

## 4. Violence Related to Crime and Drug Trade

### Background

Manifesting differently in the two countries studied, drug-motivated criminal violence is a specific example of social and political disruption caused by external economic forces – in this case, the demand for cocaine.

A large MIC such as Colombia, with relatively durable public and nongovernmental institutions, is able to resist the penetration of its public space by criminals. This is not to underestimate the challenge to the state posed by the various Colombian cocaine cartels and rebel groups in the 1990s, which disrupted and terrorized public administration in urban and rural areas alike. In Honduras, criminal elements have been able to eviscerate the courts, the police, and the administration. In both countries there are three important aspects of drug-driven violence that policymakers need to appreciate.

The first is that most of the violence associated with the drug trade occurs between rival cartels – the general public get drawn into and blighted by this violence, but they are not the principal victims (although spill-over effects such as prostitution and protection racketeering do inhibit healthy economic activity).

The second is that youth gangs form around the drug trade, providing the foot soldiers who carry out violence. This represents a serious challenge to states that are unable to provide adequate employment opportunities to young men (“adequate” meaning forms of employment that offer enough prospects of upward mobility to counteract the prestige and identity that comes with gang membership; short-term, labor-intensive job programs clearly do *not* fit this description).

The third is the manner in which criminal profits can distort ideological motivation, as can be seen in the history of the FARC. Most long-running liberation movements in the post-Cold War world are sustained by illicit funds, making the resolution of conflicts more complex for peacemakers – who often have to balance the acquisitive motivations of leaders against the desire of their followers for social and economic justice.

Colombian government efforts to counter the drug threat have been relatively successful. A small, relatively poor MIC like Honduras cannot hope to manage such a threat without enormous external assistance. In the case of drugs, though, the numbers are sobering: data from the 2011 WDR show that the amount of money

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spent by the United States and other regional partners on combatting the drug trade in 2010 amounted to less than one percent of the value added to the raw cocaine sold in North American markets that year. The economic muscle fueling this criminal industry is overwhelming.

The literature tends to identify four major drivers of conflict and violence in Colombia: political polarization; rural conflict, inequality, and lack of property rights; limited state presence; and illegal drug markets. (See Appendix A.5 for details.) Although the level of violence has been visibly reduced, it still has significant impact on the lives of people. In 2013 about 157,000 new families were displaced, and thousands of displaced households are still not able to repossess their land due to ongoing violence. According to UNHCR, the cumulative number of IDPs reached about 5 million by 2015, the highest of any country in the world.

During the past decade, countries in the Central America's Northern Triangle—El Salvador, Guatemala, and Honduras—experienced some of the world's highest crime and homicide rates. (See Appendix A.6 for details.) In 2011 the Bank issued a major diagnostic report on crime and violence in Central America, summarizing lessons and identifying priorities for the future.<sup>1</sup> This evaluation takes the 2011 study as a point of departure to examine the assistance of the Bank to Honduras, as it was issued in parallel with and provided the analytical basis for the 2012 CPS. The 2012 CPS also introduced for the first time an explicit thematic pillar/objective focusing on citizen security. The 2011 report suggested several strategies to deal with crime and violence: (i) preventive measures, focusing on children and families; (ii) effective law enforcement; (iii) policies regarding drug trafficking; and (iv) coordinated regional approaches and international initiatives

### **Bank Group Response**

**Colombia.** This assessment covers the period since late 1990s. The Bank interventions generally aimed at mitigating the impact of conflict and violence on households, farmers, and communities, as well as at addressing some drivers of conflict. These two goals were highly interlinked and their importance changed over time. During the period reviewed the Bank started with mitigation activities at the local level (supporting communities under extreme duress) and, as the security situation gradually improved, started working with local institutions (with an emphasis on supporting the education sector). Eventually the Bank moved to facilitating broader regional or national-level policies, with an emphasis on land titling and restitution.

*The 1997-2002 CAS* introduced for the first time a specific pillar to address the issue of violence. It acknowledged that the Bank could no longer be on the sidelines, and emphasized small knowledge transfer operations. The Bank started its involvement in the Magdalena Medio region with an objective to develop demand-driven projects in partnership with a large set of local partners at the community level.<sup>2</sup> Magdalena Medio LIL,<sup>3</sup> and Peasant Enterprise Zone LIL supported poor farmers who had fled to the agriculture frontier areas of Colombia. To prevent collapse of school services in communities with high levels of violence, the Bank prepared Pasto Education and Antioquia Basic Education pilot projects. The goal was to enhance decentralization through improvement of institutional capacity of local education authorities.

*The 2003-07 CAS* period witnessed a temporary slowdown in the level of violence, which later intensified sharply. The authorities asked the Bank to include a special Peace and Development pillar in the Bank assistance. The new Peace and Development series of projects were envisaged as an extension of the Magdalena Medio project to other regions. Continuous strengthening of the education sector at the local level was seen as an important vehicle to support local governments. A major development during this period was the increase in the cumulative number of IDPs. The Bank planned to support authorities' efforts to address their needs through expansion of the existing safety nets. Social Safety Net project (2006, \$191 million) allowed expansion of the existing FAMILIAS safety net to cover the IDPs. More prominence was given to the issues of property and land protection, an area that would become increasingly important over time.

*The 2008-11 CPS* initially envisaged focus on reintegration and reparation issues through expansion of the Peace and Development projects. However, the global financial and economic crisis changed the plans and large part of the Bank lending moved toward budget support operations. The Bank assistance concentrated on supporting FAMILIAS through a \$636 million Second Social Safety Net project. The Bank remained active in mobilizing grants and donor trust funds. As the process of reconciliation and restitution began to take hold, these funds addressed issues of gender equity and protection of land and patrimony. AAA started to focus on reparation issues and the demobilization of ex-combatants.

*The 2012-16 CPS* aimed at protecting land rights for IDPs through the ongoing projects and grants, reflecting on the progress in security and reconciliation. A major development during this period was the passage of the 2011 Victims and Restitution Law, facilitating restitution of IDPs and the start of restitution claims, including the creation of a new Land Restitution Unit. The Bank remained active in this area

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through Phase II of the State and Peace- Building Trust Fund and collaborated with the new unit on a 2013 Land Assessment.

**Honduras.** *The 2007-10 CPS* period witnessed a 50 percent increase in the homicide rate (from 50 to 78 per 100,000 inhabitants) in just three years. The CPS completion report contains a major recommendation to address youth unemployment and ensure that students are incentivized to stay in school rather than to join gangs. It also recommends focusing on the quality of education, preparing youth for work, and slum upgrading. These recommendations appear relevant and consistent with 2011 Diagnostic Report.

*The 2012-14 CPS* has an explicit and detailed pillar to address crime and violence, entitled “Improving Citizen Security.” The strategy envisages a series of activities, including: (i) supporting a new Integrated National Citizen Security and Coexistence Program through a programmatic series of Development Policy Credits (DPC); (ii) supporting violence prevention capacity of local governments and communities through implementing and scaling up the ongoing *Barrio Ciudad* project; (iii) enhancing employment opportunities for youth through the implementation of *Mi Primer Empleo* component of the Nutrition and Social Protection project; (iv) linking National Interventions to Regional approaches by strengthening the capacity of SICA (*Sistema de Integración Centroamericana*) in the area of crime and violence; and (v) expanding Honduras’ major conditional cash transfer safety net, the Bono 10,000 Program. The CPS did not refer to coordination and division of labor with the Inter-American Development Bank (IDB), a major lender in Honduras, involved in the areas of security and justice, with much of its activities potentially complementary to the Bank’s work.

The CPS Progress Report (2013) states that “the Government of Honduras is making progress toward a comprehensive approach to citizen security,” although the Implementation Completion Report (ICR) of the First DPC operation acknowledged that efforts in this area had been “marginal, sporadic and underfunded.”

*The Programmatic DPC Series.* The First Programmatic DPC (2011, \$86 million) included a Citizen Security component to support a “paradigm shift” in the government strategy from law enforcement to prevention, calling for a more integrated approach to violence and relying less on the earlier “iron fist” policies.<sup>4</sup> Local governments have been at the forefront of these efforts and some municipalities developed citizen security plans – some of them with the support of the then ongoing *Barrio Ciudad* project.

The DPC included a series of prior actions, intermediate outcome indicators, and indicative triggers for the Second DPC. The specific policy steps supported by the prior actions were very modest and weak institutionally (easily reversed) relative to the ambitious paradigm defined in the strategy. The Second DPC (2014, \$55 million) did not follow up on the unfinished agenda of the first DPC, and there was no reference to crime and violence issues or to the “paradigm shift.” The credit focused instead on supporting the Bono 10,000 (Honduras’ main conditional cash transfer safety net program) – the largest single area of Bank financial support since 2010. The project documents do not address the links between the safety net and the objective of reducing conflict and violence in vulnerable communities.

*Supporting improved security in urban communities.* Between 1980 and 2000, Honduras experienced the highest rate of urbanization in Central America, resulting in a major mismatch between the demand and supply of basic public services. In the process, urban poverty and violence increased sharply. Surveys undertaken in Tegucigalpa in 2000 reported violence as the second most important problem (after water supply) affecting families in poor neighborhoods and the most important one in wealthier areas. In response, the government developed a strategy to mainstream crime and violence prevention into the urban development agenda. The Bank assisted these efforts through the pilot *Barrio Ciudad* project (\$15 million, 2005-13), followed up by the Safer Municipalities Project (SMP, \$15 million, 2012).

The *Barrio Ciudad* project was considered a pilot intervention – it was the Bank’s first urban development project in Central America in more than 10 years and the Bank’s first explicit effort in addressing crime and violence prevention in Honduras. The project provided loans to eligible municipalities to invest in basic infrastructure. It had a very small component focusing explicitly on the reduction of homicide through special urban designs (improved lighting of streets, broader streets, etc.) and community initiatives to prevent local violence. The ICR (2013) rates the project outcome moderately satisfactory, but the evidence and performance indicators presented are weak. Originally actual measures of changes in the incidence of crime and violence in the target communities were to be used, but the ICR redefined the indicators in terms of change in perceptions. A major drawback is the lack of information on the specific subprojects implemented and their direction. There is no discussion on whether some of the subprojects were scaled-up and survived independently of Bank financing. For a pilot project that was intended to provide knowledge and lessons, little can be drawn from its experience.

The ongoing Safer Municipalities Project built on the approach developed in the *Barrio Ciudad* but had some important changes in direction. First, assistance for preventing crime and violence at the local level is the main objective of the program

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and it influences its design. Second, it integrates crime and violence prevention activities at the municipal and community levels. Third, the project tries to organize and coordinate the growing assistance from other multilateral and bilateral donors. A major direction of the project are efforts to directly target families, youth, and children at risk, and identify pilots in “hot spot” neighborhoods, in line with the 2011 report recommendations.

This is the only project focusing directly on crime and violence in Honduras following the “prevention paradigm.” Project design includes an impressive M&E system – a clear improvement relative to the *Barrio Ciudad* program – which, if properly implemented, will yield important lessons for the future.

### Assessment

**Colombia.** This assessment identified four major themes/ areas of Bank Group engagement. The order they are listed below reflects the evolution of the Bank response and its adaptation to the evolving situation: from supporting local communities and preventing the collapse of basic services under extreme situations to increasingly supporting programs and institutions of broader longer-term relevance.

*Supporting cohesion of communities under stress* (Magdalena Medio and Peace and Development projects): The CDD model, through series of relatively small and experimental operations, was one of the few possible points of entry for Bank assistance that could have been scaled-up and replicated. The approach was to help create collective decision-making and problem solving capacity within the communities. In some regions demand-driven projects had already been initiated by the Colombian civil society. The Bank was able to join and support those efforts. The definition of community varied widely, often including a whole a municipality. The model was able to preserve and stabilize a minimum standard of living and rebuild social and human capital in a context of absence of government institutions at the local level. The subprojects were particularly successful in cases when incentives were created for participants to invest their own resources, join a productive chain, and achieve some minimum economies of scale. Land titling was critical, as it allowed farmers to borrow using land as collateral for investment.

The operational model used by the Bank presumed moving from small learning and innovation projects (LILs) to larger operations, facilitating the participation of other donors and the government. Implementation required good knowledge of local conditions as well as plain courage on the part of the task team leaders. A major

shortcoming of the series was the lack of systematic documentation on the nature and specific objectives of the subprojects, which undermined proper monitoring of progress and evaluation of results, as well as limited opportunities for learning. Some outcomes can be attributed using evidence from impact evaluations<sup>5</sup> and qualitative assessments by IEG mission in the field.

**Box 4.1. Learning and Innovation Loans: The Magdalena Medio Series, 1998-2002**

The Region of Magdalena Medio was particularly affected by violence during the late 90s because of its strategic location. Guerilla and drug groups fought for the control of the region and its resources and state troops were mobilized to confront them. The municipality of Barrancabermeja became one of the main five centers of urban violence in Colombia and by 2000 had one of the highest homicides rates in the world, about 250 per 100,000 per year. Rural areas were also heavily affected. While urban areas in the region were large receptors of IDPs, rural population decreased by 10.7 percent in the 1993-2005 period due to forced displacement. Parcels located in the basins of the Rio Magdalena became particularly attractive to mobilize troops, arms and drugs through the region. Displacements and the constant threats from armed groups deeply disrupted the rural economy, particularly small and vulnerable farmers.

It was during that period that a group of civil society leaders – the Catholic Church, Unions, the National Petroleum Company (ECOPETROL) and specialized nongovernmental organizations (NGOs) – got together to assess the main needs and challenges faced by the population in the region. The initiative was helped by the high moral reputation of these leaders and the perception of them being neutral by all parts involved in the conflict. It provided the basis for the creation of the *Program for Development and Peace of the Magdalena Medio Region (PDPMM)*, initiated in 1995 and implemented through y the *Consortium for Development and Peace of the Magdalena Medio (CDPMM)*. They developed a demand-driven approach with emphasis on development of skills and tools to allow communities to identify their priorities and build the capacity to achieve them. The ultimate goal was to foster development through a participatory approach at the local level that could eventually cover several municipalities to work on shared objectives.

In 1998 the Bank decided to support the Magdalena Program through a \$5 million LIL, the *Magdalena Medio Development Project, Phase I (MMDP-I)*, to help test and refine a participatory methodology and establish the basis for the design and implementation of an ambitious ten-year community-led, multisectoral development program. Broadly, the strategy responded to two potential opportunities: (i) obtain valuable knowledge from an ongoing program in a context of conflict; (ii) join and support an effort with a unique set of partners and actors available that point in time.

Shortly after the start of the PDPMM, other regions initiated programs with very similar goals and internal structure as the CDPMM Consortium. A follow-up *Second Magdalena Medio Development Project* was approved in 2001, and shortly after the Magdalena Program seem to have started to have some catalytic impact at the regional and national levels. The EU allocated €50 million to the Magdalena Program, which became the EU

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*First Peace Laboratory Project (Laboratorios de Paz)*. During the following years the EU significantly scaled-up the scope of the intervention covering other regions in Colombia.

The 2002 National Development Plan explicitly recognized these regional demand-driven programs as important strategies to be supported in order to promote peace and development in poor areas subject to violence. The plan acknowledged the importance of working with the World Bank, the EU and UNDP on such approaches, based on the experiences so far, in particular the experience with the Magdalena Medio Program. PRODEPAZ, a network of partner organizations (POs) was created in 2002 to improve coordination efforts among different consortiums and organizations supporting these type of programs. PRODEPAZ became an important partner for the Bank's subsequent *Peace and Development* operations that expanded to different regions with support from grass-roots organizations and local leaders.

Sources: IEG; Dávila Benavides, Nilson, "Desplazamiento Forzado en el Magdalena Medio 2005-2006," *Revista Acción de Paz*, No.3 (2007), Observatorio de Paz Integral Magdalena Medio and ACNUR.

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As the security situation in Colombia improved and the state was able to gradually enhance its institutional presence at the local level, the focus of the government and the external assistance changed. The Bank ended its assistance to this model in 2012. The authorities showed increased interest in assistance for decentralization and strengthening of local governments – as government institutions regain their standing in the conflict areas.

*Education in the time of conflict* (Pasto, Antioquia, Rural Education, and Antioquia Upper Education projects). The Bank has shown significant commitment to support education in Colombia under very difficult circumstances. The conflict magnified the limitations of a highly centralized education system, with limited capacity at the local level. Teachers and social leaders were often targets of violent attacks. The flow of IDPs put pressure on local education systems, primarily at the basic level. To respond to these challenges, in 1997 the Bank approved the Pasto Education Project (\$7.2 million) and the Antioquia Basic Education Project (\$40 million). The goal was to enhance decentralization by improving institutional capacity of local education authorities to continue education process in spite of the conflict.

The flexibility of project design allowed exploring exploration of new areas, such as curriculum reforms and building new partnerships with civil society. Here as well, a major shortcoming was the absence of basic performance indicators (for example, attendance, enrollment, and teacher absenteeism), which undermined the quality of the project evaluations and the learning that could have been derived from them.

As the intensity of violence gradually declined, the second generation of projects had broader coverage, and supported local government capacity and national



government initiatives to enhance the role of schools in peaceful coexistence initiatives. The Bank played an important convening role, and was successful in disseminating knowledge, and helping to create new partnerships with NGOs and donors, most notably through the Education for Peace Partnership.

*Refocusing safety nets and reaching IDPs.* The Bank provided significant financial and technical assistance to Colombia's main conditional cash transfer program – *Familias en accion* (FAMILIAS) from its inception in 2001. The Second Social Safety Net project (\$636 million), approved in 2008 in the midst of the global financial crisis, was disbursed against the expansion of cash transfers. A major development was the waiving of the means testing requirements for the IDPs. The coverage of displaced households increased from 40 thousand in 2005 to 350 thousand in 2010, and to 500 thousand in 2013. The share of these households in FAMILIAS almost doubled, reaching 20 percent of the total. Today FAMILIAS may be reaching about one-third of the total displaced population. An in-depth impact evaluation<sup>6</sup> found positive results, not only on education and health outcomes, but also empowerment of women.

*Land patrimony protection, titling, and restitution* (Protection of Land and Patrimony of IDPs project series). High inequality and uncertainty in the ownership of land in poor rural communities has been both a cause and consequence of conflict and violence in the rural areas of Colombia. The Bank has continually focused on this area and tried to adapt its activities to the changing intensity of the conflict over time. During the late 1990s, at the peak of the violence, it focused on small activities aimed at protecting vulnerable farmers in isolated regions with no presence of the state – in order to learn from these interventions so they could be replicated and scaled-up at a later stage (the Peasant Enterprise Zone for Peace Project, 1998).

As the security situation began to improve, the institutions of the state strengthened, and legislation on restitution was introduced, the Bank changed its focus to more systemic activities that could assist institutions in charge of land protection and land restitution. The centerpiece of the assistance in this area was the Protection of Land and Patrimony of IDPs project series financed by the SPF that spanned the period of 2002-2014. It started with a small Phase 1 (\$0.8 million) and then expanded over time to a larger Phase 3 (\$8 million), in the process helping mobilize a threefold increase in government and donor resources.

In the initial stage, the Bank provided institutional capacity assessment and brought international expertise in the fields of cadaster and land registry. The methodology developed with the help of the Bank project was piloted in 13 municipalities in five regions. These activities were scaled-up at the next stage, reaching additional

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regions and specific groups of IDPs. In addition, the project developed complementary measures for women and ethnic groups: it identified barriers and constraints in protecting women's land rights and made recommendations. By 2011 the Colombian government made land restitution a national policy and created the Agency for Land Restitution. According to IEG interviews in the field and views expressed by many government officials, these changes were largely based on the Bank's inputs.

At the end, Bank support to land patrimony protection, titling, and restitution combined courage and determination by counterparts, generated volunteerism, and had significant catalytic effects that proved to be of major systemic importance over time. It started with a very small pilot phase and then expanded, mobilizing a significant amount of government and donor support – spanning over more than 10 years. It proved to be critical when the security situation improved, and households started returning to their land. It was perhaps the most successful activity undertaken by the Bank if measured by size of the intervention relative to the eventual impact.

*Overall*, Bank interventions made useful contributions to the peace and reconciliation agenda of the Colombian authorities. The Bank successfully played a catalytic role and stuck with a consistent vision for many years, and was able to build up slowly from small opportunistic interventions to activities that have national impact. The Bank played an important *convening role* and was successful in disseminating knowledge. It helped to create new partnerships with NGOs and donors, as well as facilitated involvement of government agencies, but more importantly it facilitated and built up on the existing partnerships, with the critical input of Bank's national staff in Colombia. These partnerships are likely to be sustained beyond the project activity – which is an important legacy of the Bank. Speed and flexibility of response, in particular in disbursement and procurement, allowed the Bank to move quickly (often ahead of other donors). This way, in some cases, the Bank was able to provide a “liquidity cushion” to many of the joint initiatives. Those were also the contributing factors for the Bank's successful financial support to Colombia's main safety net during the global crisis, a period that also coincided with a massive growth in the volume of IDPs.

**Honduras.** The 2011 diagnostic report, the 2011 CPS, and the First Programmatic DPC had a common forceful message and strategy: the need for an integrated strategy (a “paradigm shift”) emphasizing prevention and a need to assist at the family level, focusing on parenting, youth at risk, and school-based programs, complemented with strengthening conflict resolution and citizen security approaches at the local level.

However, most of the later operations did not follow up in this strategic direction. The Second DPC, approved in 2014, does not refer directly to crime and violence and does not follow up on the specific actions and policy steps addressed in this area by the earlier operation and charted by the CPS. A significant share of the Bank's financing during that period focused on supporting the expansion of the Bono 10,000 safety net.<sup>7</sup> However, the main objective of reducing extreme poverty through the Bono 10,000 program was not linked to the problem of crime and violence, despite its severity in Honduras. Project documentation describing assistance to Bono 10,000 does not attempt to synchronize interventions that address both poverty and violence, and how to exploit complementarities.

There is no evidence that the Bank had a significant convening and catalytic role working with other donors or coordinating with the IDB, which had a sizable program in this area. Perhaps such activities did take place informally, but if they did, they were not recorded in the general documentation.

The ongoing Safer Municipalities Project is now the main lending activity addressing specifically groups at risk, but given its relatively small size, the impact is likely to be limited, unless it is scaled-up in the future. Successful scaling up requires learning at an earlier stage, which depends on having a robust M&E system incorporated into the project design, which seems to be the case this time. Learning from the *Barrio Ciudad* experience was undermined by its weak M&E.

The new Programmatic Approach to Citizen Security in Central America (2014) presents an opportunity to systematically expand the assistance to groups at risk in Honduras and work with other donors. The Programmatic Approach takes stock of developments since the launch of the 2011 report, and identifies critical areas of emphasis as seen today. Some of them have specific relevance to Honduras. This is a welcome effort which should inform the next strategy (CPF) for Honduras. The Programmatic Approach reaffirms two critical areas of particular relevance to Honduras: (i) community-based approaches to violence prevention and meaningful participation of groups and risk; and (ii) strong emphasis on youth violence prevention, focusing on youth development, child welfare, juvenile justice, and similar areas.

In the end, the large lending program to support the expansion of the Bono 10,000 safety net, combined with a few much smaller projects targeted to communities, was not consistent with the forcefulness in which the "new paradigm" was advocated in the CPS and the first Development Policy Credit.

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Concentrating the Bank's support on the safety net programs may have been the most efficient way to reach the most vulnerable groups. It may have had some indirect impact in preventing and reducing violence. But this connection and the appropriate balance between supporting safety nets and targeted interventions at the local level to reduce violence should have been elaborated in project and strategy documents. Wholesale support to Bono 10,000 may have preempted some critical programs more targeted to prevent violence. The possibility of scaling Safer Municipalities and deriving operational priorities from the new Programmatic Approach presents now an opportunity to focus more directly on the groups at risk and informing the new Bank Group strategy for Honduras.

### Conclusions

Honduras and Colombia are quite different in per capita income levels, institutional development, political stability, and the importance of nongovernmental institutions. Although violence in both countries was linked to drug traffic, in the case of Honduras it was compounded by the emergence of powerful gangs that could move freely across Central America and Mexico. The international component of the problem is more severe and less under the control of the authorities than in case of Colombia. Furthermore, in Colombia violence affected specific regions and was more localized and perhaps more predictable. Being a small country with very porous borders, Honduras was affected by violence across the whole country and society. In addition, the intensity of violence in Honduras, measured by the number of violent deaths has been much more severe. During 2000-10 the annual number of violent deaths was about 25 per 100,000 inhabitants in Colombia, with a strong declining trend reaching half that number in recent years. In Honduras it increased drastically from about 50 to 90 deaths per 100,000 inhabitants, almost 10 times higher than in Colombia.<sup>8</sup> Thus, the challenges for the authorities and the Bank are also probably higher. Nevertheless, some of these differences do accentuate learning in various areas.

- Application of the *demand-driven community development model* in Colombia through a series of relatively small and experimental operations was highly relevant, particularly during the earlier period of extreme conflict and violence. This approach eventually allowed gradual scaling up and replication in other communities. An important conclusion is that small lending operations and pilots are able to generate significant amount of new knowledge and high levels of externalities.
- Successful implementation required excellent *knowledge of local conditions* as well as determination, commitment, and plain courage on the part of the

- Bank staff and the Colombian counterparts, which often had to operate in unsecure environments. Many projects (such as the Magdalena model) mobilized significant *volunteer support* in advising the communities and assisting in the design and implementation of the subprojects, which was critical for success. The Bank helped the process and provided quick and early support through financing and technical assistance.
- *Importance of civil society engagement.* In Colombia civil society was actively involved at the community level in conflict-affected areas – experimenting with many local initiatives prior to the Bank involvement. The Bank was able to capitalize on that knowledge and the level of trust developed in conflict-affected communities. The Catholic Church, NGOs, volunteers, and community members in high standing had already been involved in CDD-type activities since the 1990s. Many of the Bank staff were familiar with these efforts and knew the local conditions well. All of this helped the Bank’s initial efforts at the community level, as critical partnerships were established with these organizations early on. It also facilitated the scaling up efforts later on. These features are not apparent in projects in Honduras and may have been a constraint to their success.
  - *Balance between budget support and small pilots.* Large budget support operations tend to overshadow smaller innovative pilot interventions. In an FCV context, the small pilots were quite important for identifying working solutions to the most urgent needs of the communities under stress and create conditions for scaling up successful interventions. At the same time, they are often risky, time-consuming, and costly to implement. Achieving a proper combination of these two approaches is not easy yet quite important. Specialized grant programs to top-up operational budgets for small pilot programs in FCV situations could be a way of dealing with it.
  - *Link between safety nets and community approaches* – In Colombia the budget support operations to fund the expansion of the safety net incorporated some modifications in eligibility to reach people most affected by the conflict. A similar approach could have been applied in Honduras, with necessary adjustments to local conditions – as part of the many projects to expand Bono 10,000.
  - *M&E* – In both countries community-level projects had very weak M&E frameworks, which undermined the assessment of results and diminished the learning potential from the projects even though many of them had been designed as pilots.
  - *The convening role* of the Bank in Honduras seems to have been limited compared to Colombia. Little is reported on work with the IDB, which had an important program on issues of violence and conflict. This seem to have

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changed with the new Programmatic Approach to Citizen Security in Central America, where the Bank is working closely and coordinating with donors.

- *Regional approaches* – The problems of drug trafficking and gangs are quite common and interlinked with other countries in Central America and Mexico. Therefore the Bank may need to focus more on regional programs in this area, including regional projects or joint AAA work across the relevant countries.