



The Effectiveness of World Bank Support for Community-Based and -Driven Development

Background Paper **Engaging the Poor through CBD/CDD Initiatives: A Brazil Country Study with a Focus on the Northeast**

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***ENHANCING DEVELOPMENT EFFECTIVENESS THROUGH EXCELLENCE
AND INDEPENDENCE IN EVALUATION***

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1. Scope and Methodology of the Study

1.1 Since the 1980s and early 1990s, the World Bank has been supporting projects that involve communities in their own development. This has been largely manifested in the design and implementation of community-based development (CBD) and community-driven development (CDD) initiatives, with the latter gaining increasing momentum in recent years. While CBD engages project beneficiaries through consultation, information sharing and collaboration during project implementation, the focus in CDD projects is on empowering beneficiaries, by giving them control over decisions and resources; poor and marginalized people are no longer viewed as target of poverty reduction efforts, but as partners in the development process.¹

1.2 The purpose of this study was to assess the development effectiveness of the Brazil portfolio of CBD/CDD interventions as an input to the Bank-wide IEG Evaluation of CBD/CDD initiatives. This portfolio includes thirty projects (which are either CBD/CDD or include a CBD/CDD component) approved between FY 1989 and FY 2003. According to the distinction made above between CBD and CDD, the Brazil portfolio is predominantly CDD. In virtually all projects, communities and beneficiaries have control over subproject decision-making and in a large share of them they also enjoy control over subproject resources (paragraph 3.8 and Annex F). Consequently, the issues raised in this study are likely to be particularly relevant to CDD projects. Given the limited number of closed projects in the Brazil CBD/CDD portfolio a systematic comparative analysis between CBD and CDD was not feasible.

1.3 The evaluation framework for this study is based on OED's objective-based approach. It addresses issues related to the outcomes of CBD/CDD projects – including relevance, efficacy and efficiency – their institutional development impact and sustainability. For the assessment of virtually all CBD/CDD projects in the Brazil portfolio, this study draws on a desk review of available project documents and self-evaluation reports. The lack of independent evaluation is notable for the Brazil CBD/CDD portfolio and poses significant constraints on the ability of the author to validate the information and findings presented in the available documentation. Only one of the 30 projects, Fundescola I, has been subjected to a formal field assessment (PPAR) by IEG in the context of an assessment of four education interventions.

1.4 An important contribution to this study is the extensive primary data collected by IEG on the Rural Poverty Alleviation Project (RPAP) in Rio Grande do Norte between November 2003 and January 2004.² Field research included both quantitative and qualitative research methods and was conducted at the community, municipal, state and federal government levels. At the

¹ <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/CommunityDrivenDevelopment>

² Due to resource constraints it was only possible to conduct field research in one state among the ten Northeastern states (including Minas Gerais) where the RPAP was implemented. Rio Grande do Norte was chosen due its relatively small size compared to other states in Northeast Brazil. Resource constraints would have rendered it very difficult to conduct field research in randomly selected communities in a large state. Initially, the state of Sergipe – the smallest of the Northeastern states — was considered but discarded because the on-going RPRP had virtually complete coverage, rendering it impossible to select comparator communities.

community level, three main research instruments were used, namely household surveys, focus group interviews and structured key informant interviews (Annex D details the methodology adopted for community-level data collection and analysis).³ At the municipal level, semi-structured interviews were held with members of project municipal councils FUMAC/FUMAC-P and a survey of municipal government authorities (mayors, municipal secretaries and members of the municipal legislative chamber) was conducted. Surveys were

also conducted with state government officials in Rio Grande do Norte, while semi-structured interviews were held with federal government officials in Brasilia as well as with representatives of other donor agencies. Finally, two focus group interviews with local and international NGOs working in Rio Grande do Norte were held.

1.5 The RPAP in Rio Grand do Norte is one of a series of CDD interventions implemented by the Bank in Northeast Brazil over the last decade. To the extent that the findings from the field work carried out in this State shed light on the strengths and weaknesses of the approach adopted by the RPAPs and the follow on Rural Poverty Reduction Projects (RPRP), these are likely to be of some relevance to the whole RPAPs/RPRPs portfolio. However, the findings of the field work cannot be taken as representative of the experience with CBD/CDD projects in all the other states.

1.6 The evidence from the fieldwork and the desk review of Bank-supported participatory development approaches was also corroborated with evidence from the literature on participatory development (both Bank and non-Bank).⁴

Outline of the study

1.7 This study proceeds in six chapters and is largely structured around IEG's evaluation framework. Chapter 2 sets the context, by providing background information on issues relevant to CBD/CDD interventions in Brazil. Chapter 3 presents a description of the portfolio being assessed. Chapter 4 assesses the outcomes of CBD/CDD projects, including their relevance to the country situation and the Bank's assistance strategy, their efficacy and to the extent possible, their efficiency. Chapter 5 addresses issues of institutional development, by exploring capacity

Box 1. Primary Data Collected in Rio Grande do Norte

Research Instruments	No.
<i>Surveys</i>	
Household Surveys	1,097
Municipal Government Surveys	38
State Government Surveys	8
<i>Interviews</i>	
Community Leaders	33
Members of Community Associations	28
Members of Project Municipal Council	32
Federal government officials	10
Representatives of donor agencies	8
<i>Focus Groups</i>	
Community Members	56
Local and international NGOs	2

³ IEG adopted a pragmatic methodology for the fieldwork based on a non-experimental evaluation design to assess the possible impact of CBD/CDD projects on changes in community capacity. Such a methodology has its limitations as there are several complexities in identifying comparators and the variables for measuring change in social capital and empowerment. Nevertheless, the findings of the field work are suggestive of the community capacity enhancing impact of the RPAP/RPRP projects and provide useful insights until sufficient baseline data are compiled under Bank projects to permit more comprehensive and rigorous (longitudinal) impact evaluations.

⁴ See also document "A Review of the Literature on Participatory Approaches to Local Development for an Evaluation of the Effectiveness of World Bank Support for Community-based and -Driven Development Approaches." Operations Evaluation Department 2005.

enhancement at three levels – borrower, communities and project municipal councils – as well as the role played by NGOs in CBD/CDD projects. Chapter 6 goes on to examine the extent to which CBD/CDD projects are likely to be sustainable in the long run. Sustainability is addressed at three distinct levels; sustainability of the project/subproject outcomes, of the participatory spaces promoted by CBD/CDD projects, and of the Bank’s CDD approach in Brazil.⁵ Chapter 7 concludes with lessons learned and possible implications for future support to CBD/CDD initiatives in Brazil. The annexes present in more details the evidence on which the arguments advanced in this study are based.

2. Country Background

2.1 Brazil is the largest economy in Latin America, the second biggest in the Americas after the United States and among the ten biggest in the world. In the context of developing country economies it is second only to China. According to the government statistical agency – the Instituto Brasileiro de Geografia e Estatística (IBGE) – by the year 2003 Brazil’s population had reached an estimated 176 million, ranking as the most populous country in the Americas after the United States. A large share of the population (57 percent) is concentrated in the southern and south-eastern region of the country and in 2000, 81 percent lived in urban areas (EIU: 2004, 15).

2.2 Despite the country’s economic might, poverty and inequality persist and remain the most important long-term development challenges for Brazil. It is estimated that 23 percent of Brazilians live in extreme poverty (World Bank, 2001a). This means that almost 35 million Brazilians live in households with a per capita income below the poverty line.⁶ During the 1990s, inequality as measured by the Gini coefficient has increased in 23 of 27 states of the Brazilian federation and in two-thirds of its municipalities (UNDP, 2003).

2.3 The country’s poverty profile is characterized by stark regional variations. While the south-eastern region accounted for over half of Brazil’s GDP (58 percent), the northern and north-eastern regions accounted for only 5 and 13 percent respectively of GDP in 2000 (EIU, 2004: 28). A large share of the poor (63 percent) are concentrated in the Northeast, which includes the states of Bahia, Ceara, Rio Grande do Norte, Pernambuco, Paraíba, Alagoas, Maranhao, Sergipe and Piaui (World Bank, 2001a). Although during the 1990s, the northeastern states made the greatest progress in relative terms, they continue to occupy the lowest positions in the national rank of Human Development Index (HDI) (UNDP, 2003).

2.4 The poor living in the metropolitan areas of Sao Paulo, Rio de Janeiro and Belo Horizonte together constitute only four percent of Brazil’s poor (World Bank, 2001a). Poverty is concentrated in the rural areas and in small and medium sized urban areas, which account for 48 and 33 percent of Brazil’s poor respectively (ibid.). More than half of the Northeast poor live in rural areas, which tend to be isolated, sparsely populated and characterized by low productivity

⁵ The expression ‘participatory spaces’ is used throughout the paper to identify the various mechanisms, organizations and institutions created to enable the participation of project beneficiaries and citizens in decision/policy-making.

⁶ The extreme poverty line (R\$65) is determined by the cost of a basic food basket (World Bank, 2001a).

(World Bank, 2001c). Comparing with other regions of the country, the rural Northeast is by far the most deprived (Ibid., 2001b).

2.5 Limited access to land and extreme inequality in land ownership are central factors contributing to rural poverty. Brazil has one of the most unequal distributions of land in the world and official statistics reveal a persistent concentration of land. According to the Institute for Colonization and Land Reform (INCRA) between 1992 and 1998, the area controlled by 10 percent of the largest landholders grew from 77 to 79 percent of the total area.⁷ Land ownership is slightly more skewed in the Northeast than the rest of the country and has been the result of several economic distortions which have driven land prices well above the present value of agricultural returns and made land inaccessible to small farmers (World Bank, 2001b).

2.6 The rural poor derive a large share of their income – no less than two thirds – from farm related activities. Consequently, the agricultural sector, which accounted for only 9 percent of GDP in 2002, represents a significant source of employment in rural areas. Although advances have been made, agricultural small-holdings – the predominant unit of production outside the advanced south and south-east – continue to suffer from underinvestment, backward technology and poor access to national and international markets (EIU: 2004, 29). In addition, six of the Northeastern states are located in the so-called drought polygon and hence suffer from severe constraints on farming – 57 percent of the land is semi-arid while 58 percent is unsuitable for annual crops (OED, 2004; Kenny, 2002).

2.7 Public investment in basic infrastructure in the Northeast, particularly in water supply, electrification and transport, declined dramatically between the 1970s and the early 1990s primarily due to economic recession and fiscal crisis. According to RPAP projects documents, the annual growth rate of public capital investment in the region was 9.6 percent in the period 1970-80, 3.1 percent in 1980-90, but a minus 9.9 percent in 1990-93. Health and social indicators attest to the poor quality of life in Northeast Brazil compared to the rest of Brazil. Prior to the implementation of RPAPs over half of the households in the region (57 percent) did not have access to piped water, reaching 91 percent in the rural areas, compared to 28 percent nationwide. Households without electricity in the Northeast amounted to 30 percent on average, while in the rural areas they reached 67 percent compared to 13 percent nationwide. Seventy-three percent of all households and 96 percent of rural households in the Northeast lacked access to proper sanitation facilities, compared to 46 percent nationwide.

2.8 Over time, Brazil has made great advances in improving its social indicators, but the nation's HDI lags behind the level expected from its per capita GDP – US\$ 7,770 (PPP) in 2002. According to the *Human Development Report 2004*, Brazil HDI rank lags behind the country's GDP per capita rank by 9 points. The quality of education is skewed reflecting disparities in income distribution with the southern and south-eastern regions faring better than the north (EIU, 2004: 16). Public spending on healthcare is relatively low and inefficiencies in the healthcare system have contributed to poor health indicators (EIU: 2004, 17).

⁷ <http://www.landaction.org/display.php?article=63>

INSTITUTIONAL ENVIRONMENT

2.9 Brazil is a federative republic with a three-tier government structure – federal, state and municipal. The 1988 Constitution, which established the formal transition to democracy, guarantees the independence of Brazil's state and municipal levels of government.⁸ The federation encompasses 26 states and one federal district, where the nation capital is located, and 5,560 municipalities.⁹ As municipalities enjoy the same constitutional status as states, the latter cannot compel or prohibit action by the municipalities within their jurisdiction.

2.10 The progress report for the Bank's CAS notes that by the standards of other large federalisms in developing and transitional economies, Brazilian federalism is fundamentally sound. The principle of sub-national political independence is well established, the fiscal relationship between tiers of government is transparent and predictable, and the system of revenue sharing is fixed, rather than subject to frequent revision (CAS/PR01: 03). Nevertheless, Brazilian federalism has its challenges, including the propensity of sub-national governments to accumulate significant fiscal deficits, insufficient impact of revenue sharing on poverty reduction and the lack of accountability and efficiency arising from the lack of clear division of responsibilities between states and municipalities (Ibid.).

2.11 The 1988 Constitution, which transferred greater responsibilities to states and municipalities, also emphasized common responsibilities, or concurrent powers, between the three levels of government. Consequently, a significant number of functions are left under the common responsibilities of federal, state and municipal government levels (Box 2).

2.12 The general trend has been for the share of social expenditure of sub-national levels of government – states and municipalities – to increase over time (Table 1) with municipalities becoming the main provider of health care and rapidly increasing their role in the provision of primary education (Souza, 2002b). Given the weak administrative and public finance management capacity of sub-national level governments, this shift in responsibility poses significant challenges (World Bank, 2003). There is however some indication in the literature

Box 2 : Division of responsibility by level of government	
Level of government	
Federal, State, Municipal (shared)	Health and social welfare Services for disabled persons Historic, artistic and cultural preservation Protection of the environment and natural resources Culture, education and science Forests, fauna and flora protection Agriculture and food distribution Housing and sanitation Combating poverty and social marginalization Exploitation of minerals and hydroelectricity Traffic safety Small business improvement policies Tourism and leisure
Mainly Municipal	Pre-school and primary education Preventive health care Historical and cultural preservation
Only Municipal	Public transport (inner-city) Land use

Source: Souza, 2002b: 9.

⁸ Brazil is the only country where the Bank lends directly to states. In fiscal year 1999, the 35 state loans represented 51 percent of the total portfolio or 41 percent in terms of value.

⁹ Up to 1999 there were 5,507 municipalities.

that the capacity of municipal governments varies greatly across the country (Souza, 2002a). While municipalities in the South, Southeast and Center-West of the country exhibit relatively strong capacity for managing tax collection, over 200 municipalities in the Northeast have no chance of expanding their tax bases nor pay for anything other than their staff, most earning below the minimum wage. These municipalities lack economic activity and are bound by the extreme poverty of their population (ibid.; IBGE, 2002).

2.13 A recent study by the IBGE argues that a municipality's capacity to generate revenues is largely dependent on its size. This implies that larger municipalities that are more economically active are able to collect a greater share of revenues compared to small municipalities. Small municipalities (less than 5,000 people), which represent 26 percent of total municipalities in Brazil collect 0.7 percent of the country's revenues, while large municipalities (more than 500,000 people) which represent 0.5 percent of the Brazilian municipalities collect 60 percent of the total revenue of the country (IBGE, 2002). Almost 75 percent of Brazil's municipalities generate less than 10 percent of their total revenue from taxes and almost 90 percent of the municipalities with 10,000 or fewer inhabitants depend on transfers for 90 percent or more of their revenue (Souza, 2002a)

	1985	1992	1996
Federal	62	57	57
State	25	27	23
Municipal	13	16	19

Source: adapted from Souza, 2002b.

2.14 The Northeast region of Brazil has a very high number of small municipalities (between 10 and 20,000) and this entails significant financial limitations. The population is very poor, leaving little room to increase revenue collection locally, and transfers from the state government are also limited because they are calculated according to the volume of sales in the locality (Souza, 2002b; Bremaeker, 2001).

2.15 Despite uneven results accruing from inter- and intra-regional inequality, there is a consensus that Brazil is one of the most decentralized countries in the developing world and that financial decentralization has favored the municipalities to a greater extent than the states (Alonso and Coelho, 2002; Souza, 2002b; World Bank, 2000).

ENGAGING CITIZENS IN POLICYMAKING: THE BRAZILIAN EXPERIENCE

2.16 Brazil has a rich experience in promoting innovative institutions of participatory local governance that enable citizens to partake in policymaking processes at the local level. In addition to transferring policy implementation to the municipal level, the 1988 Constitution established mechanisms for civil society participation in the formulation, management and monitoring of social policies (Coelho et al, 2005; Souza, 2002b). Hundreds of thousands of interest groups worked throughout the country as the Constitution was being drafted and collected half a million signatures to demand the creation of participatory democratic mechanisms (Coelho et al, 2005). Underpinning such demand was the belief that by opening spaces for civil society to participate, the policy-making process would become more transparent and accountable, and social policies would better reflect the needs of the citizens (Ibid.).

2.17 This legal foundation promoted the development of an extensive institutional framework for participation by civil society, including management councils, public hearings, conferences,

participatory budgeting and deliberative mechanisms within regulatory agencies. These participatory spaces have been established at all levels of government, from the local to the federal level. While remaining outside the formal decentralized government structure, they constitute spaces in which the government and civil society meet to define public policies and oversee their implementation (ibid.). Typically these participatory spaces do not have budgetary functions and do not manage or allocate government resources directly, although in some cases, such as municipal health councils, they may be responsible for discussing, approving and overseeing the execution of the budget proposal presented by the corresponding municipal secretary (Box 3).

Box 3. The Municipal Health Council

The principles of popular participation and downward accountability (*controle social*) in the Brazilian public health system are enshrined in the 1988 Constitution, which established the formal transition to democracy (Coelho et al, 2005). The participation of civil society in policymaking became a critical element for the democratization of the health system, and health councils, established at the three levels of government (federal, state and municipal) emerged as the institutions responsible for enabling citizen participation in health governance. Through the process of decentralization, health planning and the provision of health services became the responsibility of municipal governments and the municipal health councils emerged as a critical space for enabling citizen participation in health policymaking (Lobato, 1998). Federal legislation required all Brazilian municipalities to constitute a municipal health council and made the transfer of resources for the health sector from the federal to the municipal government conditional upon the existence of such councils (Alonso and Coelho, 2002). Further, the municipal health council enjoys veto power over the budget proposal prepared yearly by the municipal health secretary; unless the proposal is approved by the council, the Ministry of Health does not transfer funds to the municipal health secretary (Coelho, et al. 2005).

2.18 According to the IBGE, by 1999 a total of 26,859 municipal councils had been established in Brazil. The average number of municipal councils per municipality was 4.88, with the number of municipal councils per municipality increasing with the size of its population (table 2). Municipalities with less than 10,000 people had an average of 4.42 municipal councils, while those with 500,000 and more inhabitants had on average 7.92 municipal councils (Bremaeker, 2001). The distribution of municipal councils by region is more homogenous, with North and Northeast region presenting average number of municipal council per municipality lower than the national average (Bremaeker, 2001).

Table 2. Density of Municipal Councils

Population	Total number of municipal councils	Average number of municipal councils per municipality
Up to 10,000	12,040	4.42
10-20,000	6,839	4.91
20-50,000	4,799	5.29
50-100,000	1,745	6.25
100-500,000	1,230	7.07
500,000 and more	206	7.92
Total	26,859	4.88

Source: adapted from Bremaeker, 2001.

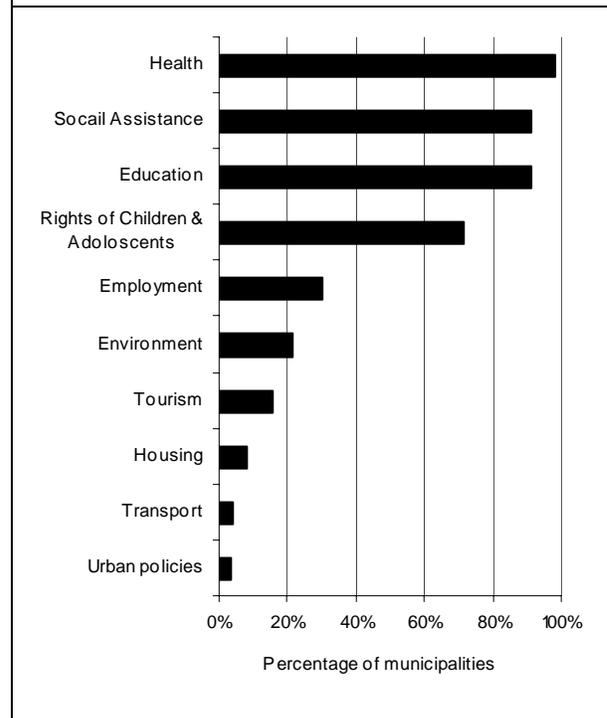
2.19 Health municipal councils are the most widespread; their existence was registered in 98.5 percent of the municipalities (Figure 1).¹⁰ The councils for social assistance and that of education follow in second and third place; they were established in 91.5 and 91 percent respectively of Brazil's municipalities (Bremaeker, 2001).

2.20 In addition to this plethora of municipal councils, an increasing number of Brazilian municipalities are experimenting with participatory budgeting, an innovative policymaking process developed in the municipality of Porto Alegre, the state capital of the southern most state in Brazil – Rio Grande do Sul (Abers, 2000). Through participatory budgeting, citizens are directly involved in the preparation of the municipal budget, with special concern for the definition of priorities for the distribution of investments (de Sousa Santos, 1998). Participatory budgeting differs from the others participatory experiments at the local level because of the vast number of citizens it involves and the substantial decision making power it devolves to them (Baiocchi, 2001). Since 1989, 250 of the 5,507 Brazilian municipalities have adopted it (Coelho et al, 2005). By region, the Southeast has the highest number of participatory budgeting schemes, 46 percent of current experiences, followed by the South, with 38 percent (Souza, 2002b).

2.21 Donor funded development programs, such as Bank-funded CBD/CDD projects, have also contributed to the large number of municipal councils by creating ad-hoc councils at the municipal level to foster local participation at different stages of the program cycle (paragraphs 3.9 and 3.10).

2.22 The current government is promoting intense dialogue with civil society and a participatory version of democracy in which citizen participation is seen as not only necessary but also ineludible.¹¹ For Brazil's municipal governments this entails a great challenge: reconciling their role as main provider of public services, in particular social services, with the demands for a more equitable balance between those who decide and those who are affected by the decisions, thereby becoming the locus of participatory democracy (Souza, 2002b).

Figure 1: Spread of Municipal Councils by Sector of Intervention



¹⁰ The wide spread of municipal health councils is largely due to federal legislation, which makes the transfer of resources for the health sector from the federal to the municipal government conditional upon the existence such council (Alonso and Coelho, 2002).

¹¹ http://www.brasil.gov.br/prestandocontas/2anos_rel4.pdf

‘TRADITIONAL’ SOCIOPOLITICAL NORMS: A CHALLENGE FOR CITIZEN PARTICIPATION

2.23 The promotion of innovative spaces for citizens engagement in policymaking in Brazil faces a great challenge: overcoming traditional sociopolitical norms which continue to define citizens as recipients of favors from local political ‘patrons’, rather than individuals with rights and entitlements. As a number of researchers point out, the institution of clientelism continues to pervade contemporary Brazilian society (Hagopian, 1996; Nunes, 1997; Tendler 1997; Valença, 2000; Kenny, 2002). Clientelistic relations have a distinct unequal and noninstitutionalized character and are based on uneven reciprocity (Hagopian, 1996; Kenny, 2002). The client is generally more dependent on the relationship than the patron, as the latter controls benefits the weaker party desires. Although the Brazilian government’s decentralization policies appear to have weakened these traditional forces, they continue to exercise a strong influence. A recent World Bank’s report on Brazil Federalism notes that “despite substantial reforms over the last fifteen years, Brazil still retains some of the characteristics of an older, ‘clientelistic’ state at the subnational level. Governors and mayors can still dispense favors-or withhold them without being held accountable for the performance of specific services” (World Bank, 2002a).

2.24 Clientelism is based on the use of public resources for private ends and it turns universal access to public goods into something restricted to the favored few (Domingos, 2004; Mainwaring, 1999). The resources of the state play a critical role in the Brazilian clientelistic system, as the parties in power have access to numerous privileges through the state apparatus (Nunes, 1997). Clientelism has adapted itself to the increasingly urbanized, educated and complex Brazilian society. No longer limited to the traditional patronage of civil service jobs, it has extended to include information about public works projects, the expansion or reduction of public services, tax concessions and privatization (Domingos, 2004).

2.25 The absence of a clear division of functions between levels of government (paragraph 2.10) often leads, according to a recent Bank’s study, to clientelistic relationships between governors and the political leadership in smaller towns. As the authors powerfully put it “in much of small-town Brazil, it is said, mayors are not so much chief executives responsible for the performance of specific services, but rather intermediaries between citizens and higher levels of government, responsible for transmitting demands upwards, and bringing such largesse as they are able to obtain back to their constituents” (World Bank, 2002a).

2.26 Various commentators agree that while the importance of clientelism has diminished considerably in the modern partisan electoral politics of the more developed Brazilian Southeast, it is still rampant in the interior of the less developed Northeast and North, where dependence on the state is greater and where levels of political information and consciousness are more precarious than in southern Brazil (Hagopian, 1996; Mainwaring, 1999; Kenny, 2002). As Domingos (2004: 102; emphasis in original) powerfully puts it, “what is normally thought of as bestowing favors is looked upon in the outback [the interior regions of the Northeast], by both the powerful and those they control, as the fulfilling of obligations”.

2.27 To the extent to which Bank-funded CBD and particularly CDD initiatives aims to engage citizens in the development process as partners, rather than passive recipients, and to enable them to control decisions and resources, they may face the constraints of lingering clientelistic style of governance, especially in the poor areas of the Northeast.

3. The Brazil CBD/CDD Portfolio

TEMPORAL AND SECTORAL DISTRIBUTION OF THE PORTFOLIO

3.1 The Brazil portfolio for investment lending between FY 1989 and 2003 comprises 109 projects of which 30 are CBD/CDD or CBD/CDD component projects.¹² As no CBD/CDD project was approved between FY 1989 and 1994, we will restrict our analysis to the period between FY 1995 and 2003.¹³ Total lending for CBD/CDD (and component) projects over this time period amounted to \$2.4 billion in IBRD/IDA amount, which corresponds to 24 percent of total investment lending for the same time period. The real terms commitment (base year 2000) for CBD/CDD projects relative to total investment lending varied greatly in this time period (Figure 2). In FY 1995, 38 percent of investment lending to Brazil was in the form of CBD/CDD initiatives. The importance of CBD/CDD projects increased sharply in FY 2000 and 2001 reaching 98 percent of investment lending, and fell equally sharply thereafter to reach 14 percent in FY 2003.

3.2 Nineteen of the 30 CBD/CDD projects were in the rural development sector board, accounting for over half of the real terms commitment for CBD/CDD between FY 1995 and 2003 (Figure 3). The education sector board follows with five approved projects accounting for a fifth of total real terms commitment for CBD/CDD.

3.3 Within these sectors, CBD/CDD projects have been used to promote a variety of objectives (see Annex A table A.2). Notably, the majority of the projects in the rural development sector board have the primary objective of alleviating or reducing rural poverty. RPAPs and RPRPs in the Northeast of the country account for a large share of the rural development portfolio. These are a series of very similar interventions that can be considered the second and third generation of rural development CDD projects in the Northeast following the

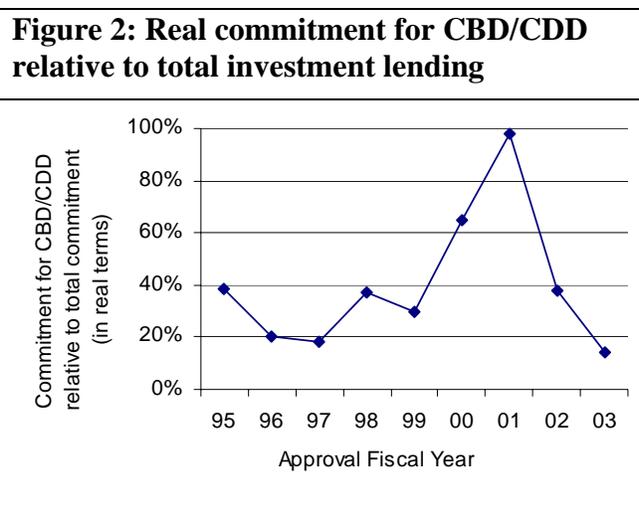
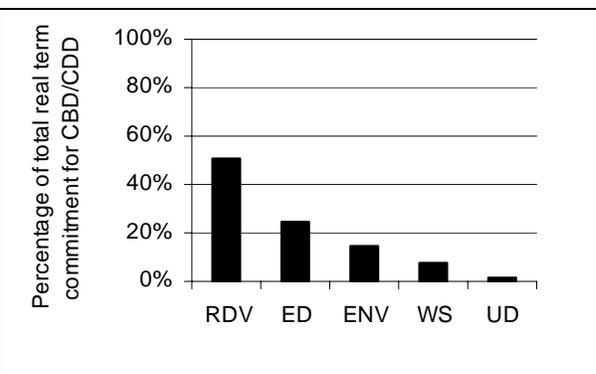


Figure 3: Sectoral distribution of the CBD/CDD portfolio



¹² The total figure of 109 projects does not include ten adjustment projects approved between FY 1989 and 2003.

¹³ Although no CBD/CDD project was approved before FY 1995, the *Northeast Rural Development Program* had since its reformulation in 1993 adopted a CDD approach (paragraph 3.3).

Northeast Rural Development Program (NRDP), which was reformulated in 1993 to adopt a CDD approach. In its original design, the NRDP, contained all the flaws associated with classical integrated rural development—heavy overhead costs, problems of coordinating the various sector-specific bureaucracies involved, and failure to respond to the expressed demands of beneficiaries. The revised design entailed a shift in focus from small farmers and agricultural production to rural poverty alleviation emphasizing poor rural communities and investments in productive, infrastructure and social subprojects identified, designed and implemented by the beneficiaries. With some refinements, the same approach has been used in the second and third generations of rural poverty alleviation and reduction projects in the Northeast.

3.4 Brazil is the only country where the Bank lends directly to states (World Bank, 2000). According to the country assistance strategy for 2000, the 35 state loans approved in FY 1999 represented 51 percent of the total portfolio or 41 percent in terms of commitment (ibid.). A greater number of CBD/CDD projects than more traditional types of interventions approved between FY 1989 and FY 2003 were funded in the form of state loans. These accounted for respectively 67 and 29 percent of the CBD/CDD and non-CBD/CDD projects. In terms of commitment, half of the lending channeled through CBD/CDD projects was in the form of state loans. The vast majority of CBD/CDD projects funded through state loans were concentrated in the rural development sector board; 17 of the 19 CDB/CDD projects approved in this sector were state loans.

PARTICIPATORY PROCESSES FOSTERED THROUGH CBD/CDD INITIATIVES

3.5 A variety of participatory processes have been promoted at the local level through Bank-funded CBD/CDD projects in Brazil. Who participates and in what kind of activities is largely determined by the type of intervention (Annex F). However, a general distinction can be made between the different participatory processes according to the extent of beneficiaries' engagement. On the continuum from least to most engagement, we find information sharing and consultation at one end and control over subproject decisions and resources at the other. The latter form of engagement is regarded as the most empowering because it enables beneficiaries to take charge of their development by selecting priority interventions and managing the resources necessary for their implementation. It is argued that through these experiences communities groups and beneficiaries develop the ability to work collectively towards the promotion of local development and greater wellbeing.

3.6 In virtually all CBD/CDD projects in the Brazil portfolio, communities and beneficiaries have control over subproject decision-making. However, while in the context of some projects, communities are able to choose freely the priority needs they want to address, in other, more sectoral type of interventions, beneficiaries' choice is confined within a specific sector or thematic areas, over which communities have normally no say. The eight RPAPs and the six RPRPs implemented in the Northeast of Brazil fall in the first typology. In these projects, community associations can choose from an open-ended menu from which only a small number of activities ineligible for financing are excluded in advance (negative list). On the other hand, projects such as Fundescola restrict beneficiaries' choice to their realm of intervention. Hence, school communities in Fundescola are responsible for identifying school needs, formulating plans for the improvement of student performance, and agree on an action plan – the so-called School Development Plan – but cannot apply for funding for non-school related activities.

3.7 Other projects, such as the Land Reform Pilot and the follow on Land-Based Poverty Alleviation Projects offer a combination of both open-ended and sectorally restricted community decision-making. The main objective of these two interventions is to provide community associations with the financial support to acquire land and settle. The community association (CA) is responsible for selecting suitable lands, negotiating their purchase with willing sellers, and deciding internally on individual land allocation and the corresponding payment obligations. Under this component, community choice is restricted to land acquisition. However, in order to establish the settlement and improve the productivity of the land acquired, the project also funds complementary community subprojects. In order to receive subprojects, community associations have to prepare proposals and submit them to the project for approval. In this case, community decision-making is not confined to a specific sector and like under the RPAPs/RPRPs community choice is only minimally restricted by a negative list.

3.8 In addition to having control over subproject decisions, communities in a large share of the projects in the Brazil portfolio (21 of 30) have control over subproject funds. Once the community's subproject proposal has been approved, the RPAPs and RPRPs transfer the funds to a bank account managed by the CA which is responsible for procurement and record-keeping. The same holds for the complementary investments financed by the two land-reform projects and for the subprojects financed by the Parana RPAP & NRM and the Santa Catarina NRM & RPRP. In the context of the Fundescola projects (I, II and III), funds to implement the School Development Plan are transferred to a school bank account managed by the school council, which is responsible for making decisions about how to spend the funds, procurement, and keeping the accounting records up-to-date.

3.9 Besides promoting participation at the community level, over half of the CBD/CDD projects in the Brazil portfolio (17 of 30) fostered participatory processes at the municipal level through the establishment of Municipal Councils. These normally include representatives of the government – both municipal and state – and of civil society, including community associations or beneficiary groups, Rural Trade Unions, Churches, NGOs, and private firms. Project municipal councils are normally responsible for promoting the project in their areas by informing beneficiaries of the projects' procedure, providing technical assistance to groups of beneficiaries and reviewing and in some cases approving subproject proposals.

3.10 Project municipal councils were established under two of the three implementation modalities adopted by the RPAPs and RPRPs (see Box 4). In these councils 80 percent of the members were representatives of civil society, largely of community associations, and the rest government representatives. Two types of councils were set up with increasing levels of responsibility (see Box 4). While FUMAC councils selected subproject proposals to be approved by the project Technical Unit, FUMAC-P councils also managed project funds directly and allocated them to communities associations. Project municipal councils were also established by the Parana NRM&RPAP, the Sao Paulo Land Management III project and the Santa Catarina NRM&RPRP. The latter established a hierarchy of deliberative bodies at four levels – state, regional, municipal and micro-catchment – in which at least half of the members were representatives of the target group. Insofar as these councils are vested with the power of allocating or managing resources directly – such as FUMAC and FUMAC-P councils – they represent a departure from the plethora of municipal councils set up through federal law or government programs which do not typically have budgetary functions (paragraph 2.17).

Box 4. Implementation modalities adopted by the RPAPs and RPRPs ranked by increasing order of decentralization

- **PAC:** The Community Association (CA) submits a subproject proposal to the State Technical Unit. There is a statewide vetting process by which the State Technical Unit chooses the soundest proposals, with some reference to the evenness of distribution between the various municipalities. Once approved, project funds flow directly to a bank account set up locally by the CA.
- **FUMAC:** A municipal council (called FUMAC council) with representatives of both civil society and the government is set up by the project at the municipal level. The proposals prepared by the CAs are first reviewed and ranked by the FUMAC council and only then submitted to the State Technical Unit. The council chooses among subproject proposals with reference to an indicative budget communicated by the State Technical Unit. Vetting by the State Technical Unit is more of a formality compared to PAC; providing the subprojects meet the required technical specifications, the State Technical Unit signs off on the proposal made by the FUMAC council.
- **FUMAC-P:** The procedures are the same as for FUMAC, except that the FUMAC-P council is given an annual budget, which it administers itself. The council signs agreements with the CAs, transfers projects funds to them, keeps track of receipts, and monitors physical progress. It is accountable to state government auditing procedures. If one CA fails to provide the necessary receipts, disbursements to all other CAs in that municipality may be frozen, paralyzing the project process.

3.11 Project document seem to suggest that participation in spaces created by the Bank CBD/CDD project – be it at the community or municipal level – is based on a voluntary basis; community members or specific groups targeted by the project – such as farmers – who are interested in participating in subproject selection and implementation join together. While this is not in itself problematic, it raises important issues regarding the ‘representativeness’ of these self-selected groups and ultimately their downward accountability to the community as a whole (Brannstrom, 2004).¹⁴ Given that communities cannot be regarded as homogenous entities, who participates and whose views prevail are of critical importance to ensure that subprojects reflect community needs. This is particularly important in contexts where clientelistic relations continue to pervade, like in the rural areas of Northeast Brazil (paragraphs 2.23-2.26). Similarly, which community gets to be represented in the project Municipal Council may prove to be a determinant factor in the intra-municipal allocation of project funds. Equity concerns have also been raised in the literature. As Manor (2004) notes, representation of women and members of other disadvantage groups is provided far less often on user committees than on locally elected councils.

¹⁴ The PADs for the Maranao, Pernambuco, Piaui and Rio Grande do Norte RPAPs maintain that having legally constituted community associations will help “(...) ensure that the project meets the needs of a representative group from a given community and not simply the needs of its more vocal or politically influential constituents”. It is not clear how the projects hope to attain such representativity, given that they do not specify any process through which community representatives should be selected nor do they provide norms and procedures for collective decision-making that would ensure that the voices of the weaker groups are also heard and taken into account.

3.12 Finally, no information is provided in project documents regarding the relations that project-induced participatory spaces are expected to establish with pre-existing forms of community organizations, both formal and informal, and municipal councils. For example, to what extent and in what ways do community associations that receive investments for building a health post coordinate with the municipal health council? As pointed out in the literature on participatory development, the lack of coordination between project induced participatory spaces and existing elected local councils can lead to confusion and can ultimately undermine local councils (some of which are mandated by the constitution or federal legislation) or existing collective management practices at the community level (Manor, 2004; Cleaver, 1999).¹⁵ Given the relatively short life span of project-induced participatory spaces, the implications of this issue needs to be studied.

4. Outcome of Bank-Supported CBD/CDD Interventions

4.1 This chapter first reviews the overall outcome ratings of the CBD/CDD projects in the Brazil portfolio before going on to examine their relevance, efficacy, and efficiency.

OUTCOME RATINGS

4.2 A very high percentage of closed project in the Brazil portfolio as a whole were rated satisfactory on outcome. On average, CBD/CDD projects performed better than more traditional types of intervention. All closed CBD/CDD projects were rated satisfactory compared with 93 percent of non-CBD/CDD. However, as noted in para 1.3, only one CBD/CDD has been independently assessed in the field by IEG. IEG's desk reviews of completion reports (prepared by the Region) raise a number of concerns highlighted in this report.¹⁶ It should also be noted that very few of the completion reports include substantive evidence on poverty targeting.

RELEVANCE

4.3 The following paragraphs assess the relevance of the Brazil CBD/CDD portfolio from three perspectives: (i) country conditions and priorities; (ii) Bank Strategic Framework and the country CAS; (iii) community priorities. While it was possible to assess the first and second relevance issues for the whole portfolio, relevance to community priorities could be examined only for the RPAP project in the state of Rio Grande do Norte where IEG undertook field work.

¹⁵ As Manor points out (2004: 206; emphasis in the original). "User committees often produce *confusion* and *dislocation*. This occurs in part simply because in a particular place, a user committee operates at a different level from an elected local council (...) There is also confusion about overlapping *jurisdictions* of the two type of bodies if, as of the happens, both are given responsibility of a particular subject (...)".

¹⁶ For example, the review of Land Reform and Poverty Alleviation Pilot project raised concerns about the long-term technical support to land reform beneficiaries given the collapse of the public extension services and failure of public agents to fill the gap. The review of Rural Poverty Alleviation, Piauí project points to the "major disappointment" of productive subprojects. The review of Basic Education Project (phase 1) indicated completion of only half the number of new secondary schools planned, and also indicated that the impact in strengthening regional management was minimal.

The CBD/CDD portfolio is largely in line with country conditions and priorities...

4.4 The Brazilian government has made poverty reduction a priority. As mentioned in chapter 2, poverty in Brazil is primarily a rural phenomenon and a large proportion of the poor are concentrated in the Northeast of the country. The regional and sectoral focus of the portfolio of CBD/CDD interventions is well aligned with the country's poverty profile. More than half of the CBD/CDD portfolio (19 of 30) is in the rural sector and almost all of these projects (17) have poverty reduction/alleviation as their primary objective. In addition, two-thirds of the CBD/CDD projects are specifically targeted at the Northeastern states.¹⁷ These include the eight RPAPs approved between FY 1995 and 1998 and the six follow-on Rural Poverty Reduction Projects (RPRPs) approved between FY 2001 and 2002.

4.5 Other projects that target the Northeastern states specifically and that have poverty reduction as a primary objective are the two land reform projects in the Northeast - the Land Reform Pilot Project and the follow on Land-based poverty alleviation project. These two projects attempt to tackle one of the thorniest aspects of rural poverty in Brazil; excessive land concentration (paragraph 2.5). They provide funding to groups of rural landless families for the acquisition of land and for establishing new settlements.

4.6 The CBD/CDD portfolio also appears to be largely in line with the decentralized nature of the Brazilian state, in which the state and municipal government levels have taken on an increasing number of responsibilities (paragraph 2.12). As already noted, 67 percent of the CBD/CDD portfolio is in form of state loans and over half of the CBD/CDD projects fostered participatory process at the municipal level (paragraph 3.9). However, the ways in which municipal governments have been engaged in the project, namely through the creation of ad-hoc project councils, raises concerns regarding the sustainability of these participatory spaces (see Chapter 6).

...and with the country assistance strategy and the Bank's Strategic Framework.

4.7 The CBD/CDD portfolio is also in line with the Brazil CASs. The alleviation of poverty was the central objective of Bank assistance to Brazil throughout the 1990s and early 2000s. This central objective was stated in the 1993 country assistance strategy, and reiterated in the 1995, 1997 and 2000 strategies (World Bank, 2003). The Bank strategy, which was developed in a period when the institution was becoming less important as a source of finance to Brazil, called for a switch of assistance to the social sectors and other sectors expected to have a more direct impact on poverty alleviation. In addition, the strategy called for a concentration of efforts in the poorest regions of the country, primarily the Northeast. As already mentioned above, the CBD/CDD portfolio is largely focused on the Northeast and on poverty alleviation.

4.8 The Bank's Strategic Framework identifies empowering poor people to participate in development by investing in them as one of the two basic priorities in the fight against poverty (World Bank 2001d). As already mentioned, virtually all CBD/CDD projects in the Brazil portfolio give communities control over subproject decisions and in some cases also resources,

¹⁷ The Land-based Poverty Alleviation Project is also included here, although it targets four Southern/Southeastern states besides the nine Northeastern states and Minas Gerais.

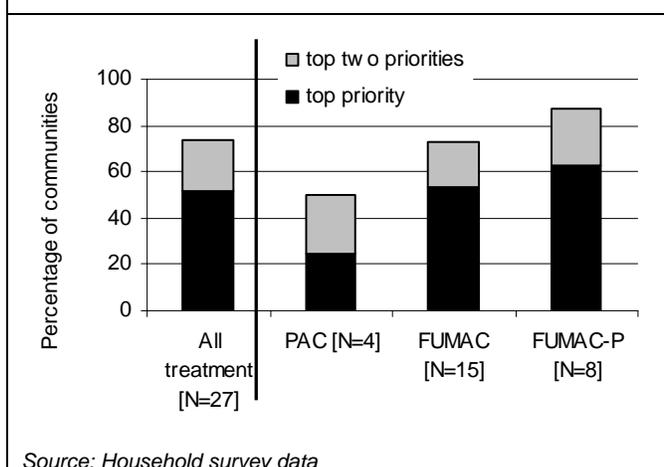
which is expected to empower communities “immediately and directly” (footnote 38). The issues of empowerment, participation and social exclusion were also prominent in the latest CASs. For instance, documents for the 2000 country assistance strategy hold that “empowerment of the poor and their representation and participation in decision making are important dimensions of poverty reduction” and that “the objective of reducing income poverty is embedded in a broader social development agenda [which] includes policies to reduce the most severe forms of deprivation and involves issues of inequality of income, assets, and opportunities, social exclusion, participation...”.

4.9 Finally, it should be noted that the decentralized organization of the Bank for Brazil is particularly well suited for the implementation of CBD/CDD projects. In 1997 the Country Management Unit was transferred to Brasilia and the number of staff in the field increased considerably. In addition to the office in Brasilia, the Bank established an office in Recife.

The RPAP Rio Grande do Norte largely met community priorities

4.10 The household data collected in Rio Grande do Norte indicates that the RPAP largely succeeded in meeting the priority needs of the communities where it was implemented. As Figure 4 shows, the Bank’s project met the top priority need of more than half of beneficiary communities and the top two priority needs of almost three-fourth of beneficiary communities.¹⁸ Of the three implementation modalities, FUMAC-P was the most successful in responding to community needs, followed by FUMAC. This is in line with the expectation embedded in project design. FUMAC-P, being the most decentralized implementation modality, was expected to be the best in being able to address local priority needs.

Figure 4: The RPAP in Rio Grande do Norte largely met community’s priorities



4.11 As already mentioned, the RPAP enabled communities to choose from an open-ended menu of options from which only a small number of activities ineligible for financing are excluded in advance. It seems logical to expect that projects that restrict community choice to a specific sector or thematic area of intervention may not be as responsive to community priorities as the RPAP. However since similar field work was not undertaken for sectoral interventions in

¹⁸ In order to assess the extent to which communities’ priorities were met by Bank-funded CDD projects, we included in our household survey a question that captures community’s priorities before project implementation. As CDD projects are expected to respond to community needs, we aggregated responses by community, so as to identify the most frequently cited problems in each community prior to the Bank intervention (this implies that the match between priority needs and subproject financed was done at the community level). This information was then used to assess whether the Bank intervention met the three highest ranked priority needs in sample communities.

Brazil, it is not possible to make any generalizations about the greater relevance of multi-sector operations for meeting community priorities.

EFFICACY

Though physical targets were often surpassed, it is difficult to say how far the primary objectives of CBD/CDD projects were met...

4.12 The available evidence indicates that most of the nine closed interventions in the Brazil portfolio met and in some cases surpassed their physical targets. For example, one of the goals of Fundescola I was to rehabilitate 5,800 classrooms benefiting 400,000. The project far surpassed this goal and repaired 12,616 classrooms, reportedly benefiting almost 900,000 students. Similarly, the Land Reform Pilot Project settled 15,267 poor rural families on 609 separate properties, accounting for 122 percent of appraisal estimates. Moreover, the scale of the physical outputs attained by the RPAPs in the Northeast is impressive. The number of households that are reported to have benefited from access to water and electricity through these projects amounted to 541 and 294 thousand, corresponding respectively to 2.1 and 1.2 million people. These numbers account for a large share of additional households in the rural Northeast reached by these services in the 1995-2001 period, according to the PNAD household survey data, suggesting that the Bank made a fundamental contribution (World Bank, 2003).

4.13 There is however paucity of evidence on the extent to which these interventions have succeeded in attaining their primary objectives, which for seven of the nine closed interventions was poverty alleviation (Annex A, table A.2). These include six of the eight RPAPs and the Land Reform Pilot Project. All the ICRs for the seven closed RPAP make the assumption that meeting physical targets, for example building wells and health posts, will automatically translates into better living conditions and ultimately lower poverty levels. No evidence is however provided to support this claim. As IEG reviews of the completion reports of the RPAP in Bahia, Ceara, and Sergipe point out “these projects have spread resources thinly: they have put money in the hands of large numbers of poor people but it is not clear how solid a contribution they have made to the long-term growth of incomes and employment in the Northeast”.

4.14 It is also not possible to say how far the changes occurring in the project areas can be attributed to the Bank projects. The evaluation study (Van Zyl and others, 2000) on the basis of which claims about project impact are made in the ICRs of the seven closed RPAPs does not have a control group. This renders it impossible to attribute any observed change in project areas to the project, as conditions might have improved simultaneously in project and non-project areas over the time period considered for reasons other than the Bank-funded project. Similarly, the panel design for the impact evaluation of the Land Reform Project was dropped rendering it difficult to attribute improvement in incomes to the project. As the Brazil Country Assistance Evaluation (CAE) notes “it is difficult to link Bank interventions such as the rural poverty alleviation projects to increases in household income and reduction in poverty [as this] would require a more detailed analysis of household income and poverty in municipalities covered by the projects (...). Besides, there were also other factors at work, including the introduction of rural pension early in the decade” (World Bank, 2003).

...this is in part due to weak M&E systems

4.15 The paucity of evidence on project outcomes and impact can at least in part be attributed to the weak monitoring and evaluation (M&E) system set up by these projects. The Brazil CAE points out that “monitoring and evaluation of projects were less than satisfactory” and calls for more systematic impact evaluations to ascertain the impact of its assistance on the poor (World Bank, 2003). A review of appraisal documents reveals that almost half of the CBD/CDD projects in the Brazil portfolio do not have adequate arrangements for assessing impact on the ground, as they focus solely on output indicators, rather than outcome/impact ones. So, for instance, while information is available on how many water supply systems were financed by a RPAP, no information is available on the extent to which these are functioning and the effect they had on the incidence of diseases, health status and poverty levels. Further, community capacity enhancement is a very important aspect of these projects. However, while information is provided on the number of training courses held, no evidence is available on increase in skills and knowledge of participants and their overall capacity level.

4.16 The improvement over time in the specification of outcome/impact indicators is however encouraging. For example, while the RPAP focused solely on output indicators, the follow-on projects (the RPRP) include outcome/impact indicators in line with project objectives. The M&E systems of recent projects could be further improved by specifying time frames for outcome indicators, which in most cases are only defined broadly.

4.17 Another difficulty in assessing project impact is the lack of baseline studies. In the absence of baseline data, conducting impact evaluation becomes extremely challenging and as the Brazil CAE notes, impact evaluations have often been neglected (World Bank, 2003). A review of CBD/CDD project documents reveals that most projects in the Brazil portfolio (24 of 30) planned to collect baseline data at appraisal. However, completion reports show that only two of the nine closed projects actually undertook baseline studies. Of the two that undertook baseline studies, one dropped the panel design for the impact evaluation and the other did not undertake the final impact evaluation.

4.18 Impact evaluations and baseline studies appear to have been given greater importance in some of the latest CDD projects. All the six on-going RPRP in the Northeast of Brazil, which were approved between FY 2001 and 2002, indicate that “presentation of terms of reference for the project baseline study and for the overall evaluation framework, both acceptable to the Bank would be a condition of loan effectiveness”. However, project supervision reports for most of these projects do not mention baseline surveys.¹⁹

4.19 Finally, it is important to note that none of the CBD/CDD projects monitor the quality of the participatory processes they promote. Given the serious concerns raised in the literature regarding elite capture and the ways in which existing power relations impinge on collective undertakings, it is crucial to monitor systematically the participatory processes fostered by CBD/CDD projects to ensure that they are inclusive and democratic.

¹⁹ The appraisal report of the Fundescola III (2002) projects reports that baseline data was collected in 1999, but no mention of this is found in the Fundescola I completion report dated November 2001.

Targeting strategies must be sharpened if the poorest are to be reached

4.20 Virtually all CBD/CDD projects in the Brazil portfolio are poverty targeted interventions.²⁰ Three main poverty targeting mechanisms are used by these projects, often in combination (table B.1 Annex B). First, geographic targeting, which entails focusing implementation on poor states, regions or municipalities that are identified based on available government data. Second, self-targeting, which entails funding activities chosen by the communities and which are of interest to the poor, such as basic community infrastructure. A third methods is social targeting, whereby the project targets particular social groups, such as women, small and marginal farmers, herders, and others.

4.21 All poverty targeted interventions in the CBD/CDD portfolio use geographic targeting at the regional or state level. As already mentioned, a large share of CBD/CDD project focus on the Northeastern states (in some cases in the form of state loans), while others, such as the Land-based Poverty Alleviation Project and Fundescola I and II also include the North and Center-West regions, which are also poor.²¹ Fewer projects explicitly target poor municipalities, but there are some that do rely on comprehensive data for their identification. This includes the Bahia and Ceara Basic Education Projects which target the 100 and 54 poorest municipalities respectively.²² In the case of Bahia, poor municipalities were identified based on the General Index of Socioeconomic Development – a fairly complex and comprehensive index – calculated aggregating two indexes that capture economic and social development respectively.²³ The Ceara Basic Education project relies on two main indicators; the Municipal Human Development Index (MHDI), and the UNICEF typology, which identifies municipalities with the poorest education and other social indicators.

²⁰ The only three projects in the CBD/CDD portfolio that are not poverty targeted are the National Environment Project II, Fundescola III, and Ceara Integrated Water Resource Management Project.

²¹ The ES for Fundescola I notes that “Though the project was to serve regions of Brazil where poverty was particularly high, it included many schools serving lower-middle class students”.

²² Only one component (representing 14 percent of total budget) of the Ceara Basic Education Quality Improvement Project is targeted at the 54 poorest municipalities.

²³ The General Index of Socioeconomic Development consist of the sum of two separate indexes, to which equal weights are assigned, the Economic Development Index and the Social Development Index. The former was compiled from service, infrastructure and income data, including: the number of telephones, businesses and services, and banks per resident, energy consumption per 100 residents, education participation rates in each sub-sector (primary, secondary, and higher), and the aggregate value of agriculture, industrial, services and public administration sectors. The Social Development Index was designed to classify municipalities according to their level of social development, based on indicators of the quality of life of the population, including health, education, basic services and income. Indicators included: number of illnesses (both treatable with good hygiene and through immunization), education participation rates in each sub-sector (primary, secondary, and higher), residential energy consumption, treated water, and average salary of heads of households (Bahia Basic Education PAD).

4.22 Appraisal documents of all RPAPs reveal that these projects had in general weak geographical targeting at the municipal level, targeting all municipalities of the state except the metropolitan area of the state capital. These loose targeting strategies meant that the poorest municipalities were not prioritized by the RPAPs. Data on socio-economic indicators disaggregated at the municipal level are available at the National Statistical Office – the IBGE – and it is unclear why the RPAPs did not use this data to guide targeting at the municipal level.

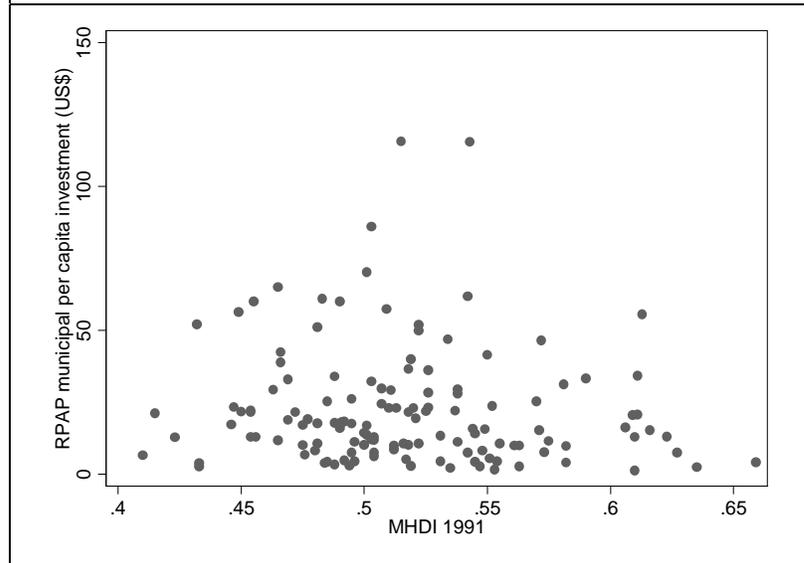
In at least one of the RPAP states,

Rio Grande do Norte, this strategy led to poor municipal level targeting. As Figure 5 shows, no relation was found between the level of Municipal Human Development Index (MHDI) and the RPAP municipal per capita investment.²⁴ In other words, there appears to have been no concerted effort to target greater resources to poorer municipalities. While this may not have been the case in the other RPAP states, the weak municipal level targeting strategy common to all RPAPs is likely to have constrained effective targeting to the poorest areas in each state.

4.23 The follow-on RPRPs sharpened their municipal level targeting either through progressive targeting measures, whereby a larger share of the project budget was dedicated to the poorest municipalities, or by excluding from the targeted area, municipalities above a certain poverty threshold (Annex B, table B.1). In some states, as in Rio Grande do Norte, both measures were adopted; the project excluded ten municipalities, in addition to the metropolitan area, with relatively higher income levels from the project areas and concentrated resources in the poorest municipalities based on MHDI data.²⁵ Interviews with council members carried out during the field research in Rio Grande do Norte in the context of the IEG CBD/CDD evaluation, however, revealed that the state government is pursuing a policy of equal investment in all municipalities, regardless of population and poverty levels. This highlights the difficulties of implementing progressive targeting measures without the backing of political players.

4.24 Data on community level poverty is currently not available, rendering it impossible for projects to target specific communities based on their socio-economic characteristics. The

Figure 5: RPAP municipal level targeting in Rio Grande do Norte was weak



²⁴ MHDI data is available for the year 1991 and 2000. According to the project MIS, the RPAP in Rio Grande do Norte began funding subprojects in December 1997. Figure 4 uses MHDI 1991 data; though the same results hold if MHDI 2000 data is used (see Figure B.1 in Annex B). Further, Figure 4 calculates RPAP per capita investment using total municipal population, but the same results hold if rural population only is used instead (see figure B.2 in Annex B). See Annex B for more details on the data used for Figure 4.

²⁵ See Annex B, table B.1 for more details.

RPAPs and RPRPs have sought to compensate for this lack of information in two ways. First, within municipalities, they target rural settlements and communities defined as those with less than 7,500 inhabitants. Given that a large share of Brazil's poor live in rural communities (paragraph 2.4), this appears to be an effective way to target them. Second, they rely on project councils, where these have been established, to identify and prioritize poorest communities. The assumption is that local representatives can best judge which communities are poorest and what the investment priorities are in each area. Data from the Rio Grande do Norte RPAP, however, reveal that 79 percent of the communities received only one subproject. This suggests that municipal councils found it difficult to justify a second investment in any community before all communities had been covered with at least a single investment and raises concerns whether factors other than poverty levels have a greater influence in determining where the resources finally go. Are small dispersed investments over a large number of rural communities the most effective and efficient way to address poverty?

4.25 Household level data is not available to assess the extent to which intra-community allocation of CBD/CDD investments has been pro-poor. According to completion reports, some CBD/CDD projects have succeeded in benefiting the poorest cohort of the rural population. The ICR for the Bahia RPAP holds that "recent analysis of the Northeast region shows that some 84 percent of the RPAP's beneficiary population are small farmers and rural laborers living in remote, low density areas with acute deficiencies in basic infrastructure and services". Similarly, the ICR for the Pilot Land Reform Project points to studies that demonstrate that the project attracted families with the intended socioeconomic profile and that leakage to the non-poor was minimal. However, the same report notes that a comparison of the profile of 1998 entrants with 2001 entrants reveals that many of the latter tended to be better organized, more motivated, with greater agricultural experience and better educated than the former. This finding resonates with the results from the household data collected in Rio Grande Norte, which reveal that members of community organizations set up by the Bank intervention had a higher socioeconomic profile, including greater mobilization skills and social network than non-members prior to subproject implementation (paragraph 5.15). This raises concerns about the ability of community level organizations set up by the projects to include the poorest and indicates the important influence that existing socio-economic conditions can have on the structure of organizations set up through outside support.

Implications for Sustainable Natural Resource Management

4.26 While it has not been possible for this study to undertake field research on safeguard compliance, a desk review of some of the CBD/CDD projects in the Brazil portfolio raises some concerns about the negative implications that a large number of scattered sub-projects could have for the sustainable management of scarce natural resources like water. IEG's review of safeguard issues for CBD/CDD projects strongly challenges the notion that the impacts of small, scattered infrastructure investments such as those funded by CBD/CDD projects are too small to worry about and draws attention to the cumulative impact of such investments. The study points specifically to the case of the eight RPAPs in Northeast Brazil where the construction of small dams was barely mentioned at appraisal and no effort was made to set down guidelines for dam safety and to study the cumulative input of a large number of small dams. A Social Development

Note reported that over a thousand such dams were built under the RPAPs.²⁶ However, completion reports did not address this issue. Failure to adequately monitor the cumulative impact of these numerous dams (as well as other water supply infrastructures funded by RPAPs such as wells) on the water table could have significant implications for the long-term sustainability of project outcomes. Moreover, this raises concerns regarding the RPAP approach to water scarcity; while providing short-term solutions it may prove to be environmentally unsustainable.

EFFICIENCY

Economic rates of return have been reported but it is difficult to say much about their reliability

4.27 A review of project documents shows that rates of return appear to have been calculated for most projects in the Brazil CBD/CDD portfolio at appraisal.²⁷ All reported rates are well above 15 percent, suggesting that all the projects are economically sound. However a detailed comparison across documents found that 12 of these projects reported identical rates of returns based on a RPAP program-wide analysis commissioned by the region (Van Zyl et al., 2000).²⁸ These 12 projects include the RPAPs in Bahia, Ceara, Sergipe, Rio Grande do Norte, Pernambuco, and Piaui and the respective follow-on RPRPs, which together account for a little over one-fifth of the total resources invested in the Brazil CBD/CDD portfolio. While presenting expected rates of return for standard subprojects at appraisal is justifiable for CDD projects, as no information is available ex-ante regarding the type of sub-projects communities will choose, at project completion the information available warrants the estimation of rates of return for at least a sample of subprojects based on the reality on the ground. The estimates currently available do not reflect project specificities, and are not based on a cost-benefit analysis grounded on context-specific data. In addition, the rates of returns for the RPAPs have only been estimated for productive sub-projects which accounted for approximately 20 percent of RPAP investments program-wide.²⁹ Project completion reports show that 77 percent of subprojects funded by the RPAP program-wide were infrastructure investments – mainly water and electricity for which no rates of return have been calculated.

26. Social Development Note No. 51. Empowering the Poor through Decentralization: Brazil Rural Poverty Alleviation Program." March 2001.

²⁷ The only three CBD/CDD projects in the Brazil portfolio for which an ERR or IRR has not been estimated are the Sao Paulo Land Management Project III, the National Environmental project II, and PROSANEAR II.

²⁸ No ERR or IRR was calculated at appraisal for RPAPs.

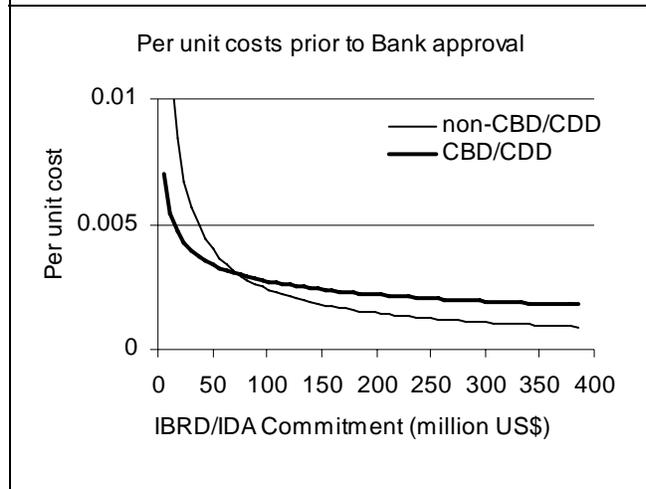
²⁹ The completion reports of RPAP implemented in the six above mentioned states estimated IRRs for a sample of 12 productive subprojects, while the completion reports for the RPAP in Maranhao and Paraiba estimated IRRs for respectively five and three types of productive subprojects. It should also be noted that the ICR review of RPAP (Piaui) notes that "productive sub projects were a major disappointment (...)" raising further concerns about the applicability of this ERR for the whole project.

4.28 Further, IEG’s analysis found several shortcomings in the costs benefit analysis reported in the study by Van Zyl et al. First, it is not clear whether the rates of return allow for failures, for example cases where tractors were damaged or not maintained. Second, it is not clear that the productive investment benefit streams are based on surveyed findings or theoretical unit investment models. Third, insufficient data is provided on the benefit streams to assess whether they are correctly calculated; annual benefits are simply given as a lump sum. The exceptionally high rates of returns reported, for instance a tractor pays off in one year, beg the question as to why these investments could not be financed by commercial banks. The authors seem to suggest that the higher than normal rates of return are due to pent up demand, and once this is met returns will fall. In spite of this, the study assumed constant returns to the investments for ten years, thereby failing to account for the fall in rates of return.

Are smaller CBD/CDD projects really less costly for the Bank to prepare?

4.29 At first glance, comparing the costs of CBD/CDD projects prior to Bank approval with those of non-CBD/CDD projects seems to suggest that small CBD/CDD projects, that is below approximately 74 million dollars, are cost efficient for the Bank in terms of resources invested in preparation. Larger ones are not and the gap in cost for preparation between CBD/CDD projects and traditional projects increases with the size of the projects (Figure 6). The policy implication stemming from this interpretation would be that the Bank should invest in small CBD/CDD interventions rather than larger ones. A more careful investigation reveals that efficiency gains are likely to have been attained in small projects by adopting a blue-print approach for the design of the Northeast RPAPs/RPRPs. Most CBD/CDD projects below 74 million dollars are either RPAPs or RPRPs; in fact 12 of the 14 RPAPs/RPRPs are below this threshold. It is not clear from project documents that these interventions have been adapted and tailored to specific state and local conditions.³⁰ While such a practice is likely to contain preparation costs substantially, it may not be appropriate for the Bank to support such an approach on efficiency grounds as it is likely to compromise the successful implementation of CDD interventions. As the Bank’s CDD website stresses, “successes are not automatic. They depend upon careful planning and adapting the right approach to local communities”.³¹

Figure 6 Costs to the Bank for CBD/CDD vs. non-CBD/CDD projects



³⁰ The completion reports for the RPAPs are also virtually identical, raising serious concerns regarding the quality of the process of self-evaluation.

³¹ <http://Inweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/Community-DrivenDevelopmentandServiceDeliveryEngagingLocalPeopleGetsDevelopmentProjectsRight>

4.30 As only few CBD/CDD projects in the Brazil portfolio have closed thus far, a comparison of supervision costs is not feasible. However, two main issues should be noted. First, estimating at appraisal the costs of supervision for CBD/CDD projects might be more difficult than for more traditional types of interventions, and in some cases the expected supervision costs for CDD interventions have been grossly underestimated at appraisal. For example, the completion report for the Maranhão RPAP reports that “86 staff weeks were expended on supervision, rather than the 35 estimated at appraisal”. Another issue, pointed out in internal audit reports is that Bank supervision missions tend to be limited to sites that can be easily reached, which might give a skewed picture of the progress CBD/CDD projects are making on the grounds.

It is Difficult to Assess the Real Cost to the Borrower

4.31 The lack of data renders it difficult to assess whether CBD/CDD projects represent a more efficient tool for the borrower. While on the one hand the reported cost for providing infrastructure through CBD/CDD projects might be lower, as communities shoulder a share of the costs, these type of interventions also require considerable time in putting the participatory approach in place. This ambivalence is reflected in the responses of local government officials interviewed in Rio Grande do Norte. While a large share of them stated that the costs tend to be lower when communities are engaged, the majority of municipal government officials in project areas also reported that CBD/CDD projects entail an increase in time spent to involve communities, an increase in the number of meetings between municipal government and communities and in the amount of technical support municipalities give to communities, all of which have cost implications for the municipal government (Annex C, table C.2).

5. Institutional Development Impact

5.1 This section assesses the institutional development impact of CBD/CDD projects in the Brazil portfolio at three levels. First, it explores the extent to which the projects succeeded in building capacity at the government level for promoting CBD/CDD initiatives. Second, it examines the extent to which community capacity was enhanced by assessing changes in social capital and empowerment in the communities surveyed in Rio Grande do Norte. Third, it explores the institutional development of project municipal councils drawing largely on primary data collected for this study. Finally, this chapter explores the role of NGOs in the CBD/CDD portfolio.

ENHANCING BORROWER’S CAPACITY TO SUCCESSFULLY FOSTER CDD PROJECTS

5.2 In order to adopt participatory approaches to development, particularly the ones which provide for more intensive kinds of participation, governments need to undergo a radical shift in their modus operandi, as they move from being an ‘implementor’ to an ‘enabler’ of development processes (Thompson, 1995; Shepard, 1998). Government bureaucracies need to devise new management and organizational procedures, as well as promote greater acceptance toward CDD-type interventions amongst their personnel (Pimbert et al., 2000). Transforming governments and bureaucracies requires far-reaching changes in the attitudes and behaviors of both elected

representatives and bureaucrats, who need to move from a traditional management style that emphasizes control to one that stresses local accountability, responsiveness and stakeholder participation (Howard et al., 2002).

5.3 Brazil's rich experience in promoting innovative institutions to engage citizens in policymaking makes it a fertile ground for Bank CDD interventions. The current administration has made it a priority to include civil society as a partner in the definition and oversight of social policies and its party, the Partido dos Trabalhadores, has long been promoting a more participatory version of democracy to complement existing representative democratic institutions.³² In this context, Bank CBD/CDD projects do not come as a novelty but rather complement on-going government efforts to engage citizens and communities in the process of development.

5.4 However, this does not mean that Bank CBD/CDD projects did not encounter resistance from government officials and bureaucrats. For instance, the IEG review of the completion report of the Bahia Basic Education Project notes that "the project did not have the expected impact in strengthening regional management and re-orienting the functions of regional education offices to match the increased autonomy of schools". Similarly there is some evidence in the literature that in the context of a Bank supported water resource management project in Bahia, the bureaucracy gave little importance to fomenting stakeholder committees (Brannstrom, 2004). Although the Bank required the creation of stakeholder committees and state law instructed regional water district offices to stimulate the creation of stakeholder committees and associations, which would be downwardly accountable, the water resources bureaucracy used several techniques to severely curtail such committees. According to the bureaucracy's director, the 'low cultural' and 'educational' levels of the latter made stakeholder committees impractical (Ibid.).

5.5 Further, lingering clientelistic forms of governance prevalent particularly in the poor Northeastern regions of the country (paragraph 2.26) pose considerable challenges to the Bank CDD approach. 'Traditional' politicians can manipulate the CDD approach to further their clientelistic network. The municipality of Senador Eloi de Souza, in Rio Grande do Norte is a good example of how formal compliance with the requirements of the Bank CDD approach – including the creation of community associations and FUMAC council – can be void of any substantive engagement of communities in the process of decision-making (Box 5).

³² <http://www.clas.berkeley.edu:7001/Events/spring2005/03-14-05-dulci/> and http://www.brasil.gov.br/prestandocontas/2anos_rel4.pdf

Box 5. CDD projects as resources to further clientelistic ties

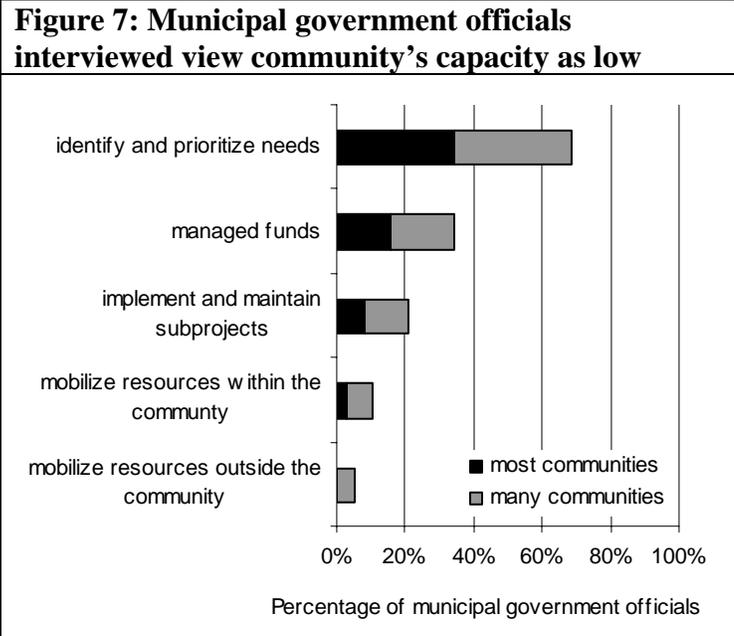
In Senador Eloi de Souza, a FUMAC municipality under the RPAP in Rio Grande do Norte, the Bank CDD approach brought little change to the ‘traditional’ style of governance. Local political ‘patrons’ were able to draw on the resources made available by the RPAP to further their clientelistic networks. The participatory spaces required by the RPAP – namely community associations and the FUMAC council – existed more on paper than in practice and failed to play the role envisaged by the RPAP. All community associations visited had been created by ‘political patrons’, who had control over the areas in which the communities were located and who largely controlled the process of subproject selection and implementation. In two communities, politicians were able to exert direct control over the community associations by nominating their relatives and family members; one chose his brother and sister as president, and vice-president of the association; the other his wife. Community members interviewed referred to the Bank-funded subprojects using the name of the local government official that had brought it to them, and did not display a sense that resources had been allocated to them to be invested in the best way *they* saw fit. Rather, like many other public infrastructure made available by the government, this was a favor bestowed upon them by a local politician who used Bank funds to consolidate his position in his constituencies. The FUMAC council, though formally constituted, was void of any substantive power and rather used as a mechanism to legitimize decisions taken elsewhere vis-à-vis the RPAP.

Source: IEG fieldwork

5.6 Findings from the fieldwork in Rio Grande do Norte reveal an ambivalent position of government officials with respect to CBD/CDD initiatives. On the one hand, they regard initiatives such as the RPAP/RPRP as an effective strategy to promote local development. Seventy-four percent of municipal government officials interviewed believe that results of CBD/CDD project are somewhat better or much better than more traditional types of interventions.³³ Similarly, the majority of state government officials interviewed reported that CBD/CDD projects lead to better outcomes. On the other hand, many government officials interviewed believe that communities lack the necessary capacities to drive local development processes – the main principle underpinning the Bank’s CDD approach. As Figure 7 shows, while a large number of local government officials interviewed believe that communities are able to identify and prioritize their needs, only a little over a third deem them capable of managing funds and even less of implementing and maintaining subprojects. Further, the vast majority of local government officials interviewed pointed to the lack of community capacity to mobilize resources – both within and outside the community. Similarly, only few state government officials interviewed believe that the majority of the communities in Rio Grande do Norte were able to identify and prioritize their needs and manage financial resources.

³³ Municipal government officials in FUMAC and FUMAC-P municipalities felt so particularly strongly, with respectively 83 and 100 percent of the respondents reporting that CDD projects had somewhat better or much better results.

5.7 Given the perceptions of community's capacity held by government officials it is likely that community member will continue to be viewed by them as passive targets of development interventions rather than partners in the development process. Considering that the Bank has been promoting CDD projects in Rio Grande do Norte for over a decade, these findings may seem surprising. However, they are an indication of the low level of municipal governments' ownership of the Bank's CDD approach and can be explained by the strategy adopted by the Bank in promoting its CDD activities in the Northeast. Instead of engaging municipal governments directly, and working with them in the promotion of greater community engagement in the decision-making and resource allocation, the Bank at best established ad-hoc structures outside and parallel to the formal planning process of municipal governance – FUMAC and FUMAC-P councils – in which the municipal government had some representation. In PAC municipalities the municipal government was completely bypassed (Box 4, chapter 3).



5.8 A focus group session with NGOs in the course of the field research provides a possible explanation as to why municipal governments were sidelined in Bank projects. It appears it was done to reduce the scope for political manipulation and enhance the community's opportunities to drive the allocation process.³⁴ However, by choosing not to work directly with municipal governments, the Bank missed an opportunity to strengthen their capacity and re-orient their modus operandi towards greater acceptance of communities as drivers of local development. This missed opportunity is particularly regrettable given the low level of capacity of municipal governments and the prevailing clientelistic form of governance in the Northeast.³⁵ Further, by endowing FUMAC-P councils with a budget of their own, RPAP/RPRP projects created an institution that, independently of the municipal budget process, can allocate resources as it sees fit.³⁶ Unlike FUMAC-P councils, other municipal councils do not have budgetary functions and

³⁴ In the focus group discussion NGOs highlighted the need to continue to work directly with community associations, bypassing municipal government as the latter would manipulate politically resource allocation. The NGOs stressed that many municipal authorities continue to operate in a clientelistic way.

³⁵ The recent Brazil CAE calls for programs aimed at strengthening the administrative capacity of municipal governments in the Northeast, in order to enable municipalities to manage their finances and meet their expanded obligations under the 1988 Constitution. Interviews with representatives of donor agencies also point to need for training of municipal governments (World Bank, 2003).

³⁶ The municipal government typically holds a very small number of seats in a FUMAC-P council and cannot therefore, at least in an effective council, control the outcome of the collective decision-making process.

participatory budgeting engages citizens in the formal municipal budget process, rather than creating a parallel one outside the decentralized government structure.³⁷

5.9 By creating ad hoc councils for the implementation of its projects, the Bank has also contributed to the proliferation of municipal councils without providing any mechanisms for coordination with existing ones. In the area of rural development, the issue of council proliferation is particularly evident. Municipalities in Rio Grande do Norte receive funds from two main sources, the World Bank (through the RPAP and RPRP) and the Ministry of Agriculture (through its PRONAF program). Both funding bodies require that municipal councils be set up to implement their programs. These two types of council differ in two main respects: membership structure and funding modality. While the Bank requires civil society to hold the majority of the seats in FUMAC councils, in PRONAF councils, representation of civil society and the government is equal. Under PRONAF, funds are transferred to the municipal government, which is responsible for allocation. Communities do not manage funds directly, but receive equipment and infrastructure from the municipal government. Under the Bank's program, the municipal government never manages project funds, which are transferred directly, or via the FUMAC-P council, to the communities. These differences (especially the second) render it difficult for municipalities to argue for the fusion of the two councils, even if the overlap in membership is often significant. Only one of the 13 municipalities surveyed in Rio Grande do Norte was able to persuade the two funding bodies that a single council for rural development constitutes a better institutional arrangement and that having two parallel municipal councils that work in an uncoordinated fashion on rural development is likely lead to a sub-optimal allocation of resources.

5.10 Finally, many Bank CDD projects are state loans (paragraph 3.4) and involve the federal government only minimally. While the latter has been promoting innovative participatory governance institution to engage citizens in policymaking, federal programs do not fund communities directly. Rather resources, as in the PRONAF program, are transferred to municipal governments. There is little evidence that the federal government will change its current policy to be more in line with the Bank's CDD approach, and this raises concerns for the sustainability of the latter.

COMMUNITY'S INSTITUTIONAL CAPACITY

5.11 One of the premises of the CDD approach is that it fosters social capital formation at the community level and empowers communities to take charge of their own development.³⁸ The

³⁷ Interviews with a number of people suggested that, in Rio Grande do Norte at least, FUMAC-P is an experiment that has failed. This is primarily because FUMAC-P councils have by and large been unable to establish sufficient accountability for project funds. They have little leverage over the CAs to which they give the funds. The associations have often become embroiled in accounting irregularities and while these remain unresolved the state government has imposed a moratorium on the review of new subproject proposals—not just from the associations under investigation but from all associations in the municipality. The CDD projects have been a model of smooth disbursement. It is perhaps mainly because FUMAC-P threatens to be an obstacle to disbursement that it is now short of defenders.

38. "CDD empowers poor people (...) Targeted community-driven approaches devolve control and decision making to poor women and men. This empowers them immediately and directly. (...) the speed and directness with which CDD empowers poor people is rarely matched by other institutional frameworks for poverty reduction. (...) Control

assessment of the extent to which the World Bank's CDD projects have improved communities' institutional capacity focuses on these two processes.

5.12 Little evidence is provided in the completion reports of the nine CBD/CDD projects in the Brazil portfolio regarding changes in community's institutional capacity. However the above referenced study (Van Zyl and others, 2000) did develop a Community Participation Index to analyze the evolution of social capital in a sample of 205 community associations. The study found that on average, social capital increased by 36 percent. However, while social capital remained constant in PAC areas, it increased by 64 percent for FUMAC and 90 percent for FUMAC-P. The methodology on which such claims are based is however not clear; 56 of the associations in the sample were visited in 1993/4 and had benefited from the NRDP; while the rest (149) were visited in 1999/2000 and benefited from the RPAPs. The overlap between the two groups is however not explicitly detailed. In addition, the study does not have a control group and it is therefore impossible to attribute changes in social capital to the Bank project.

Box 6. Assessing Community's Institutional Capacity

Changes in community capacity to take charge of their own development was assessed by exploring respondents' perception of changes in social capital and empowerment (as defined below) in project and comparator communities, captured through the household survey.

Social capital refers to the norms and networks that enable collective activity in a community. By drawing people in a community together to collectively decide and manage project activities and outputs, Bank CDD projects expect to expand the depth and range of communities' social networks. To assess the extent to which Bank-funded interventions have succeeded in enhancing social capital at the community level, the household surveys collected information on respondent perception of change in trust, associational life, participation in traditional events and in non-traditional/political events, and circle of friends.

The Bank's web site defines **empowerment** as the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. The Sourcebook on Empowerment and Poverty Reduction (World Bank 2002b) identifies four key elements of successful empowerment approaches: access to information, inclusion/participation of poor people, accountability, and local organizational capacity. This understanding of empowerment has informed data collection for this study, which explores both the levels of empowerment at the time of fieldwork and respondents' perceptions of changes in empowerment before and after subproject implementation.

Source: See Annex E for details and results from household surveys on these variables.

5.13 Findings from the community level fieldwork (where comparator communities were included) conducted in the context of the IEG CBD/CDD evaluation (Annex E) are less positive than those of Van Zyl et al. The analysis focused on respondent's perceptions of changes in five

over decisions and resources can also give communities the opportunity to build social capital (defined as the ability of individuals to secure benefits as a result of membership in social networks) by expanding the depth and range of their networks".

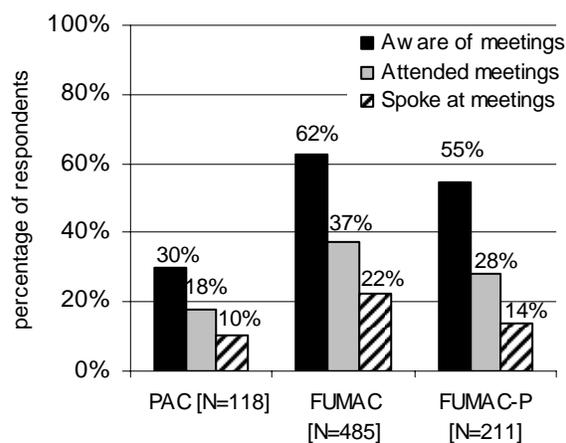
(<http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ByDocName/BasicConceptsPrinciplesWhyCDD>).

main dimensions of social capital before and after subproject implementation (Box 6) and multivariate analysis found no significant association between the RPAP and change in social capital in PAC communities, while respondents in comparator communities reported a greater increase in social capital than did respondents in FUMAC-P communities. The evidence for FUMAC communities is mixed.

5.14 The association between the RPAP and changes in empowerment is similarly weak. Multivariate analysis of the household data indicates that in general, respondents in comparator communities reported a greater increase in organizational capacity than did respondents in FUMAC and FUMAC-P communities, while results are mixed for PAC communities. Multivariate analysis also found no difference between treatment and comparator communities in the level of demands made on municipal government officials and community leaders, while respondents in comparator communities reported a significantly greater increase in the level of responsiveness of both municipal government officials and community leaders. In addition, no positive association was found between the RPAP project and respondents' access to information on issues of relevance to the community. On the contrary, respondents in comparator communities reported a greater increase in access to information than did respondents in FUMAC and FUMAC-P communities. Further, respondents in comparator communities reported a significantly greater increase in access to information regarding the amount of financial resources available to the municipal government and their allocation than did respondents in treatment communities.

5.15 Respondents who were members of the community association responsible for subproject selection, implementation, and O&M reported a greater increase in empowerment and only a slightly greater increase in social capital than did non-members. This may be regarded as an encouraging finding, as it suggests that direct involvement in CBD/CDD projects may increase local capacity. However, given that CA members were relatively-better-off and had greater mobilization skills prior to project implementation, this finding also raises concerns regarding the distribution of these project benefits within the community. While the literature on participatory development points out that it is often inevitable for village elites to take a leading role in participatory interventions, findings from Rio Grande do Norte sound a note of caution for projects that fall short of achieving broad-based community participation (World Bank, 2002c; Mansuri and Rao, 2004; Kumar and Corbridge, 2002; Ribot, 1998; Gibson and Marks, 1995; Linden, 1997; Desai, 1996). The household data show that the majority of the respondents did not attend the CA meetings for sub-project selection and they were likely to have exerted minimal influence on subproject decision-making (Figure 8). Not only the majority of them did not speak at the meetings, but over two-thirds reported that they would not express grievances with the subproject if this risked losing project

Figure 8: Beneficiaries' Inclusion in Subproject Decision-making



Source: Household Survey

funds. Further, a large share of them would not express grievances with the subproject if this risked compromising relations with other villagers.

5.16 The lack of ability demonstrated by virtually all the 25 CA visited to mobilize funds both from within and outside the community besides the RPAP subproject provides further evidence of the weak effect of the RPAP on community capacity in Rio Grande do Norte. Interview with CA members revealed that thus far only one community succeeded in collecting funds from the various members to be used in form of mutual help in case of emergency; while none succeeded in mobilizing financial resources outside the community to further local development and improve the well-being of the people. This finding resonates with municipal government officials' perceptions of communities' abilities (Figure 7). It should however be noted that all the CAs visited opted for infrastructure subprojects and that CAs that chose a productive subproject were found in other RPAP States (such as Maranhão) to be more successful in mobilizing funds.

5.17 A number of reasons can explain the weak effect on community capacity of the RPAP. First, as already mentioned patron client relationships continue to pervade the Northeast and create a social system in which vertical ties of mutual dependence impede the development of strong horizontal links of solidarity within communities, and hierarchical social relations silence the demands of the socially and economically worse-off (Kenny, 2002; Costa et al., 1997). Although the Brazilian government's decentralization policies appear to have weakened these traditional forces, they continue to exercise a strong influence. A claim made in some focus group sessions with communities in Rio Grande do Norte in Brazil is that communities who receive subproject funds do so through political relationships and not because of need, thus it may not always be a case of a community needing a motivated individual, but a "connected" one.

5.18 Second, the communities in our sample received only one subproject from the RPAP, and this alone is unlikely to bring about drastic change in community social capital and empowerment. According to the project Monitoring and Information System, the vast majority of communities in Rio Grande do Norte – 79 percent – received only one subproject, and the situation is very similar in other RPAP states. Justifying a second investment in a community that has already benefited from one subproject is particularly difficult in FUMAC and FUMAC-P municipalities, as councilors tend to regard reaching the maximum number of communities as a priority.

5.19 Third, community associations benefited from only minimal training and technical assistance from the Bank program, and this was generally confined to subcontracting a local NGO or private company for preparing the subproject proposal and implementing it. Unlike other donors, such as UNDP, who typically engage in lengthy processes of community mobilizations and association formation, the RPAP lacked this crucial element. The result is that many community members know very little about how an association is supposed to work and be managed. Most community association would benefit greatly from training on basic associative strategies– such as inclusive decision-making processes, negotiation, conflict resolution, reaching agreements – and more technical issues related to book-keeping, resource mobilization,

reporting and disclosure of information. In most CA, one or two people with greater leadership skills become member of the Board of Director of the CA and are expected to do all the work.³⁹

PROJECT MUNICIPAL COUNCILS

5.20 Fieldwork for this evaluation found the capacity of project municipal councils in Rio Grande do Norte to be weak. The majority of the councilors interviewed had difficulties describing the process through which councilors are selected and/or elected, as well as the process through which subproject proposals are chosen by the council.⁴⁰ Despite the fact that both the RPAP and the RPRP have an institutional development component that accounts for approximately five percent of total project cost, very little training appears to have been provided to councilors.⁴¹ While the project Technical Unit provides punctual technical assistance to FUMAC/FUMAC-P councils through appointed area supervisors, the majority of the councilors expressed the need for more frequent assistance, as they often need clarifications on issues without which they cannot make progress.⁴² Most councilors also pointed to the need for training especially on issues related to planning, and financial management, and on the role of project municipal councils as well as that of councilors.

5.21 Another indication of the low level of capacity of FUMAC/FUMAC-P councils is that only one of the seven that IEG visited (see Box 10), has thus far succeeded in mobilizing financial resources besides those made available by the RPAP/RPRP. Further, despite the Bank's claim that "a growing number of Municipal Councils are proactively seeking funding and participating in decision-making over non-project sources of finance"⁴³, IEG found no evidence to suggest that they became fora of discussion and decision-making for wider municipal level issues.⁴⁴ Their realm of activity continues to be confined to the Bank projects. None of the councils visited discusses the municipal budget and they have thus far made little effort to coordinate activities with the other councils that operate in their municipalities. In addition, most municipal councils visited do not meet regularly throughout the year. Rather, their activities

³⁹ As Costa et al. (1997) point out "it is common for dependency relations to form between association members and leaders. The president is expected to do all the work, allowed to make all the decisions, and given all the blame when something goes wrong. Associations' presidents often have backgrounds in labor unions or religious groups, where they have learned how to speak, discuss, dispute and take the lead in political action. Such leaders become virtually irreplaceable".

⁴⁰ A total of 32 members of project municipal councils were interviewed, across four FUMAC and two FUMAC-P councils.

⁴¹ The majority of the councilors interviewed had not received any training by the RPAP or the ongoing RPRP. However, from one of the NGO focus group sessions it emerged that a training event for municipal councilors had been organized in the state capital in the past. Some NGO representatives criticized this form of training for it only allowed the participation of few councilors per municipality and was a one-off event rather than a systematic training program.

⁴² Most councilors were satisfied with the quality of assistance provided by their area supervisor but expressed the need for more of it. According to one area supervisor, each one of them is responsible for approximately 15 municipal councils, which renders a close follow up of their activities difficult.

⁴³ Appraisal document for the RPRP in Rio Grande do Norte, page 5.

⁴⁴ Interviews with representatives of donor agencies also pointed to the inability of municipal councils to mobilize funds outside the project and to promote participatory budgeting initiatives.

begin when they receive information from the project's Technical Unit that RPAP/RPRP funds are available. Consequently, the identification and selection of subproject proposals tends to be concentrated in a relative short period of time, instead of being done in the context of systematic planning process aimed at identifying and prioritizing community needs and demands within a broader municipal development plan.⁴⁵

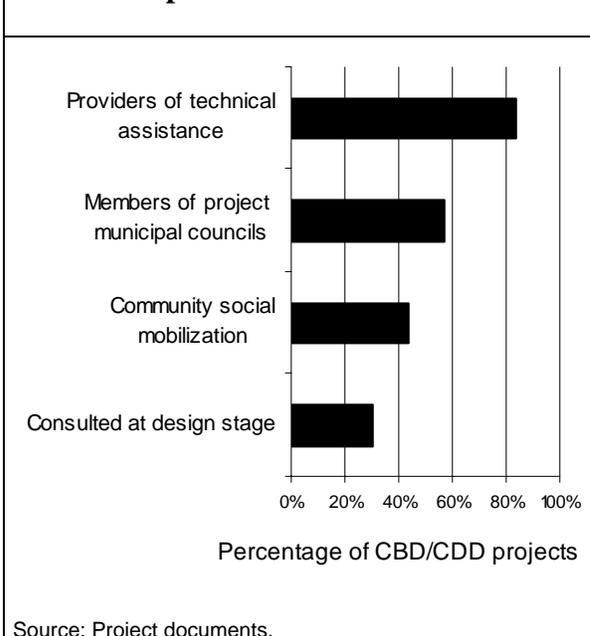
5.22 It is however important to put the low level of institutional development of project municipal councils into context. Many of the other existing municipal councils share similar weaknesses, and some are less effective than the Bank's councils. The latter have an advantage over most other municipal councils in that their decision-making process concerns the allocation of tangible development projects, rather than vaguer and at times more removed policy decisions. This constitutes an incentive for members to participate and at least to some extent counters the participation fatigue experienced in some municipalities, by providing immediate and tangible results of the process of collective decision-making, which entails costs for all participants.

THE ROLE OF NGOS

5.23 NGOs have been involved in Bank-funded CBD/CDD projects in Brazil in a number of ways. According to project documents, most CBD/CDD projects in the Brazil portfolio called upon NGOs for the provision of technical assistance during project implementation and for delivering specific project inputs drawing on their technical expertise (Figure 9). So for instance, the appraisal document of the Bahia Basic Education Program notes that NGOs would play a role in delivering training, developing the teacher certification program as well as design the state assessment system. Similarly, under Fundescola III NGOs were contracted to develop teacher-training models as well as test materials.

5.24 In the context of rural development projects, the involvement of NGOs in the provision of technical assistance was in keeping with the government's policy to increase the participation of the private sector in the provision of rural services in order to complement increasingly weak public rural extension agencies. As a recent IEG assessment of Bank's assistance to the agricultural sector in Brazil points out, state governments cannot count on federal resources to fund rural extension services (OED, 2004).

Figure 9: The role of NGOs in the Brazil CBD/CDD portfolio



⁴⁵ It should be noted that the agency contracted for the institutional development component of the RPAP in Rio Grande do Norte – the Inter-american Institute for Cooperation in Agriculture (IICA) – has promoted the preparation of a regional development plan for Serido and was in the process of completing that for the Agreste region at the time of fieldwork.

Moreover, in 1993, the Bank decided to end financing to dedicated extension agencies, because past experience had demonstrated that little of the resources in extension projects reached the farmer. Instead of investing on the supply side, the Bank is now focusing on the demand side, by providing funds to beneficiary groups and allowing them to choose between service providers. This was the strategy adopted by the RPAPs/RPRPs; communities could spend up to eight percent of total subproject cost on technical assistance and could choose who to hire for such services.

5.25 While theoretically sound, in practice this strategy suffered from some limitations. First, as the NGOs interviewed in Rio Grande do Norte pointed out, eight percent of project costs is barely sufficient to cover for the costs of project design and implementation and communities in need of assistance for subprojects O&M often lacked the resources to pay for it. Second, communities would normally have little choice in terms of technical assistance. They lacked information about available options and would rely on municipal government officials and other local leaders for the selection of technical assistance providers. Third, as some government officials pointed out, NGOs, whose interventions tend to be project-driven, cannot fill the vacuum left by the weakened state extension agencies, as they do not have permanent presence in the communities. In addition, as NGOs representatives in Rio Grande do Norte acknowledged, NGOs lacked staff with the necessary skill to promote local economic development.⁴⁶ As a consequence of all these limitations, providing communities with sound technical assistance remains a challenge.

Box 7. Divisions amongst NGOs in Rio Grande do Norte

In the state of Rio Grande do Norte, the RPAP was widely discussed by civil society organizations. FOCAMPO – an inclusive local forum that brought together numerous NGOs and local civil society organizations – provided a space in which this discussion could take place. Members of FOCAMPO had access to project documents and had the opportunity to express their views on the project and advance suggestions to improve it. In addition, throughout project implementation, project’s achievements and shortcomings were periodically discussed within FOCAMPO with the view of improving project’s performance. In 2002, however, divergences between NGOs led to the break up of FOCAMPO and the emergence of a new alliance – FREPAF, representing some of the NGOs and civil society organizations once members of FOCAMPO. In the focus group meetings held with the members of FEPRAF, the latter expressed dissatisfaction with the low level of broad-based civil society participation in the process of preparation and implementation of the on-going RPRP, which they described as ‘closed’ and non-transparent. According to them, only a few NGOs and civil society organizations that were once members of the FOCAMPO have been involved in the RPRP and have effectively become the sole civil society interlocutors for the Bank’s projects.

⁴⁶ It should however be noted that in some cases NGOs played an instrumental role in promoting successful productive subprojects. In Rio Grand do Norte the support of a few capable NGOs was critical to the successful experience of exporting agricultural products to Europe.

5.26 NGOs played other significant roles in CBD/CDD projects in Brazil. A little over half of the projects involved NGOs in the decision-making process regarding the allocation of project funds, by giving them representation in the project municipal councils. This is the case of all RPAPs/ RPRPs, as well as the Parana Rural Poverty Alleviation and Natural Resource Management Project and the Santa Catarina Natural Resources and Rural Poverty Reduction Project. While typically NGOs have very few seats in project councils, their involvement is part of an attempt to open up spaces for a wider range of civil society actors in the definition of local development priorities. In some CBD/CDD projects, NGOs provided assistance in mobilizing and organizing communities to be able to participate in the projects. It is however unclear from project documents how much time and resources were devoted by the projects and NGOs to this end and the weak levels of capacity exhibited by many community associations call for more attention to this aspect of the project cycle.

5.27 The RPAP in Rio Grande do Norte stood out amongst the others for the greater involvement of NGOs. According to the project's completion report, this was an unusual feature of the projects in the Northeast context, where NGOs involvement has generally been modest.⁴⁷ The state of Rio Grande do Norte has a strong tradition of NGO involvement in public programs and the project technical unit was able to capitalize on this by adopting early on, the strategy of discussing operational norms and project implementation methodology with NGOs, amongst other project stakeholders. Sustaining broad-based participation of NGOs, however, has proved a challenge under the follow-on RPRP given the emergence of division amongst NGOs (Box 7). The experience of Rio Grande do Norte points to the difficulties the Bank might face in its attempt to involve NGOs in the design and implementation of its project, even in relatively favorable contexts. It also sounds a note of caution. Bank resources can be mis-used to give voice to some NGOs and civil society organizations, while effectively excluding others, thereby strengthening the former and weakening the latter.

6. Sustainability

6.1 Assessing the sustainability of CBD/CDD projects requires some clarifications as to what we are to assess. Is it the sustainability of participatory spaces fostered by the Bank projects both at the municipal and community level, or the sustainability of project/subproject investments? While these two dimensions of sustainability are distinct from one another, they are interrelated, as sustainable community organizations are expected to ensure effective operation and maintenance of subproject investments. This chapter explores both dimensions of sustainability in turn, as well as addressing whether the Bank CDD approach can be sustainable in the Brazilian context.

SUSTAINABILITY OF PROJECT/SUBPROJECT OUTCOMES

6.2 Sustainability was rated likely for a very high percentage of closed projects in the Brazil portfolio between FY 1989 and FY 2003. On average, CBD/CDD projects were found to be

⁴⁷ The project's completion report notes that NGOs were slow to engage despite efforts to recruit their interests, and/or lacked the capacity to assist effectively.

more sustainable than non-CBD/CDD projects. Sustainability was rated likely for all closed CBD/CDD projects, compared with 91 percent of non-CBD/CDD. However, as already noted elsewhere, while only less than a third of CBD/CDD projects identified in the Brazil portfolio have closed thus far (9 of 30), more than half of the non-CBD/CDD projects are closed (50 of 84). It is therefore somewhat premature to give a comparative assessment of the sustainability of the two types of interventions.

6.3 Despite the positive ratings, concerns with the long-term sustainability of some of the closed CBD/CDD projects have also been raised. An IEG assessment of Fundescola I rated sustainability likely, but also stressed that the sustainability of the project depends on the ability to be replicated throughout the various states where it has operated. Similarly, the completion report for the Land Reform Pilot Project in Northeast Brazil rates sustainability likely. However, the financial and economic sustainability of newly established family farms was assessed on the basis of farm models estimated for different agro-ecological zones, rather than on field level evidence. As the IEG ICR review for this project points out, “it remains to be seen whether the newly-established farms will stand up to recurrent drought and uncertain access to credit.” In addition, due to the three-year grace period on the loans for land acquisition, most beneficiaries had yet to make their first payments when the completion report was produced, and loan repayment is a fundamental aspect of sustainability of market-based land reform initiatives.⁴⁸ More recently, the completion report of the Maranhao RPAP stated that 88 percent of all subproject implemented were fully operational. However, the report prepared by the Technical Unit (NEPE, 2004) raises concerns about the sustainability of roads (29% of total), water supply (15% of total), and productive (16%) subprojects; sustainability challenges that are likely to present themselves particularly in the long-run.

6.4 The sustainability of six of the eight closed RPAP was assessed in a program wide study, which found that 89 percent of subprojects of a sample of 3,633 funded by the RPAPs in 1997-1998 were fully operational (Van Zyl et al, 2000). The study also found no substantial difference in sustainability across infrastructure, productive and social investments. However, IEG ICR reviews for some RPAPs point out that “productive projects... have tended to be less sustainable than infrastructure projects”. Further, data collected in Rio Grande do Norte in the context of the IEG CBD/CDD evaluation reveal a less positive picture and considerable diversity between communities (Box 8). While the sample is much smaller than that of the Van Zyl study, it is illustrative of the sustainability challenges faced by RPAP investments in that state. In the case of water investments in particular, IEG findings raise questions regarding the choice to invest in small community-based water systems when more conventional, large top-down schemes – such as those from which comparator communities benefited – appear to have greater chances of being sustainable.⁴⁹

⁴⁸ Initial findings on loan repayment are encouraging. By the end of 2002, 84 percent of beneficiary associations with first payments falling due had paid in full and on time.

⁴⁹ In Rio Grande do Norte, as in other states, the RPAP financed a variety of water supply systems, including wells, cisterns, and small dams. While the majority of the water systems visited were community-based, and hence required the community to collectively organize for its O&M, three communities benefited from household-based water supply system, such as household water tanks and boxes, whose O&M falls solely on the individual household. These three communities were thus dropped from the comparative analysis between the project and the comparator group presented in figure 10.

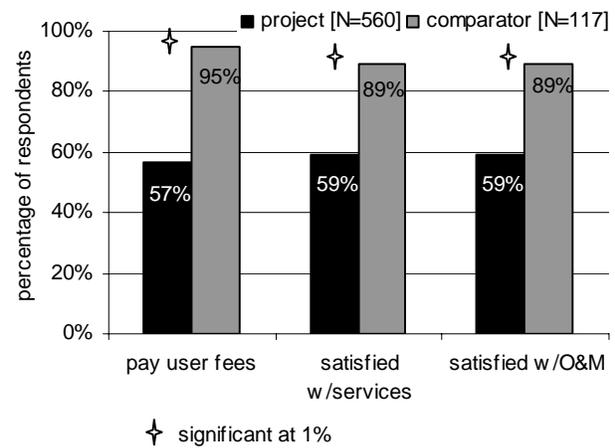
Box 8. Sustainability of RPAP investments in Rio Grand do Norte

Water supply investments – 20 of the RPAP subprojects visited were water supply investments. As Figure 10 shows, a larger share of respondents in comparator communities than in project communities paid user fees, were satisfied with the services provided and with O&M of their water system. However, these aggregated figures hide pronounced differences amongst project communities. As the qualitative data reveal, while almost half of them collect monthly fees to cover the cost of the electricity and in some cases maintenance of the equipment, a few have yet to set up adequate O&M systems and others have transferred the system to the state water company, which is now responsible for O&M. The quantitative data reflects this great variation between project communities. The percentage of respondents that pay user fees varied widely from 100 percent in four communities to zero percent in six communities. Similarly, satisfaction with the services provided and with O&M varied respectively between 8 and 94 percent and 5 and 100 percent. Conversely, variation between comparator communities is very limited and all display similarly high level user-fees payment and satisfaction with the services provided and O&M.

Irrigation investments – Less than half of the respondents who are members of the three community associations (CA) that benefited from irrigation investments pay user fees. Only 37 percent of them rated the services provided as good, while they hold divergent opinions on O&M, with 42 percent rating it as poor and another 42 percent rating as good. These aggregate figures however hide pronounced differences amongst the three CAs. In one of them the subproject is paralyzed due to the high cost of electricity to operate the pump, while another is temporarily suspended due to shortage of water. A large share of the CA members interviewed where the irrigation system is functional and where it has been temporarily suspended rated the service provided and O&M as good. While the majority in the former pays user fees, half in the latter do so.

Small bridges – 57 percent of the respondents in the two communities that benefited from the construction of a small bridge are satisfied with the service provided by the infrastructure, while 52 percent rated O&M as poor. None of the respondents pay any kind of fees for the upkeep of the small bridges. As the qualitative data reveals, the choice of these investments, did not result from a process of broad community participation and is not perceived as a solution to one of their main priorities.

Figure 10 Comparing satisfaction with CBD/CDD and non-CBD/CDD water services in Rio Grande do Norte



Note: 1. Significance level based on test of proportion.

6.5 The discrepancy between Van Zyl et al.'s and our findings can at least in part be explained by the difference in the time that elapsed between the approval of the subprojects and their assessment. Van Zyl et al.' review of the RPAPs took place over a period of about two years, from March 1998 to April 2000. This entail that subprojects sustainability was assessed 1 to 3 years after they had been funded, while IEG field assessment took place in most cases 4 to 5 and half years after subproject had been funded.⁵⁰ As pointed out in the literature, long term sustainability represents a great challenge for communities, as they often lack the financial means for replacement parts for the equipment installed by the project (Parker and Skytta, 2000). Moreover, the cost of participation itself– both in terms of time and financial resources – might be too high and hence prove unsustainable in the long-term (Yacoob and Walker in Kleemeier, 2000; Meinzen-Dick et al., 1997). Further, while the Van Zyl et al.'s study reports merely on the percentage of operational subprojects at the time of fieldwork, our study also explored whether respondents pay user fees, as well as their level of satisfaction with the services provided and their O&M – all important indicators of the investments' long-term sustainability.⁵¹

6.6 Introducing user fees is widely regarded as necessary for attaining financial viability of community managed subprojects; however this might not be sufficient (van Zyl et al., 1995; Kleemeier, 2000). A number of studies argue that the community cannot and should not be expected to ensure the sustainability of project outputs solely by relying on local-level resources, and that sustainability does not necessarily imply self-sustenance (Subramanian et al., 1997; Farrington and Lobo, 1997). Rather, the availability of external support plays a critical role for attaining sustainability (Meinzen-Dick, et al., 1997; Farrington and Lobo, 1997). Of particular relevance here are interactions with government agencies, local government units and civil society organizations (Baumann, 1998; Turton, 1998; Meinzen-Dick et al., 1997).

6.7 In the case of the subprojects financed by the RPAP in Northeast Brazil, there is some evidence to suggest that municipal governments have contributed to ensure sustainability of community subprojects. It is not uncommon to find that the municipal government is paying or helping a community with the payment of the electricity bill for the water pump, which would otherwise come to a halt. Further, completion reports of many RPAPs point out that municipal governments frequently contributed to the overall project effort by providing logistical support to the project councils – in the form of equipment, premises, transportation to meetings, etc – and in some cases, such as in the state of Bahia and Sergipe, by contributing financially towards the completion of subprojects, especially electrification and water supply, where the amount financed was insufficient to benefit the entire community.⁵² Contributions from the municipal government, of whatever kind have not however been formalized in an agreement between

⁵⁰ Only five of the 25 subprojects visited were approved outside this time period; one subproject was approved six years prior to the OED field assessment, while four were approved three and a half year prior the OED research.

⁵¹ As productive subprojects are normally investments that interest CA members in particular rather than communities as whole (though the latter can benefit indirectly from such investments), we only considered responses from CA members for the analysis of sustainability of irrigation subprojects.

⁵² Completion reports for the Bahia and Sergipe RPAP estimated that the financial contributions of municipal governments amounted to 3-5 percent of total subproject costs.

communities and municipal authorities, leaving the former in a weak position – dependent on the ‘good will’ and financial abilities of the latter.⁵³

SUSTAINABILITY OF PARTICIPATORY SPACES FOSTERED BY BANK’S CBD/CDD PROJECTS

6.8 Participatory spaces have been promoted by the CBD/CDD projects in the Brazil portfolio both at the community and municipal level, through the creation of community associations and municipal councils respectively (chapter 3). The long-term sustainability of both these participatory spaces is critical for the sustainability of the Bank’s CDD approach in Brazil, and these two types of spaces face different sustainability challenges. Community associations need to develop the ability to mobilize resources besides Bank’s resources, both within and outside the community, in order to address local development challenges. On the other hand, project municipal councils need to evolve into local fora for the discussion of wider local development issues, beyond the utilization of Bank’s funds.

6.9 Creating sustainable community association represents a great challenge for CBD/CDD projects. Oftentimes, once project implementation is over, these organizations cease to function and in time disappear altogether (Manikutty, 1998). Some authors argue that community associations will only be sustainable if the benefits the members derive from them exceed the costs that participation entails (Subramanian et al., 1997; Banarjee et al., 1997). However, this may not be sufficient. As Alsop et al. (2002: 14) point out, process through which community groups are created has a bearing on the ways in which their members perceive them and engage in them. Consequently, they argue, community associations may fail to become sustainable even when benefits outweigh costs, if group members view them as “a means of accessing individual, short-term benefits, rather than as mechanisms of cooperation for long-term shared benefits” (ibid.).

6.10 Interviews with members of the 25 community associations visited reveal that a large share of the community associations visited (11) were established with the prime objective of accessing Bank’s fund. In some cases, they were created from above, through the initiative of the municipal government officials in the attempt to maximize the benefits accrued to the municipality (Box 9). Not surprisingly, all of the associations created with the unique goal of accessing Bank’s fund have ceased to meet since subproject implementation and at best function as collectors of water fees. These findings resonate with those of Alsop et al. (2002). The authors found that in the context of three Bank’s CBD/CDD interventions in India, groups were often established “more on paper than in practice” and that group formation responded primarily to the incentive system of project staff rather than to the group’s needs.

6.11 More generally, our community-level field work revealed that while the majority (19) of the community associations visited are still in existence, less than a third of them (8) continue to meet regularly, while the other ceased to meet after subproject completion. Further, five of those that are reported as being still operational function solely as a mechanism for the collection of

⁵³ In the case of Maranhao RPAP, the completion report notes that mayoral support for the project has been slower to evolve than in other Northeastern states. This is largely attributed to the poverty level of most rural municipality in the state and the financial challenges they face.

fees to pay the electricity bill for the water pump – a much more restricted role than the one community associations need to take in order to promote local development. As already mentioned, only one association has thus far succeeded in mobilizing resources besides Bank’s funds. However, its successes, though notable in comparison to the other associations, falls short of what is required to promote local development; the association collects funds from its members merely for mutual help in case of emergency.

6.12 In order to become sustainable, project municipal councils need to widen the scope of their activities beyond the allocation of Bank funds, by participating in priority-setting and decision-making on resource allocation over a wide range of Federal, State and local programs. The ongoing RPRPs in the Northeast aim specifically at achieving this. However, given the plethora of municipal councils operating in most municipalities, and the weak capacity of project municipal councils this might prove difficult to attain. Rather, the low levels of capacities exhibited by most types of municipal councils begs the question of whether the Bank, instead of adding to the number of existing councils, would not be better placed to engage the federal, state and municipal governments in a constructive discussion around this issue. Were the disparate efforts for capacity building to be focused on one integrated municipal council, the result would likely be a stronger, more effective, and efficient council.⁵⁴

SUSTAINABILITY OF THE BANK’S CDD APPROACH

6.13 The main principle underpinning the Bank CDD approach is that communities exert control over decisions and resources. By transferring funds directly to community associations, Bank CDD projects in Brazil have moved

Box 9. Sustainable community associations cannot be imposed from above

The municipality of Serrinha operated under the RPAP most decentralized implementation modality – FUMAC-P – which was reserved for FUMAC councils that demonstrated effective decision-making capacity. In the State of Rio Grand do Norte, Serrinha ranked third in number of RPAP investments, with 36 subprojects financed. These were all indications that this municipality had a rich and strong participatory experience. However, in all four communities we visited, the community associations were at best functioning as collectors of water fees, and with the exception of one, they were no longer holding meetings. The four associations had been created from ‘above’ by decision of the municipal government as part of the effort to organize communities to gain access to the RPAP funds. In some of these communities members of the municipal government went as far as choosing the members of the board of directors of the associations, and in at least one instance against the will of the appointee. Staff members of the municipal government which dealt with the FUMAC-P council were in charge of all subproject implementation activities and the role played by the board of the associations was largely limited to signing paychecks.

⁵⁴ It is worth noting that the latest CDD projects in Northeast Brazil are attempting to promote greater integration of existing programs to improve the impact of public resources available for poverty reduction. However, it is too early to say how successful this effort will be. Similarly, the appraisal document for the Santa Caterina Natural Resources and Rural Poverty Reduction Project, which establishes deliberative councils at different levels of government, notes that “where similar deliberative bodies already exist (...) the project’s specific deliberative bodies would be attached to them but with specific membership to ensure full representation of the target beneficiaries”.

beyond many existing participatory local governance initiatives, which engage citizens in policymaking but leave budgetary functions to the municipal government. This begs the fundamental question of what will happen when the Bank pulls out. Will the government of Brazil, at any level, continue to promote this approach to local development? The answer to this question is likely to vary from state to state and from municipality to municipality. Where local conditions are ripe, that is where there is a strong and well organized civil society and a local government that believes in community's capacity to drive local development, the Bank's CDD approach is likely to become sustainable in the long run. The municipality of Caraubas, in the state of Rio Grande do Norte, provides a very good example of how the Bank's CDD approach can be successfully adopted and fostered by municipal governments (Box 10). On the opposite end of the sustainability continuum are municipalities like Senador Eloi de Souza, in Rio Grande do Norte (Box 5, chapter 5), where 'traditional' politicians used the CDD approach to further their clientelistic network. In such contexts, not uncommon in the Northeast, the CDD approach will likely fade away.

Box 10. Where local conditions are ripe, the Bank CDD approach can thrive

Caraubas, a FUMAC municipality under the RPAP, is characterized by strong civil society organizations and municipal authorities that strongly promote the participation of civil society in local decision-making processes. The leadership of the local Rural Labor Union had since the late 1990s promoted the creation of community associations in all the communities of the municipality, and the RPAP, which began operating in Caraubas in 1997, contributed to this locally driven effort by providing tangible investments on which community members could work collectively. The 53 community associations that exist today in Caraubas have constituted a local fora to discuss monthly the various development initiatives of interest to the municipality; the Forum of Local Rural Associations. One of the leaders of the local Rural Labor Union – a strong proponent of participatory and inclusive development processes – is also a member of the municipal legislative chambers and has strongly campaigned and recently succeeded in bringing about two groundbreaking changes, which are crucial for the sustainability of the Bank's CDD approach in Caraubas. First, the municipal government, after negotiating with all interested parties, succeeded in establishing an Integrated Rural Development Council *in lieu* of two separate councils for rural development, namely the FUMAC and the PRONAF councils (paragraph 5.9). The Integrated Rural Development Council has technical chambers, which deal with specific programs, both government and donor funded, and all decisions are taken by the council. Second, the municipal government approved the creation of the Municipal Fund for Rural Community Development, which will operate along the lines of the RPAP. Community associations will prepare subproject proposals which the Fund executive commission and the Integrated Rural Development Council will revise, approve and fund. Reais 100,000 of the municipal budget have been allocated in 2005 to this innovative and locally-owned Fund.

6.14 Abstracting from specific contextual conditions, which will largely determine the extent to which the Bank CDD approach will be sustainable in the long run, two important considerations can be made regarding the strategy adopted by the Bank in promoting the CDD approach in Brazil. The first is based on the argument advanced in the literature on participatory development that promoting democratic participatory local governance requires addressing both sides of the governance equation; the focus should be both on “a more active and engaged civil

society which can express demands of the citizenry, and a more responsive and effective state which can deliver needed public services” (Gaventa, 2002). The second questions the strategy for community empowerment adopted by Bank CDD projects in Brazil.

6.15 The Bank CDD interventions focused on the civil society side of the governance equation, while largely ignoring the government side of the equation. The Bank has attempted to strengthen and empower communities by creating participatory spaces to engage them in the process of allocation of tangible development interventions. However, the Bank has not engaged municipal government directly and has left the state and federal governments mostly at the margins. This one-sided approach, primarily concerned with reducing the scope for political manipulation on the part of the government, is likely to undermine the sustainability of the Bank CDD approach. Local and state government officials believe that communities lack the necessary capacity to drive the development processes and are therefore unlikely to transfer funds to them. Furthermore, there are no indications that the federal government will change its strategy of transferring resources to municipalities or that it will introduce the requirement to devolve some of these resources to community associations.

6.16 The assumption underlying the Bank’s strategy seems to be that once civil society has been sufficiently strengthened and empowered, it will demand greater participation in local governance processes thereby bringing about the desired changes. However, the low level of capacity enhancement observed at the community level (chapter 5 and Annex E) and the weak capacity of both community associations and project municipal councils raise doubts regarding the efficacy of the Bank strategy for community empowerment and ultimately the ability of communities to demand greater autonomy in the allocation of resources. Prevailing socio-political norms and intra-community power relations and decision-making dynamics are unlikely to be radically changed in the course of one subproject cycle, especially when little efforts is made to foster the inclusion of the more disadvantaged groups. As noted in the literature, most CDD-type initiatives “simply do not command enough power in terms of providing opportunities to radically transform structural inequalities (...) for the poor to take them too seriously” (Williams, 2003). If the local political elite continues to espouse a clientelistic approach to governance, the poor might have little choice but to abide to it.

7. Conclusions

7.1 The analysis of the development effectiveness of the Brazil CBD/CDD portfolio points to three main findings.

The CBD/CDD projects in the Brazil portfolio met and in some cases surpassed their physical targets, whilst field research in Rio Grande do Norte suggests that the impact of the RPAP on community's capacity remains limited. The scale and physical outputs attained by the RPAPs in the Northeast of the country was particularly impressive. Through this series of interventions, the World Bank made a significant contribution to bringing basic services, such as water and electricity, to numerous households in the region. These important results notwithstanding, primary data collected in Rio Grande do Norte suggest that community's capacity to drive local development remains low. Little or no association was found between the Bank's project and respondents' perception of the changes in social capital and empowerment. Further, the participatory spaces created by the Bank's project to enable community's participation continue to be weak and the scope of their activities largely confined to the implementation of the Bank's project.

The lack of independent evaluation, and in particular of completed impact evaluation to date, has rendered it impossible to ascertain whether CBD/CDD projects have succeeded in attaining their primary objective of poverty alleviation. This is particularly notable for the series of CDD projects in the Northeast, where after over a decade of investments there is still little quantitative evidence on the poverty alleviation impact of this approach. The only evaluation studies IEG was able to find do not have a control group, rendering it impossible to attribute any observed change in project areas to the Bank's interventions. Yet, despite this lack of evaluative evidence on the poverty impact of the CDD approach, it has been scaled up rapidly in the Northeast.

The Bank CDD approach in Brazil focused on empowering community associations while engaging the government only marginally. This is likely to have undermined the long term sustainability of its approach. Instead of working in collaboration with municipal governments to promote greater community involvement in driving local development, the Bank established ad-hoc structures parallel to the formal municipal planning process, in which the municipal government had some representation. Municipal governments were sidelined largely to reduce the scope for political manipulation and create opportunities for communities to direct resource allocation. Similarly, the federal government was largely left to the margins and no provision was made to ensure that community associations will receive part of the federal transfer to municipal governments, or be granted a say in their allocation. It is therefore questionable whether communities will be able to exert any control over decisions and resources once the Bank pulls out.

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Annex A. List of CBD/CDD Projects in the Brazil Portfolio

Identifying CBD/CDD projects: The universe of CBD/CDD projects was identified through a word search on a textbase of appraisal documents (PAD/SAR) for project approved between FY 1989 and FY 2003. The methodology for the word search is detailed in the approach paper for the OED CBD/CDD evaluation.⁵⁵ A total of 30 CBD/CDD projects were identified in the Brazil portfolio during the time period specified above (Table A.1).⁵⁶

Table A.1. List of CBD/CDD projects in the Brazil Portfolio

Project ID	Project name	Sector Board	FY	Closing (rev)	Status	IBRD/IDA Amt	Lend. Instr.
P035717	RURAL POV. ALLEVIATION (BAHIA)	RDV	1995	06/30/2001	Closed	105	SIL
P038884	RURAL POV. ALLEVIATION (CEARA)	RDV	1995	06/30/2001	Closed	70	SIL
P038885	RURAL POV. ALLEVIATION (SERGIPE)	RDV	1995	06/30/2001	Closed	36	SIL
P037828	RURAL POV. ALL. AND NAT. RES. MGT. (PARANA)	RDV	1996	09/30/2004	Closed	175	SIL
P006475	LAND RFM PILOT (SIM)	RDV	1997	12/31/2002	Closed	90	SIM
P038896	RURAL POV. ALLEVIATION (RGN)	RDV	1997	06/30/2002	Closed	24	SIL
P042566	RURAL POV. ALLEVIATION (PERNAMBUCO)	RDV	1997	12/31/2001	Closed	39	SIL
P043871	RURAL POV. ALLEVIATION (PIAUI)	RDV	1997	12/31/2001	Closed	30	SIL
P006474	LAND MANAGEMENT 3 (SAO PAULO)	RDV	1998	12/31/2005	Active	55	SIL
P038895	FED. WATER MANAGEMENT	ENV	1998	12/31/2005	Active	198	SIL
P042565	RURAL POV. ALLEVIATION (PARAIBA)	RDV	1998	05/31/2005	Active	60	SIL
P043420	WATER SECOTR MODERNIZATION 2	WS	1998	10/31/2007	Active	150	SIL
P050762	Fundescola I	ED	1998	06/30/2001	Closed	62.5	SIL
P051701	RURAL POV. ALLEVIATION (MARANHAO)	RDV	1998	06/30/2004	Closed	80	SIL
P050763	Fundescola 2	ED	1999	12/31/2004	Active	202	SIL
P006449	CEARA WTR MGT PROGERIRH SIM	ENV	2000	06/30/2006	Active	136	SIM
P035741	NATIONAL ENV. PJT II	ENV	2000	06/30/2005	Active	15	APL
P039199	PROSANEAR 2	WS	2000	12/31/2004	Active	30.3	TAL
P050772	LAND-BASED POVRTY ALLEVIATION I (SIM)	RDV	2001	08/31/2006	Active	202.1	SIM
P050875	RURAL POV. REDUCTION (CEARA)	RDV	2001	06/30/2005	Active	37.5	SIL
P050880	RURAL POV. REDUCTION (PERNAMBUCO)	RDV	2001	06/30/2005	Active	30.1	SIL
P050881	RURAL POV. REDUCTION (PIAUI)	RDV	2001	06/30/2005	Active	22.5	SIL
P057649	RURAL POV. REDUCTION (BAHIA)	RDV	2001	06/30/2005	Active	54.4	SIL
P059565	BAHIA BASIC EDU PROJECT (PHASE I)	ED	2001	06/30/2003	Closed	69.6	APL
P059566	Ceara Basic Educ. Quality Improvement	ED	2001	06/30/2006	Active	90	SIL
P043869	SANTA CATARINA NAT. RES. & RUR. POV. RED.	RDV	2002	12/31/2008	Active	62.8	SIL
P057653	FUNDESCOLA IIIA	ED	2002	12/31/2006	Active	160	APL
P066170	RURAL POV. REDUCTION (RGN)	RDV	2002	12/31/2006	Active	22.5	SIL
P074085	RURAL POV. REDUCTION (SERGIPE)	RDV	2002	06/30/2006	Active	20.8	SIL
P049265	RECIFE URBAN UPGRADING PROJECT	UD	2003	03/31/2009	Active	46	SIL

Source: Business Warehouse

⁵⁵ The approach paper is available on line at http://www.worldbank.org/oed/cdd/docs/discussion_paper.pdf.

⁵⁶ One project, the Ceara Basic Education Quality Improvement Project was not picked up by the word search and was included only subsequent to revision of appraisal documents of other CBD/CDD projects in the education sector.

Table A.2. Objectives of the Brazil CBD/CDD Portfolio

Project ID	Project name	Sector Board	Project Objectives
P035717	RURAL POV. (BAHIA)	RDV	The project would assist the State to alleviate rural poverty and its consequences by: (a) providing basic social and economic infrastructure, and employment and income-generating opportunities for the rural poor; (b) supporting rural communities in planning and implementing their own subprojects; (c) providing a safety net for the rural poor during a period of strong fiscal adjustment when the Government's ability to finance essential investments and services is constrained; and (d) leveraging revenue mobilization at the community and municipal levels. The project would ensure that funds are targeted and reliably transferred to the poorest communities, and would promote further decentralization of decision-making to State, municipal and local levels
P038885	RURAL POV.-SERGIPE	RDV	Ibid.
P038884	RURAL POV.- CEARA	RDV	Ibid.
P037828	(PR)R.POVERTY	RDV	To increase the incomes and improve the living conditions of approximately 255,000 rural poor and small farmer households by supporting the implementation of community-demanded investment subprojects. The project also aims to protect the State's natural resources by promoting sustainable practices for improved land management and soil and water quality conservation in an area of approximately 8.1 million ha.
P038896	R.POVERTY(RGN)	RDV	The project would assist the State to alleviate rural poverty and its consequences by: (a) providing basic social and economic infrastructure, and employment and income-generating opportunities for the rural poor; (b) decentralizing resource allocation and decision-making to local levels by supporting community-based municipal councils and beneficiary associations in investment planning and implementation; (c) providing a safety net for the rural poor during a period of macroeconomic reform and fiscal adjustment; and (d) leveraging resources mobilized at the community and municipal levels. The project is expected to lay the groundwork for, and consolidate, participatory institutions and processes at the municipal and community levels. The project would ensure that funds reach the poorest municipalities and communities, and would expand the successful strategy of decentralization and participation tested under the reformulated NRDP
P043871	(PIAUI)R.POVERTY	RDV	Ibid.
P042566	R.POVERTY(PE)	RDV	Ibid.
P042565	PARAIBA R.POVERTY	RDV	Ibid.
P051701	MARANHAO R.POVERTY	RDV	Ibid.
P050875	Ceara Rural Poverty Reduction Project	RDV	To assist the State to reduce currently high levels of rural poverty by: (a) improving well-being and incomes of the rural poor through better access to basic social and economic infrastructure and services and support for productive activities, using proven community-driven development (CDD) techniques; (b) increasing the social capital of rural communities to organize collectively to meet own needs; (c) enhancing local governance by greater citizen participation and transparency in decision-making, through creation and strengthening of community associations and Municipal Councils; and (d) fostering closer integration of development policies, programs and projects at the local level, by assisting Municipal Councils to extend their role in seeking funding, priority-setting and decision-making over resource

Project ID	Project name	Sector Board	Project Objectives
			allocation.
P050880	Pernambuco Rural Poverty Reduction	RDV	Ibid.
P050881	PIAUI R. POVERTY REDUCTION PROJECT	RDV	Ibid.
P057649	Bahia Rural Poverty Reduction Project	RDV	Ibid.
P074085	Sergipe Rural Poverty Reduction	RDV	Ibid.
P066170	RGN 2ND Rural Poverty Reduction	RDV	Ibid.
P006475	LAND RFM PILOT (SIM)	RDV	To reduce rural poverty in Northeast Brazil by: (i) increasing the incomes of about 15,000 poor rural families through improved access to land and participation in complementary, demand-driven community subprojects; (ii) raising the agricultural output of lands included in the project; and (iii) pilot testing a market-based approach to land reform in which beneficiaries obtain financing for the purchase of suitable properties negotiated directly between rural communities and willing sellers and which, if successful, will enable the Government to greatly accelerate the pace and lower the cost of its programs to improve land access by the rural poor throughout the Northeast and elsewhere in Brazil.
P050772	LAND-BASED POVRTY ALLEVIATION I (SIM)	RDV	To reduce rural poverty in these regions by increasing the incomes of about 50,000 poor rural and peri-urban families by extending the community-based approach to land acquisition and participation in complementary, demand-driven community subprojects.
P043869	SANTA CATARINA NATURAL RESOURC & POV.	RDV	To reduce rural poverty in the State of Santa Catarina, while improving the management of natural resources. Poor rural families' incomes and livelihoods would be improved by: (i) support for Government efforts to integrate environmental and social sustainability into development and poverty reduction strategies; (ii) enhanced local governance and community participation in decision-making; (iii) reversed land degradation and better protection of the State's natural resources; and (iv) improvements to income-generating opportunities and living conditions for the rural poor.
P006474	LAND MGT 3 (SAO PAULO)	RDV	To increase and sustain agricultural production, productivity and farm incomes and assist in the conservation of natural resources by: (a) promoting the adoption of sustainable, modern forms of land management and soil, water and forest conservation planned and implemented at the microcatchment level and with full involvement of the farming community; (b) developing community environmental awareness and participation in environmental protection efforts; (c) increasing the extent and duration of vegetative soil cover, thus better protecting the soil against sealing under intense summer rainfall; and (d) improving internal soil structure and drainage, thus increasing water infiltration, and safely disposing of any remaining runoff. The project will also strengthen the State of Sao Paulo's capacity to implement more efficiently an expanded natural resource management and conservation program.
P050762	Fundescola I	ED	To strengthen primary schools and the public institutions that are responsible for them within a coordinated management framework, in order to increase the participation, promotion and graduation rates, and achievement levels of children in the North and Center-West capital microregions of Brazil.
P050763	Fundescola 2	ED	To improve the educational outcomes of children enrolled in public primary schools in the Project's targeted areas, as measured by promotion and achievement rates.
P057653	FUNDESCOLA IIIA	ED	To assist targeted education secretariats reduce disparities across their primary schools and to increase the effectiveness of these

Project ID	Project name	Sector Board	Project Objectives
			schools, within each local governments' financial capacity.
P059565	BAHIA BASIC EDU PROJECT (PHASE I)	ED	To: (a) improve fundamental and secondary school outcomes, as measured by improvements in dropout and promotion rates and student performance on standardized tests; and (b) increase access to secondary school, as measured by an increase in secondary enrollments.
P059566	CEARA BASIC EDUCATION QUALITY IMPROVEMENT PROJECT	ED	To promote greater quality, efficiency and equity in the provision of education services by: (a) improving education quality in both academic achievement (output) and learning environment (education inputs); (b) expanding access to drop-outs and excluded youth through the use of alternative methodologies; (c) fostering equity in the provision of education services in the poorest municipalities; and (d) strengthening the managerial and administrative capacity of the central, regional and municipal levels to deliver public education services efficiently.
P038895	FED.WTR MGT	ENV	To: (a) promote sustainable use and participatory management of water resources in Brazil in general, and in the Northeast in particular; and (b) provide reliable and sustainable access to water for domestic, municipal, and other uses in priority river basins in the Northeast
P006449	CEARA WTR MGT PROGERIRH SIM	ENV	To (a) increase the sustainable water supply for multiple uses, improve the efficiency of Ceara's integrated water resources management system and decrease vulnerability of poor populations to cyclical drought; (b) stimulate multiple use, efficient and shared management of Ceara's water resources; (c) promote the improved management of soil and vegetation in tributary watersheds to enhance water conservation, minimize erosion and maximize natural water storage mechanisms, through the adequate management of critical micro-basins and groundwater resources.
P035741	NATIONAL ENV. PJT II	ENV	To strengthen decentralized environmental management at a State and municipal level through two components implemented in parallel fashion: (A) Institutional Strengthening and (B) Environmental Assets.
P049265	RECIFE URBAN UPGRADING PROJECT	UD	To improve the wealth and well being of the urban poor of the Beberibe River Basin in the Recife Metropolitan Region by increasing the institutional capacity of public (state and local), and civic entities to plan for, deliver and maintain basic shelter and urban services for the low-income in a coordinated and sustainable manner.
P043420	WATER S.MOD.2	WS	To strengthen regulation, increase private sector participation in investment and management, and improve the overall efficiency of Brazil's water supply and sewerage (W&S) sector and, within the north, northeast and center-west (N, NE & CW) regions, increase the coverage levels of W&S services of participating utilities and improve the quality of water bodies located in states and municipalities served by participating utilities.
P039199	PROSANEAR 2	WS	To achieve integrated and demand-driven water supply and sanitation (WSS) service delivery to the urban poor within participating local government agencies, under the framework of the PROSANEAR national low income sanitation program.

Source: Projects' appraisal documents

Annex B. Poverty Targeting

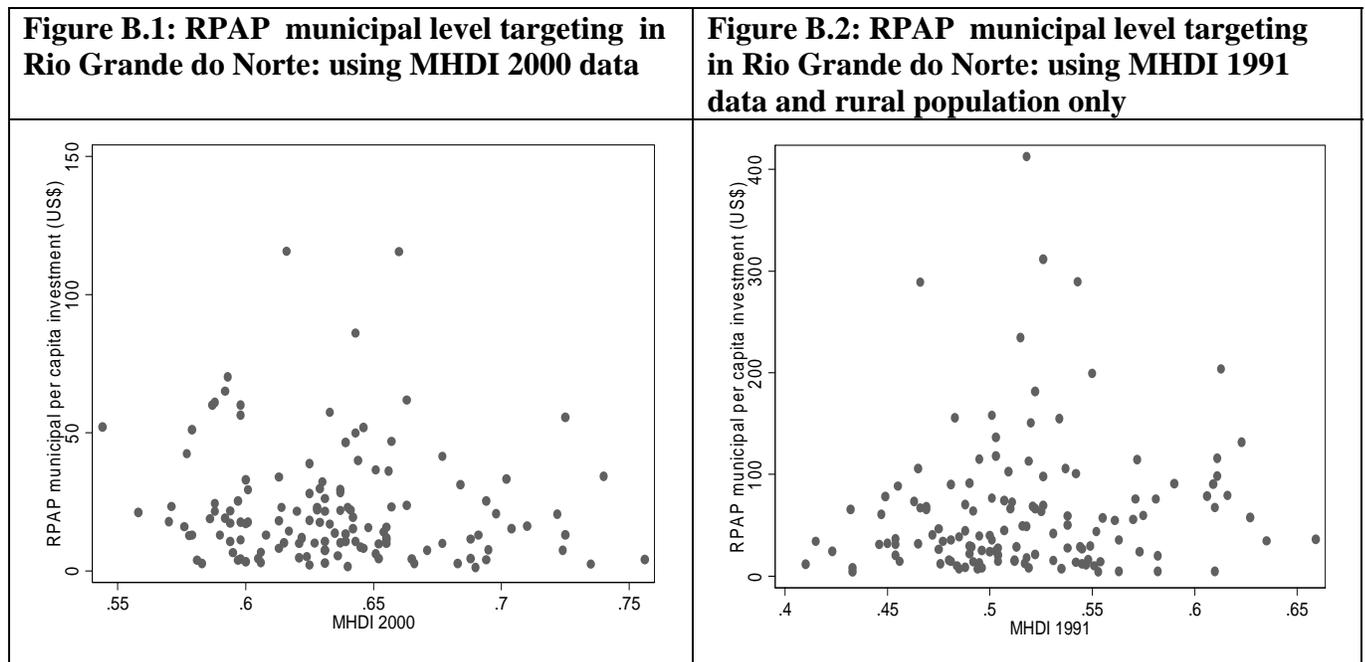
Table B.1. Targeting mechanism of CBD/CDD Poverty Targeted Interventions

Project ID	Project name	Level of targeting		
		Geographic (level)	Self-targeting	Social targeting
P035717	RPAP (BAHIA)	All municipalities with the exception of the metropolitan area. Rural communities (i.e. less than 7,500 people) in selected municipalities	Community associations present subproject proposals. Project municipal councils where they exist prioritize resource allocation.	
P038884	RPAP (CEARA)	ibid	ibid.	
P038885	RPAP (SERGIPE)	ibid	ibid	
P038896	RPAP (RGN)	ibid	ibid	
P042566	RPAP (PERNAMBUCO)	ibid	ibid	
P042565	RPAP (PARAIBA)	ibid	ibid	
P043871	RPAP (PIAUI)	ibid	ibid	
P051701	RPAP (MARANHAO)	ibid	ibid	
P050875	RPRP (CEARA)	Projects targets 177 municipalities of the project area that comprises all municipalities in the State of Ceara with the exception of 7 located in metropolitan Fortaleza. Project resources concentrated in 110 municipalities in the project area which have a low MHDl (i.e. less than 0.4.5). Within the 110 municipalities, project resources will be further allocated according to the following three groups: (a) the poorest 59 municipalities will receive, on average, R\$595,000 per municipality; (b) the next poorest 51 municipalities (MHDl less than 0.4) will receive, on average, R\$595,000 per municipality; and (c) the remaining 67 poor municipalities (MHDl greater than 0.4 but less than 0.55) will receive, on average, R\$374,000 per municipality.	ibid	
P050880	RPRP (PERNAMBUCO)	Project targets 177 municipalities Project resources concentrated in 110 municipalities in the project area which have MHDl less than 0.359 and population less than 25,000. Municipalities in this targeted zone will receive, on average R\$450,000. All other municipalities will receive, on average R\$250,000.	ibid	
P050881	RPRP (PIAUI)	Project targets 221 municipalities. Project resources concentrated in 122 municipalities in the project area which have an MHDl less than 0.38. The project will target some R\$32.5 million to these municipalities (averaging R\$270,000 per municipality). Another 43 and 57 municipalities with higher MHDl (but still under 0.6) will be allocated R\$8.6 million and R\$9.0 million, respectively (averaging R\$200,000 and R\$160,000, respectively, per municipality).	ibid	

Project ID	Project name	Level of targeting		
		Geographic (level)	Self-targeting	Social targeting
P057649	RPRP (BAHIA)	Projects targets 407 municipalities. The poorest 170 municipalities (i.e., with the lowest relative HDI ranking), will be allocated an average of R\$350,000 per municipality. The remaining 237 municipalities will be allocated an average of R\$250,000 per municipality.	Ibid	
P066170	RPRP (RGN)	Project targets 155 municipalities. The poorest 40 municipalities (i.e., with the lowest relative MHD1 ranking), will be allocated R\$462,500 on average per municipality). The next 66 Municipalities in poverty ranking will be allocated an average of R\$ 361,000 per municipality; the rest will be allocated an average of R\$300,000 per municipality.	Ibid	
P074085	RPRP (SERGIPE)	Project targets 71 municipalities. The poorest 35 municipalities (i.e., with the lowest relative MHD1 ranking), will be allocated an average of R\$244,000 per municipality, per year. The other 36 municipalities will be allocated an average of R\$128,000 per municipality per year.	Ibid	
P037828	RURAL POV. ALL. AND NAT. RES. MGT. (PARANA)	3 priority mesoregions	Beneficiaries associations prepare subproject proposals	Household classified as subsistence farm or small market-oriented farm households
P043869	SANTA CATARINA NAT. RES. & RUR. POV. RED.	880 microcatchment in Santa Catarina	Ibid	Small and marginal farmers, rural laborers and indigenous people
P006475	LAND RFM PILOT (SIM)	5 Northeastern states	Community association present proposal for land acquisition	Farmers without land or with insufficient land for subsistence
P050772	LAND-BASED POVRTY ALLEVIATION I (SIM)	9 Northeast states, 4 South/Southeastern states and the state of Minas Gerais	Ibid	Ibid
P006474	LAND MANAGEMENT 3 (SAO PAULO)	1,500 microcatchments		farmers
P050762	Fundescola I	North and Central-West capital microregions		Primary school-age population
P050763	Fundescola 2	27 microregions located in the 19 states in the 3 poorest regions of Brazil – North, Northeast and Central-West		Ibid
P059565	BAHIA BASIC EDU PROJECT (PHASE I)	100 poorest municipalities		Specific category of students
P059566	Ceara Basic Educ. Quality Improvement	One component (14% of total budget) targets 54 poorest municipalities		Primary school-age population
P038895	FED. WATER MANAGEMENT	Northeast region		
P043420	WATER SECOTR MODERNIZATION 2	North, Northeast and Center-West region		
P039199	PROSANEAR 2	Metropolitan areas and municipalities above 75,000 inhabitants		
P049265	RECIFE URBAN UPGRADING PROJECT	13 areas of the Recife metropolitan area along the Beberibe River Basin		

MUNICIPAL LEVEL TARGETING OF THE RPAP IN RIO GRANDE DO NORTE

In order to assess the extent to which the RPAP in Rio Grande do Norte succeeded in targeting the poorest areas of the state (municipal level targeting) we crossed data on MHDI with the RPAP municipal per capita investment. The latter was calculated dividing total RPAP investment in each municipality according to the project MIS by the total municipal population, which is available on the IBGE website. As Figure 4 in Chapter 4 shows, no relation was found between the level of MHDI and the RPAP municipal per capita investment. In Figure 4, we used MHDI 1991 data, and the RPAP municipal per capita investment was calculated using total municipal population. The same results hold if MHDI 2000 data are used (Figure B.1.) and if the RPAP municipal per capita investment is calculated using rural population only, which is available on the IBGE website (Figure B.2). Figure 4 uses total population because it is not clear the extent to which the definitions of ‘rural’ used by the RPAP and the IBGE overlap.



Annex C. State and Municipal Government Officials Survey Results

Table C.1. State Government Officials Survey Results

Observations	8
Participation leads to better outcome	83%
Bank knowledge and expertise: Agree that Bank	
Has comparative advantage in advising government on the basis of analytical and evaluative evidence rather than work directly with communities	63%
Should provide resources to the central government to carry out participatory projects rather than undertaking them directly	50%
Has the expertise to build/enhance local government capacity to support participatory interventions	50%
Bank has substantial ability of using participatory approaches on the following aspects	
Account for social and cultural factors influencing outcome	50%
Ensure sustainable flow of benefits after projects finish	13%
Ensure accountability downward to lowest level of government	75%
Intra-government coordination: Since the initiation of Bank participatory interventions increase in frequency of meeting:	
Within-ministry	75%
Between-ministries	63%
More than 75 percent of the communities have the ability to:	
Identify needs and prioritize them	17%
Manage financial resources	0%
Participatory Approaches increase time in involving communities	50%
M&E responsibility for the Bank-funded participatory projects is with:	
Central government	13%
Regional government	13%
Local government	0%
Communities	0%
NGOs	0%
Do not know	13%

Table C.2. Municipal Government Officials Survey Results

		Comparator	PAC	FUMAC	FUMACP	Total
Observations		8	12	12	6	38
Results of CDD compared with non-CDD	much better	25%	8%	17%	67%	24%
	somewhat better	38%	50%	67%	33%	50%
	same	13%	17%	0%	0%	8%
	somewhat worse	25%	25%	17%	0%	18%
Cost of CDD compared with non-CDD	somewhat higher	13%	17%	8%	17%	13%
	same	0%	8%	8%	17%	8%
	somewhat lower	88%	50%	67%	67%	66%
	much lower	0%	8%	17%	0%	8%
Percentage of communities in your municipality that can identify and prioritize their needs	above 75%	38%	25%	25%	67%	34%
	50-75%	25%	42%	33%	33%	34%
	25-50%	0%	8%	8%	0%	5%
	below 25%	0%	0%	17%	0%	5%
	none	38%	25%	17%	0%	21%
Percentage of communities in your municipality that can implement and maintain a project	above 75%	0%	8%	17%	0%	8%
	50-75%	13%	17%	8%	17%	13%
	25-50%	0%	17%	8%	50%	16%
	below 25%	13%	50%	58%	33%	42%
	none	75%	8%	8%	0%	21%
Percentage of communities in your municipality that can mobilize resources within the community	above 75%	0%	0%	8%	0%	3%
	50-75%	0%	8%	0%	33%	8%
	25-50%	13%	8%	17%	50%	18%
	below 25%	25%	42%	33%	17%	32%
	none	63%	42%	33%	0%	37%
Percentage of communities in your municipality that can mobilize outside financial resources	50-75%	13%	8%	0%	0%	5%
	25-50%	0%	17%	0%	17%	8%
	below 25%	0%	25%	67%	33%	34%
	none	88%	50%	33%	50%	53%
Percentage of communities in your municipality that can manage financial resources	above 75%	25%	8%	17%	17%	16%
	50-75%	25%	25%	8%	17%	18%
	25-50%	13%	25%	8%	17%	16%
	below 25%	13%	33%	67%	33%	39%
	none	25%	8%	0%	17%	11%
Change in number of meetings between municipal government officials and communities	Increase	25%	83%	83%	83%	71%
	Same	25%	17%	8%	17%	16%
	Decrease	0%	0%	8%	0%	3%
Change in amount of technical support municipalities give communities	Increase	13%	83%	50%	67%	55%
	Same	38%	17%	42%	33%	32%
	Decrease	0%	0%	8%	0%	3%
Municipal gov. informs citizens of financial resources available	yes	100%	33%	42%	0%	45%
	no	0%	67%	58%	100%	55%
Municipal gov. informs citizens about how resources are spent	yes	100%	33%	42%	0%	45%
	no	0%	67%	58%	100%	55%
CDD entail increased in time spent to involve communities	yes	63%	75%	92%	83%	79%
	no	38%	17%	8%	17%	18%
Funding modality you would prefer the World Bank's projects followed	Funds to the municipal gov.	50%	58%	50%	33%	50%
	Funds directly to communities	50%	42%	50%	67%	50%

Annex D. Methodology for Community-Level Data Collection and Analysis

METHODOLOGY FOR COMMUNITY-LEVEL DATA COLLECTION

OED's field work adopted a non-experimental evaluation design which compared randomly selected project communities with comparator communities in the four projects using a comparison group methodology. The comparator group exhibited similar problems or issues as the project group, and had similar socioeconomic and cultural characteristics. In Brazil, comparator communities had benefited from similar sub-projects as project communities but through a non-participatory approach.

The fieldwork in Brazil was conducted in the state of Rio Grande do Norte where the Rural Poverty Alleviation Project (RPAP) was implemented between FY 1998 and 2002. Fieldwork was conducted by a team headed by Alberto Costa from the University for the Development of the Itajaí River Valley between November 2003 and January 2004.

Community Selection: The RPAP (and the follow-on RPRP) adopted three distinct community-driven implementation modalities; in increasing order of decentralization, these were:

- **PAC:** The Community Association (CA) submits a subproject proposal to the State Technical Unit. Using a statewide vetting process the State Technical Unit chooses the soundest proposals, with some reference to the evenness of distribution between the various municipalities. Once approved, project funds flow directly to a bank account set up locally by the Community Association.
- **FUMAC:** A municipal council (called the FUMAC Council), with representatives of civil society and the government, is set up by the project at the municipal level. The proposals prepared by the CAs are first reviewed and ranked by the FUMAC Council and only then submitted to the State Technical Unit. The council chooses among subproject proposals with reference to an indicative budget communicated by the State Technical Unit. Vetting by the State Technical Unit is more of a formality compared to PAC; providing the subprojects meet the required technical specifications, the State Technical Unit signs off on the proposal made by the FUMAC Council.
- **FUMAC-P:** The procedures are the same as for FUMAC, except that the FUMAC-P Council is given an annual budget, which it administers itself. The council signs agreements with the CAs, transfers project funds to them, keeps track of receipts, and monitors physical progress. It is accountable to state government auditing procedures. If one CA fails to provide the necessary receipts, disbursements to all other CAs in that municipality may be frozen, paralyzing the project process.

The selection of project communities was based on the project's monitoring and information system (MIS). To keep logistic and transport costs within the budget, fieldwork was restricted to the two regions (out of four) that had the highest number of communities where only one subproject had been financed by the RPAP – namely Agreste and Oeste Potiguar. The criterion

of one subproject per community was chosen for two main reasons. First, 79 percent of the communities that benefited from the RPAP in Rio Grande do Norte received only one subproject. Second, we wanted to avoid comparing communities that had received only one subproject with those that had benefited from more. The selection of project communities was further restricted to those that: (a) were located in the rural areas, and (b) had benefited from one of the following investments: water supply, electricity, irrigation, or small bridges.⁵⁷ The selection of project municipalities was limited to those that had at least two communities that met the above criteria. A stratified random sample of 11 project municipalities was selected, with each of the three implementation modalities being represented in proportion to the number of municipalities under each modality. A total of 24 communities were selected within these municipalities using a table of random numbers.

The selection of comparator communities required first of all identifying municipalities which were targeted by the RPAP and the on-going RPRP but that had not yet benefited from either projects.⁵⁸ Drawing on the MIS data for the RPAP and on-going RPRP (updated to October 15, 2003) six comparator municipalities were identified – three in each of the two regions. The selection of suitable comparator communities was undertaken by the local expert contracted for community-level fieldwork. Comparator communities had to satisfy four main criteria: (a) they had to have benefited from a similar service as project communities around the same time as these did; (b) they could not have benefited from a Bank-financed CBD/CDD intervention; (c) they had to be located in rural areas; and (d) they had to have more than 40 households at the time of the survey.

Inaccuracies in the project's MIS required changes to the original sample of communities as well as dropping some communities from the analysis. Two project communities were dropped; qualitative data revealed that one had recently applied for funds under the on-going RPRP, while the other was the only one to have benefited from a rural electrification investment. The majority of project communities used for the analysis benefited from water supply investments, while three benefited from irrigation investments and two from small bridges. Three of the six comparator communities surveyed were also dropped. The qualitative data revealed that two of them had recently applied for funds under the on-going RPRP, while one of them was the only one in the sample to have benefited from a government water supply program that had a participatory component. All comparator communities included in the analysis benefited from a government-funded water pipeline constructed at the time when the RPAP was being implemented. None of them benefited from either the RPAP or the ongoing RPRP, while one benefited in 1994 from another Bank CDD project – the reformulated Northeast Rural Development Program (NRDP; 1993-1996). This community was however retained for the

57. While the first two types of investments were chosen because together they accounted for 60 percent of investments financed by the RPAP in Rio Grande do Norte, the second and third type were chosen because eligible PAC communities had mainly these types of investments

58. The on-going RPRP had restricted the number of municipalities targeted under the RPAP because some were financially able to meet the needs of their communities (Aide Memoire, 04/30/2001). These municipalities could not therefore be appropriate comparator for this study.

analysis, as it did not differ from the other two comparator communities, and would therefore not bias the results.⁵⁹

Some of the selected communities were found to have fewer than 40 households. In these cases, a census was taken and, where possible, adjacent project communities which received only one similar subproject were selected to make up for the missing number of respondents. Some municipalities that figured as PAC in the MIS had been “upgraded” to FUMAC under the on-going RPRP. These municipalities continued to be considered as PAC for the purpose of this evaluation only if no subproject had yet been financed through the FUMAC implementation modality. Table M.2 presents the number of household surveys conducted and the number used in the analysis.

Table D.1. Coverage of Fieldwork in Brazil

<i>Modality</i>	<i>FUMAC</i>	<i>FUMAC-P</i>	<i>PAC</i>	<i>Comparator</i>
Fieldwork coverage				
Municipalities	5	2	3	3
Communities	15	8	4	6
Households	514	240	118	225
Analysis coverage				
Municipalities	5	2	3	2
Communities	14	7	4	3
Households	485	211	118	117

Two key informant interviews were conducted in all except five communities, where only the community leader was interviewed. With a few exceptions, two focus group interviews were conducted in each community. In six communities only one focus group interview was carried out, and in two communities no focus group session was held.

Household selection: Wherever possible, 40 households were selected from each community. Two slightly different approaches were adopted for household selection. In communities where the team had the information on the total number of households, these were divided by the number of interviews to be conducted (40) to get an interval of R. The households were then arranged in a concentric manner on the drawing board and a random starting household was selected. Every Rth household was selected until the required number of interviews was complete. In rural dispersed communities where there was low initial knowledge of the number of households, the community was divided in four zones and 10 households were covered in each zone. A similar strategy as above was adopted for each zone but with a rough estimate from the local leader on number of households in each zone. In communities with 40 or fewer household, all households were surveyed.

Research Instruments: Information was collected at the community level using three instruments. These were all pilot tested in the field before being launched.

59. Differences between the comparator community that had benefited from the reformulated NRDP and the other two comparator communities were tested using the same model discussed in paragraph M.26-M.27 (specification without interactions). In this model the project dummy represented the community that had benefited from the reformulated NRDP. Only two significant differences were found. Respondents in the community that had benefited from the reformulated NRDP reported a significantly smaller increase in their participation in political events, and a significantly greater increase in ownership of medium consumer durables, which was driven by greater increase in ownership of satellite dishes.

- First, a pre-coded household questionnaire, which was applied to one adult (25 years or older) from each randomly selected household, who had resided in the community for the past eight years. The household survey enquired about respondents': (a) demographic characteristics – age, sex, education, gender, occupation, marital status, etc; (b) household characteristics, including variables capturing economic status at the time of the survey and before subproject implementation; (c) awareness of community problems and participation in community-level project organizations; (d) perception of sustainability of project investments; and (e) perceptions of the levels of and the changes in social capital and empowerment.⁶⁰
- Second, semi-structured focus group interviews held with two groups in each community (one all-female and one all-male) of 10-15 self-selected participants. Focus group sessions attempted to explore, amongst other things, the following issues: (a) the process of subproject selection, implementation, and operation; (b) communities' access to information; (c) the leadership structure within communities; (d) the levels and changes in empowerment; (e) the priority needs of the community at the time of the survey and before subproject implementation.
- Third, structured key informant interviews held with a community leader and a member of the community organization set up by the project. Key informant interviews used a structured, open-ended questionnaire. The community leader interview consisted of questions about community facilities, ethnic make up, etc. The interview with a member of the community organization set up by the project addressed issues of community trust, cohesion, and solidarity, as well as providing information on the functioning of the community organization set up by project.

METHODOLOGY FOR THE ANALYSIS OF THE HOUSEHOLD SURVEY

Comparison of ex-ante characteristics of project and comparator communities. Respondents' demographic and socioeconomic information before the Bank intervention were aggregated at the community level to provide a general profile of the communities covered by fieldwork. Student t-test was performed on these aggregated variables to check whether the project and the comparator groups had the same mean. As Tables D.2 shows, virtually no differences were found between the project and comparator groups in Brazil, with the sole exception being that a greater number of women were interviewed in the comparator group than in the project group.

Table D.2. Brazil: Comparison of ex-ante characteristics of project and comparator communities

	Project	Comparator
Municipal Human Develop Index	0.62	0.62
Score for community	0.23	0.27
Population of community	59.56	100.00
Household size	4.42	4.83
Number of children	1.56	1.78
Medium Consumer Durables	1.74	1.80

60. The draft questionnaire is in available on the website <http://www.worldbank.org/oed/cdd/>.

Table D.2. Brazil: Comparison of ex-ante characteristics of project and comparator communities

Large Consumer durables	0.23	0.32
Large Animals	4.27	1.95
Small Animals	7.91	4.14
Schooling of the respondent	2.63	2.80
Dummy for female	0.43	0.71 ***
Age of the respondent	47.55	45.15
Dummy for agricultural laborer	0.56	0.38
Participation in political events	1.91	2.00
Participation in for traditional events	1.94	2.05
Ability to raise resources from within the community	0.39	0.36
Ability to raise funds outside the community	0.35	0.30
Ability to speak freely with community leaders	0.50	0.35
Ability to express community needs to local government officials	0.58	0.60

Note: 1. Test of significance based on Student t-test.

2. * significant at 10%; ** significant at 5%; ***significant at 1%

Bivariate analysis was used to compare the respondents' perceptions of levels of and changes in social capital and empowerment between the project and the comparator groups. A test of proportion was performed for binary variables and the Kruskal-Wallis nonparametric test of differences for categorical variables (Table E.3).

Multivariate analysis. In order to control for differences in geographic, demographic, and socioeconomic factors between the project and the comparator groups, multivariate analysis was performed on the variables that capture respondents' perceptions of the changes in social capital and empowerment (see Table D.3 for the list of dependent and independent variables). An Ordered Probit model was chosen because the dependent variables are ordinal ranging from least to most, with most capturing greater outcome. The estimation was performed using population weights and adjusting for cluster effects.

Two specifications of the same model were used; with and without interactive terms. The discussion of the overall association between the project and the dependent variables is based on the specification without interactions. The specification with interactions was used in order to explore the association between the dependent variables and the project for the poor, and members of project organizations. The results of the specification with interactive variables are presented in full (Tables E.7-E.9), while a summary of the results of the project dummies for the specification without interactions is presented in Tables E.4-E.6.

As already mentioned, all dependent variables represent changes over time. It is however important to note that there are two types of change variables: (a) changes as perceived and directly reported by respondents, and (b) changes derived from respondents' assessment of the situation in two points in time – before and after subproject implementation. All dependent variables that capture changes in social capital and empowerment are of the first type, with the sole exception of the variable that capture respondents' mobilization skills, which is of the second type.

The independent variables include community characteristics (such as dummy for regions, population of the community, etc.), household characteristics (such as household size and the index of economic status), and respondent characteristics (such as age, level of education, etc.), as well as dummy variables to control for the three implementation modalities (Box 4 chapter 3) and for the type of subproject financed. The three implementation modalities could not be combined in one project group, as they were differently associated with some of the dependent variables.⁶¹ Household and respondent characteristics were created drawing on demographic and socioeconomic information *before* the Bank intervention as reported by respondents. The model includes two variables representing the respondent's economic status: (a) the index of economic status, and (b) a dummy variable for poor. The reason for including both (a) and (b) is that these are defined differently. While the index for economic status is an absolute figure calculated *across* all respondents, the dummy variable for poor captures the bottom quartile of economic status *within* each community. Therefore, while (a) is a measure of economic status across the entire sample, (b) represents the relatively poor households within each community.

Table D.3. Definition of Variables: Brazil

<i>Dependent variables</i>	<i>Definition</i>
Change in access to information	Changes in access to information regarding issues of interest to the community (More=3, Same=2, Less==1)
Change in mobilization skills	Composite variable equal to the sum of four dummy variables (1=more, 0=everything else) that capture changes in the respondent's ability to (a) raise resources from within the community; (b) raise funds outside the community; (c) speak freely with community leaders; (d) express the needs of the community to local government officials. The dummies for change were derived from respondent's assessment of their skills in two points in time – before and after subproject implementation.
Change in ability to reach agreement	Change in the community's ability to reach an agreement (More=3, Same=2, Less==1)
Change in leaders' responsiveness	Change in community leaders' responsiveness to communities demands (More=3, Same=2, 1=Less).
Change in trust	Composite variable equal to the sum of four dummy variables (1=more, 0=everything else) capturing change in trust in: (a) community members, (b) community associations, (c) municipal government officials, and (d) state government officials.
Change in associational life	Composite variable equal to the sum of two dummy variables (1=more, 0=everything else) capturing change in: (a) people's participation in groups, (b) cooperation between groups and individuals.
Change in participation in traditional events	Change in the respondent's participation in community's traditional events. (More=3, Same=2, Less==1).
Change in participation in political events	Change in the respondent's participation in community's political events. (More=3, Same=2, Less==1).
Change in circle of friends	Change in the respondent's circle of friends (Improved=3, Same=2, Deteriorated==1)
<i>Independent variables</i>	<i>Definition</i>
PAC	Equals 1 if RPAP implemented through PAC modality, zero otherwise
FUMAC	Equals 1 if RPAP implemented through FUMAC modality, zero otherwise
FUMACP	Equals 1 if RPAP implemented through FUMAC-P modality, zero otherwise
Poor in PAC	Equals 1 if respondent is poor and in a PAC community, zero otherwise.

61. A likelihood ratio test was performed in order to test the validity of the restricted model and this was rejected in favor of the unrestricted model, which includes three separate dummy variables for the three types of implementation modalities. The three dummy variables were differently associated with changes in: (a) in associational life, (b) circle of friends, (c) access to information and (d) mobilization skills.

Table D.3. Definition of Variables: Brazil

Poor in FUMAC	Equals 1 if respondent is poor and in a FUMAC community, zero otherwise.
Poor in FUMAC-P	Equals 1 if respondent is poor and in a FUMAC-P community, zero otherwise.
Irrigation subproject	Equals 1 if irrigation subproject, zero otherwise
Small bridge subproject	Equals 1 if small bridge subproject, zero otherwise
Agreste region	Equals 1 if Agreste region, and zero if Oeste region
Municipal Human Development Index	Municipal Human Development Index 2000
Score for community	Level of basic infrastructure in a community (such as primary school, basic health post, water supply system, electrification, telephone boots, etc.) prior to Bank intervention (based on village leader interview).
Economic status index	Composite variable equal to the sum of two rebased variables that capture household's ownership of the following items prior to subproject implementation: (a) large animals (horse, cow, and ox), and (b) consumer durables (car, motorcycle, bicycle, freezer, television, satellite dish).
Dummy for poor	Equals 1 if respondent is from the bottom-quartile of the distribution along the Economic Status Index in his/her community, zero otherwise.
Household size	Number of people living under the same roof
Number of children	Number of children below the age of sixteen
Member of CA	Equals 1 if member of Community Association set up by the RPAP, zero otherwise
Dummy for female	Equals 1 if respondent is a female, zero otherwise
Schooling	Level of education attained by the respondent (5=some secondary and above, 4=completed primary, 3=some primary, 2=literate, 1=illiterate).
Agricultural laborer	Equals 1 if the respondent is an agricultural laborer, zero otherwise
Age	Age of the respondent
Age squared	Age squared
Participation in political events	Frequency of participation in political events prior to Bank intervention
Participation in traditional events	Frequency of participation in traditional events prior to Bank intervention
Mobilization skills	Number of skills the respondent reported to have prior to Bank intervention. Composite variable equal to the sum of four dummy variables (1=able, 0=everything else) that captures respondent's ability to (a) raise resources from within the community; (b) raise funds outside the community; (c) speak freely with community leaders; (d) express the needs of the community to local government officials.

Annex E. Enhancing Community's Capacity

Data from the household survey was analyzed using both bivariate and multivariate analysis. Bivariate analysis was used to compare the levels of – and changes in – social capital and empowerment variables between treatment and comparator groups (Table E.3). Multivariate analysis was used to assess the statistical significance of the differences in the change in social capital and empowerment between treatment and comparator groups, controlling for differences in geographic, demographic, and socio-economic factors (Tables E.7-E.9). Unless otherwise specified, statistical significance is always based on the probability value of the multivariate regression coefficients.

EMPOWERMENT

The recently published sourcebook on empowerment and poverty reduction identifies four key elements for a successful empowerment strategy, namely (a) inclusion and participation, (b) access to information, (c) accountability, (d) and local organizational capacity (World Bank 2002b). While a comprehensive assessment of the levels of empowerment and the empowering effects of the Bank's CDD initiatives at the community-level was beyond the scope of this study, our analysis focused on some aspects of the four above-mentioned elements. We explored both the levels of empowerment at the time of fieldwork, and respondents' perceptions of changes in empowerment before and after the implementation of the subproject.

Inclusion and Participation

The RPAP was operationalized at the community level through Community Associations (CAs). The CA constitutes the locus of decision-making at the local level. It is responsible for preparing and submitting subproject proposals and for implementing and maintaining the subproject. Project funds are transferred to the CA's bank account and are managed by the CA. In order to attain inclusion in subproject decision-making, it is therefore extremely important for beneficiaries to become member of the CA and attend its meetings. This is however not in itself sufficient. Drawing on the literature on participatory development, we make the distinction between formal and substantive inclusion in decision-making. While the former concerns the extent to which people are able to enter decision-making arenas, the latter captures the extent to which participants are able to exert influence over decisions. Assessing substantive inclusion would require a detailed analysis of the very process through which decisions are made, which is beyond the scope of this study. Based on the data collected in the field, however, we can explore the extent to which project beneficiaries were likely to attain substantive inclusion in subproject decision-making.

Household data reveal that the majority of the respondents did not attend the CA meetings for sub-project selection. The majority of the respondents were also likely to have exerted minimal influence on subproject decision-making; only a small share of respondents spoke during the CA meetings for sub-project selection. In addition, less than a third of respondents across the three types of treatment communities would express grievances with the subproject if this risked losing project funds. Social pressure is also likely to have played a role in limiting respondent's substantive inclusion. A large share of respondents in all three types of treatment communities would not express grievances with the subproject if this risked compromising relations with

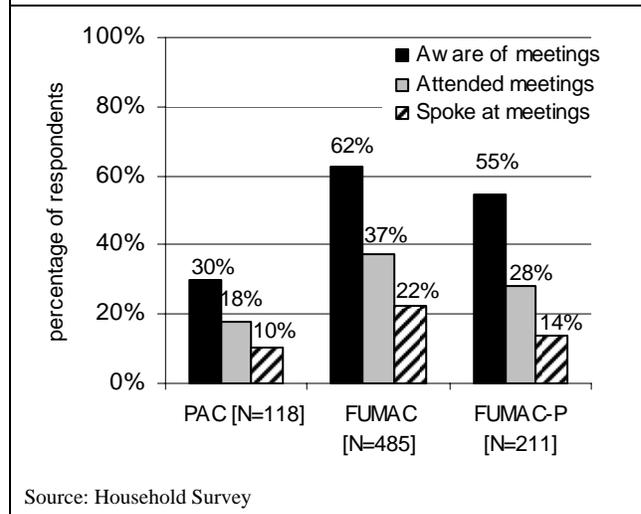
other villagers. Focus group interviews support these findings. A large percentage of them indicate lack of broad community participation in subproject decision-making.

The argument could be made that it is unrealistic and perhaps inefficient to expect the community to collectively take part in subproject decisions-making. Rather, community representatives could be chosen to take part in subproject decision-making on behalf of the whole community. Though valid this argument raises important concerns regarding the “representatives” of community representatives. The selection of community representatives does not always occur through democratic processes of election. As Kumar and Corbridge (2002) point out village elites are likely to nominate themselves as representatives in their role of gate-keepers of development interventions. In other cases, participatory projects choose to work through village chiefs or community leaders, for these are seen as legitimate and appropriate institutions of community representation (Kumar and Corbridge, 2002; Ribot, 1998; Gibson and Marks, 1995). Consequently, the relatively better-off are often the ones who represented the community in participatory intervention (Desai 1996; Gibson and Marks 1995; Linden 1997; Ribot 1998). The household data collected in Rio Grande do Norte support these findings. Respondents who are member of CAs were relatively better-off and had greater mobilization skills prior to project implementation than did non-members.

Access to Information

In CDD projects communities are expected to take a proactive role in initiating the subproject cycle. Without timely, user-friendly and readily accessible information about funding opportunities offered by the project, communities will not be able to seize them. A review of appraisal documents of the 30 CBD/CDD projects in the Brazil portfolio reveals that virtually all CBD/CDD projects included an extensive statewide campaign to disseminate information about the project and its guidelines, which included posters, leaflets, radio spots, and videos. Despite efforts to disseminate information widely, the household data indicates that local leaders continue to play an important role in channeling information to the communities. Half of the of respondents in treatment communities in Rio Grande do Norte learned about project funds from community leaders or municipal government authorities.⁶² As the literature on participatory development points out, controlling information reinforces the position of power of these leaders,

Figure E.1 Beneficiaries’ Inclusion in Subproject Decision-making



⁶² The percentage was 51 in FUMAC communities, 57 in PAC and 47 in FUMAC-P ones.

and creates opportunities for strengthening their clientelistic network (Kumar and Corbridge 2002; Desai 1996; Das Gupta and others 2000).⁶³

In addition, the household data reveals that villagers had little information regarding the subproject being implemented in their community. The vast majority of respondents in all three types of treatment communities in Rio Grande Norte did not know how much the subproject implemented in their community cost.⁶⁴ While CA members were significantly more informed about project costs than non-members, awareness of project costs was low also amongst them; only 26 percent of them claim to be aware of subproject costs. This has important implication for accountability to the community as a whole.

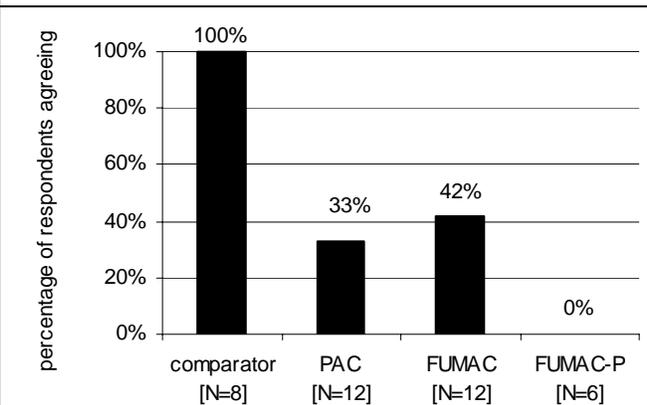
Finally, no positive association was found between the RPAP project and respondents' access to information on issues of relevance to the community. On the contrary, respondents in comparator communities reported a greater increase in access to information than did respondents in FUMAC and FUMAC-P communities. However, respondents who were member of the CA reported a significantly greater increase in access to information.

Accountability

The notion of accountability is used here to refer to citizens' ability to hold local leaders and public officials to account. Access to information is critical for accountability, and the findings discussed above give some indication of weak downward accountability to the communities.

As discussed in paragraph 2.12, municipalities in Brazil have played an increasing role in the provision of social services. In order to hold municipal government officials to account, citizens need to have information regarding the financial resources available to them and how these are allocated. The household data captured respondents' perception of change, before and after project implementation, in access to information regarding municipal government's availability of financial resources and how these are allocated. Multivariate analysis reveals that respondents in treatment communities reported a significantly smaller increase in access to information on municipal government's financial resources and their allocation than did respondents in comparator communities. This can be at least in part explained by the greater efforts made by comparator municipalities to ensure citizens' access to information on the

Figure E.2: Municipal government informs citizens regarding financial resources available and how they are spent



Source: Municipal Government Survey.

⁶³ RPAPs project documents show awareness of the importance of disseminating information widely and drawing on the experience of the reformulated NRDP note that “politicization [of the program] occurs when transparency breaks down, which can happen if information about the project is not widely and carefully disseminated”.

⁶⁴ The percentage was 84 in FUMAC communities, 93 in PAC and 95 in FUMAC-P ones.

municipal budget and its allocation (Figure E.2). Respondents who were members of the CA reported a significantly greater increase in access to information on resources available to the municipal government.

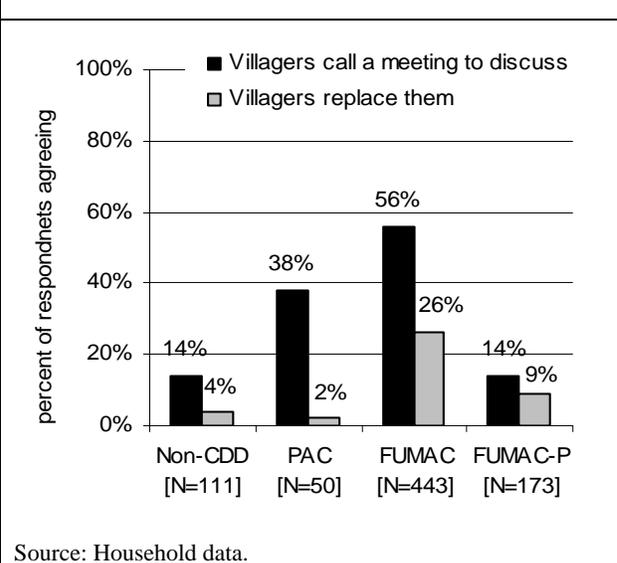
Although necessary, access to information is not in itself sufficient, as it does not automatically result in greater accountability; citizens must act upon the information they acquire (Jenkins and Goetz, 1999). Bivariate analysis of the household data indicates that the majority of respondents in treatment communities were unwilling to take action to hold community leaders to account. Only a small share of respondents, with the exception of FUMAC, said that if dissatisfied with community leaders villagers would call a meeting to discuss it, and an even smaller share of respondents said that villagers would replace them.

The household survey also captured respondent's perception of change in the level of demands communities make on municipal government officials and community leaders before and after subproject implementation, as well as the change in the level of responsiveness of municipal government officials and community leaders to community needs. Multivariate analysis found no difference between treatment and comparator communities in the level of demands made on municipal government officials and community leaders. Further, respondents in treatment communities reported a significantly smaller increase in the level of responsiveness of both municipal government officials and community leaders than did respondents in comparator communities. However, the poor reported a greater increase in the level of community demands on municipal government officials, while members of the CA reported a greater increase in community leaders' responsiveness to community needs.

Local Organizational Capacity

According to the Bank's empowerment sourcebook, local organizing capacity "refers to the ability of people to work together, organize themselves, and mobilize resources to solve problems of common interest" (World Bank, 2002b). In order to assess the RPAP impact on communities' organizational capacity, we draw on respondents' perceptions of changes before and after subproject implementation in their mobilization skills, villagers' willingness to cooperate on community problems and to contribute towards a project that directly benefits them, communities' ability to reach an agreement and to influence public investment decisions at the municipal level.

Figure E.3: If unhappy with community leaders...



Multivariate analysis of the household data indicates that in general, respondents in comparator communities reported a greater increase in organizational capacity than did respondents in FUMAC and FUMAC-P communities, while results are mixed for PAC communities (Table E.1). The project however succeeded in strengthening to some extent the organizational capacity of CA members; the latter reported greater increase in their willingness to cooperate on community problems and in community's influence over municipal public investment decisions.

Table E.1: Change in local organizational capacity

Change in....	PAC	FUMAC	FUMAC-P
Respondent's mobilization skills			Negative
Community's ability to reach agreement	Negative	Negative	Negative
Villagers' willingness to cooperate on community problems			
Villagers' willingness to contribute to development project benefiting them directly	Positive	Negative	
Community's influence on Municipal government's public investment decisions		Positive	Negative

Note: Statistical significance (at 10%) based on multivariate analysis.

Source: Household data.

SOCIAL CAPITAL

The notion of social capital is used here to refer to the norms and networks that enable collective activity.⁶⁵ By drawing people together to collectively decide and manage project activities and outputs, CDD initiatives are expected to expand the depth and range of communities' social networks. In order to assess the association between the RPAP and social capital enhancement at the community level we draw on respondents' perception of changes in trust, associational life, participation in traditional and political events, and circle of friends.⁶⁶ It is important to bear in mind that these variables capture only some of the multiple dimensions of social capital and that our analysis of the impact of Bank's CDD projects on social capital is limited to the change observed in these five dimensions.

The ICR for the RPAP Rio Grande do Norte holds that "fostering social capital has been a striking achievement of the RPAP including in Rio Grande do Norte" and that the adoption of increasingly decentralized implementation modalities (from PAC to FUMAC and FUMAC-P) has contributed to social

Table E.2: Change in social capital

Change in....	PAC	FUMAC	FUMAC-P
Trust in individuals and organizations			Negative
Associational life		Positive	Negative
Participation in traditional events			
Participation in political events			Negative
Circle of friends		Negative	Negative

Note: Statistical significance (at 10%) based on multivariate analysis.

Source: Household data.

65. As defined by the World Bank Social Capital website <http://www1.worldbank.org/prem/poverty/scapital/index.htm>.

66. Change in trust and associational life are composite variables. The first captures change in trust in community members, the CA, the municipal government and the state government. The second captures change in villagers participation in community groups, and cooperation between community groups.

capital enhancement. Multivariate analysis of the household data, however reveals a very different picture. No significant association was found between the RPAP and change in social capital in PAC communities, while respondents in comparator communities reported a greater increase in social capital than did respondents in FUMAC-P communities. The evidence for FUMAC communities is mixed. Respondents who were members of CA reported a greater increase in their associational life.

Table E.3. Brazil: Bivariate analysis of variables relevant to the discussion on empowerment and social capital

		Comparator	PAC		FUMAC	FUMAC-P
Observations		117	118		485	211
Change in Access to Information	Worse	3%	8%		16% ***	12% ***
	Same	41%	41%		38%	55%
	Better	56%	51%		46%	33%
Change in Mobilization Skills	Same	53%	61%		60%	71% ***
	Increase in 1 of 4	33%	22%		20%	19%
	Increase at least 2 of 4	14%	17%		20%	10%
Change in Ability to Reach an Agreement	Worse	2%	13%	***	13% ***	18% ***
	Same	27%	36%		32%	38%
	Better	69%	47%		54%	43%
Change in willingness to cooperate on community problems	Less	3%	11%		8%	4% **
	Same	64%	54%		59%	76%
	More	32%	35%		33%	20%
Change in willingness to contribute towards a project that directly benefits them	Less	3%	5%		13% ***	6% ***
	Same	47%	49%		49%	65%
	More	50%	46%		38%	29%
Change in communities influence over Municipal public investment decisions	No	90%	90%		72% ***	97% **
	Yes	10%	10%		28%	3%
Change in access to information on resources available to the Municipal Gov.	No	48%	67%	***	60% **	83% ***
	Yes	51%	33%		40%	17%
Change in access to information on Municipal Gov's allocation of its resources	No	55%	68%	**	70% ***	89% ***
	Yes	44%	31%		30%	11%
	More					
Change in level of community demands on Municipal Gov.	Less	10%	11%		13%	15% *
	Same	63%	58%		59%	67%
	More	27%	32%		29%	19%
Change in Municipal Gov's responsiveness to community needs	Less	12%	25%	***	36% ***	35% ***
	Same	59%	59%		53%	63%
	More	29%	16%		11%	2%
Change in level of community demands on community leaders	Less	6%	13%		10% *	17%
	Same	69%	63%		53%	60%
	More	24%	24%		38%	23%
Change in Community Leaders' Responsiveness to Community Needs	Less	9%	17%	**	19% *	27% ***
	Same	58%	65%		53%	58%
	Listen more	32%	17%		28%	14%
Change in Trust in Individuals and Organizations	Same	59%	65%		66%	74% ***
	Increase in 1 of 4	34%	24%		22%	20%
	Increase at least 2 of 4	7%	11%		12%	6%
Change in Associational Life	Same	58%	65%		49% ***	75% ***
	Increase in 1 of 2	25%	14%		16%	11%
	Increase in 2 of 2	17%	20%		34%	14%
Change in Participation in Traditional Events	Less	17%	22%		18%	13%
	Same	76%	74%		73%	82%
	More	7%	4%		9%	6%
Change in Participation in Political Events	Less	2%	16%		13%	11% **
	Same	97%	77%		80%	88%
	More	1%	8%		7%	1%
Change in Circle of Friends	Less	3%	3%		4% *	5% ***
	Same	44%	40%		51%	61%
	More	54%	57%		44%	33%

Table E.3. Brazil: Bivariate analysis of variables relevant to the discussion on empowerment and social capital

		<i>Comparator</i>	<i>PAC</i>		<i>FUMAC</i>	<i>FUMAC-P</i>
Observations		117	118		485	211
Express Grievances if this Risks Losing Project Funds	No Yes	77% 22%	67% 33%	*	66% 34%	73% 27%
Express Grievances if this Risks Compromising Relations with Other Villagers	No Yes	66% 33%	63% 37%		61% 39%	64% 36%
If Unhappy with Community Leaders, Villagers Call a Meeting to Discuss It	No Yes	44% 14%	48% 33%	**	38% 56%	58% 23%
If Unhappy with Community Leaders, Villagers Replace Them	No Yes	49% 4%	62% 6%		64% 24%	60% 18%
Number of villagers willing to help in case of an emergency	No one	30%	16%	***	17%	33%
	A few villagers	45%	42%		53%	56%
	Many villagers	4%	5%		5%	1%
	Most villagers	21%	36%		25%	9%
Participation at Community Meetings for Subproject Selection	Unaware of meetings		70%		38%	45%
	Aware of meetings		30%		62%	55%
	Attended meetings		18%		37%	28%
	Spoke at meetings		10%		22%	14%

Notes: 1. Significance based on a test of proportion for binary variables and the Kruskal-Wallis test for categorical variables

2. * significant at 10%; ** significant at 5%; ***significant at 1%

3. Size of comparator and treatment samples varies across tests because of missing observations. The range of variation of the sample sizes is about 5 percent.

Table E.4. Coefficients and significance of project dummies in the model without interactive terms: Change in Empowerment (Ordered probit)

	<i>Change in access to information</i>	<i>Change in mobilization skills</i>	<i>Change in ability to reach an agreement</i>	<i>Change in willingness to cooperate on community problems</i>	<i>Change in willingness to contribute towards a project that directly benefits them</i>	<i>Change in communities influence over Municipal public investment decisions</i>
	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>
Dummy for PAC	-0.25	-0.44	-0.62 ***	0.19	0.37**	-0.33
Dummy for FUMAC	-0.62 **	-0.23	-0.55 ***	-0.17	-0.4**	0.66**
Dummy for FUMACP	-0.62 **	-0.51 **	-0.95 ***	-0.2	-0.29	-0.97**

Notes: 1. Weighted estimation adjusted for cluster effects.

2. * significant at 10%; ** significant at 5%; ***significant at 1%

Table E.5. Coefficients and significance of project dummies in the model without interactive terms: Change in Accountability (Ordered probit)

	<i>Change in access to information on resources available to the Municipal Government</i>	<i>Change in access to information on Municipal Gov's allocation of its resources</i>	<i>Change in level of community demands on Municipal Gov.</i>	<i>Change in Municipal Gov's responsiveness to community needs</i>	<i>Change in level of community demands on community leaders</i>	<i>Change in community leaders' responsiveness to community needs</i>
	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>
Dummy for PAC	-0.16 ***	-0.06	0.01	-0.28	-0.16	-0.42 *
Dummy for FUMAC	-0.12 ***	-0.16 ***	-0.03	-0.86 ***	0.15	-0.38 *
Dummy for FUMACP	-0.28 ***	-0.25 ***	-0.27	-0.92 ***	-0.31	-0.65 **

Notes: 1. Weighted estimation adjusted for cluster effects.

2. * significant at 10%; ** significant at 5%; ***significant at 1%

Table E.6. Coefficients and significance of project dummies in the model without interactive terms: Change in Social Capital (Ordered probit)

	<i>Change in trust in individuals & organizations</i>	<i>Change in associational life</i>	<i>Change in participation in traditional events</i>	<i>Change in participation in non-traditional/ political events</i>	<i>Change in circle of friends</i>
	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>
Dummy for PAC	-0.27	-0.26	0.11	-0.08	0.07
Dummy for FUMAC	-0.09	0.27 *	0.13	-0.10	-0.27 ***
Dummy for FUMACP	-0.34 **	-0.57 **	0.01	-0.32 **	-0.45 ***

Notes: 1. Weighted estimation adjusted for cluster effects.

2. * significant at 10%; ** significant at 5%; ***significant at 1%

Table E.7. Change in Empowerment

	<i>Change in access to information</i>	<i>Change in mobilization skills</i>	<i>Change in ability to reach an agreement</i>	<i>Change in willingness to cooperate on community problems</i>	<i>Change in willingness to contribute towards a project that directly benefits them</i>	<i>Change in communities influence over Municipal Gov's public investment decisions</i>
	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>
Dummy for PAC	-0.25	-0.44	-0.62 ***	0.06	0.27*	-0.60
Dummy for FUMAC	-0.62 **	-0.23	-0.55 ***	-0.40***	-0.50**	0.44*
Dummy for FUMACP	-0.62 **	-0.51 **	-0.95 ***	-0.37*	-0.31*	-1.43***
Dummy for poor in PAC	0.43	-0.09	0.17	0.19	0.22	0.43
Dummy for poor in FUMAC	0.11	0.25	-0.04	0.30	0.14	0.11
Dummy for poor in FUMACP	0.31	0.20	0.21	0.17	-0.09	0.87**
Dummy for irrigation subproject	-0.05	0.04	-0.05	-0.86**	-0.51**	0.14
Dummy for small bridge subproject	0.06	0.53 **	-1.04 ***	-1.54***	-1.04***	-0.06
Dummy for Agreste region	0.08	-0.02	-0.34	-0.43**	0.20	-0.21
Municipal Human Develop Index	1.35	-2.44	-6.33 **	-1.50	0.78	-12.78***
Score for community	-0.80	-0.91 *	-0.65	-0.92	-1.61**	1.54**
Economic Status	0.44	0.66 ***	0.37	0.29	0.05	-0.16
Dummy for poor	-0.25	-0.09	-0.07	-0.19	-0.10	-0.52
Household size	0.01	0.04	0.05	0.04	0.02	0.04
Number of children	0.01	-0.04	-0.04	-0.04	-0.02	-0.12**
Dummy for member of the CA	0.49 ***	0.13	0.19	0.38***	0.16	0.53***
Dummy for female	0.04	-0.10	0.11	0.00	-0.07	-0.32
Schooling of the respondent	0.04	-0.04	0.03	0.14***	0.02	0.12**
Dummy for agricultural laborer	-0.26 **	-0.24	0.01	0.32***	-0.25***	0.32*
Age	-0.01	-0.01	0.02	-0.02	0.00	-0.03*
Age square	0.03	0.02	-0.23	0.23	-0.02	0.36**
Participation in political events	0.10	-0.22	0.11	0.00	-0.22*	0.25**
Participation in for traditional events	0.14	0.11	0.08	0.27***	0.32***	0.03
Mobilization skills of the respondent	0.01	-0.09 **	0.03	0.04	0.03	0.13***
Observations	916	925	915	922	918	925
Pseudo R-squared	0.05	0.03	0.06	0.09	0.07	0.24
Chi2	1636.00	418.59	2147.15	12239.50	2091.99	2325.09

Notes: 1. Weighted estimation adjusted for cluster effects.

2. * significant at 10%; ** significant at 5%; ***significant at 1%

Table E.8. Change in Accountability

	<i>Change in access to information on resources available to the Municipal Government</i>	<i>Change in access to information on Municipal Gov's allocation of its resources</i>	<i>Change in level of community demands on Municipal Gov.</i>	<i>Change in Municipal Gov's responsiveness to community needs</i>	<i>Change in level of community demands on community leaders</i>	<i>Change in community leaders' responsiveness to community needs</i>
	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>
Dummy for PAC	-0.16 ***	-0.06	-0.19	-0.36	-0.19*	-0.44 *
Dummy for FUMAC	-0.15 **	-0.16 ***	-0.25 *	-0.95 ***	0.08	-0.51 *
Dummy for FUMACP	-0.28 ***	-0.23 ***	-0.54 ***	-0.98 ***	-0.43*	-0.69 **
Dummy for poor in PAC	-0.08	-0.05	0.58 ***	0.29	0.01	-0.10
Dummy for poor in FUMAC	0.01	-0.05	0.45 *	0.32 **	0.02	0.11
Dummy for poor in FUMACP	-0.12	-0.18 **	0.73 ***	0.25	0.24	-0.27
Dummy for irrigation subproject	-0.10 **	-0.05	-0.19	-0.12	-0.24	-0.39
Dummy for small bridge subproject	0.13 ***	0.01	-0.49 **	-0.56 ***	-0.51**	-0.67 ***
Dummy for Agreste region	0.10 ***	0.12 ***	-0.32 **	-0.14	-0.42***	-0.43 ***
Municipal Human Develop Index	1.40 *	1.49 **	-3.58 *	2.38	-1.65	0.85
Score for community	0.09	0.06	-0.03	-0.93 *	-0.17	-0.31
Economic Status	0.09	0.02	0.41	-0.01	-0.28	0.07
Dummy for poor	-0.07	-0.05	-0.29	-0.36 ***	0.00	0.01
Household size	0.02 **	0.00	-0.02	0.02	-0.08***	0.00
Number of children	-0.04 ***	-0.02	0.01	-0.03	0.08*	0.01
Dummy for member of the CA	0.09 **	0.05	0.24	0.00	0.19	0.26 **
Dummy for female	-0.07	-0.04	-0.23	-0.20	-0.07	-0.17
Schooling of the respondent	0.02	0.02	0.04	0.03	0.18**	0.08
Dummy for agricultural laborer	-0.05	0.01	-0.22 **	-0.28 **	-0.16	-0.13
Age	0.00	0.00	0.01	0.01	0.03**	-0.01
Age square	0.01	0.03	-0.18	-0.08	-0.31**	0.12
Participation in political events	0.06	0.04	-0.01	-0.09	0.16	-0.02
Participation in for traditional events	0.01	0.03	-0.03	0.10	0.09	0.26 ***
Mobilization skills of the respondent	0.05 ***	0.07 ***	0.05	0.07 **	0.07**	0.06 *
Observations	924	923	882	865	772	771
Pseudo R-squared	0.10	0.12	0.04	0.07	0.07	0.07
Chi2	4513.90	12373.57	2594.03	3358.24	2821.17	3005.88

Table E.9. Change in Social Capital

	<i>Change in trust in individuals & organizations</i>	<i>Change in associational life</i>	<i>Change in participation in traditional events</i>	<i>Change in participation in political events</i>	<i>Change in circle of friends</i>
	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>	<i>Coef.</i>
Dummy for PAC	-0.21	-0.23	0.07	-0.17	0.20
Dummy for FUMAC	-0.10	0.24	0.15	-0.14	-0.37 ***
Dummy for FUMACP	-0.28	-0.70 **	-0.05	-0.39 **	-0.61 ***
Dummy for poor in PAC	-0.23	-0.35	0.18	0.28	-0.49 **
Dummy for poor in FUMAC	0.03	-0.37	0.02	0.11	0.14
Dummy for poor in FUMACP	-0.22	0.01	0.28	0.23	0.38 *
Dummy for irrigation subproject	0.01	0.08	-0.25	-0.36	-0.25
Dummy for small bridge subproject	0.35	-0.69 ***	-1.19 ***	-0.54	-0.81 ***
Dummy for Agreste region	0.00	-0.55 **	-0.21	-0.04	-0.23
Municipal Human Develop Index	-2.37	-8.18 **	-4.90 **	-1.73	-4.65
Score for community	-0.68	0.17	0.22	0.11	-0.90 *
Economic Status	0.33	0.55 **	-0.47 **	0.05	0.42
Dummy for poor	0.11	0.34	-0.31	-0.17	-0.10
Household size	0.05 *	0.05	0.05 *	0.02	0.02
Number of children	-0.04	-0.07	-0.09 **	-0.02	-0.03
Dummy for member of the CA	0.00	0.38 **	-0.06	0.02	0.17
Dummy for female	-0.13	0.02	-0.11	-0.16	0.08
Schooling of the respondent	-0.05 *	0.01	0.08 *	0.05	-0.07 **
Dummy for agricultural laborer	-0.43 **	0.16	0.00	-0.10	-0.02
Age	-0.01	-0.01	-0.01	-0.02	0.01
Age square	-0.04	0.00	0.02	0.20	-0.10
Participation in political events	-0.22	0.04	0.00	0.00	0.12
Participation in for traditional events	0.12	0.17	0.20 ***	0.17 ***	0.20 ***
Mobilization skills of the respondent	0.03	0.00	0.11 ***	0.06 **	0.06 **
Observations	925	925	919	909	917
Pseudo R-squared	0.03	0.07	0.05	0.03	0.05
Chi2	1043.50	986.26	1945.22	283.91	874.42

Annex F. Participatory Processes Promoted by CBD/CDD Projects in Brazil

Project	Who participates	In what
Eight RPAPs and six RPRPs	Legally constituted Community Associations (CAs)	CAs are responsible for formulating ideas for subprojects and submitting these proposals to the Municipal Councils (under FUMAC and FUMACP) or the project Technical Unit (under PAC) for approval. Once a subproject has been approved, the CA enters into a legally binding agreement and the funds to implement the subproject are passed to the CA. The CA is responsible for all procurement and record-keeping during the implementation of the subproject. CAs contribute to subproject costs, either in cash, kind or labor, and are responsible for the operation and maintenance of the investments.
	Municipal Councils (FUMAC/FUMAC-P) created by the project, which consist of representatives of the municipal and state government, rural communities, and civil society organizations.	The Municipal Councils are responsible for: (a) publicizing and promoting the project in their areas; (b) providing technical assistance to the communities for subproject preparation and execution; (c) prioritizing, through local consensus-building, community subproject proposals and reviewing them for approval or rejection; and (d) monitoring and supervising the implementation of approved subprojects. Under FUMAC, the Municipal Councils will present subprojects which they have approved to the PCU for financing; under FUMAC-P, they will themselves be responsible for managing the funds allocated to them for their community subprojects
Land Reform Pilot and Land-Based Poverty Alleviation Project	Legally constituted community associations (CAs) consisting of rural workers who do not own land or own land insufficient for subsistence	CAs are responsible for (a) selecting suitable lands and negotiate the purchase of those lands with willing sellers, (b) presenting the owners' declaration of willingness to sell at a specified price to the State Land Institute, (c) presenting their land purchase proposal to the State Technical Unit; with clearance from the latter, communities are eligible for credit for land acquisition; (d) deciding internally on land allocation to their individual members and the corresponding payment obligations. Communities that participate in the land purchase component would be eligible to present to the State Technical Unit proposals for the financing of complementary community subprojects and technical assistance to establish the settlement and improve the productivity of the acquired land. Subprojects funds would be transferred to community's accounts. Community labor and land would constitute the counterpart contribution by the community.
RPAP & Natural Resource Management (Parana)	Beneficiary groups, formal or informal, consisting of all eligible farmers within microcatchments (natural resources management activities), or at least three members (all other subproject activities).	Groups of potential beneficiaries, in collaboration with EMATER or private technical assistance, would discuss, identify and rank, in order of importance, their social, productive and infrastructure requirements and identify and prepare subproject proposals. All proposals would be submitted to the CM for initial review. After the proposal is approved, CODAPAR would sign an agreement with beneficiaries, specifying the terms and conditions for implementation, and transfer the funds to a designated beneficiary account.
	The Municipal Councils (MCs) created by the project. MCs would be composed of representatives of: the	MCs are responsible for (a) promoting the project at the local level; (b) encouraging qualified communities to participate in the project; (c) informing beneficiary groups of the project's conditions and procedures; (d)

Project	Who participates	In what
	mayor's office; rural organizations (two); EMATER Parana [State Rural Extension Agency]; NGOs or private entities providing technical assistance; and potential beneficiary groups (four).	coordinating the preparation of the Municipal Annual Operative Plan; and (e) reviewing and recommending for approval social investment subprojects under US\$5,000.
Santa Caterina Natural Resource Management and Rural Poverty Reduction Poverty	Legally constituted rural community associations.	The project emphasizes demand-led participatory development planning and project implementation at the community level. Beneficiaries prepare subprojects proposals, which has to be compatible with microcatchment development plans approved by the Microcatchment Association, and preset them to the municipal, regional and state deliberative bodies. If subproject is in line with the requirements, the project is approved by the deliberative bodies at municipal, regional or state level, depending on the size of the subproject. Once awarded, grant funds would be transferred directly to beneficiaries.
	'Deliberative' bodies created by the project at four levels (state, regional, municipal, and microcatchment) in which at least 50% of the participants are members of the target group or their representatives. The other members are civil society organizations, private firms, government organization and local political figures such as mayors.	On a scale appropriate to their levels in the pyramid, deliberative bodies would set project implementation policy and priorities, approve annual operational plans and fund allocations, resolve conflicts between stakeholders, approve sub-projects/grants, monitor and evaluate progress and approve implementation reports. They would also be responsible for overseeing the focus of the project on poverty reduction through the correct application of selection criteria at municipal and microcatchment levels.
São Paulo Land Management III Project	Farmers and producers' associations.	Assisted by the local extensionist, the microcatchment beneficiaries will formalize their priorities and plan the required collective land and water management activities which would be summarized in a Microcatchment Development Plan (PGM), which will be the basis for any project intervention at the microcatchment level. Small- and medium-scale farmers are eligible for limited financial support under the Incentive Program for specific activities which are necessary to accomplish the project's technical strategy as recommended in the PGM, and which require collective investments generating only long-term returns or yield benefits to society at large.
	Municipal Rural Development Councils (CMDR), comprising representatives of municipal authorities, cooperatives, farmers' associations and other local entities. The constitution of a CMDR is a prerequisite to participating in the project	CMDRs are responsible for selecting microcatchments for intervention, using project criteria and reviewing microcatchment management plans, including individual or collective requests for support under the Incentive Program.
Fundescola I , Fundescola II, and Fundescola III	School communities, including parents, teachers and school staff, and the school council, which is a fiscal and administrative unit	School communities are responsible for identifying school needs, and formulating plans for the improvement of student performance. The entire school community meet to identify and prioritize the problems at the school, establish specific school improvement objectives, and to

Project	Who participates	In what
	operated by parents, teachers and the community.	agree on an action plan. The expression of this overall diagnosis and agreement on actions and targets is the PDE [School Development Plan]. The PDE will include a section called the PE indicating the support the school needs to carry out their action plan and to achieve the agreed targets. Schools will use their PEs to inform municipal and state education authorities on which inputs or training they need to help them attain their objectives. FUNDESCOLA will finance the inputs and training of approved PEs (schooling improvement subprojects). The project will deposit funds into a school bank account managed by the school council, which will be responsible for making decisions about how to spend the funds, carrying out comparison shopping, ordering and receiving the goods and services, and keeping the accounting records up-to-date. The project also promote a process of cooperation, in which students, parents, teachers and school directors work together at every stage of the plan's development to reach concrete goals for their school.
Bahia Basic Education Project (Phase I)	Parents and the wider community.	Parents will be involved in school management decisions affecting their children through the PDE process. As co-authors of their schools improvement plan, parents will also be responsible for overseeing effective implementation and appropriate use of resources for School Improvement Projects. The project also intends to involve the wider community (e.g. civic leaders, businesspeople) in school improvement efforts. Civic leaders will be invited to participate in the PDE process. Communities will be urged to hold their local political leadership –and themselves - accountable for sustaining school conditions and improvement efforts.
Ceara Basic Education	Parents and wider community	Community/parents and students participate in the decision-making process at the school level, through the elaboration of School Development Plans (PDEs) and implementation processes. Based on PDEs, which embodies the needs, demands and expectations of the school and its community members, school innovation projects may be presented to be financed under the project.
Second National Environmental Project	Local communities, civil society, NGOs	Component B (Environmental Assets) includes the establishment of integrated, participatory management systems based on stakeholder coalitions. A subproject selection committee in each State would include representatives from state environmental agencies, civil society, the private sector, academia and others.
Federal Resource Water Management Project	Water User Associations (WUAs)	The project will create and strengthen WUAs into entities capable of participating in decision-making regarding infrastructure investments and in their administration, operation and maintenance.
Ceara Water Management Project	River basin committees and water user association (WUAs)	The project emphasizes active participation of the users in order to ensure user-responsive management of the water resources. Beneficiaries would participate in the decision-making process during the implementation of the project and in the operation and maintenance of the implemented infrastructure.
Water Sector Modernization II	Beneficiary communities.	A broad community consultation program regarding communal-type sanitation services, initiated during project preparation, will continue during implementation. Project-specific consultation with communities affected by the siting of two projects has been carried out with the

Project	Who participates	In what
		participation of local organizations and municipal agencies (Joao Pessoa and Caruaru).
Low Income Sanitation Technical Assistance Project (PROSANEAR II)		The project emphasizes community participation during investment project preparation, implementation and operation and maintenance.
Recife Urban Upgrading Project	Communities.	Community participates in the planning, execution and operation & maintenance of project investments.

