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Community-Based and -Driven Development: A Critical Review

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Community-based and -driven development projects have become an important form of development assistance, with the World Bank's portfolio alone approximating $7 billion. A review of their conceptual foundations and evidence on their effectiveness shows that projects that rely on community participation have not been particularly effective at targeting the poor. There is some evidence that such projects create effective community infrastructure, but not a single study establishes a causal relationship between any outcome and participatory elements of a community-based development project. Most such projects are dominated by elites, and both targeting and project quality tend to be markedly worse in more unequal communities. A distinction between potentially "benevolent" forms of elite domination and more pernicious types of capture is likely to be important for understanding project dynamics and outcomes. Several qualitative studies indicate that the sustainability of community-based initiatives depends crucially on an enabling institutional environment, which requires government commitment, and on accountability of leaders to their community to avoid "supply-driven demand-driven" development. External agents strongly influence project success, but facilitators are often poorly trained, particularly in rapidly scaled-up programs. The naive application of complex contextual concepts like participation, social capital, and empowerment is endemic among project implementers and contributes to poor design and implementation. The evidence suggests that community-based and -driven development projects are best undertaken in a context-specific manner, with a long time horizon and with careful and well-designed monitoring and evaluation systems.

Community-based development and its more recent variant, community-driven development, are among the fastest-growing mechanisms for channeling development assistance. *Community-based development* is an umbrella term for projects that actively include beneficiaries in their design and management, and *community-driven development* refers to community-based development projects in which

communities have direct control over key project decisions, including management of investment funds.

By conservative calculations, the World Bank's lending for such projects has risen from US$325 million in 1996 to $2 billion in 2003—or from $3 billion in 1996 to $7 billion in 2003 when lending for an enabling environment for such projects is included.[1] The World Bank's *Poverty Reduction Strategy Paper Sourcebook* (Dongier and others 2001) views community-driven development as a mechanism for enhancing sustainability, improving efficiency and effectiveness, allowing poverty reduction efforts to be taken to scale, making development more inclusive, empowering poor people, building social capital, strengthening governance, and complementing market and public sector activities. Community-driven development is said to achieve all this by reducing information problems (by eliciting development priorities directly from target communities and allowing communities to identify projects and eligible recipients of private benefits), expanding the resources available to the poor (through credit, social funds, capacity building, and occupational training), and strengthening the civic capacities of communities by nurturing organizations that represent them.

The potential gains from community-driven development are large. It has the explicit objective of reversing power relations in a manner that creates agency and voice for poor people, allowing them to have more control over development assistance. This is expected to make the allocation of development funds more responsive to their needs, improve the targeting of poverty programs, make government more responsive, improve the delivery of public goods and services, and strengthen the capabilities of the citizenry to undertake self-initiated development activities.

This vision has become one of the cornerstones of the World Bank's Comprehensive Development Framework, with its increasing emphasis on empowerment (Dongier and others 2001; Narayan 2002). This vision is not universally shared, however. Skeptics have misgivings about the basic precepts of the approach and more practical concerns with the challenges of implementing such projects. Summers (2001), for example, is concerned that local institutions promoted under the aegis of such projects could undermine democratically elected governments. Harriss (2001), Mosse (2001), Cooke and Kothari (2001), and others have focused on what happens when complex and contextual concepts like *community, empowerment* and *capacity for collective action* are applied to the needs of large development projects on tight timelines. Project implementers, whose incentives are often poorly aligned with the needs of the project, may choose to gloss over differences within target groups that underscore local power structures and to short-change the more difficult task of institution building in favor of more easily deliverable and measurable outcomes.

Many critics note that evidence on community-driven development initiatives lags well behind the rate at which projects are being implemented and scaled up.

However, the diversity of views and the intensity of their expression make a review of the available evidence both necessary and timely. Because of the considerable overlap between community-based and community-driven development projects, evaluation evidence is reviewed for any project with community participation as a crucial element of its design. Using this broader definition, there is enough credible research to glean some useful insights about specific facets of these programs. That is the purpose of this review.

The article focuses on several questions for which reliable information could be found: Does community participation improve the targeting of private benefits? Are the public goods created by community participation projects better targeted to the poor? Are they of higher quality, or better managed, than similar public goods provided by the government? Does participation lead to the empowerment of marginalized groups—does it lessen exclusion, increase the capacity for collective action, or reduce the possibility that locally powerful elites will capture project benefits? Do the characteristics of external agents—donors, governments, nongovernmental organizations (NGOs), and project facilitators—affect the quality of participation or project success or failure? Finally, can community participation projects be sustainably scaled up?

The literature reviewed includes two main types of studies: impact evaluations, which use statistical or econometric techniques to assess the causal impact of specific project outcomes, and ethnographic or case studies, which use anthropological methods, such as participant observation, in-depth interviews, and focus group discussions. Although case studies cannot attribute impact, they often provide a more nuanced picture of projects in particular contexts and yield insights that can be difficult to generate with quantitative techniques.

The focus is on studies that have either undergone the test of peer-reviewed publication, or have been conducted by independent researchers. This allows the use of an exogenous rule that improves the quality and reduces the level of potential bias while casting a wide enough net to let in research from a variety of disciplinary perspectives on different types of community-based development projects.

The article looks first at the history of participatory development and the move toward community-based development as a key mechanism for channeling development assistance. The second section examines the literature on participatory development and collective action to clarify what is meant by *participation* and *social capital*, what constitutes a *community*, and what are the likely constraints on community participation. The third section reviews the evidence on the effectiveness of community participation and attempts to answer some of the questions raised. The fourth section focuses on the feasibility of sustainably scaling up projects, and the final section highlights the main findings and identifies the gaps in knowledge.

Participatory Development and Development Assistance

There is a long history of community-based forms of development. Clearly significant were the cooperative movement and Gandhian (Gandhi 1962) notions of village self-reliance and small-scale development, which Gandhi saw as an antidote to the corrosive effects of modernization and colonial rule. Another influential perspective was that of Paulo Freire (1970), whose *Pedagogy of the Oppressed* argues that the "oppressed" needed to unite to find a way to improve their own destinies. These ideas led to a first-wave of participatory development in the 1950s, which by 1960 had spread to more than 60 countries in Africa, Asia, and Latin America, largely through the efforts of the U.S. Agency for International Development (USAID; White 1999). Funding for these programs dried up in the early 1960s, and within a decade most were shut down. White (1999:111) notes that one important lesson from the first wave was "fadism" among development agencies, which "build up an approach—to the extent that it is virtually a requirement that a country have such a program in order to receive aid—and then lose interest, leaving the program to collapse."

Economists long remained skeptical of the approach. The early literature on development policy was strongly influenced by the work of Olson (1973) and Russell Hardin (1982) on collective action to achieve a common goal or pursue a common interest.[2] Olson argued that without coercion or some other special device to make individuals act in their common interest, "rational self-interested individuals will not act to achieve their common or group interests." Olson was concerned with "exploitation of the great by the small," because those with smaller interests in a public good would tend to free-ride on the efforts of those with greater interests. Garrett Hardin's (1992) "tragedy of the commons" also acquired metaphorical power—particularly as environmental concerns became more important—but has much broader implications that impinge on a range of economic problems, including the domain of the public and the private, decentralization of power to local governments, and the provision and management of a host of goods and services that are to some degree public or are common-pool resources. Like Hardin, property rights theorists such as Demsetz (1970) and North (1990) argued that common property resources would be overexploited as demand rose unless the commons were enclosed or protected by strong state regulation. This view generated a great deal of pessimism in multilateral development institutions about the viability of local collective action in the provision of public goods and created a strong impetus for state provision of public goods, state regulation of common-pool resources, and an emphasis on development of private property rights.

By the mid-1980s, critics of "big development" were complaining that many large-scale, government-initiated development programs, from schooling to health to credit to irrigation systems, were performing poorly, while rapidly degrading

common-pool resources were creating significant negative environmental and poverty impacts. These complaints reawakened interest in the local management of resources and decisions. The participatory development movement led by Chambers (1983) and others was important in applying these ideas to small-scale development in ways that would allow the poor to be informed participants in development, with external agents acting mainly as facilitators and sources of funds. Further support came from the increasingly strong critique of development from academic social scientists, such as Escobar (1995) and Scott (1998), who argued that top-down perspectives were both disempowering and ineffective. Meanwhile, projects like the Self-Employed Women's Association in India, the Orangi slum improvement project in Pakistan, and the Iringa Nutrition project in Tanzania were generating interest as highly successful instances of community-driven development (Krishna, Uphoff, and Esman 1997) that could provide important lessons for large donors.

Thinking in mainstream development circles was also significantly affected by the work of Hirschman (1970, 1984), Cernea (1985), and Ostrom (1990). Hirschman's (1970) notions of "voice" and "exit" provided a way for development practitioners to understand how collective agency could improve well-being, views that were bolstered by Hirschman's (1984) own attempts to apply these ideas to participatory development. Cernea (1985) showed how large organizations like the World Bank could "put people first" by working systematically at the local level.

Ostrom's (1990) work on the management of common-pool resources shifted perceptions on the potential for collective action in poor communities. Ostrom argued that what made Olson's and Hardin's work most powerful also made it dangerous. She considered the use of these models as a foundation for policy troubling because their results depended on a set of constraints imposed for purposes of analysis. Their relevance in empirical settings, she argued, was an open question rather than a foregone conclusion. In the real world, after all, the capabilities of those involved can be changed, thus altering the constraints themselves. Ostrom and others assembled considerable evidence from case studies to show that endogenous institutions often managed common-pool resources—often very successfully. Thus, Hardin's "open access" was not the universal model for managing common-pool resources and "remorseless tragedies" were not an inevitable outcome.

Sen's (1985, 1999) influential effort to shift the focus of development from material well-being to a broad-based "capability" approach also deeply influenced the development community. Central to this approach were strategies to "empower" poor people, an agenda taken on by the World Bank and other donors as part of their response to critiques of top-down development. Arguments for "participatory development," as advocated by Chambers (1983) and others, led to the inclusion of participation as a crucial means of allowing the poor to have control over decisions.

The inclusion of participatory elements in large-scale development assistance came quickly at the World Bank, in social investment funds (Narayan and Ebbe

1997) and other forms of assistance. Initially focusing on targeting, these projects have moved toward a more holistic attempt at inducing participation through institutions that organize the poor and build their capabilities to act collectively in their own interest (Narayan 2002). The World Bank's (2001) *World Development Report 2000/2001: Attacking Poverty* focused on empowerment as a key priority of development policy. This has led to a broad-based effort at the World Bank to scale up community-based development and to make it an important element of programs that seek to improve the delivery of public services (World Bank 2003).

With this second wave of interest in community-based approaches to development,[3] a movement that originated in revolutionary goals that were anti-colonial and anti-modernization has been absorbed into the mainstream of development. This transformation has required a new vocabulary to describe its objectives and processes. The next section reviews the key terms and ideas briefly.

Participation, Community, and Social Capital

Community-based development relies on communities to use their social capital to organize themselves and participate in development processes. Thus, concepts such as participation, community, and social capital are critical to how community participation is conceptualized and implemented. Handbooks, guidelines, and terms of reference all use the concepts uncritically, assuming that they are widely and uniformly understood. What each of these concepts implies, however, is quite controversial.

Participation

The cornerstone of community-based development initiatives is the active involvement of members of a defined community in at least some aspects of project design and implementation. Although participation can occur at many levels, a key objective is the incorporation of local knowledge into the project's decision-making processes. When potential beneficiaries also make key project decisions, participation becomes self-initiated action—what has come to be known as the exercise of voice and choice or empowerment. Participation is expected to lead to better designed projects, better targeted benefits, more cost-effective and timely delivery of project inputs, and more equitably distributed project benefits with less corruption and other rent-seeking activity.

This idealized transformatory capacity of participation has been challenged on several grounds. First, the exercise of voice and choice can be costly under certain conditions. At the most basic level, it may involve real or imputed financial losses due to the time commitments required for adequate participation. In addition,

participation may lead to psychological or physical duress for the most socially and economically disadvantaged, because genuine participation may require taking positions that are contrary to the interests of powerful groups. Although the premise of participatory approaches is that the potential benefits outweigh such costs, this is by no means certain.

Second, mainstreaming participation has made it an instrument for promoting pragmatic policy interests, such as cost-effective delivery or low-cost maintenance, rather than a vehicle for radical social transformation. This may simply shift some of the costs of service delivery to potential beneficiaries. Indeed, in both Asia (Bowen 1986) and Africa (Ribot 1995), participation has been described as a form of forced or corvée labor, with the poor pressured into making far more substantial contributions than the rich.

Third, the belief that exposure to participatory experiences will transform the attitudes and implementation styles of authoritarian bureaucracies (governments or donors) may be naive. The routinization of participatory planning exercises into the work of public sector implementation agencies puts new pressures on resources while leaving implementers unclear about the potential gain to themselves from this new accountability.

In an examination of several participatory projects, Mosse (2001) finds that even in projects with high levels of participation, what was labeled "local knowledge" was often a construct of the planning context and concealed the underlying politics of knowledge production and use. He identifies four aspects of this. First, participatory exercises are often public events and open-ended regarding target groups and program activities. This makes such events inherently political, and what is reflected is often strongly shaped by local relations of power, authority, and gender. Second, outside agendas get expressed as local knowledge. Project facilitators shape and direct participatory exercises, and villager "needs" are often shaped by perceptions of what the project can deliver. Third, there is local collusion in the planning exercise. People concur in the process of problem definition and planning because it creates space within which they can manipulate the program to serve their own interests. Although this can benefit both project staff and project beneficiaries, it clearly places consensus and action above detailed planning. Fourth, the concept of participation is used to legitimize the project's previously established priorities and the needs of donors to include such processes in their projects. Because such projects have little real support from the community or the project staff, operational demands eventually take over and participatory objectives and goals are sidelined.

The upshot seems to be that a project may deliver many things that both recipients and project implementers consider beneficial, but what can actually be ascribed to participation is unclear. A convincing evaluation would need to validate (or invalidate) the participatory model itself and the relationship between project process and impact.

Community

Participatory projects are typically implemented in a unit referred to as a community. Most of the literature on development policy uses the term *community* without much qualification to denote a culturally and politically homogeneous social system or one that at least implicitly is internally cohesive and more or less harmonious, such as an administratively defined locale (tribal area or neighborhood) or a common interest group (community of weavers or potters). This notion of community is problematic at two levels. First, defining the geographic or conceptual boundaries of a community is not always straightforward. Administrative boundaries can be meaningless where settlement patterns are distinct from such boundaries or where increasing mobility or temporary migrations have transformed community boundaries. In many cases, factional, ethnic, or religious identities may further complicate the picture. Second, an unqualified use of the term often obscures local structures of economic and social power that are likely to strongly influence project outcomes.

Recent studies have shown that the uncritical adoption of the term *community* is particularly problematic for participatory projects that seek to empower people who are excluded or without voice (see, for example, Guijit and Shah 1998; Cooke and Kothari 2001; Mosse 2001). What is labeled a community is often an endogenous construct defined by the parameters of a project, by project facilitators, or by the nature of administrative or identity boundaries rather than an organic form.[4] Also, the effectiveness of participatory strategies may hinge on an explicit understanding of local structures of power, which both limit and enhance prospects for participatory development.

Social Capital

The third key concept in the literature on implementation of community participation projects is *social capital*. This term, which entered the literature on participatory development in Robert Putnam's (1993) work on northern Italian communities, has strongly affected mainstream thinking on community-based and -driven development (see Woolcock 1998 for a review). It has become common, for example, to refer to such projects as building social capital (Dongier and others 2003), or creating "assets for poor people" (World Bank 2000). Putnam (1993:167) describes social capital as the "features of organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions." It refers to the ability of individuals to build "bonds" within their own group and "bridges" to other groups and is deeply tied to the belief that the quality and quantity of group activity are key sources of a community's strength and its ability to work for its own betterment. Social capital is thus a stock from which people can draw to improve their incomes and which can be "built" to facilitate economic growth and development (Grootaert 1998).

This version of social capital has been criticized on many grounds, among them for not being concerned enough with issues of class distinction and power (Fine 2001; Harriss 2001); for ignoring reverse causality, with the link going from wealth to more group activity rather than the other way (Portes 1998; Durlauf 2001); and for not recognizing that it can be destructive as well as constructive (Portes 1998). The operationalization of Putnam's ideas has recognized neither the complex strategic, informational, and relational choices that underpin the endogeneity of community formation nor the fact that community is itself an abstract social construct. Policy recommendations thus focus on building communities to facilitate processes of community participation, without recognizing that investing in social capital may not be as straightforward as investing in physical capital and may be considerably more complex than investing in human capital. Returns to investments in social capital can be realized only in concert with other members of a group and are thus likely to be subject to all the concerns about collective action.

The delinking of power and social relationships has been criticized as one of the main problems with the World Bank's application of Putnamian social capital (Harriss 2001). A more nuanced understanding sees social capital as part of the relations of power within a social system and recognizes that different groups within a social system can have different types of social capital. It also recognizes that social capital must be viewed contextually because it is embedded within structures of power and can be used to facilitate collective action for the common good or to perpetuate symbolic or actual violence against others. The rich may have better internal and external networks than the poor and may use these networks to reproduce unequal systems of domination, as explored in the work of the sociologist Bourdieu (1984, 1990, 1998), whose ideas precede Putnam's by at least two decades. The poor have less powerful networks that may help them cope with the vicissitudes of life but also restrict their chances for mobility. To the extent that such capital can be bequeathed, it can contribute to the perpetuation of inequality.

Lately, social scientists associated with the World Bank have argued that social capital is less an original theoretical concept and more an umbrella term that has facilitated the insertion of social relations into the thinking of development institutions dominated by economists (Bebbington and others forthcoming). However, now that social capital has made such powerful inroads into development thinking, its value as a so-called Trojan umbrella may have passed and it may be time to bring in all the complexity of thought on society and culture to inform the design of development practice—as the best community participation projects already do. Notions such as *trust* and *norms* are not generalizable, and that means that social capital has to be understood within its cultural and political context (Krishna 2002; Rao 2001), with Bourdieu supplanting Putnam as the main theorist in the area. Building the capacity for collective action cannot be divorced from a deep sense of the structures of power within which the poor attempt to

cope (Harriss 2001; Appadurai 2004; Rao and Walton 2004). The question that remains is whether large development organizations can apply these complex notions of the capacity for collective action in the everyday practice of project implementation.

In sum, precisely because community-based and -driven development turns the pyramid of development mechanisms upside down, by giving beneficiaries voice and choice, it cannot ignore the social and cultural context within which beneficiaries live and organize themselves. One possible consequence is that universalistic notions, such as social capital or community, may have to be viewed as deeply contextual and endogenous constructs. This implies that terms such as *best practice* should be retired to the archives of development and much greater emphasis should be placed on contextualized project design.

Evidence on the Impact of Community-Driven Development Initiatives

This section examines the impact of community participation projects, looking at whether they improve targeting, public service delivery, and project sustainability and reduce the risk of capture by elites. It also looks at the role of external agents and the state.

Does Community Involvement Improve Targeting?

Selecting beneficiaries. Community involvement in selecting the beneficiaries of anti-poverty programs has become increasingly common.[5] Incorporating local knowledge, it is argued, can improve targeting, lower the informational costs of delivering anti-poverty programs, and ensure higher-quality monitoring of program implementation (Chambers 1993; Ostrom, Lam, and Lee 1994; Uphoff 1986; Narayan 1998). But such informational advantages are likely to be realized only when there are institutions and mechanisms to ensure local accountability. Some argue that such institutions are more likely to emerge in societies that are highly mobile, with a tendency toward homogeneous neighborhoods (see, for example, Seabright's 1996 analysis in the context of political decentralization). Where mobility is low, communities are more likely to reflect social orderings with long histories and deeply entrenched power hierarchies—just where poverty programs are most needed.[6] Consequently, local inequality in relations of power and authority may well allow program benefits to be captured by nontarget groups. In the extreme, the decentralization of poverty programs in such contexts could worsen local inequality and perpetuate local power relations.

Conning and Kevane's (2002) recent review of community-based targeting highlights this potential tradeoff. They find that although community groups are likely to have better information on who the poor are, only communities that have relatively egalitarian preferences, relatively open and transparent systems of decision-making, or clear rules for determining who is poor will tend to be more effective than outside agencies in targeting programs to the poor within those communities. Heterogeneous communities, where people have multiple and conflicting identities, may pose a challenge because of competing incentives. They also note that communities vary in their ability to mobilize information and monitor disbursements. This could affect cost-efficiency and create further opportunities for corruption and capture by elites.

What do evaluations of community-based targeting mechanisms say on this issue? Galasso and Ravallion (forthcoming) examine the targeting performance of a decentralized poverty program in Bangladesh, the Food for Education program.[7] First participating Union Parishads (which typically have about 15 villages) were identified by the center, and then eligible households were identified at the community level. Using both household and community data, Galasso and Ravallion examine how much of the program's performance in reaching poor families was due to the center's efforts to reach poor communities and how much to the communities' efforts to reach their own poor. They also look at the factors that influenced targeting at both levels. They are specifically interested in the role of village institutions and land inequality within villages as determinants of targeting performance.

Although they find a positive targeting differential (the difference in optimal spending on the poor and the nonpoor), with more poor people than nonpoor people receiving the program, the size of the effect is small and most of the targeting differential arises from targeting within villages. They find no evidence that the center is targeting villages at all. The program's eligibility criteria for selecting participating Union Parishads, for example, cannot account for any of the variation in the targeting differential or in allocations to the poor. If anything, the intervillage component of the targeting differential tends to worsen the overall differential in participating villages.[8] In contrast, they find that structural features of the village are significant predictors of targeting performance across villages. Villages that were more isolated or had higher levels of land inequality tended to have poorer targeting performance. The evidence thus indicates that the performance of decentralized targeting programs can be substantially constrained by local inequality.

Alderman (2002) evaluates an Albanian economic support program (the Ndihme Ekonomika) that provided social assistance to some 20 percent of the population. The program provided a block grant to communes and allowed local officials to determine eligibility and the amount of the transfer to beneficiary households. Alderman finds that local officials were able to target recipients better than the center could have done using proxy entitlement indicators. He surmises that communities were able to improve targeting by using specialized information unavailable to the center.

Other studies suggest that the center can identify poor communities reasonably well, but does much less well at identifying the poor within communities. For example, Coady (2001) finds that PROGRESA, an anti-poverty program in Mexico that selected poor households on the basis of census data without any community involvement, was more effective at targeting poor communities than at targeting poor households within them.

A series of studies on social funds, which have become a popular mechanism for public service delivery, also provide evidence on the targeting performance of anti-poverty programs. In a typical social fund, community infrastructure is built with local participation in the selection and management of facilities. In most cases, community representatives send project proposals to a central public agency, which allocates funds on the basis of such criteria as extent of community involvement, community capacity for collective action, and other factors affecting the feasibility of the proposed project. Social fund rules almost always require that funds be targeted to poor communities, in accordance with specific targeting criteria, and often require some cofinancing from fund recipients. Most social funds restrict the menu of feasible projects to a limited number of public goods, usually schools, clinics, roads, and water and sanitation facilities.

Paxson and Schady (2002) assess poverty targeting in the Peruvian social fund Foncodes using district-level data on expenditures and poverty. They find that the fund, which emphasized geographic targeting, successfully reached the poorest districts but not the poorest households in those districts—better-off households were slightly more likely than poor households to benefit. Using propensity score matching, Chase (2002) compares targeted communities in the Armenia Social Fund with communities that had not received projects but were in the pipeline for them. He finds that although the social fund was targeted to areas with the poorest infrastructure, these were not always the poorest areas. The fund was also slightly regressive in targeting households in rural areas. Like other social funds, the Armenia fund required a community contribution. Chase reports some anecdotal evidence that this may have led to a selection bias against the poorest communities, which are often unwilling or unable to contribute. Using similar techniques to evaluate the Nicaragua Social Fund, Pradhan and Rawlings (2002) find that some social fund investments were well targeted to poor communities and households. The World Bank's Operations Evaluation Department, in reviewing these and other evaluations of social funds, concludes that although social funds' geographic targeting has been mildly progressive, social funds were less effective in targeting poor households (World Bank 2002).

In evaluating the success of Argentina's Trabajar 2 program, introduced in 1997 with World Bank support, Jalan and Ravallion (2003) and Ravallion (2000) find that it significantly expanded an earlier workfare program to provide short-term work to poor households and to locate socially useful projects in poor areas. The central government allocated funds to the provinces, making an effort to provide

more program funding to poorer provinces. Provincial governments then allocated funds to projects within the provinces. Projects were proposed by local governments and NGOs, which bore the nonwage costs of the projects.

Jalan and Ravallion (2003) show that program participants were overwhelmingly drawn from among the poorest households, reflecting successful self-targeting based on the low program wage. Ravallion (2000) finds a marked improvement in central government targeting of poorer provinces. He also finds some improvement in reaching poorer areas within provinces. About a third of the overall improvement in targeting poor areas came from better targeting of provinces, and the rest from better targeting of poor areas within provinces. However, despite higher provincial allocations to poorer provinces, provinces were initially less able to target their poor areas, possibly because wealthier areas were better able to propose and cofinance good projects. In response to this, project monitoring tools were set up that continuously updated targeting performance within provinces. Ravallion (2000) has shown that this simple but powerful tool, which could be put in place as part of regular project monitoring and evaluation, was able to substantially improve targeting of the poor within provinces. This project demonstrates how targeting of poor areas within a decentralized system can be improved by providing stronger incentives from the center for pro-poor targeting by local governments.

Preference targeting. Because one of the theorized advantages of participation is that it makes development demand-driven, participation should improve the match between what a community needs and what it obtains—what can be called preference targeting. There is little reliable evidence on preference targeting, which ideally requires panel data with baseline information on major problems faced by the community and postproject followup in experimental and control communities. Rao and Ibanez (2003) present evidence on the Jamaica Social Investment Fund. Sampled communities were asked to answer retrospective questions on their assessment of major problems in the community before the social fund had been introduced. These authors find that the overall match between the project and the problems identified was poor. Only in two of the five communities studied did the project match the preferences of a majority in that community. Better-educated and better-networked people were more likely to obtain projects that matched their preferences. Thus, overall preference targeting was poor, and preference targeting was worse for the most deprived within the community. Despite that, some 80 percent of respondents were satisfied with the chosen projects. This suggests that despite weak initial targeting, a broad majority of beneficiaries were satisfied with the public good provided.

Mechanisms for identifying who benefits. The literature also assumes that a community's definition of who is poor and vulnerable would be similar to that of social

planners. This may not always be the case. Harragin (2004), in a case study of famine relief efforts in southern Sudan, finds that local notions of how food should be distributed differed from those of aid workers, resulting in a poorly designed project. Because what the community perceives as fair and just may be at variance with the preferences of project supervisors, how should the effectiveness of targeting in community-based projects be evaluated—whose preferences should count?

Political economy considerations and perverse incentives created by project performance requirements can also result in poor targeting. Galasso and Ravallion (forthcoming) and Ravallion (2000) note that a desire to ensure a broad geographic spread of participants can weaken pro-poor geographic targeting by the center. Jalan and Ravallion (2003), in their evaluation of the Trabajar 2 program, also note that social networks were a crucial determinant of who benefited from the workfare program. They argue that this can be corrected in the design of the program by offering a wage low enough to discourage wealthier members of the community from participating.

Schady (2000) shows that community support for then-President Alberto Fujimori affected the allocation of projects in the Peruvian social fund, Foncodes. Specifically, districts with a smaller share of pro-Fujimoro votes than in the previous election received more funding—presumably to increase Fujimoro's popularity. This association was strongest in wealthier districts—again suggestive of a political link. Thus, programs that attempt to elicit community participation and meet community demand may be no less immune to political manipulation than strictly top-down programs.

Morris and others (1999), in their study of the Plandero anti-poverty program to increase the incomes of the rural poor in western Honduras, find that better-off areas were the most likely to receive program assistance, and the most deprived areas were the least likely. They argue that the weak targeting was due to the project's implementation schedule, its rate of return criteria, and an evaluation strategy that emphasized economic results for beneficiary farmers. These jointly created an incentive to select areas that were easily reached—which typically tended to be better-off areas—and to target project benefits to better-off households within these areas because they tended to be the most creditworthy and most able to absorb project funds.

These ethnographic and case studies suggest that the mechanisms used to identify beneficiaries are crucial in determining how pro-poor decentralized targeting will be, especially when community members have unequal access to project implementers. The center's ability to target benefits to poor households may be constrained by information gaps or political economy concerns. Although decentralized targeting can improve outcomes, it does not automatically solve the targeting problem. Under certain conditions, local inequality can even worsen when targeting is decentralized.

Does Community Involvement Improve Public Service Delivery?

Most large-scale community-based development projects supported by aid organizations aim to improve access to public services in one of two ways. The project either produces the public good itself or enhances a community's capacity to act collectively to obtain the public good from other providers, usually through social mobilization activities.

Assessing whether projects that produce public goods with community involvement are more effective than those that supply public goods produced by others, typically by governments, would focus on whether such projects were more consistent with the preferences of target groups, better designed, more sustainable, and delivered public services better. Assessments would ideally compare similar projects developed in these two ways. But few evaluations do this in a completely satisfactory way. Most of the evidence reviewed here compares community-driven development project areas with communities that are otherwise similar but have no projects or have projects of unclear method and provenance. One exception is Khwaja's (2001) evaluation of community-driven projects funded by the Agha Khan Rural Support Program in northern Pakistan. Khwaja compares a random sample of these projects with other projects in the same village that involved no community participation. Khwaja finds that community-managed projects are better maintained than projects managed by the local government. He also finds that community participation in technical decisions reduced the quality of maintenance, whereas community participation in nontechnical decisions significantly improved maintenance.

In a meta-analysis of reports on 52 USAID projects with participatory elements, Finsterbusch and Van Wincklin (1989) conclude that less technically complex and smaller projects were more effective than others. They also find that participatory projects were more effective in more developed economies than in less developed economies—suggesting that the broader institutional environment may play an important supportive role. Although this appears to suggest that institutional reform is required before participatory projects are introduced, the question is actually quite difficult to answer because institutional reform probably makes all types of development initiatives more effective.

Facilities constructed with community involvement tend to improve access to public services. Paxson and Schady (2002) find that the Peruvian social fund Foncodes increased school attendance, particularly for younger children. Chase and Sherburne Benz (2001) reach a similar conclusion for the Zambia Social Fund. They also find that household education expenditures rose where there was a school constructed by the social fund and that use of primary care services and the prevalence of child vaccinations increased where there was a health facility constructed by the social fund.

Newman and others (2002), using both panel data and random assignment approaches to evaluate the Bolivian Social Fund, find a significant reduction in

under-age-five mortality due to the provision of health clinics but little change in education outcomes with the provision of education projects. The reason, they surmise, is that investments in health went beyond providing infrastructure to providing medicine, furniture, and other necessary inputs. Newman and others (2002) also find that water projects improved water quality and access to water only when community-level training was also provided. These findings suggest that to succeed, participatory projects need to go beyond construction of facilities and may require the continuing involvement of external agencies in providing marginal inputs and training.

King and Özler (2000) evaluate the impact of school autonomy on student performance in Nicaragua, comparing participating and nonparticipating schools. Participating public schools acquired de jure responsibility for a range of functions previously managed centrally, including the right to hire and fire the director and maintain the school's physical and academic quality. School management boards were set up to handle these tasks, drawing their membership from among school staff, parents, and students. King and Özler find that students in schools with both de jure and de facto autonomy performed better on standardized tests than students in schools that did not have autonomy or that had only de jure autonomy. Their work suggests that school effectiveness could be increased by decentralizing certain aspects of school management.

Jimenez and Sawada (1999) report that community-managed schools in El Salvador had fewer absences than comparable centrally managed schools. Jimenez and Paqueo (1996) find that schools in the Philippines that relied more on community contributions used their resources more efficiently. This literature, though not about community-driven development in the strict sense but about the impact of participation on the provision of schooling services, unambiguously supports the idea of increasing school autonomy to improve the quality of public schools.

Although these studies provide a positive impression of the impact of participation on project effectiveness, other studies are more ambiguous. Gugerty and Kremer (2000) use random assignments to evaluate the impact of a participatory program to provide agricultural inputs that was designed to build social capital among women in western Kenya. They find that the costs of inputs were greater than the benefits (increased agricultural output).

Hoddinott and others (2001) look at the relationship between participation and project employment outcomes using data on public works programs from South Africa's Western Cape Province and attempt to isolate the impact of de jure and de facto participation on each outcome using an instrumental variable strategy. Their instruments for participation are measures of community fractionalization (percentage of adults who are divorced, a measure of racial fractionalization, an index of political fractionalization). They find that participation has no effect on any of their outcome variables. When they interact the participation variable with project type, the effects

of participation are somewhat stronger but still quite weak. However, it is unclear whether their instrument set is valid for the outcome variables they analyze, and their results are also based on a small set of projects.

In addition to impact evaluations, there are other types of studies that define the causal effects less clearly but that are nevertheless interesting. Katz and Sara (1997), who analyze the performance of water systems in a variety of countries, find that performance was markedly better in communities where households were able to make informed choices about the type of system and the level of service they required and where decision-making was democratic and inclusive. Projects constructed without community supervision or management tended to be poorly constructed by private contractors. Where construction was of poor quality despite community participation, the reason was often inadequate technical support—similar to Khwaja's (2001) findings on communities faring worse on technical decisions. Katz and Sara also report that community members were more willing to pay for investment costs when they had control over the funds. When government staff or contractors controlled the funds, communities viewed their contribution as a tax rather than a fee for service.[9]

Isham and Kähkönen, in analyses of water projects in Indonesia (1999b) and India and Sri Lanka (1999a), confirm that greater community participation is associated with better water supply and that well-designed community-based water services lead to improvements in health outcomes. Differences in project effectiveness are explained largely by a community's ability to engage in collective action, with high levels of "social capital" improving participation in design and monitoring. This is also the conclusion of Rao and Ibanez (2003), who find that a community's capacity for collective action influences its ability to successfully apply for funds from the Jamaica Social Investment Fund. Poorly organized communities are not only less likely to obtain projects but are also more likely to mismanage projects that are allocated to them.

Does Community Involvement Improve Project Sustainability or the Capacity for Collective Action?

Few studies have examined the relationship between community-based development projects and capacity for collective action. Finsterbusch and Van Wincklin (1989), in their review of USAID projects, claim without ambiguity that projects with participatory elements increased the overall effectiveness of projects particularly in building capacity for collective action. They make no attempt, however, to identify the causal direction of this claim, which they assert largely on the basis of an anecdotal assessment of project reviews. In a study of incentives for collective action in a district in south India, Wade (1987) reports that some villages had what he calls a "public realm," with well functioning institutional arrangements for managing

common-pool resources, while others had virtually no public realm. Accounting for the difference, he argues, are economic factors that gave rise to differential collective benefits from organization. This suggests that stimulating participation by forming community organizations such as water user groups may require more than educating people about their common interests or promoting communal values. It may also require helping them to understand the collective benefits of participation.

Rao and Ibanez (2003) use propensity scores and qualitative methods in constructing a survey with a contextualized, project-specific set of variables to explain selection into the program, thereby minimizing unobserved heterogeneity. They then match on observable differences to examine whether the Jamaica Social Investment Fund increased the ability to engage in collective action and build trust. The answer is yes, but the effect was greater for more educated, better networked members of the community. Gugerty and Kremer (2000), in their random assignment study, also find that bringing in outside assistance may change the composition of beneficiary groups. The formation and training of village groups attracted wealthier and more educated men and women into leadership positions within the group because of the outside funding.

Does participation increase project sustainability? Here again the evidence is limited but instructive. Khwaja's (2001) study suggests that projects managed by communities are more sustainable than projects managed by local governments because of better maintenance. Katz and Sara (1997) and Isham and Kähköhnen (1999a, b) also find strong associations between participation and sustainability, although they do not establish causal direction. In an in-depth anthropological study of the sustainability of participatory projects, Kleemeier (2000) examines a Malawi rural piped water project and finds that half the schemes are performing poorly, with the newest ones performing best. The weak sustainability, she argues, stems largely from the lack of institutional support from external agencies—echoing the conclusions of Katz and Sara (1997) and Newman and others (2002).

For water projects in Sub-Saharan Africa, Cleaver (1999) finds that even if communities are initially successful in creating the project, they may lack the material resources and connections to sustain their efforts. Mosse (1997a) comes to similar conclusions in an in-depth examination of tank management in south India. He finds that maintenance of community infrastructure is often crucially dependent on external agents. Thus, the need for a well-functioning state apparatus does not disappear with active community involvement.

Though community participation projects have the potential to be more sustainable than top-down projects, they also appear to suffer from neglect by line ministries once they are completed. Several studies suggest that unless communities can lobby for continuing support for marginal inputs and training, their ability to sustain such projects may be limited.

Economic and Social Heterogeneity and the Risk of Capture by Elites

Previous discussion suggested that a naive understanding of the concepts of community, participation, and social capital can obscure differences that critically influence outcomes. Such differences may be driven by local structures of power; by social divides based on gender, caste, race, or ethnic identities; by uneven interest in the particular public good; or by economic inequality and uneven resource distribution. How do such differences shape outcomes? When is heterogeneity good for collective action, and when does it constrain true participation?

Heterogeneity and inequality. There is a substantial and varied theoretical literature on collective action and coordination by economists, sociologists, and anthropologists that examines the relationship between heterogeneity and the capacity for collective action. The literature identifies several constraints to collective action and the types of environments that favor or disfavor coordination, offering a broad set of hypotheses for empirical work.[10]

In a classic study, Olson (1973) argues that certain types of inequality might favor the provision of public goods. In particular, Olson holds that collective action is difficult to mobilize in large homogeneous groups in which no individual could make a significant difference in the level of provision of the good. In contrast, smaller and more unequal groups might do better, although there would be free-riding by those with a smaller interest in the public good.

Several other theoretical studies also suggest that inequality can be conducive to the provision of pure public goods. For example, Bergstrom, Blume, and Varian (1986) demonstrate that when individual preferences over private goods are identical and distributional changes are mean-preserving, a redistribution of wealth can leave the supply of the public good unchanged or even increase it. Itaya, Meza, and Myles (1997) show that income inequality that is so great that only the rich contribute to the public good increases welfare relative to the case in which all individuals contribute. Baland and Platteau (1998) show that inequality in entitlements to resource use is associated with greater conservation when there are decreasing returns to effort for the resource-use technology.

There have been several critiques of Olson's group-size paradox. Oliver, Marwell, and Teixeira (1985) argue that the probability, extent, and effectiveness of collective action depend on the relation between contributions and levels of the public good and on the extent and type of heterogeneity in the population. They show that inequality of interest can increase the level of collective action. Because inequality of interest is more likely in larger groups, public goods may be provided at higher levels in large groups. However, free-riding remains a problem, and suboptimal levels of collective action and provision of public goods are possible in large groups.

Oliver and colleagues also show that a strong positive correlation between interest and resource heterogeneity increases the probability of collective action.

Heckathorn (1993) argues that the polarizing effect of heterogeneity depends on how collective action is organized. The key issue is that collective action can impose differential costs and benefits on members of a heterogeneous community. If all costs are covered by voluntary contributions, there is no polarization. If the collective action imposes negative net benefits on some members, polarization and conflict are likely.

The literature on collective action related to common-pool resources has also focused considerable attention on heterogeneity.[11] Russel Hardin's (1982) prisoner's dilemma outcome for common-pool resources with open access argues that individually rational strategies can lead to collectively irrational outcomes. More recently, Dayton-Johnson and Bardhan (2002) show that the relationship between inequality and levels of collective action in conservation can be U-shaped. In theoretical work based on fisheries, they show that if fishers have earnings opportunities outside the commons that are concave functions of wealth, increased inequality has a negative effect on conservation. However, as inequality increases, levels of conservation can rise and perfect conservation is possible under perfect inequality.

The dominant economic approach to collective action on a common-property resource focuses on individual incentives to contribute, as determined by the private benefits and costs of participation. Baland and Platteau (forthcoming) show that when collective action involves conservation, users' time preferences are also likely to be important. Specifically, people with a shorter time horizon are more likely to adopt strategies that yield immediate results and neglect longer-term considerations. However, variations in time horizons are likely to be related to the initial distribution of wealth. The poorest users may have wealth levels that are so low that collective action may violate their survival constraint. Thus, the poor may face particular barriers to collective action.

The role of economic inequality is similarly conditioned by other factors. Baland and Platteau (1999) argue that the interactions among multiple dimensions of inequality need to be considered to understand how they affect collective action. For instance, economic inequality can have very different effects when it is combined with caste or ethnic polarization than when it occurs within a more mobile social structure. When regulatory agencies have the power to enforce fines and sanctions, collect fees, and impose rules, inequality is less likely to constrain collective action (Baland and Platteau 1998).

Wade (1987) notes that cultural forces often shape collective action by providing conventions or norms that act as implicit or informal equivalents of all-or-nothing contracts (or assurance games) in resolving collective action dilemmas. He reports that effective village bodies are often composed of elites who can exercise authority with little or no pretense at representation. Thus, he argues, it may be necessary to organize around existing structures of authority, with a major role for village elites.

More recently, Chwe (1999, 2001) builds on this idea of regulatory authority. He argues that most models of collective action implicitly assume the preexistence of "common knowledge." This common knowledge permits games of strategy to be played with a common understanding of the rules of the game—everyone knows what everyone else is playing. The common knowledge assumption is arguably the core concept behind amorphous notions such as trust and social capital that figure prominently in the discourse on collective action. Rao (2003) builds on this to argue that mechanisms for generating common knowledge, which he calls symbolic public goods, are precursors to the possibility of collective action in community development because they may mitigate the effects of heterogeneity. People who belong to the community abide by the rules of the community both because they internalize its ideology and because they face sanctions if they violate the rules. The incentives work not just as exogenous constraints but as what can be called "constraining preferences" (Rao and Walton 2004). Thus, studying the ideology and beliefs underlying collective action is key to understanding how it interacts with inequality and heterogeneity.

Empirical work on heterogeneity and collective action has focused mostly on economic or social (race, caste, ethnicity) heterogeneity. Social heterogeneity is the more difficult concept to measure because it is usually more than a matter of creating an index that weighs the number of identifiable groups in the community by the size of their populations—though most of the economics literature does precisely this.

Alesina and La Ferrara (2000) examine the influence of heterogeneity on participation using survey data on group membership in the United States and data on U.S. localities. They find, after controlling for many individual characteristics, that participation in social activities is significantly lower in more economically unequal or more racially or ethnically fragmented communities. They also show that heterogeneity has the most significant impact on participation in groups where excludability is low and significant interaction among members is necessary. The study attempts to deal with the possible endogeneity of the income inequality measure. It is unclear from their study, however, what the marginal impact is of any given heterogeneity measure. In particular, it is unclear how much racial or ethnic heterogeneity matters once economic inequality has been controlled for.

In a similar study, La Ferrara (2002) looks at the influence of inequality on group participation using data from rural Tanzania. She also finds that higher levels of village inequality reduce the probability of participation in any group. She reports that groups in more unequal communities were less likely to take decisions by vote, were more likely to report misuse of funds and poor group performance, and were more likely to split up into homogeneous ethnic and income groups, interact less frequently, and to less motivated to participate.

In a random assignment evaluation of community-managed schools in Kenya, Gugerty and Miguel (2000) show that ethnic diversity results in fewer social sanctions

against nonparticipants. This leads to low parental participation in school activities and poor attendance by teachers, which in turn reduce the funds available to the school and worsen school quality.

Bardhan and Dayton-Johnson (2001), in a survey of the evidence on community-driven water projects in India, Mexico, and Nepal, conclude that heterogeneity has a negative impact on cooperation and commons management and weakens the cohesive effect of social norms and the application of sanctions for violating cooperative behavior and collective agreements. Bardhan (2000), examining the factors affecting irrigation maintenance in south India, also finds that inequality has a negative effect. Work by Ostrom, Lam, and Lee (1994) and Ostrom (1990) shows that farmer-managed irrigation schemes had more equitable water distribution. However, these studies can say little about the impact of community heterogeneity on project choice or on the distribution of benefits since they have little to say about nonparticipants.

Not all quantitative studies, however, find that economic inequality has a mono-tonically negative impact. Somanathan, Prabhakar, and Mehta (2002) analyze the effect of collective action on forest conservation in India using matched-comparison difference-in-difference techniques. They find that communities with more equal land ownership conserved pine forests somewhat better than other communities. However, they find no impact of caste heterogeneity on conservation efforts. They also find that more equal land ownership does not translate into better conservation of broadleaf forests, which are of much greater importance to villagers for firewood and fodder. Some in-depth case studies of participatory projects using qualitative methods also suggest a more complex role for social heterogeneity (see, for example, Vedeld 2000).

Dayton-Johnson (2000) develops a model of cooperation in small irrigation systems and tests the model with data from a survey of Mexican irrigation societies. He finds that social heterogeneity is consistently and significantly associated with lower levels of maintenance. Landholding inequality and the proportional sharing of water in accordance with landholding size also tend to decrease maintenance, but in a nonmonotonic way. Khwaja (2001) finds empirical evidence for a U-shaped relationship between land inequality and project maintenance, with both highly equal and highly unequal communities performing better than moderately equal ones.

Capture by local elites. The frequent tendency for participatory projects to be dominated if not captured by local elites is highlighted by several case studies. Katz and Sara (1997), in a global review of water projects, find numerous cases of project benefits being appropriated by community leaders and little attempt to include households at any stage. They find that training community members was crucial for informed choice and for maintenance of projects and willingness to pay for them. Although well-trained project staff were critical for ensuring inclusiveness and

providing information on options, Katz and Sara note that even well-trained staff are not always effective in overcoming entrenched norms of exclusion. In a study of community forestry projects in India and Nepal that worked reasonably well, Agarwal (2001) reports that women were systematically excluded from the participatory process because of their weak bargaining power. Rao and Ibanez (2003) find that in the participatory projects in their Jamaican case study, wealthier and better-networked individuals dominated decision-making. In a similar case-based evaluation of social funds in Jamaica, Malawi, Nicaragua, and Zambia, the World Bank (2002) Operations Evaluation Department concludes that the process was dominated by "prime movers."

Abraham and Platteau (2004) present evidence on community participation processes in Sub-Saharan Africa based largely on anecdotal evidence from their work in community-based development and on secondary sources. They argue that rural African communities are often dominated by dictatorial leaders who can shape the participation process to benefit themselves because of the poor flow of information. Thus, participatory development can be very difficult and may require slow, careful efforts to make communities more receptive.

The related body of literature on decentralization also provides insights. Bardhan and Mookherjee (2000) theoretically evaluate the hypothesis that local governments have better information but are less accountable and thus are more prone to capture. They show that the probability of capture increases with local inequality and that it is unlikely that local governments are universally more prone to capture.

Some degree of elite domination may be inevitable in community participation projects, particularly in rural areas, where the elites are often leaders who embody moral and political authority. Often these elites are the only ones who can effectively communicate with outsiders, read project documents, keep accounts and records, and write proposals. This domination may, however, work against the kind of broad-based democratic participation envisioned by advocates of community-driven development because an awareness that project rules have been crafted by the elite may discourage community participation in the project (Bardhan 2000).

Rao and Ibanez (2003) argue, however, that elite domination is not always elite capture. In their case study, they find a potentially more benevolent form of elite domination, with more than 80 percent of beneficiaries ultimately expressing satisfaction with the project. Substantiating this point, Khwaja (2001) finds that participation by hereditary leaders tends to improve maintenance.

Finally, social cohesion may facilitate collective action, but community participation projects do not necessarily perform better in communities with a high score on some index of social capital. Mosse (1997b), in a study of tank management in south India, shows that a traditionally cohesive village will not necessarily have good development projects, whereas communities with low levels of cohesion could have good development projects. Indigenous systems of social organization have very different moral claims, depending on the public good around which they are organized.

A festival or a temple embodies motives and constraints toward collective action that are considerably different from those of a development project, and the logic of social relations in indigenous societies may be quite contrary to the egalitarian principles that a community-based or -driven project is trying to propagate. Abraham and Platteau (2004) make a similar argument for Sub-Saharan Africa. External agencies and programs change incentives and can change the political and social dynamic. Done naively, this can disrupt the social equilibrium by introducing a new element into already contested domains of power and meaning (Mosse 1997b).

Summary. The social role of heterogeneity within a group is complex. Heterogeneity can increase or decrease social cooperation and can polarize or strengthen group identity. The success of community-driven development may also be affected by how well heterogeneity is "managed"—by the resources and strategies that are used to bring communities together and by how effectively differences are discussed and solutions achieved. Every time an external agent interacts with a group of people, it creates competition between different interests and incentives. The success of a project may thus depend on how those incentives are aligned—whether by persuasion, ideology, consensus, good governance, domination by greedy elites, or sheer hard work by a group of altruistic individuals.

The Role of External Agents and the State

Community initiatives are usually designed by a central authority that sets the basic parameters and the mechanisms for disbursing funds. Project implementers are also extremely important to the effectiveness of projects. Frontline staff who work directly with beneficiary groups are especially critical actors in building participatory processes. They are expected to mobilize communities, build the capacity for collective action, ensure adequate representation and participation, and, where necessary, break through elite domination. They must be culturally and politically sensitive, charismatic leaders, trainers, anthropologists, engineers, economists, and accountants. Despite their centrality, however, there is virtually no generalizable evidence on their role. What evidence there is comes from case studies, which present a somewhat dismal picture.

Jackson's (1997) analysis of field worker diaries in India indicates that field staff tend to be driven by the incentives they face, which are often not well aligned with the needs of the project. In particular, Jackson notes that field workers tend to gloss over local power relations in a rush to show results. Vasan (2002) shows how facilitators in the forest management projects she examined overlooked project goals when their personal incentives were not aligned with them. Botchway (2001), studying participatory projects in Ghana, notes that project facilitators, who are typically young, inexperienced, and poorly paid, are often vulnerable to manipulation

by locally powerful elites. Michener (1998) echoes this and points out that senior members of the implementing agency are often former bureaucrats with little experience in community empowerment. Their vision of development, guided by a lifetime of work with line ministries, is closer to "supply driven demand driven development" (Serrano-Berthet 1996; Tendler 2000; Tendler and Serrano-Berthet 1999).

Both beneficiaries and facilitators have an incentive to present the impression of a successful project to outsiders and may collude for this purpose. NGOs often avoid working in difficult communities, where quick results may be harder to demonstrate. The community may also use participation as a bargaining chip to extract resources from the outside agency—and may even construct a version of events that gets them the maximum benefit. All this adversely effects project quality and sustainability.

The state is another strategic actor in this context. Beneficiary communities, often too poor to fund their own teachers, doctors, desks, and medicine (Cleaver 1999; Kleemeier 2000), remain in need of government support for inputs, maintenance investment, and trained staff to sustain project benefits. Thus, the need for a responsive state apparatus may increase when community participation projects are implemented. But some states may manipulate project allocations to satisfy political ends (Schady 2000) or may try to use community participation programs to shift certain costs to community groups. Mosse (1997a) has an extended discussion of this motivation in the context of irrigation infrastructure.

Some studies claim that centralized bureaucracies tend to inhibit project effectiveness, although the evidence is generally weak. Finsterbusch and Van Wincklin (1989), in their review of community-managed USAID projects, hold that for such projects to be effective, the organizations that implement them also need to be decentralized and nonauthoritarian. White (1996) notes that power relations in the wider society within which participation occurs have to be taken into consideration. In some cases, the state may have to support broad-based redistributions of power for community projects to be really successful. This suggests that community-based and -driven development projects must be seen as part of a shift toward a broad-based participatory and decentralized system of governance.

It is unclear, however, how this is to be achieved. Several writers have pointed out the potential for conflict between local political interests and community organizations. Thomass-Slayter (1994) notes that as communities get stronger, they often pose a challenge to local political interests, leading to competitive relations between the state and community organizations and a withdrawal of state support. Das Gupta, Grandvoinnet, and Romani (2000) find that community development efforts can be fragile in such circumstances.

What kind of state creates the right kind of enabling environment for community development efforts? An extreme example is the Indonesian government's appropriation of the concepts of mutual assistance (*gotong royong*) and self-reliance (*svadaya*) as central tenets of its nationalist ideology. During the long period of military rule,

participation was imposed by a strong state on the local population (Bowen 1986). Sukarno tried to use the notions of mutual assistance and self-reliance to unify the diverse groups in the new country and to provide a form of cultural legitimacy to state control. The state had to be strongly authoritarian and development had to proceed in a cooperative and collaborative manner.

Sullivan (1992) in his detailed ethnography of local development in a Javanese community, demonstrates that the combination of an autocratic state and the principles of mutual assistance and self-reliance resulted in a form of forced labor: Being a good Indonesian meant contributing labor and cash for development projects. Collective action was the norm. Grants received by the village headman assumed, in the mismatch between the size of the funds and expected cost of the project, that most funds would be locally mobilized. Contributions from the community were mobilized by the ward leaders. Everyone was expected to contribute free labor—or face social, political, material, and even physical sanctions. There was no choice but to participate.

Ribot (1999) makes a similar argument for how participatory ideologies were implemented in Sahelian forestry. Powers were devolved to village chiefs, who were accountable upward to admininstrative authorities rather than downward to their constituents. Participation was essentially another form of enforcing central rule. Another mode was the Indian experiment with local democracy, instituted through a series of constitutional amendments enfranchising and enabling the Panchayat system of regularly elected village councils. But although many Panchayats have strong downward accountability, they often lack the resources and the links with higher levels of the state to effectively deliver public services (Matthew and Buch 2000).

Thus, the key to making participation work is to create forms of downward accountability and simultaneously to maintain close links between the higher levels of government and the community—a kind of upward commitment. Participation in the absence of state facilitation can result in a closed village economy, which limits the possibility for improved public action.

Scaling Up Community-Based and -Driven Development

Can community-based and -driven development projects be scaled up? This question cannot be answered unequivocally. There is little generalizable evidence on the optimal pace of scaling up or on the marginal benefits of increasing community involvement. But there are stories of successful initiatives that offer some grounds for optimism. One of the most inspiring is the experience of the Self-Employed Women's Association (SEWA), inspired by Gandhian notions of self-reliance (Rose 1993). SEWA, which provides inexpensive credit and insurance to poor women workers, has successfully unionized its members, enabling them to negotiate for minimum wages,

legal protection, and other equitable treatment. Although there has never been an impact evaluation of SEWA, it is widely regarded as successful. Similarly, the Amul movement in India has created a cooperative that has been remarkably successful in creating new markets and achieving higher incomes for dairy farmers across India (Kurien 1997).[12]

Is Rapid Replication Possible—or Desirable?

One question is whether such movements can be rapidly replicated through external interventions led by large bureaucracies, as the World Bank and several other donors are attempting to do. One problem is that it is difficult to replicate the success of a highly motivated group of charismatic individuals who are able to sustain a long-term vision of structural transformation through dedication, patience, and creativity. When tasks are handed over to salaried professionals, motivated by more mundane preoccupations such as wages and promotions, incentives change.

Given the pivotal role that facilitators play in the community-based development process, the effort can be doomed from the start, especially when the facilitators work for a large bureaucracy, such as a line ministry or the World Bank (Pritchett and Woolcock 2002). They begin "seeing like a state" (Scott 1998). The complicated process of building community participation becomes routinized and subject to the imperatives of short time horizons and the need for quick results.

Failure is not inevitable. But the mechanical application of best practice guidelines, without attention to local context and adequate monitoring, can easily result in poor community-based projects. There are generalizable lessons from the successes and failures of community-based projects (Binswanger and Aiyer 2003), but the lessons need to be adapted to the historical, political, and social environment where the project is to be implemented.[13]

Social and cultural inequities create several challenges for the poor. Appadurai (2004) argues that to break structural inequities in social relations and achieve equitable development it is important to build the "capacity [of the poor] to aspire." This often requires organization to realize collectively what individuals cannot aspire to alone—a way out of the culture of domination and poverty. Rao and Walton (2004) describe this as building "equality of agency," creating environments to equalize the relational and group-based structures that influence individual aspirations, capabilities, and agency. This is the kind of empowerment that advocates of community-based development envisage.

Can a structurally transforming, aspiration-building, agency-equalizing, community-empowering project result from a rapid scaling-up process? As Trawick (2001) points out, this is unlikely. Community-based development requires the transformation of a social equilibrium in which traditional systems of social organization have evolved to manage resources in a manner that serves the purposes of entrenched

elites. Breaking this up is a slow and gradual process. If external agencies try to change the political and social dynamic without fully understanding it, the social equilibrium can be severely disrupted, with nothing to take its place (Mosse 1997b). This may sometimes be necessary, but it needs to be done with full knowledge of the impact—and it cannot be done quickly. Effective community-based development requires slow, gradual, persistent learning by doing, with a project design that gradually adapts to local conditions by learning from the false starts and mistakes that are endemic to all complex interventions.

Effective learning by doing requires effective monitoring and evaluation. Phillips and Edwards (2000) show that the culture and incentives of large bureaucracies make this difficult. Task managers, facilitators, beneficiaries, and evaluation consultants all have incentives aligned to present a favorable impression, a mindset that hampers learning and encourages the replication of bad design and practice (see Pritchett 2002 for an economists' version of this argument). The vast majority of community-based interventions, including those funded by the World Bank, have not had reliable evaluations, based on representative samples with treatment and control groups and baseline and follow-up data. If the development community is going to embark on a major change in development strategy, surely it should be concerned about how well it might work.[14]

Community-based approaches are particularly difficult to get right in the initial stages. Thus, successful community participation projects rely much more than other types of projects on learning by doing, which requires careful evaluations coupled with phased-in scaling up with constant adaptation. Therefore, evaluations should be a central part of the project design from the start and not merely a method to judge the effectiveness of projects after they are completed.

How to Scale Up Community Participation Projects

Community participation projects can be scaled up in several ways. One is to test different approaches and methodologies in a carefully selected set of pilots. Learning from this experiment can then lead to improved project designs applied to a much larger set of communities, in a process of piloted scaling up. Another method is to apply a design in a limited but large set of communities, say, in one province in the country. The lessons from this large test can be applied to projects expanded in a phased manner to the entire country, in a process of phased scaling up. A third possibility is to start with wide national coverage, in a process of untested scaling up. In ideal circumstances, the evidence seems to favor a mix of piloted approaches followed by phased scaling up. But sometimes, untested scaling up is called for—to deal with an economic emergency, for instance. The evidence suggests that untested expansion should be applied with extreme caution, particularly in countries with little experience with community-based development.

What, then, are the preconditions for successfully scaling up community-based projects (also see Binswanger and Aiyer 2003 on this point)? As argued, the process has to be gradual. Because of the contextual complexities involved, initial designs based on best practices are bound to be imperfect. Rapidly scaling these up, particularly in countries with little experience with community-based projects, will likely result in failed projects. A historical, political, and social analysis of the country is critical, in addition to the usual economic analysis, to carefully assess whether the government has the capacity to support community-based development in a manner consistent with both upward commitment and downward accountability.

Second, scaling up requires a strong ethic of learning by doing, with rigorous evaluations and reliable monitoring systems to provide constant feedback. Ideally, both qualitative and quantitative methods should be used to provide reliable estimates of impact and an in-depth examination of context and process (Rao and Woolcock 2003). Lessons should be incorporated into the next phases of project design to correct mistakes, which are inevitable.

Third, careful attention should be paid to the training of a core cadre of facilitators, who are pivotal to successful community-based interventions. Inexperienced facilitators should be given a chance to learn and grow, under the supervision and leadership of more experienced individuals, as part of a gradual learning by doing process.

Fourth, there should be a commitment by the country to a cultural change in the institutional environment, which has to be become more participatory, responsive, and transparent, with downward accountability. These are not just buzzwords. As Uphoff, Esman, and Krishna (1998:202) argue, "If the expansion is occurring because the government or donor sources are promoting it, this is less persuasive than if there is a spontaneous joining of the program or if local governments take over responsibility." There also has to be a strong upward connection to higher levels of government and line ministries to facilitate the flow of resources.

Finally, changing from top-down to bottom-up development in a manner that is sensitive to local context and culture requires a long time horizon. This also means that community-based development projects should not be judged hastily. Initial evaluations may well be unfavorable. The key is to fix the problems and work toward incremental improvements.

Conclusion

One important question on the effectiveness of community-based and -driven development initiatives is the extent to which they successfully target the poor. Evidence suggests that decentralized targeting has not always been effective, especially in targeting projects to the poor within communities. In addition, the evidence, though

thin, suggests poor preference targeting—the preferences of the poor have not been adequately considered in project selection. Finally, political economy considerations and perverse incentives created by project performance requirements also constrain targeting, although evidence suggests that decentralized targeting can be made more effective by monitoring projects to improve performance incentives.

Another important question is the extent to which participatory development initiatives improve project quality and performance. Here, there is some evidence that participatory projects create effective community infrastructure and improve welfare outcomes, but the evidence does not establish that it is the participatory elements that are responsible for improving project outcomes. Few studies compare community-based projects with centralized mechanisms of service delivery, so it is difficult to tell whether alternate project designs would have produced better outcomes.

Evidence on the impact of economic and social heterogeneity on project outcomes, and on collective action capacity more broadly, suggests that the relationship is complex. Although theoretical work by economists has shown that economic inequality need not constrain collective action, empirical work has shown mixed results. The targeting of poor communities and poor households within communities is markedly worse in more unequal communities, particularly when the distribution of power is concentrated within elites. A number of studies find a U-shaped relationship between inequality and project outcomes. The role of social heterogeneity is more complex to measure. However, most econometric studies that have attempted to devise measures of social fractionalization have shown that fractionalization tends to inhibit collective activity, but there is also qualitative evidence in the opposite direction.

Even in the most egalitarian societies, however, community involvement in choosing, constructing, and managing a public good will almost always be dominated by elites, who tend to be better educated, have fewer opportunity costs on their time, and therefore have the greatest net benefit from participation. It is not clear, however, that this always represents "capture," in the sense of elites appropriating all the benefits from the public good. It may be useful to distinguish between extreme forms of capture, such as outright theft and corruption, and what might be called benevolent capture. However, when local cultures and systems of social organization result in tight control of community decisions by elites, malevolent forms of capture become likely. It is important therefore to understand what types of checks and balances are most effective in reducing capture and the systematic exclusion of the poor and of discriminated-against minorities. The problem in assessing elite capture is that there are no studies that look at an appropriate counterfactual. This remains an important area for future work.

Several case studies suggest that the success of participatory projects may also be affected by how well heterogeneity is managed, by what resources and strategies are

used to bring communities together, and by how effectively differences are debated. The involvement of external agents creates competition among different interests and incentives, and the success of projects may depend on how these incentives are aligned—whether by persuasion, ideology, consensus, good governance, domination by greedy elites, or sheer hard work by a group of altruistic individuals. This is another area where more research would be useful.

The level of community cohesion, or social capital, is also expected to improve the quality and sustainability of projects. Some studies have shown an association between the level of some index of participation and project effectiveness, but the direction of causality is unclear. Though community-based development seems likely to be more effective in more cohesive and better managed communities, evidence also indicates that better-networked or better-educated groups within a community may be better able to organize and thus benefit most from projects. There is virtually no reliable evidence on community participation projects actually increasing a community's capacity for collective action. This is clearly an area for further research.

Several qualitative studies indicate that the sustainability of community-based initiatives depends crucially on an enabling institutional environment. Line ministries need to be responsive to the needs of communities, and national governments need to be committed to transparent, accountable, and democratic governance, through upward commitment. To avoid "supply-driven demand-driven development," it is important that community leaders also be downwardly accountable, answerable primarily to beneficiaries rather than to political and bureaucratic superiors.

Qualitative evidence also suggests the importance of external agents, such as project facilitators, to project success. Projects often work with young, inexperienced facilitators whose incentives may not be aligned with the best interests of the community. Knowledge of their impact on the success of projects is limited and requires more investigation. This lack of evidence also relates to the question of how rapidly participatory projects can be scaled up, because rapid scaling up may rely on especially inexperienced facilitators.

Overall, because the success of community-based development is crucially conditioned by local cultural and social systems, projects are best done with careful learning by doing. Although successful projects in any context provide a tremendous learning opportunity, any wholesale application of best practices in unlikely to be useful. In a similar vein, key concepts that underpin community-based initiatives, such as participation, community, and social capital, must be adequately detailed in a context-specific manner. Case study evidence indicates that any naive application of these notions by project implementers can lead to poor project design and to outcomes that are at odds with the stated intentions of projects.

Finally, it is important to realize that community-based development is not necessarily empowering in practice. A less fervent and more analytical approach by both

proponents and opponents would be extremely beneficial. This requires a long time horizon and programs that are well monitored (to enable learning from mistakes) and carefully evaluated. Little is known about the impact of community-based projects, largely because most such projects lack careful evaluations with good treatment and control groups and with baseline and follow-up data. This situation urgently needs to be remedied.

Notes

1. There is considerable potential for measurement error in these numbers, and there is no authoritative estimate of the World Bank's portfolio of such projects.

2. A key issue in the literature is that the goods or services produced through collective action must be nonexcludable, jointly produced, and costly.

3. White (1999) identifies a second wave in the 1970s and 1980s, initiated by the United Nations system, but it seems more a ripple than a wave because it had little influence on large lending agencies. He calls the current interest in community-driven development "a third-wave which has engulfed the World Bank."

4. In essence, the word *community* need not describe an object as much as it is describes a concept. It may thus be more useful to see it as an analytical rather than an empirical concept (Gusfield 1975).

5. The word *community* is typically used in the evaluation literature to indicate different types of target groups or the larger context in which they live. This section often uses the word in an uncritical way because it follows the literature being reviewed.

6. See also Agarwal and Gibson (1999), in the context of the literature on natural resource mobilization.

7. Ravallion and Wodon (1999) show that the program accounted for some 13 percent of primary school enrollment.

8. Note, however, that because the center identified Union Parishads while the analysis is done at the village level, variation in eligibility criteria across villages within Union Parishads may be partly responsible for this result.

9. A long report by Zyl, Sonn, and Costa (2000) on the Northeast Rural Development Program and the Rural Poverty Alleviation Program in northeast Brazil summarizes the results of several studies and finds that the combined impact of these projects was "impressive" and that the projects were well targeted and extremely beneficial to poor communities. Though their methodology and analysis are never clearly outlined, the article suggests that none of the studies had an adequate counterfactual or control group, though they sometimes had a baseline. Thus, it is difficult to judge how "impact" was calculated.

10. It is impossible to do justice here to the rich body of literature on heterogeneity and collective action. For a review of the literature in economics, in the context of environmental resources, see Baland and Platteau (2003).

11. All public goods have the property that many people can use them at once, thus exclusion is difficult. Some public goods yield infinite benefits, but not all. Common-pool resources are public goods with finite or subtractive benefits—they are thus potentially subject to congestion, depletion, or degradation (Blomquist and Ostrom 1985).

12. Uphoff, Esman, and Krishna (1998) document several such "reasons for hope." Binswanger and Aiyer (2003) review the gray literature, highlighting examples of successful community-driven development interventions. Uphoff and Wijeratna (2000) also find evidence to argue that there was a strong correlation between social capital building initiatives in improved efficiency in water management in the Gal Oya irrigation project in Sri Lanka.

13. The World Bank, for instance, tends to borrow the social fund design from activities in Indonesia or Zambia and drop them into very different settings. This is particularly undesirable in the Indonesian case, because of the historical role of a strong state in community development.

14. Several evaluations of community-based development projects have recently begun at the World Bank, and much should be learned from them during the next few years.

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