

**SOCIAL CAPITAL AND THE MICRO-INSTITUTIONAL
FOUNDATIONS OF CDD APPROACHES IN EAST ASIA:
EVIDENCE, THEORY, AND POLICY IMPLICATIONS**

Robert Chase and Michael Woolcock, World Bank

rchase@worldbank.org

Abstract: Community-driven development (CDD)—the largest operational manifestation of ideas encapsulated in the term ‘social capital’—has attracted considerable acclaim and criticism as its profile has risen within the World Bank and the development community more broadly. While supporters and critics alike have compelling ‘stories’ they can invoke to make their case (e.g., ‘empowerment’ versus ‘lack of evidence’), we argue that it is the absence of a coherent theory of social and political change at the local level that is the primary obstacle to empirical and policy advancement. We provide such a theory, and use it to frame a review of recent empirical studies of CDD efficacy in East Asia. Solid theory and defensible evidence together offers the sturdiest platform on which to base policy and operational deliberations, and improve the analytic purchase of ‘social capital’.

Keywords: *social capital, community driven development, institutions, theory, evidence*

DISCLAIMER:

This is a draft working paper produced for the World Bank conference, ‘New Frontiers of Social Policy: Development in a Globalizing World’. The findings, interpretations, and conclusions herein are those of the author(s) and do not necessarily reflect the views of the International Bank for Reconstruction/The World Bank Group and its affiliated organizations, or its Executive Directors, or the governments they represent. If you wish to cite from this document please request the latest version from the author(s) or from socialpolicy@worldbank.org.

I. Introduction

The concept of social capital has, by design or circumstance, found its largest operational manifestation within the World Bank in projects loosely grouped under the banner of ‘Community Driven Development’ (CDD). Themes central to social capital theory—participation, accountability, transparency, cohesion—have informed new World Bank project designs (e.g., in Indonesia, Thailand, and the Philippines), while some other operational activities (most notably longer-standing ‘social’ projects) have, *ex post*, reframed their conceptual underpinnings in terms of social capital. In any event, CDD projects have enjoyed an eventful life at the World Bank over the past six years, being simultaneously featured at the high-profile Shanghai ‘scaling up’ conference in May 2004 for their capacity to help low-income countries reach the Millennium Development Goals (see World Bank 2005b) and vilified by critics for the absence of a clear, uniform metric for assessing (relative) effectiveness and promoting social change.

In this paper, we review findings from recent empirical efforts to assess the efficacy of CDD projects in East Asia, the region in which they have found their fullest expression. Drawing on primary data from CDD project evaluations in Thailand, Indonesia, and the Philippines, we argue that defensible claims can increasingly be made in support of positive impacts on local institutions. These claims, however, are necessarily and inherently context-specific, because the interventions themselves are, by their very nature, dependent on front-line staff being given discretion to adapt project protocols to local conditions (which, in practice and in aggregate, are highly heterogeneous). Given diverse implementation experiences in varied institutional settings, it is problematic to evaluate aggregate claims about whether and how “CDD enhances social capital”. As such, it is even more difficult to make ‘global’ statements about the overall effectiveness of CDD as a discrete portfolio of lending activity.¹

Despite this need to interact creatively and purposefully with the local context, there are clearly elements of how CDD operations “work” that are in some sense universal. These core principles respond to the micro-institutional arrangements operating in each community. To identify and explore these core principles, however, we first need a theory of the micro-institutional foundations of social and political change at the local level, something

¹ The eventful journey traveled by OED’s recent report on CDD effectiveness (World Bank 2005a) bears ample witness to these claims.

conspicuously absent—at least overtly—in most debates about CDD. As Wong and Guggenheim (2005: 254) rightly ask, we can argue that “CDD works in practice, but does it work in theory?” To answer this question, we present a series of propositions of how CDD operations interact with ‘social capital’ at the local level, based on a broader theory of social and political change. From that theory, we derive implications for the most effective policy environments within which CDD operations can enhance social capital. Given the Bank’s role as a supporter of CDD operations—which function at a radically decentralized level, as well as being a prime initiator of policy reforms that can help restructure national-level environments—it has a unique potential to both influence national social policy and support CDD operations. Through that combination, it can develop programs that enhance social capital across contexts and institutional levels.

The paper proceeds as follows. In Section II, we outline a micro-institutional theory of social and political change, and use this as basis for framing, in Section III, a review of the current empirical evidence from three major CDD projects in East Asia. On the basis of the theory and evidence, we then explore the implications for projects and policy in a concluding Section IV.

II. Toward a (Useable) Micro-Institutional Theory of Social and Political Change

Why does CDD work well in Aceh and Central Java for empowerment, and pitifully in Papua New Guinea?

Micro-institutional foundations

Chris and Michael paper on the dynamics of meetings and implications for inclusion of marginalized groups

Reverse engineering projects as response to particular context (Lant, Steen, Salimah, Susannah paper)

The standard conceptual justifications for CDD projects center on their (allegedly superior) capacity to more accurately target the poor, to fund sub-projects that more accurately reflect the preferences of the poor, to forge stronger relationships of accountability between clients and providers, and (more ambitiously), by working through local social structures, to enhance project sustainability and the capacity for collective action (Mansuri and Rao 2004). For the most part, however, these justifications are appeals to administrative efficiency and

effectiveness: adopting a CDD approach will enhance project implementation, impact, and sustainability. From a strictly operational standpoint, of course, these are important justifications; if true, they alone would constitute reasonable grounds for upgrading CDD's profile and portfolio. When debates regarding project efficacy are couched in such terms, however, CDD practitioners face the difficult (though necessary) task of weighing the economic merits of their projects (in all their diversity) against those of more orthodox projects (say, roads and irrigation) whose modes of delivery and metrics of impact are typically much 'cleaner'. CDD projects can and should compete in such terms (see Alatis 2005), but they will be inherently facing an uphill struggle.

An alternative route into policy and project deliberations—less immediately straightforward, perhaps, but ultimately more fruitful—is to focus instead on the development process into which projects of any kind enter. All development projects derive their legitimacy from the belief that they raise the welfare of the poor, but the very act of doing so—i.e., of actually improving the incomes, education levels, social status, and health of the poor—is likely to profoundly transform the structures, identities, relations, and expectations that circumscribe their lives. More directly, these "great transformations" (Polanyi 1944) are likely to generate considerable resistance and conflict (Scott 1976, 1985). In orthodox development discourse we characteristically regard conflict as the product of failure (corruption, weak 'governance', inadequate institutions), which it may well be, but a long-standing (if often neglected) school of social science thought also asks us to recognize that social and political change is highly problematic, even (or especially) when it is a product of economic and political *success*.

Absent effective institutions for managing the social and political transformations that necessarily accompany the development process, serious conflict (even violence) is likely to ensue. The primary mechanisms here are political, sociological, and psychological. In one of his many insightful observations, Tocqueville (1856) astutely argued that

[T]he most dangerous moment for a bad government is usually that when it enters upon the work of reform. Nothing short of great political genius can save a sovereign who undertakes to relieve his subjects after a long period of oppression. The evils which were endured with patience so long as they were inevitable seem intolerable as soon as a hope can be entertained of escaping from them. The abuses which are removed seem to lay bare those which remain, and to render the sense of them more acute;

the evil has decreased, it is true, but the perception of the evil is more keen...

Similar themes have been echoed in scholarship over the course of the twentieth century. Polanyi (1944), as cited above, is the seminal contribution, but equally important has been the contributions of Moore (1966), which extended Tocqueville's general thesis that revolutions occurred when material conditions were *improving*, not getting worse (cf. Skocpol, 1979). Wolfe (1969) and Scott (1976) also present powerful accounts of how peasants (rationally) resist the encroachments of capitalist modes of production and exchange, sensing that it will seriously threaten their already precarious livelihoods and undermine their carefully crafted (informal) risk management mechanisms. Given the fragility and vulnerability of their livelihoods, villagers opt for the stability of (say) inferior seeds and fertilizers over the (perceived or actual) variability of high-yielding varieties, because they lack adequate mechanisms for consumption smoothing that would enable them to 'absorb' the bad times in the knowledge that better times surely lay ahead. More pervasively, engaging in capitalist modes of exchange—wage labor, contracts, factories, managerial hierarchies—entails fundamental changes to identities, expectations, and social relations, and to the ontological status of fundamental aspects of life (e.g., land, heretofore a sacred space, now becomes real estate, bought and sold for a price). Most recently, Bates (2000) has shown that, historically, violence and prosperity have tended to go hand in hand, in that technological and organizational improvements which have altered the sources of wealth (while generally raising welfare levels) in society have always been a threat to the prevailing political and economic elites, whose power (and the wealth that sustains it) has been based on an earlier mode of production.

In short, the introduction of new risks and uncertainties, new political expectations, new intra-household (and inter-generational) dynamics, new 'rules of the game', new distinctions and categories (e.g., land as commodity), new ways of explaining biological (e.g., illness) and meteorological events (the weather, natural disasters), new practices for marking life transitions (birth, adulthood, marriage, death), new forms of social relations—all are constituent elements of the development process, and all require fundamental transformations in identities, rules systems, and relationships; as such, all are likely to generate conflict as individuals and groups endeavor to manage these uneven, difficult transformations. The modernization of the economy—perhaps the defining goal of 'development'—necessarily entails the concomitant modernization of the

judiciary, the polity, and (most problematically) social relations, though rarely are such interconnections made explicit, and rarely does an orthodox sectoral development project (roads, health, education) conceive of itself as entering such a complex, ongoing process.

The ‘best’ CDD projects, however, do. Derived as they are from social (as opposed to economic) theory, they recognize that giving program participants a direct and overt stake in shaping decisions affecting their welfare means that the decision-making process itself, and the broader social changes to which it (intentionally) gives rise, are accorded greater legitimacy. By self-consciously recognizing that conflict is likely to be generated as part of any change process, they anticipate conflict—and, hopefully, address it effectively, before it becomes violent—by incorporating clear and accessible grievance mechanisms into the very design of the project. By establishing a new set of precedents and procedures for priority-setting and decision-making, they potentially generate positive externalities that extend to (and can be leveraged to put pressure for accountability on) other, non-project realms, such as local governance.

It remains an open empirical question, however, whether and how such outcomes are achieved by a given CDD project; if they are, then it is likely that only a more diverse package of methodological tools than is typically deployed in (‘rigorous’) program evaluation is likely to detect them. Conversely, applying this perspective to a broader range of more orthodox development projects is likely to ask of them a more searching set of impact questions, ones which could potentially alter the overall assessment of their efficacy (e.g., if it could be shown that competitive bidding mechanisms—implemented in the name of promoting competition, and thus efficiency—without adequate grievance procedures was actually promoting conflict).

Recent evaluation efforts of CDD projects in East Asia have sought to address these questions. Responding to the challenge laid down by critics to demonstrate CDD impact (or not), they have endeavored to assemble a broad base of empirical evidence tailored to both the local contexts in which the projects operate and to unpacking the development process (as outlined above) as it is unfolding in these contexts. In the section that follows, we provide a summary of this recent evidence, and the claims it seeks to substantiate.

III. Review of Available Evidence

The above theory suggests that CDD operations seek to nudge or catalyze fundamental change in how communities operate, or the character of social capital within those villages. In

that sense, the most important impact of these operations is local institutional change resulting from them. For all of the reasons described above, the social capital transformations that CDD engenders likely reflect a discontinuous, uneven and multi-directional series of jumps from one structure of social relations to another rather than a smooth, even progression. To use a physics analogy, CDD's role in enhancing social capital is inherently quantum in nature rather than classical (or, from evolutionary biology, the transitions are likely to be characterized by a series of 'punctuated equilibriums'). For this and other reasons discussed below, it is challenging to evaluate the marginal impact of these changes.

Epistemological challenges in assessing CDD operations

As a result, it is inherently difficult to track social change that CDD operations may be responsible for (Whiteside, Woolcock, and Briggs 2005). To continue the analogy, the evaluative machinery of economics track classical dynamics: we measure a quantitative indicator before some innovation through baseline data, add some controlled perturbation, and then, through follow-up surveys, track the change from the initial condition, usually tracking time changes in some control group as a reference.

The theory of social capital transformation through CDD outlined above resists this evidence gathering approach, at least in its narrowest form. First, when discussing institutions of social capital, it is a serious challenge to define and measure appropriate indicators. Survey instruments are inherently static and individual: social capital characteristics are dynamic and interpersonal. In response to this challenge while upholding organizational imperatives for indicators, the literature on social capital now includes a series of ways to "fix" social capital indicators. The approaches combine quantitative and qualitative evidence methods².

It is also notoriously difficult to identify control groups for CDD operations. Following through on the theory of how CDD should work, communities themselves should drive the development, meaning that they are empowered to participate or not, depending on their interests and capacity. This community self-selection makes it hard to get ex-ante information on communities that have similar social capital characteristics to those that will participate, but do not end up participating. Finally, if social capital transformation takes place through a series of discrete jumps that may initially be in random directions, observed changes across time in social

² See Rao and Woolcock (2003).

capital characteristics may be in the “wrong” direction, even if these are precursors to more dramatic changes in the “right” direction.

However, the theory outlined above does suggest some testable implications of CDD and its potential to transform social capital. Breaking down the components of how we might expect that transformation to take place, we can look for evidence of each of those components. For example, an essential element of how CDD purports to change social capital is that the operation promotes the extensive and meaningful participation of otherwise marginalized groups, such as women and relatively poor members of society. Following the logical chain that the micro-institutional theory lays out, that participation builds a sense of ownership among traditionally disadvantaged groups for the initiative undertaken in the community. Finally, through experience with this participation and ownership, there is an identifiable change in social relations within the community.

Despite the evidentiary challenges outlined above, there is growing evidence from East Asia that CDD operations catalyze institutional change. That change appears through examining whether CDD operations meet their claims to promote participation and inclusion of vulnerable groups and whether they target poor populations. It is apparent by considering whether that participation engenders a sense of ownership among the otherwise dispossessed. And finally, it is evident in institutional change of enhanced empowerment, connectedness to local government, and sustainability.

Participation and inclusion of disadvantaged groups

As discussed in the theory section above, a key element of how CDD operations seek to transform community social capital is through their efforts to promote participation of groups traditionally disempowered or excluded from decision making. Evidence from CDD projects in East Asia suggests that operations taking a CDD approach, when well implemented and where the local political environment is broadly supportive, do promote greater inclusion in the decision-making process for non-elites, including women, minorities and the poor.

Women’s participation. Much of the evidence on CDD’s success in promoting participation comes from Indonesia. One facet of participation is whether women attend the community meetings which are part of the decision making process for the Kecamatan Development Project (KDP). In KDP community meetings, women’s attendance rates were

between 26 and 45 percent³, based on the administrative data collected from the project management information system. To corroborate this data, independent data on KDP meetings concerned with the implementation of roads projects⁴ found that of the eight types of meetings which KDP entails, 36.5 percent of participants were women⁵. For comparison with ten other government schemes, women's attendance rates at non-KDP meetings were less than 1 percent⁶. But attending meetings differs from actively participating in or influencing them. Again referring to KDP data⁷ on who spoke at different meetings, while women were slightly less likely to speak at meetings than their male counter-parts, they did speak up to a significant degree. For example, at the planning implementation meeting, women represented 31 percent of participants and 21 percent of those who spoke. For context, speaking up at this meeting was a relatively high-profile and rare form of participation, for of those attending the meeting, only 2.4 percent of people spoke. This same independent data on KDP included survey questions on whether or not those participating in meetings felt that their voices had been heard through the CDD process and were represented in the resulting community sub-project outcomes. Among women, 60 percent felt their voice had been heard, which corresponds closely to the 61 percent of men who felt so. While we do not have comparable information about intensity of participation in other non-CDD meetings in Indonesia, this evidence from Indonesia's KDP project suggests that, through a set of procedures that encourages women's participation in decision making, the CDD operation had some success in promoting such participation.

From other operations taking a CDD approach in East Asia, there is limited additional evidence on the degree of women's participation in decision making. However, several studies suggest that, absent a concerted effort to encourage women's participation, other operations did not have as much success as the Indonesia example cited above. For example, research comparing the relative success of two CDD operations in Vietnam, the Northern Mountains Poverty Reduction Project (NMPRP) and the Community Based Rural Infrastructure Project (CBRIP) noted that cultural factors and lack of capacity disadvantage women in terms of both

³ Kecamatan Development Project, Project Completion Report (date?)

⁴ Olken (forthcoming)

⁵ It is important to note that one of the eight meetings was designed as a "women's only meeting", where 96 percent of participants were women. Among the four types of meetings where the data was of highest reliability, excluding the "women's only meeting", the percent of women attending ranged from 19 percent to 31 percent.

⁶ Basri et al. (2004)

⁷ Authors' analysis of Olken (2005) primary data

attendance at meetings and particularly active participation in meetings⁸. In Vietnam, the NMPRP Quality of Construction study found that 30% of attendees at meetings were women, but that most did not participate, often due to language barriers.

Participation of Poor People. As part of an effort to transform the micro-institutional structures of communities, CDD approaches seek to target benefits to poor people, specifically supporting processes that promote the participation of poor people in local decision making. To support this claim, the first condition is that poor people live in the the communities that participate in community driven development operations. East Asia's CDD operations provide evidence that project resources are targeted toward poor communities. An impact evaluation of the Indonesia KDP program⁹ found that while 20% of Indonesia's population lived in KDP program areas, KDP covered 30% of the poor, so that these program areas were more poor than average. In the CDD operation in the Philippines, the KALAHÍ – CIDSS operations, several measures of poverty (incidence, mean per capita expenditures) were higher in treatment villages than in control villages. Further, a detailed poverty mapping exercise¹⁰ in the Philippines verified that the KALAHÍ operation, designed to work in the poorest municipalities in the poorest provinces, was very successful in meeting its targeting objectives. Specifically, the operation sought to focus its resources only on municipalities in the bottom quartile of the poorest provinces. Independent analysis suggests it was successful in reaching these poorest municipalities 68 percent of the time. Further, among those municipalities that represent "leakage" to relatively richer municipalities, there was no evidence that participating municipalities were above the provincial mean for poverty incidence.

While it is relatively straight-forward to identify whether CDD operations promote participation of women in decision-making, it is more difficult to identify participation of the poor. A person's poverty status is not instantly apparent to outside observers as is one's gender. Given the evidence that CDD operations target poor communities, what are appropriate standards for whether they should depend on participation of the relatively poorest members of these poorest communities? In these poorest communes, the relatively "rich" elites may still be quite poor when compared to national distributions. To fix the point, if geographic targeting is quite effective at reaching the poorest areas, the richest person in the community, while a local

⁸ Shanks (2004)

⁹ Alatas (2005)

¹⁰ Haslett and Jones (2005)

“elite”, is likely still to be in the bottom half or lower of a national distribution. Further, to promote transformational change in social relations, is it realistic to look to the poorest members of these poorest communities to lead such change? If the history of progressive politics in the developed world is any indication, social change is unlikely to emerge from pressures by societies’ most destitute. Rather, change is likely to be promoted by those of middle status seeking to exert what they consider to be their rightful degree of influence against traditional, entrenched elites who maintain their authority through long-standing social norms.

Working in relatively poorer areas, CDD operations in East Asia provide evidence of success in promoting poor people’s participation. The independent KDP data shows that, using relative poverty measures determined by the community, members of the local “middle class” were most likely to speak up at meetings. Again, using the implementation planning meeting for comparison, 15 percent of middle class people in attendance spoke, compared to only 5 percent of the local “rich” and 3 percent of the local “poor”. Considering data from another Indonesia CDD operation, the Second Urban Poverty Project¹¹, there is additional evidence that the project’s procedures changed in who participated in community decision-making. In that study, democratic selection of community board members led to a 50 percent higher proportion of non-elite representation on the board and led to increased project participation of the poor.

While much of the available evidence suggests that CDD operations promote processes that challenge social norms dominated by elites, it is not clear that that challenge necessarily is inclusive of those most destitute within communities. Evidence from a CDD operation in Thailand¹² focusing on social capital impact shows that, while participation in a CDD operation had positive impact on several social capital indicators, there was a negative effect on community inclusion of the most destitute. Based on semi-structured interviews, researchers explained this negative impact through the competition the CDD operation involved. In the pressure to present proposals that would win a competition for funding, communities that participated in the CDD operation often excluded the most disadvantaged, purportedly out of concern that their participation might hinder the effectiveness of the group. This is in contrast to matched comparison villages where deep seated traditional social norms militated for taking care of and including the most destitute.

¹¹ Fritzen, et. al., (2005)

¹² Chase, Nording, and Thongyou (2005)

Participation promotes ownership

Following a logical chain for how CDD operations can transform community social capital, participation of relatively disadvantaged groups in project design builds their sense of ownership in the public goods investments that the intervention supports. That sense of ownership and involvement can satisfaction with the infrastructure and improve welfare. Further, when the norm for public goods provision is to look to other authorities to provide such public goods through classic patron-client relationship, the ownership that CDD promotes can offer an alternative.

Using the independent KDP evidence, we see support for the hypothesis that participation in the implementation of the community initiative increases ownership. The data includes community members' responses as to whether they were satisfied with the project. Overall, 80 percent of community members were satisfied with the project. Analyzing what determines variation in this satisfaction through multivariate regression, the single most significant factor is whether someone in the household volunteered labor for the project through "swadaya"¹³.

Other evidence on the returns to different investments suggests that participation in CDD projects increases ownership, through increased economic returns. An economic analysis of KDP infrastructure projects¹⁴ shows that projects in communities with a high degree of participation had a 65 percent rate of return in terms of monthly per capita expenditures, compared to 41 percent return for communities with low levels of participation.

Participation and ownership improve accountability and governance

East Asia CDD operations offer evidence of success in promoting participation of non-elite groups, participation that can enhance ownership, satisfaction and welfare. However, beyond these effects of the projects themselves, we have argued that there may be institutional spillover impact of CDD operations. For example, increased participation in project design can improve accountability. As noted above, the second Indonesia Urban Poverty Project introduced requirements that community boards be democratically selected, mandating increased

¹³ The coefficient on participation was 0.23, suggesting that participating made it 23 percent more likely that a person would be satisfied with the project. The magnitude of this coefficient is more than twice as large as other statistically significant coefficients, including whether or not a respondent was female and their income level. When describing who contributes voluntary labor or "swadaya", the data suggest that younger men with less education and earnings offer this labor contribution: coefficients on male, age, education, and income are all negative and statistically significant.

¹⁴ See Alatas (2005)

participation in decision making. Boards that were democratically selected were found to be more accountable to communities, and more likely to see their role as assisting the poor than those selected through methods prevailing in urban Indonesia¹⁵. Further, while the threat of external audits are shown to be highly effective accountability mechanisms in the KDP operation, additional grassroots monitoring also contribute to efforts to control corruption¹⁶.

CDD operations also can open up channels of information flow that might otherwise have been unused. The social capital impact assessment of a CDD operation in Thailand offers evidence that the Thai Social Investment Fund opened up information linkages between ordinary citizens and local government authorities, increasing the breadth, scope and ease with which people could express their opinions. The Thai data also show that new leaders emerged within CDD villages and that these new dynamics suggest greater opportunities for villagers to initiate and sustain local development opportunities of their own accord. Overall, the Thai analysis suggests that the CDD operation helped to empower communities.

Managing conflicts inherent arising through CDD

The East Asia data presented here suggests that CDD operations can play the transformational role suggested in our theory. But while most of the evidence presented thus far focuses on the salutary effects of transformation, it is important to keep in mind the conflicts inherent in moving from long-standing patron-client relations to those where non-elites have increased agency. Changing community rules of engagement is inherently conflictual, for vested interests are unlikely to freely accede to new norms that leave them relatively less powerful than they were previously. In so far as CDD approaches inject resources into communities and seek to change allocation rules for control over them, these approaches induces conflict.

East Asia also provides careful analysis of these conflicts and CDD operations' role in managing them. Considering villages where the Indonesia KDP operation was active and comparison areas, there is evidence of relatively more frequent conflict where CDD was present¹⁷. But because it also involves explicit mechanisms for managing that conflict, it doesn't allow that conflict to bubble over into more violent forms seen in other villages. As our micro-

¹⁵ See Fritzen, et. al. (2005)

¹⁶ Olken (2005) found that the type of monitoring mechanism had an important impact on the form of corruption, so that accountability efforts to stem one sort of corruption likely led to new forms of corruption that were not as easily monitorable through the accountability mechanism.

¹⁷ See Barron, Diprose and Woolcock (2005).

institutional theory suggests, it is unrealistic to expect a smooth, gradual change from traditional, patron-client relationships to new forms of local social organization. Instead, if we view the process of development as inherently conflictual in that it is paradigm shifting, it is encouraging that CDD operations promote mild intra-community tensions, for such tensions, when managed appropriately, are evidence of development transformation.

Consistent with the CDD theory put forward above, East Asia CDD operations offer evidence of the increased participation and inclusion, particularly participation of marginalized groups. Further, there is evidence that CDD operations do operate as our micro-institutional theory suggests, in that they involve broader groups of stakeholders than more conventional operations. In so far as they are designed to target benefits to the poorest members of society, they succeed in doing so. That participation enhances ownership and the welfare benefits of the operation, as viewed from the perspective of these disadvantaged groups. Finally, despite the caveats concerning the difficulty of collecting evidence of CDD operations' impact, there is burgeoning evidence that these approaches have institutional effects on how non-elite citizens connect to local government institutions. Through this East Asia evidence, it appears that CDD operations impact community social capital, helping to support change community institutions for enhanced empowerment.

IV. Policy Conclusions and Implications

There are a number of policy conclusions and implications that follow from this analysis; some are relatively straightforward and unoriginal (though they bear repeating); others are more complicated (both conceptually and operationally). The first is that CDD operations need to respond to local context, or, more precisely, they need to have organizational rules and procedures that enable them to be able to adapt to different contexts. Second, it is important to recognize that the impact of CDD projects, unlike their more technically uniform counterparts, turn sharply on how well they are implemented. Sometimes CDD projects do not work because they are poorly designed and/or poorly implemented, not because the broader category itself is flawed. This is an especially important point where people (rather than technologies, such as tax credits or immunizations) are the medium of intervention.

However, given the theory of micro-institutional foundations we have outlined, there are also some important characteristics of the macro-institutional environment that are important for

CDD to work. Projects (of all kinds) are most likely to work in settings where regional and local governments, for example, are actively supportive; conversely, poor people who happen to live in weakly governed areas are perhaps in even greater need of targeting as participants in development projects, in which case project managers need to be especially attentive to how they can maximize the likelihood that their projects will succeed when the broader institutional environment conspires against it.¹⁸

Third, the World Bank should use its influence in the policy realm to support the creation of this enabling environment. Some may argue (not unreasonably) that it is beyond the Bank’s mandate and core competence to seek to directly shape (‘engineer’) such an environment, but nonetheless there is clearly a role for the Bank (and the international community more generally) in creating the spaces, resources, and incentives that facilitate better or worse government as experienced by the poor. Whether by design or default, the Bank is an important actor in low-income countries, and its actions can play a vital role in ensuring that ‘good governance’ is more than merely a slogan. Not least, its own behavior towards clients (and its staff!) should model that which it claims to seek in others.

There is lots of debate about whether short term interventions can catalyze social change. CDD operations have as explicit objectives the promotion of community empowerment. We have argued that to do that, they need to catalyze change in the characteristics of social capital within communities—that is, to transform the micro-institutional foundations. We have some evidence that there is success in promoting this transformation. Notably, CDD operations promote participation of women and poor people, groups that are traditionally disempowered in communities. These operations also promote a sense of ownership among communities, so that investments in infrastructure and necessary public goods are viewed as assets that communities themselves take responsibility for. That ownership in itself suggests a transformation away from more traditional forms of patron-client relationships prevalent in East Asia. Rather than looking to higher authorities to deliver public goodies, the community takes on self-agency to produce and maintain them themselves. Communities are empowered. Springing from this ownership, there is some evidence that these empowered communities are more effective in generating their own welfare. Finally, there is some evidence from East Asia that there are wholesale

¹⁸ This is precisely the challenge the World Bank faced in Aceh, in Indonesia, prior to the December 2005 tsunami. More generally, it is the challenge faced by all those working in conflict and post-conflict settings.

transformations in how communities operate, and that the process of that transformation can be conflictual in nature.

The enduring question is whether the transformations will stick. As we have argued, based on the micro-institutional foundations of CDD, these operations offer examples to communities of different social relations and decision-making mechanisms, of different social capital characteristics that can take hold and leave them empowered. But because those changes are transformational and disrupt, even fundamentally alter, traditional norms, they can breed conflict. The question that arises from this discussion is how much impetus does a CDD operation need to exert in order for the new social structures to become the new norm. Given this potential need for repetition of the empowering practice of CDD, the question arises of how long it takes for change to be self-sustaining? To verify the empirical claims that we have made and to explore this question of the sustainability of social change, the development community needs to maintain and redouble its efforts to understand the social transformations that CDD works to initiate and sustain.

References

- Alatas, Vivi (2005) "Economic Analysis of KDP Infrastructure" Mimeo, World Bank Office, Jakarta
- Barron, Patrick, Rachel Diprose and Michael Woolcock (2005), "Local Conflict and Community Development in Indonesia: Assessing the Impact of the Kecamatan Development Program".
- Bates, Robert (2000) *Violence and Prosperity: A Political Economy of Development* New York: Norton
- Basri, et. al. (2004) "Replicability of KDP"
- Chase, Robert, Rikke Nording, and Maniemai Thongyou, (2005) "Thailand Social Capital Evaluation: A Mixed Methods Assessment of the Social Investment Fund's Impact on Village Social Capital" Mimeo, The World Bank, Social Development Department
- Fritzen, Scott et. al. (2005) "Democracy and Accountability". Mimeo, University of Singapore
- Gibson, Christopher and Michael Woolcock (2005) "Empowerment and Local Level Conflict Mediation in Indonesia: A Comparative Analysis of Concepts, Measures, and Project Efficacy" Policy Research Working Paper No. 3713, Washington, DC: World Bank
- Haslett, Stephen and Geoffrey Jones (2005) "A Comparison of Rankings of Municipalities in the Philippines Using Two Poverty-Mapping Methodologies"
- Mansuri, Ghazala and Vijayendra Rao (2004) "Community-based and driven development: a critical review" *World Bank Research Observer* 19(1): 1-39
- Moore, Barrington (1966) *The Social Origins of Dictatorship and Democracy* Boston: Beacon
- Olken, Ben (forthcoming) "Monitoring Corruption in a Community Drive Development Project" *American Economic Review*
- Pritchett, Lant, Steen Jorgenson, Salimah Samji, and Susannah (2005) [India CDD evaluation]
- Polanyi, Karl (1944) *The Great Transformation* Boston: Beacon Press
- Rao, Vijayendra and Michael Woolcock (2003) "Integrating Qualitative and Quantitative Approaches in Program Evaluation", in Francois J. Bourguignon and Luiz Pereira da Silva (eds.) *The Impact of Economic Policies on Poverty and Income Distribution: Evaluation Techniques and Tools* New York: Oxford University Press, pp. 165-90

Scott, James (1976) *The Moral Economy of the Peasant: Resistance and Rebellion in South-east Asia* New Haven: Yale University Press

Scott, James (1985) *Weapons of the Weak: Everyday Forms of Peasant Resistance* New Haven: Yale University Press

Shanks, Edwin (2004) "A Review of NMPPR and CBRIP in Vietnam"

Skocpol, Theda (1979) *States and Social Revolutions* New York: Cambridge University Press

de Tocqueville, Alexis (1856) *The Old Regime and the French Revolution* Oxford University Press

Torrens, Anthony, (2005) "Economic Impact Analysis of the KDP".

Whiteside, Katherine, Michael Woolcock, and Xavier de Souza Briggs (2005) "Assessing Participatory Development Projects: Integrating the Art of Practice and the Science of Evaluation" Mimeo, Washington, DC: The World Bank

Wolfe, Eric (1969) *Peasant Wars of the Twentieth Century* New York: Norton (?)

Wong, Susan and Scott Guggenheim (2005) "Community-Drive Development: Decentralization's Accountability Challenge", in *East Asia Decentralizes: Making Local Government Work* Washington, DC: The World Bank, pp. 253-267

World Bank (2005a) OED Report on CDD. Washington, DC: The World Bank

World Bank (2005b) Scaling Up Poverty Reduction (Shanghai Report) Washington, DC: The World Bank