFDB)
Krishna Prasad Acharya	Deputy Director General	Department of Water Supply & Sewerage
Tiresh Prasad Khatri	Deputy Project Manager, STWSSSP	Department of Water Supply & Sewerage
Umesh Pandey	Director	Nepal Water for Health (NEWAH)
Tashi Tenzing	Task Team Leader/Manager, RWSSP	World Bank
Philippines		
Andrew Parker	Task Manager, Kalahi-CIDSS	World Bank
Christopher "Rey" C. Ancheta	Operations Officer	World Bank
Michael Allman	Team Leader, InfRES (2005–present)	Oriental Consultants
Graham Johnson-Jones	Team Leader, InfRES (2003–2005)	Independent Consultant
Herminia Fe B. San Juan	Director, ARC 1	Department of Agrarian Reform
Gil Tuparan	Community & Institutional Development Specialist, ARC 1	Department of Agrarian Reform
Ma. Cristina V. Mascardo	Project Director, Impact Assessment of ARC 1	Sustainable Development Solutions
Walter A.M. Kolkma	Principal Results Management Specialist – Results Management Unit	Asian Development Bank
Litoy Losaria	SPAR Analyst, InfRES (2003–2005)	Independent Consultant
Jun Serafica	Project Engineer, InfRES	Independent Consultant
Giap Minh Bui	Rural Development Economist, AENR Division, Southeast Asia Department	Asian Development Bank

AENR = Agriculture, Environment and Natural Resources; ARC = Agrarian Reform Community; CPMU = Central Project Management Unit; CWSHP = Community Water Services and Health Project; InfRES = Infrastructure for Rural Productivity Enhancement Sector Project; Kalahi-CIDSS = Kapitbisig Laban sa Kahirapan—Comprehensive and Integrated Delivery of Social Services; RWSSSP = Rural Water Supply and Sanitation Project; SPAR = subproject appraisal report; STWSSSP = Small Towns Water Supply and Sanitation Sector Project; WSLIC = Water Supply for Low Income Communities; WSS = water supply and sanitation.

APPENDIX 7

Sample Project Community-Driven Development Element Matrix

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
ADB Community-Driven Development (CDD)					
Community Water Services and Health Project (CWSHP) (Loan 2163/2164-INO)	<p>A bottom-up approach intended to bring about community participation in all aspects of subproject planning, implementation, and operation and maintenance (O&M) was agreed upon and incorporated in the project design document.</p> <p>(i) Improve the capacity of local governments for facilitating, regulating, and delivering quality services in water and sanitation to the target communities.</p> <p>(ii) Strengthen the community capability to design, cofinance, build, operate, and manage community-based water supply and sanitation (WSS) facilities.</p> <p>(iii) Improve access to water and sanitation services through construction of adequate facilities based on community demand.</p>	<p>As per the project design, communities were to participate in the planning phase of the subprojects through the preparation of village action plans and the selection of technology to be used for the WSS works.</p> <p>Formulation of a community water and health action plan (CAP), which will be a detailed plan on how to address the identified water supply, sanitation, and health problems at an appropriate level of technology and a reasonable budget level.</p>	<p>Communities choose from feasible technical option(s) that they consider to be the most appropriate based on information provided regarding technology; raw water source; environmental, social, and institutional or management issues; and O&M costs.</p>	<p>Communities decide on the type of technology to be used, and plan and implement the activity with the assistance of community facilitators.</p> <p>Communities take charge of O&M on a permanent basis.</p> <p>Based on the prepared village action plans, the districts were required to review subproject proposals via the production of subproject appraisal reports (SPARs), which would outline the works proposed, provide an assessment of the costs, impact, and feasibility, as well as point out any social or environment issues.</p>	<p>Communities monitor and evaluate the sustainability and use of the new services.</p> <p>Organize community groups and members to implement and monitor WSS improvements, and sanitation and hygiene behavioral change programs.</p>

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
<p>Small Towns Water Supply and Sanitation Sector Project (Loan 1775-NEP)</p>	<p>(iv) Increase hygiene awareness through information, education, and communication campaigns.</p> <p>Formation of a community implementation team (CIT) with members drawn from community stakeholders in a transparent and inclusive manner.</p> <p>The project is focused on achieving greater sustainability by extending the community-based approach to all rural WSS projects through demand-driven subproject selection, strengthening of a water users committee (WUC) O&M capabilities for completed subprojects, and greater responsibility and improved local institutional capability for cost recovery at the local community level.</p>	<p>Each town project will be demand-driven and formulated through an interactive process involving significant community participation. The cycle starts from a joint application by the local government and WUC with district development committee (DDC) endorsement. When the participation of a project is confirmed, the project management office (PMO) will engage a nongovernment organization (NGO) to conduct a public awareness campaign to ensure public understanding of the project procedures and the rights and responsibilities of each stakeholder. The water</p>	<p>An application for project funding, endorsed by the DDC, will be submitted jointly by the local government and WUC and sent to the PMO for evaluation. The local governments will contribute 20% of the construction cost of the water supply systems in the service area. The WUSCs will borrow 30% of the water supply construction cost from the town development fund and will be collecting tariffs from the users for the repayment. The WUSCs will own the water systems and be responsible for O&M of the systems, setting water tariffs, collecting tariffs, and repaying the debt to the town development fund.</p>	<p>The WUSC will be represented in the evaluation committee to review the bid evaluations prepared by the PMO. With two representatives at the town project office, the communities will also be involved in supervising the town project implementation. It is expected that this interactive process will link service level with affordability as well as enhance ownership of the town projects to the local communities.</p>	<p>The PMO, assisted by the design consultants, will finalize project performance indicators and establish baseline conditions in consultation with the WUSC and local government in each project town for purposes of project monitoring and evaluation (M&E). M&E indicators and procedures will be tested for data availability and other constraints, revised if necessary, and institutionalized in WUSCs and the DWSS. The DWSS will be ultimately responsible for maintaining the M&E systems.</p>

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
		<p>users steering committee (WUSC) will sign a CAP to confirm its willingness to participate in the project according to the board terms and conditions as outlined in the CAP. Consultants will then undertake a feasibility study of various options for the water supply and associated service levels and the costs. The recommendations of the feasibility study will be presented jointly by the consultants, the project management office (PMO), and the town development fund to the WUSC for confirmation. When the communities confirm the critical design parameters and cost contribution for the town project, detailed engineering design will start. Before tendering, a town project agreement will be signed by the WUSC and PMO upon completion of detailed design.</p>		<p>O&M of the installed water supply systems will be the responsibility of the WUSCs. Depending on the complexities of the systems, WUSCs may choose to have their own members undertake O&M, hire qualified individuals, contract out O&M to private operators, or obtain fee-based services from Department of Water Supply and Sewerage (DWSS) district offices.</p>	

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
Agrarian Reform Communities Project I (Loan 1667-PH)	Agrarian reform communities (ARCs) to benefit from (i) organizational capacity building and gender and development; (ii) people's organizations and cooperative membership expansion and programs to encourage capital build-up and resource generation; and (iii) management capability building for the Department of Agrarian Reform (DAR), local government units (LGUs), and the Autonomous Region of Muslim Mindanao (ARMM).	During <i>barangay</i> (village) consultations, the agrarian reform beneficiaries determine their own priority needs, which are then integrated into the municipal development plan. Training will be provided to strengthen the capability of DAR, ARMM-DAR, and the LGUs in ARC development, particularly in participatory planning and implementation of agriculture and infrastructure projects.	Under the community and institutional development subcomponent, the irrigators' associations will be strengthened or established with the assistance of the National Irrigation Administration to manage the communal irrigation system.	Provincial, municipal, and barangay LGUs assume full responsibility for maintaining the infrastructure improved or constructed under the project. LGUs are responsible for assuring that irrigators' associations assume the responsibility for O&M of the irrigation systems.	The project requires a high degree of participation by beneficiaries and their community for identification, planning, implementation, monitoring and evaluation, and maintenance of project interventions.
ADB Non-CDD					
Rural Water Supply and Sanitation Project (Loan 1352-INO)	Measures were included to ensure that a poverty-focused, bottom-up community participatory approach was adopted and that project sustainability could be achieved through community training and scheme ownership.	The targeted beneficiaries would be involved in the preparation of village action plans and the selection of technology to be adopted.		Communities will be trained on ADB guidelines, WSS systems, water quality analysis and monitoring, health education, and hygiene issues.	

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
Fourth Rural Water Supply and Sanitation Sector Project (Loan 1464-NEP)	<p>The community education and awareness program incorporates a major campaign to educate rural communities in hygiene and water use. They will be informed about the benefits of improved WSS facilities; their participatory role in subproject design, implementation, and operation; and their responsibilities toward ensuring the sustainability of project investments.</p>	<p>Capacity building of DWSS and WUCs to design, implement, and manage subprojects, including the preparation of district WSS profiles to improve the planning process and provide valuable data on community health and O&M of completed subprojects.</p> <p>A participatory approach has been adopted for the design, implementation, and O&M stages of the project.</p>	<p>Capacity building of DWSS and WUCs to design, implement, and manage subprojects.</p> <p>Facilities are expected to be owned and managed by local communities.</p>	<p>The communities assisted in the selection of subprojects and submitted the formal request to the DDCs through the village development committees.</p>	<p>WUCs, village development committees, and DDC will be responsible for ensuring the sustainability of project investments.</p> <p>An effective community-based M&E system will ensure better sequencing of subproject activities during implementation via adequate social mobilization and buy-in.</p>
Infrastructure for Rural Productivity Enhancement Sector Project (InfRES) (Loan 1772-PH)	<p>The project will be driven by the needs and demands of communities that lack the infrastructure essential for them to realize the productive potential of their land. This demand-driven sector approach will reduce the risk of interventions either not meeting the priorities of the recipient community or not achieving expected gains in productivity because communities had no sense of ownership, with consequent failure to operate or maintain the infrastructure adequately.</p>	<p>As a precondition to project support, LGUs will be required to demonstrate that a subproject is identified through a community consultation process.</p> <p>In the case of the Philippines, there can be one or a number of communities or barangays that fall under the jurisdiction of an LGU. For this project, most of the decision making transpired at the LGU level, however, communities within that LGU usually cooperated or bargained in the planning and development of a subproject.</p>	<p>Lessons from previous ADB projects in the Philippines involving rural infrastructure indicated that (i) LGU and beneficiary involvement at all levels of project conceptualization, design, and implementation is crucial to sustained O&M; and (ii) use of labor-based equipment-supported techniques for O&M can be cost-effective and increase local ownership by providing opportunities for part-time employment.</p>	<p>Participating communities will be directly involved in designing the subprojects, supervision, construction, and O&M of the facilities.</p> <p>Communities will contribute greatly to routine O&M of infrastructure (access collection of revenue to contribute to O&M costs (communal irrigation system or communal irrigation project) and water supply.</p>	<p>Evaluation of subprojects will be based on the subproject's impact on agricultural growth and poverty reduction through a participatory M&E mechanism in cooperation with private sector, NGOs, peoples' organizations, etc.</p>

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
	<p>The project design is based on the assumption of new or substantially changed responsibilities at the LGU level within the process of planning, implementing, and maintaining rural infrastructure. To ensure that these responsibilities are effectively carried out, the project will support a program of capacity building that will include the strengthening of LGUs, NGOs, and community organizations in the subproject sites.</p>				
<p>World Bank CDD Second Water Supply and Sanitation for Low Income Communities Project (Loan 3382-IND)</p>	<p>Improve the health behavior and health services of the communities related to waterborne diseases; provide safe, adequate, cost-effective, and easily accessible WSS services; and develop sustainability and effectiveness through community participation.</p>	<p>Salient features of the project are the funds channeling arrangements, the degree of beneficiary control over decision making for community-level investments, the level of institutional focus, and the scope and content of the health component. The project will support demand-based improvements to water supply, household and community sanitation, and hygiene.</p>	<p>Communities to organize effectively and also to obtain the technical capacity to plan, manage, and control water programs, sanitation, and community health with the help of local firms, NGOs, or academic institutions.</p>	<p>Communities will be responsible for financing a portion of the capital costs and 100% of the O&M costs of water systems providing a basic level of service.</p>	<p>The Improving Health Behavior and Services component involves the adaptation and implementation of participatory hygiene and sanitation education and promotion methods to be used in communities and schools. One subcomponent is the M&E of the School Health and Hygiene Subprogram.</p>

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
<p>Rural Water Supply and Sanitation Project I and II (Loan 1352-INO)</p>	<p>Community development activities were basically aimed at promoting active participation of the communities in planning, construction, and O&M of their schemes to increase local ownership, effective use, and sustainability. Capacity building was undertaken through community mobilization and informal education, hygiene and sanitation education, and technical support services to women's activities.</p> <p>Capacity building of project communities, included organization and formation of water user groups and WUCs, community mobilization, planning of facilities, informal education, training for O&M of project-financed facilities, a hygiene and sanitation education program, and skills training and support of income-generating activities for women.</p>	<p>Community people were trained in planning; implementation; M&E including institutional, economic, financial, and administration management; water source protection; procurement of non-local materials; O&M; health and sanitation; and informal education.</p>	<p>Communities participate fully in the decision-making process and in contributing cash and labor. This enables them to gain a sense of ownership of their infrastructure schemes. This participatory approach has motivated communities to be responsible for O&M and tariff collection, which are the key factors to long-term scheme sustainability projects that enabled the communities to own and operate their infrastructure schemes without any significant assistance from the sector institutions or the local government agencies.</p>	<p>Community involvement in decision making at different stages, from scheme selection, choice of technology and service level, cost sharing, procurement of materials, etc., makes the whole process transparent. Communities have also maintained transparent O&M accounts and other local contributions. They display such information, including total scheme costs, in public places.</p>	<p>The M&E system is mainly community monitoring done through active people's involvement.</p>

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Appendix 7 continued

Project	Community Focus	Participatory Planning and Design	Community Control of Resources	Community Involvement in Implementation	Community-Based Monitoring and Evaluation
Kapitbisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (Kalahi–CIDSS) Project (Loan 7147-PH)	<p>Empowerment of communities: this involves participatory planning, implementation, and management of local development activities. It fosters an engagement with government at all levels to access, influence, and manage resources to meet community priorities.</p> <p>Provision of grants for community investment programs: by matching needs with limited resources in a competitive manner, communities and LGUs will be engaged in a demand-driven process of problem solving.</p>	<p>The project will assist communities (barangays in the selected municipalities) through a facilitated participatory planning process to develop subproject proposals that will be selected at a competitive inter-barangay forum comprising all participating barangays.</p>	<p>Selected subprojects will be implemented through community contracting. The barangay project implementation team selected by the community will manage the implementation of a particular subproject, and will, if required, employ outside contractors selected through competitive bidding.</p>	<p>Mobilize local communities to participate in the project through provision of technical assistance by facilitators and community organizations.</p> <p>Strengthen the capacity of local communities and local government units to initiate, plan and implement, manage, and supervise barangay subprojects, through the provision of technical assistance, training, and workshops.</p>	<p>Monitoring will be designed to provide for a continuous learning and adjustment of the project approach and will involve participatory monitoring by communities based on self-defined indicators.</p>

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