



Report

Community-driven development to rebuild and restore livelihoods

The experience of fragile and conflict situations in South Asia

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Abbreviations

AMA	Afghanistan Microfinance Association	NEIAP	North East Irrigated Agriculture Project
AREDP	Afghanistan Rural Enterprise Development Programme	NGO	Non-Governmental Organisation
BDSP	Business Development Service Provider	NSP	National Solidarity Programme
CDC	Community Development Committee	ODI	Overseas Development Institute
CDD	Community-Driven Development	PAD	Project Appraisal Document
CED	Community–Enterprise Development	PAF	Poverty Alleviation Fund
CIG	Common Interest Group	PCNA	Post-Conflict Needs Assessment
CO	Community Organisation	PDO	Programme Development Objective
EG	Enterprise Group	PFSA	Partnership for South Asia
ERR	Expected Rate of Return	PID	Project Information Document
FATA	Federally Administered Tribal Area	PO	Partner Organisation
FCS	Fragile and Conflict Situations	PPAF	Pakistan Poverty Alleviation Fund
ICRR	Implementation Completion and Results Report	PSC	Poverty Scorecard
IDP	Internally Displaced Person	PWD	Persons with Disabilities
ILL	Individual Livelihood Loan	RaP	Reawakening Project
KPK	Kyber Pakhtunkhwa	RLCIP	Rural Livelihoods and Community Infrastructure Project
LEED	Livelihoods Enhancement and Enterprise Development	RDS	Rural Development Society
LEP	Livelihoods Enhancement and Protection	SG	Savings Group/ Small Group
LIO	Local Indigenous Organisation	SME	Small and Medium Enterprise
LIP	Livelihood Investment Plan	SPF	State and Peacebuilding Fund
LSO	Local Support Organisation	SRSP	Sarhad Rural Support Programme
LTTE	Liberation Tigers of Tamil Eelam	UC	Union Council
M&E	Monitoring and Evaluation	UCDP	Union Council Development Plan
MFI	Microfinance Institution	VDO	Village Development Organisation
MRRD	Ministry of Rural Rehabilitation and Development	VDP	Village Development Plan
MTR	Midterm Review	VSLA	Village Savings and Loans Association

Preface

This paper is an output of the World Bank-funded research project ‘Restoring and Rebuilding Livelihoods through Community-Driven Development (CDD) in Conflict Settings of South Asia’. Through a review of existing literature and research conducted in four country case studies – Afghanistan, Nepal, Pakistan and Sri Lanka – the project aims to:

- Provide in-depth and user-friendly guidance to CDD task teams and government counterparts working in conflict contexts on selected aspects of designing and implementing CDD–livelihood interventions; and
- Initiate a knowledge and experience exchange programme between World Bank CDD task teams and client counterparts so as to share lessons, draw synergies and develop partnerships.

Other outputs of this project include a literature review and four country case studies:

Holmes, R., Yang, Y., Scott, L., Ulrichs, M. and Harman, L. (2015) Restoring and rebuilding livelihoods through CDD approaches in conflict settings.

Ghimire, A. and Commins, S. (2015) Restoring and rebuilding livelihoods through CDD approaches in conflict settings: Nepal case study.

Holmes, R., Iqbal Ghouri, Z. and Scott, L. (2015) Restoring and rebuilding livelihoods through CDD approaches in conflict settings: Pakistan case study.

Lall, A. with Scott, L. (2015) Restoring and rebuilding livelihoods through CDD approaches in conflict settings: Sri Lanka case study.

Ulrichs, M. and Wafaey, M.H. (2015) Restoring and rebuilding livelihoods through CDD approaches in conflict settings: Afghanistan case study.

Thematic notes:

Commins, S. (2015) Institutional arrangements when using CDD approaches to rebuild and restore livelihoods in FCS.

Scott, L. (2015) Using CDD approaches to increase access to appropriate financial services.

Scott, L. (2015) Using CDD approaches to support public and private goods.

Summary of key lessons

The focus of this toolkit is on the implications of community-driven development (CDD) institutional structures and approaches for supporting outcomes and meeting livelihood objectives. While there is increasing attention to implementing CDD in fragile and conflict situations (FCS), there is less understanding of how CDD can promote livelihoods in such contexts. There are two main reasons for this: (i) few CDD programmes have livelihoods as a primary objective; and (ii) evidence on CDD–livelihoods impacts is scarce.

This toolkit compiles lessons from case studies of five CDD programmes in FCS in South Asia that have components to support livelihoods development and objectives to rebuild and restore livelihoods. It also draws on a literature review of 15 CDD–livelihoods programmes in FCS and three in non-conflict South Asia.

From the outset, the toolkit highlights that establishing CDD programmes that provide support for private goods and restoring household livelihoods bring different issues and require a different set of approaches than do programmes that build public goods. There are key issues around whether community committees are the best placed to prioritise, and make decisions over, household-level investments, particularly when programme objectives aim to reach and support the poorest and most vulnerable. At the programme design stage, it is therefore important to ask whether a CDD approach is the most appropriate, when compared with alternatives, to rebuild and restore livelihoods in FCS? There are also administrative difficulties in using a CDD approach to deliver certain activities, such as vocational training where programmes are often able to offer only a small menu of options for training.

CDD approaches can be effective in FCS, but the definition of CDD is flexible in practice, and the specific deliverables (services, public and private goods) suggest a range of designs in specific contexts. In FCS, the planning for a CDD programme must be framed with a conflict analysis, and the subsequent design phases should continue to utilise a violence/conflict lens. Additional preparation is required to allow for adjustments when and if the conflict ends. An important implication of a violence/conflict lens is that programme goals and objectives need to be realistic given the difficult operating environment in FCS and that, at least initially, the programme design should keep things simple.

When aiming to rebuild and restore livelihoods, CDD approaches need – both at the design stage and regularly throughout implementation – to conduct market analysis (including specific issues around gender relations and excluded groups) and assess the viability of, and barriers to, promoting different livelihoods activities. This is crucial given the rapidly changing FCS context and the risks of programme activities oversaturating the market for particular skills and products. Conducting livelihoods and market

analysis, particularly with an emphasis on inclusionary goals, requires contracting organisations with expertise in these areas rather than relying on generalist organisations.

In the implementation process at the community level, local staff should not assume ‘the community knows best’ with regard to making different choices over which livelihoods activities to follow. Frequently, particularly with poor and vulnerable households, local staff provide guidance and assist with the identification of options, as community members have limited information, so tend to follow what others do, or to exclude certain voices from the decision making process. This requires preparation of the local staff, as they may feel uneasy about giving guidance to ‘community-driven’ organisations. Inter-community learning is important, so gaining more information on other interventions requires organising meetings where lessons can be shared.

Institutional relations require specific strategies tailored to every level of government. In relation to the national government, a decision needs to be made regarding the location of the programme implementing agency. Further decisions include whether to implement through government or using Partner Organisations (POs). This decision requires careful analysis of government capacity and the realities of working in FCS. Meanwhile, the appropriateness of the institutional arrangement should remain subject to scrutiny and assessment as to whether it remains fit-for-purpose, particularly if the conflict dynamics change.

At the community level, CDD–livelihoods programmes form two types of community institution: (i) livelihoods-focused institutions that work together to develop a specific type of livelihood activity through receiving technical support and inputs; and (ii) community- and village-level organisations that exist at different scales and include organisations that represent the entire village, those which represent a particular community within that village and those which have the executive power over deciding, implementing and monitoring community-level investments. Group savings and loans are promoted in livelihoods-focused institutions and/or community organisations, depending on the CDD–livelihoods programme. Promoting group savings and on-lending of the amount members themselves save is important to help households, including female members, manage risks and develop financial awareness. If the objective is to rebuild livelihoods, then an external injection of cash into those groups may be necessary to enable households to take loans of a sufficient size to invest in productive livelihood activities. However, to rebuild the livelihoods of the poorest households, group-based loans are unlikely to be appropriate; instead, livelihood grants, including transfers of assets, may be necessary.

A key lesson in this toolkit is that livelihood activities within CDD programmes should be benchmarked against international good practice in that realm – for example for microfinance, financial literacy training, asset transfers and savings and loan groups.

There are complex and delicate issues with regard to the role of women, particularly in leadership of community and village organisations, as well as in involving ethnic and religious groups that have been excluded from power in these local-level institutions. Adjustments may be necessary to fit levels of education; for instance, although women may take up leadership positions, it may be necessary for some men who are literate and numerate to take up roles to support these positions. Particularly in FCS, CDD

programmes need, certainly initially, to be pragmatic and to work with existing structures, norms and divisions in the community while aiming over time to promote institutions that are more genuinely inclusive.

Problems of information and access may make monitoring and evaluation more challenging in FCS. Implementing agencies need to support ‘distance management’ with local partners in order to establish regular updates and design different approaches to gathering information for evaluation updates. Meanwhile, programme approaches need to be able to adapt based on monitoring findings, both in response to rapidly changing conflict contexts and as more information on livelihood options and market arrangements is gained during implementation.

Background and objectives

This report is an output of the World Bank-funded research project ‘Restoring and Rebuilding Livelihoods through Community-Driven Development (CDD) Approaches in Conflict Settings of South Asia’. Through a review of existing literature and research conducted in four country case studies (Afghanistan, Nepal, Pakistan and Sri Lanka), the project aims to:

1. Provide in-depth and user-friendly guidance to CDD task teams and government counterparts working in conflict contexts on selected aspects of designing and implementing CDD–livelihoods interventions; and
2. Initiate a knowledge and experience exchange programme between World Bank CDD task teams and client counterparts so as to share lessons, draw synergies and develop partnerships.

While there exists a significant body of literature on CDD approaches in low-income countries, and increasingly, too, in fragile and conflicted situations (FCS), there remains an absence in this literature of the systematic analysis of approaches to restoring and rebuilding livelihoods in conflict and fragile settings through CDD.

There are two main reasons for this. First, CDD programmes do not generally have livelihoods as a primary objective in FCS, despite the importance of the issue, as the need to rebuild basic services or provide public goods (roads, bridges) frequently takes precedence. Second, evidence on the impacts of CDD programmes that do include a focus on livelihoods remains relatively limited, with little or no discussion on the design or implementation factors that contribute to livelihood outcomes.

In light of these gaps in analysis and evidence, this study examines the range of relevant CDD–livelihoods programmes in South Asia on which evidence is available, so as better to understand the factors that are most important in restoring and rebuilding livelihoods in conflict settings. It considers aspects of design, implementation arrangements and supervision strategies and the ways these interact with the specific features of FCS environments to determine livelihood outcomes. The study seeks to unpack how programmes can best be designed and implemented in order to contribute to livelihoods being rebuilt and restored.

Approach

The project comprises three main components.

Literature review

The objective of the literature review is two-fold. It aims to (i) examine the available evidence on how effective CDD approaches are in supporting and strengthening livelihoods in FCS; and (ii) inform the country case study research

methodology by identifying key gaps in the existing literature and formulating key research questions to be addressed.

Our approach to the literature review was a systematic one. Three separate tracks were used to identify empirical studies, conceptual papers and secondary literature reviews on CDD–livelihoods programmes in FCS: (i) a search of published literature; (ii) snowballing; and (iii) capturing the grey literature. We specifically focused on 15 CDD–livelihoods programmes in FCS and three in non-fragile South Asia (see Annex A).

Country case studies

From the literature review, and through discussions with World Bank staff, five CDD–livelihoods programmes in FCS in South Asia were identified for further investigation. The criteria for selection of case study programmes included the following:

- Under implementation or completed in the past five years;
- Implemented in FCS in South Asia. These situations were defined principally in terms of the recent mapping exercise of CDD programmes in FCS conducted by the World Bank (2013);
- Having an explicit or direct component aimed at influencing livelihood outcomes. Such livelihoods promotion could be through the provision of public goods, private goods or a combination of both;
- Availability of a reasonable level of documentation and information on themes relevant to our focus of study (i.e. evidence on impacts, details of design and implementation processes).

Using these criteria, five CDD projects were selected as case studies:

- Afghanistan Rural Enterprise Development Programme (AREDP);
- Nepal Poverty Alleviation Fund (PAF);
- Third Pakistan Poverty Alleviation Fund Project (PPAF III);
- Federally Administered Tribal Areas–Rural Livelihoods and Community Infrastructure Project (FATA–RLCIP);
- Sri Lanka’s Reawakening Project (RaP).

Each case study involved the following activities: (i) review of project documents including Project Appraisal Documents (PADs), Project Information Documents (PIDs), midterm reviews (MTRs), operational manuals and, where available, Implementation Completion and Results Reports (ICRRs) in addition to broader literature pertaining to project activities and/or outcomes; (ii) national and subnational key informant interviews; and, with the exception of the Pakistan case studies, (iii) community-level fieldwork in four communities where the project is being

implemented – two identified by project staff as being a success and two deemed to be a challenge.

Annex B presents the key findings from each of the country case study reports.

Synthesis reports

The present toolkit represents a synthesis of the above literature review and five CDD project case studies implemented in four countries. Its aim is to provide World Bank staff with guidance as to how CDD approaches can be used to rebuild livelihoods in FCS.

In addition, there are three thematic notes, summarising the lessons learnt across the CDD case studies and from the literature review. These are on (i) combining public and private goods in CDD programmes; (ii) institutional arrangements; and (iii) increasing access to appropriate financial services through a CDD approach.

Structure of the toolkit

As noted, this toolkit draws on the findings of the literature review and four country case studies. It consists of two main parts.

Part 1 provides an overview of the activities, components and objectives of the five CDD–livelihoods programmes and of CDD approaches in FCS. The reader

will find a summary of the country experiences that outline key aspects of implementing CDD and livelihoods programmes in FCS including the principal findings from the four country review papers.

Part 2, based on the evidence of Part 1, provides operational guidance, including the information required, the nature of potential trade-offs to be considered and the key questions to be answered at each stage of the design and implementation of a CDD programme when aiming to rebuild and restore livelihoods. Since Part 2 is intended to be self-contained, readers primarily interested in practical guidance on programme design and implementation could come directly here.

For those seeking more detailed, practical advice, the operational guidance (Part 2) is the primary resource designed for use by practitioners in the field. Specifically, Part 2,

- Integrates the country experiences into an operational framework;
- Provides practical guidance for those working on establishing/managing CDD programmes in support of livelihoods in FCS;
- Captures practitioner experience on design and implementation of CDD in order to guide different steps of practice.

The role of CDD in strengthening livelihoods in fragile and conflict situations: lessons from South Asia

The focus of this toolkit is on the implications of CDD institutional structures and approaches for supporting outcomes and meeting livelihood objectives. While there is increasing attention to implementing CDD in FCS, there is less understanding of how this can promote livelihoods in such contexts. There are two main reasons for this: (i) few CDD programmes have livelihoods as a primary objective; and (ii) evidence on CDD–livelihoods impacts is scarce (Mallett and Slater, 2013). A recent stocktaking report (de Regt et al., 2013) suggests why few programmes have livelihoods as a primary objective in FCS:

1. Phasing and sequencing – while restoring livelihoods is accepted as a vital goal, in the short run it may be seen as a secondary objective relative to realising a quick peace dividend through the reconstruction of infrastructure and services; and
2. The importance of simplicity – given the legitimate importance of keeping design simple, many programmes

do not include livelihoods components because these require distinct, and sometimes more elaborate, implementation arrangements and expertise, adding complexity to the design.

As such, the case studies chosen here are atypical of the majority of CDD programmes in FCS as they incorporate explicit objectives or components aimed at building livelihoods, or economic outcomes. Part 1 of this toolkit focuses on these five case study programmes, the overall goals of which are tabulated below (Table 1).

All five of the programmes used as case studies had a focus on private goods. Some (e.g. AREDP) were concerned solely with private goods; others also supported the provision of public goods (see Box 1). The particular focus of this toolkit is how the provision of private goods (including individual grants, microcredit, enterprise development and vocational training) through CDD approaches can contribute to the promotion of livelihoods

Table 1. Goals of case study CDD programmes

Key programme goals	
Afghanistan	AREDP to achieve 'improved employment and income of rural men and women and the sustainability of targeted local enterprises'.
Nepal	PAF goals: (i) improvements in access to small-scale social and economic infrastructure and services, as prioritised by communities; (ii) generation of incremental employment at village level, including short-term participation in implementation of subprojects and longer-term jobs resulting from economic activities promoted by PAF; (iii) increases in incomes of households; and (iv) greater participation and voice for citizens in community decision-making.
Pakistan	FATA–RLCIP 'to improve livelihoods and access to basic service infrastructure in selected Agencies in FATA'. PPAF III 'to empower the targeted rural poor with improved productive capacity and access to services to achieve sustainable livelihoods'.
Sri Lanka	RaP 'To help conflict- and/or flood-affected communities and villages in the North, East and adjoining areas by restoring their livelihoods, enhancing agricultural production and income, and building their capacity for sustainable social and economic reintegration'.

Box 1: Balance between private and public goods

- AREDP: does not include infrastructure component
- PAF: funds expended, on average 70% for livelihoods and 30% for infrastructure
- PPAF III: livelihoods support received over twice the amount spent on basic services and infrastructure during third phase of finance
- RLCIP: most funds spent on infrastructure
- RaP: 50% of village fund spent on livelihoods and 40% on infrastructure, although the community has discretionary power to alter this allocation. Remaining 10% of funds allocated to building the capacity of village organisations

for different groups of people. In this, the toolkit differs from much of the existing guidance on using CDD approaches, which not only concentrates on governance and social cohesion outcomes but also is concerned largely with the provision of public goods, including community-level infrastructure.

The next section provides an overview of the components of the five case study programmes, with a particular focus on how they aim to restore and rebuild livelihoods. The subsequent section discusses the specific challenges the programmes faced in working in FCS and the extent to which a CDD approach proved appropriate.

1.1 The core components of each of the case studies and how they aim to promote livelihoods

Afghanistan Rural Enterprise Development Programme (AREDP)

AREDP, which was officially rolled out from 2010, was driven by the need for a national programme to increase rural employment and income-generating activities. Within particular communities, AREDP follows on from the National Solidarity Programme (NSP), which started in 2003 and builds public goods through community-driven projects and institutions. The new programme was designed to fill the gap in support for private goods, in particular livelihood promotion through access to financial services, training, markets and employment.

AREDP is founded on the assumption that poverty and low productivity in rural areas owe to limited access to markets and credit. Small entrepreneurs and small and medium enterprises (SMEs) also face the challenge of accessing business development and financial services. To address these failures in the market, AREDP aims to build

the capacity of both rural enterprises and service providers to increase the growth of rural enterprise activities. It includes three main components.

Component A: Community–Enterprise Development (CED)

This component aims to mobilise groups of men and women in the community to gradually form Savings Groups (SGs), Enterprise Groups (EGs) and then Village Savings and Loans Associations (VSLAs). This involves community-level engagement and capacity-building; providing seed capital to VSLAs and linking them to microfinance institutions (MFIs) to mobilise additional funds; and the supply of business development training and access to technical services to EGs to enable them to increase market linkages.

Component B: SME Development

This component aims to address market failures in the provision of business development and financial services for existing SMEs. The programme offers a range of business development services based on identified needs, builds linkages between clients and existing services providers (including financial institutions) and strengthens the capacity of the demand and supply side of services.

Component C: Programme Management Support

This component entails the planning, management, supervision and monitoring of all programme activities, and includes capacity-building training for staff to address rural enterprise issues.

Box 2 gives details of the cumulative achievements of AREDP.

Box 2: Cumulative achievements of AREDP

- AREDP has established 5,846 SGs, of which 53% are female SGs.
- SGs have saved over \$3.5 million and have deployed around \$3.4 million in internal lending.
- Over 30,000 internal loans have been disbursed by SGs, 61% of these going to women, with a recovery rate of over 95%.
- AREDP has facilitated the creation of 69,000 jobs in three provinces.
- Over 3,500 women have participated in exposure visits within and outside the country.
- Under Component B, SMEs have reported a sales increase of \$2.17 million.

Source: AREDP Monitoring Reports

Nepal Poverty Alleviation Fund (PAF)

The Nepal PAF was established in 2004 under PAF Ordinance 2060 (2003) as an autonomous agency to bring excluded communities into mainstream development, by involving the poor and disadvantaged groups themselves in the driving seat of development efforts. In 2009, additional financing was provided for PAF II, with further financing and an extension then given for PAF to operate from 2013 to 2017.

The purpose and overriding mission of PAF is to reduce extreme forms of poverty in programme districts. The main objectives are to enable the poor, women and vulnerable groups to gain access to resources for their productive self-employment, so as to encourage them to undertake income-generating activities and increase access to infrastructure for poverty alleviation and an improved quality of life.

PAF's components are as follows.

Component A: Small-Scale Village and Community Infrastructure

Under this component, Partner Organisations (POs) form Community Organisations (COs) and build the capacity of these so they can develop proposals for investments in public infrastructure and services. Communities are required to make a contribution (ideally 10%) towards the cost of these schemes. Under PAF I (2004-2009), the main investments under this component were in link roads, culverts, foot-bridges, micro-hydro, water supply and sanitation, schools and health facilities.

Component B: Income-Generating Subprojects

Grants are provided to self-selected groups of poor and excluded people, based on objective criteria including ethnicity, caste, gender and poverty levels, for income-generating activities. Beneficiaries also contribute around 10% of the capital for each activity in cash. A proportion of the PAF grant is also put aside to be spent on technical assistance. If groups wish to establish revolving savings and loans then they receive technical support in order to do this. Under PAF I, common investments included micro-irrigation, micro enterprises/service sector activities, artisanal/crafts development, land productivity investments, trading and animal husbandry.

Component C: Innovation and Special Programmes

This component aims to support innovative livelihoods development for particular targeted groups.

Component D: Capacity-Building

This includes formation of community groups, capacity-building for local bodies, capacity-building for particular targeted groups engaged in income-generating activities who may require additional support and support to rural and community finance.

Component E: Administration

Under this component, the project funds the operating costs of PAF, including staff costs.

Box 3 presents an overview of the scale and key achievements of PAF.

Box 3: Cumulative achievements of Nepal PAF

- Operating in 55 of the 75 districts;
- 25,945 COs formed;
- 1,556 federations of COs;
- 24,098 income-generating subprojects;
- 5,430 infrastructure subprojects.

Source: PAF Presentation September 2015

Pakistan Poverty Alleviation Fund (PPAF)

PPAF was established in 1999 as a public-private development support apex, under a strategic partnership between the government of Pakistan and the World Bank (Hunzai et al. 2012). There have been three phases of PPAF, with PPAF III operating between 2009 and 2015. Over its period of 16 years of operation, according to the World Bank's PPAF website, PPAF 'moved beyond being just a project and is now considered the private sector arm of the Government's poverty alleviation agenda'. Under PPAF III, the decision was made to focus on poorer and often conflict-affected regions including Balochistan and Kyber Pakhtunkhwa (KPK).

Building on the experience of the previous two phases, which focused predominantly on microcredit and community-level infrastructure, under PPAF III livelihoods became an explicit programme objective. PPAF III was to achieve 'sustainable livelihoods' through increased organisation and inclusion of the rural poor in COs, enhanced participation in economic activities, skills enhancement for taking up higher-value employment and increased income through an increased asset base, improved infrastructure and market linkages (World Bank 2009a). PPAF III included individual livelihoods grants for the first time. The main components of PPAF III are as follows:

1. Social Mobilisation and Institution-Building

To target and empower the poor by supporting their organisation into COs and clustering into higher levels of institutions at village and union council area levels. The objective here was that inclusive COs would be able to manage their own development and access services through improved linkages to local government, other development programmes and markets for sustainable service delivery.

2. Livelihood Enhancement and Protection (LEP)

This component was initially limited to providing training and productive assets and forming Common Interest Groups (CIGs). During implementation, it was revised to include employment and enterprise elements and renamed Livelihoods Enhancement and Enterprise Development (LEED).

3. Microcredit Access

PPAF I and PPAF II focusing on the delivery of new streams of microfinance, while the focus of PPAF III was to link, and improve community access to, existing microcredit providers.

4. Basic Services and Infrastructure

This component establishes and upgrades basic services and infrastructure to serve the poor, including basic infrastructure, integrated community infrastructure projects and improved health and education facilities.

5. Project Implementation Support

This component facilitates governance, implementation, coordination, monitoring and evaluation (M&E), learning and quality enhancement efforts.

PPAF's cumulative achievements until June 2015 are given in Box 4.

Box 4: Cumulative achievements of PPAF

- Presence in 130 districts through 130 POs;
- Grassroots network of over 129,000 COs and 440,000 CIGs;
- Financing deployed in over 100,000 villages/rural and urban settlements;
- Productive assets transferred to 82,000 individuals (47% women) in 52 poorest districts across the country;
- Over 7.8 million microcredit loans with 61% of these going to women and 80% of financing extended to rural areas;
- Over 17,000 skills development and managerial training events for 986,000 individuals (50% women);
- Over 35,000 health, education, water and infrastructure projects completed.

Source: PPAF Fact File

FATA–Rural Livelihoods and Community Infrastructure Project (FATA-RLCIP)

FATA–RLCIP aims to improve the well-being of un- and underserved low-income communities in Bajaur, Mohmand and South Waziristan agencies. It was designed to adopt a saturation approach for working in particular villages and areas. It has four components.

Component A: Community Development and Social Capital Building

This component mobilises local communities through existing Local Indigenous Organisations (LIOs). The project supports the capacity-building of LIOs through training, peer learning and mentoring by more established organisations to enable LIOs to play an active role in the ongoing development of FATA, including through community engagement.

Component B: Community Infrastructure and Services

This involves rehabilitation of existing infrastructure, construction of new infrastructure and operation and maintenance. It focuses on community physical infrastructure as well as infrastructure required for agriculture (including irrigation) and livestock development. There are two approaches to infrastructure construction: (i) infrastructure as 'quick win schemes' that are identified at the time of entry to a village/settlement through consultations with the entire community; and (ii) infrastructure as 'development schemes', which are intended for longer-term agriculture and livestock development.

Component C: Livelihood Support

At the outset, this component concentrated on generating livelihood opportunities within the agriculture and livestock sectors. The project supported small and marginal farmers, including women, with critical inputs to help increase the productivity of agricultural livelihoods, and promoted value chains. Specifically, it enhanced farmers' knowledge and skills base, organised them to improve distribution and farming techniques through availability of quality seed and other inputs at farm level and strengthened farm and animal husbandry practices.

While the initial design of the livelihood support component restricted livelihood development to agriculture and livestock, during implementation it was agreed to open up the menu to make it more market-based and sensitive to context. Livelihood development was therefore broadened to include skills training, support for apprenticeship, microenterprise development or any other intervention based on contextual needs, including agriculture and livestock. In 2014, an additional 'employable skills development programme' was provided for young people in non-agriculture sectors.

Component D: Institutional-Strengthening, Monitoring and Evaluation and Project Management

This establishes systems and procedures for participatory planning, introduction of approaches for community–government partnerships and building linkages with other programmes. It also includes technical assistance, impact assessments, third party monitoring, communications strategy and complaints and grievance handling.

Sri Lanka Reawakening Project (RaP)

RaP was initially launched in 2004 as the Community Livelihoods in Conflict-Affected Areas Project (also termed the North East Irrigated Agriculture Project II), aimed at reconstructing irrigation mechanisms and focusing on building farmer livelihoods. In 2007, it was restructured around a CDD approach and renamed RaP. Its revised components were:

Component 1: Village Institutions, Infrastructure and Livelihood Development

This aimed to develop and strengthen local institutional capacity and provide support to village-level priority infrastructure and productive livelihood development. Specifically, under this component, RaP supported the village by providing a sum of money under a Village Fund. The funds were divided into three parts: the Livelihood Fund (50%), the Infrastructure Fund (40%) and the Capacity-Building Fund (10%), all three of which were implemented through a CDD approach. The Livelihoods Fund in turn comprised (i) individual livelihood loans (ILLs); (ii) cash grants to disabled and vulnerable groups to provide social protection; and (iii) skills training for youth.

Component 2: Essential Rehabilitation and Improvement to Selected Major Irrigation Schemes

This component included additional financing after flooding in 2010, although this did not augment financing for the Village Fund.

Component 3: Community Livelihoods and Cluster Development Component

This component originally focused on promoting and supporting Farmer Organisations. It was revised in 2007 to support clusters formed by members of one or more Village Development Organisations (VDOs) to establish and operate some form of small business or agricultural operation.

Component 4: Project Implementation Support and Oversight.

RaP closed in December 2014. Its achievements are given in Box 5.

Box 5: Achievements of RaP

- 222,555 households benefited from livelihoods opportunities;
- 3,945 employment opportunities generated;
- 94,719 ha of irrigation area rehabilitated;
- 2,683 km of rural roads rehabilitated;
- 80,538 farmers trained in new farming practices.

Source: World Bank (2015)

1.2 An overview of CDD approaches in FCS

CDD in FCS has two principal objectives: (i) speedy and cost-effective delivery of reconstruction assistance on the ground; and (ii) building a governance structure that stresses local choice and accountability. Local populations and local institutions are the key players in project planning, execution and monitoring. CDD approaches thereby may provide one key foundation for economic development in the longer term. CDD approaches are initially rooted in the provision of public goods. Delivery systems in dysfunctional settings are different from 'normal' CDD and thus require a conflict analytical lens, as well as recognition that the impact of conflict has affected the local context in some negative ways. This includes through.

- Possible low social cohesion affecting decision-making, consensus, propensity for long-term planning and other factors (psychological and social);
- Difference between decision-making and incentives regarding collective and individual goods/interventions (also not unique but perhaps exaggerated in FCS);
- Tendencies to elite capture (not unique but perhaps exaggerated in FCS);
- Whether communities have necessary skills to implement (applies to both).

Proponents of CDD approaches argue that an approach that seeks to empower communities to identify their needs, decide on projects to address these needs, manage resources and contracts, monitor implementation and evaluate outcomes from the outset is a more robust model for situations where conflict and fragility have undermined both government and prospects for sustainable growth.

There are considerable debates about the efficacy of CDD approaches in FCS, and, as the overview of the components of the case study programmes shows, there is no one 'CDD model'. Rather, CDD is asserted to be 'context-driven' (World Bank, 2006) and, for some, the flexibility of the approach to respond to specific needs and contexts is a defining feature. Others argue, however, that common approaches underpin most actual CDDs. In a review of CDD programming in FCS, King (2013) asserts that most CDD programmes have two primary components: (i) a community- or institution-building and planning component, usually including the election of local community councils; and (ii) a block grant for a project, or 'asset investment component'. Each of the five case studies incorporates these two components.

However, at the core of the design of CDD approaches there can be a tension when extending a mechanism designed to promote community-led approaches for public goods development to rebuilding and restoring household livelihoods. This is distinct from those livelihood programmes that are designed around community-based agriculture

or natural resource management. In particular, different people pursuing different livelihoods may have different levels of voice and may or may not be seen to be part of the 'community'. These tensions are expanded on below:

- The basic premise for demand-led approaches, such as CDD, is that local communities are in a better position to identify their needs and corresponding actions than are higher administrative echelons, higher societal structures or outside partners. However, it can be problematic to advocate group decisions about the types of intervention best needed to support individual livelihoods, particularly if aiming to support the poorest and most vulnerable, because social cohesion may have been affected by the conflict and in many instances group decisions are subject to elite capture or pressure.
- CDD also supposes that, for a large number of short-term reconstruction needs, local communities possess the core skills, incentives and unity to implement a select range of projects provided they are given the resources and a management support system. This rationale though, may not apply when using a CDD approach to build private goods, because of social cohesion issues and the limited options which poor individuals and households perceive to be available to them.

1.3 FCS heterogeneity and implications for CDD implementation

The forms conflict and violence take have implications for different forms of service delivery. Lines of conflict and how violence is organised are likely to vary across a country or region, and this will have implications for the possibilities of negotiating access to communities.

Where violence is fragmented and criminal gangs operate, it will be much more difficult to secure cooperation through negotiation. In conflict, it helps to have a focal person with whom negotiations can take place and who can ensure agreements are held – with bandits, for instance, it is difficult to identify with whom to negotiate.

Different contexts mean different options for working in conflict zones, as illustrated below:

- RaP: Project and World Bank staff were able to negotiate with the Liberation Tigers of Tamil Eelam (LTTE) and the government of Sri Lanka in some situations, thus working within the conflict zones.
- In the Nepalese Terai lowlands, an identity-based conflict erupted after the end of the Maoist insurgency; in this region, the influence of criminal gangs and small group violence fragmented districts, making access more difficult without 'known' negotiating contacts.
- PPAF operates in situations of armed tribal conflict, religious extremism-based insurgencies – internal and external extremism. Communities see external actors as

part of the problem and eight PO staff have been killed. This means the programme works in close coordination with law enforcement agencies. It is able to operate through hiring local staff, establishing local offices, taking religious leaders on board initially and branding PPAF as a home-grown national organisation.

- The Afghanistan context is characterised by both extremist insurgents and bandits. The two are very different types of conflict and violence; programme staff are unable to negotiate with bandits

A forthcoming World Bank South Asia region study on conflict produced some emerging propositions from experiences in Afghanistan. The prospects of social service delivery coverage seem to depend on the ability of local elders and other traditional elites to bargain with the Taliban and/or other opposition groups. Education is a more contested arena than health because of the political ideology associated with curricula, so education is delivered by government and health by non-governmental organisations (NGOs).

A challenge during programme implementation, though, is that if you go to scale then you cannot have different programme elements for different types of conflict.

1.4 How can CDD rebuild livelihoods in FCS?

When designing and implementing a CDD programme in FCS, important considerations include:

- The need to deliver quick results because of the impact of conflict on people's well-being and livelihoods where administrative capacity is weak, non-existent or poorly connected to local populations;
- Low levels of trust in government (central or local) and outsiders in general;
- Challenges of coordination – since in post-conflict situations there are often multiple actors and priorities in play (e.g. central government, humanitarian agencies and a range of donors each with their own priorities, approaches, and procedures (World Bank, 2013); further, the market actors who are responsible for the ultimate viability of livelihoods are not even part of this coordination conundrum;
- The impacts of conflict and fragility on community cohesion and how pre-existing fissures in community cohesion may impact on the conflict, as this may have implications for the effectiveness of CDD approaches.

The rationale behind using a CDD approach in FCS contexts is that it can enable:

Increased acceptance of the programme

Bank staff argued that a CDD approach could be crucial to enabling access and creating community acceptance.

Working with and through local institutions was seen as ‘the only option’. Pakistan’s PPAF III, with its increased focus on poorer regions, including Balochistan and KPK, and FATA–RLCIP both operated in contexts where government delivery of services had collapsed, along with faith in the government to deliver such services, and, given the protracted conflict, distrust in outsiders was high. A locally owned, led and developed approach was therefore the only realistic option for a programme in the area. In the context of FATA, distrust of outsiders was combined with high levels of trust in and dependence on existing local institutions (such as the jirga). This pointed to the importance of using existing, accepted, LIOs to mobilise and support the community.

Increased protection of programme staff and material

Pragmatic reasons for adopting a CDD approach in Sri Lanka’s RaP included that escalating conflict was both threatening the safety of government staff moving into and around the north and east regions and preventing the transport of construction materials to the communities. In Pakistan’s FATA-RLCIP, communities’ support for, and protection of, local staff is crucial to ensure the latter are able to move around the project area (in situations of Taliban presence). Meanwhile, recruiting community members as key project staff also reduces the need for outsiders to visit the community and helps circumvent the challenges resulting from frequent changes in the position of government staff, which is particularly prevalent in FCS. Many of these advantages can also be gained through good

practice participatory development, though, and do not necessarily require a CDD approach.

A flexible approach

Flexibility is particularly important as changes in conflict and fragility settings may be rapid and hard to foresee. In Nepal, Pakistan and Sri Lanka, conflict waxed and waned over the periods of programme implementation. Furthermore, there may not be sufficient resources for frequent and in-depth assessments of such unstable environments, meaning programmes have to learn lessons and adapt as their understanding of the context grows. Meanwhile, giving communities a lead role in the selection, design and implementation of programme activities can enable a programme to be flexible and responsive to changes in the context.

1.5 Effects of CDD programmes in strengthening livelihoods at the community and household level

All five projects have demonstrated a positive association with improved livelihoods. The evidence for this comes from case studies, end line assessments and cost–benefit analysis, the findings of which are tabulated in Table 2 and discussed in more detail below. However, in none of the cases is evidence available about (i) the counterfactual (i.e. could another approach (including doing nothing) have done as well or better); (ii) the extent to which impacts can be attributed to the CDD programme; and (iii) whether these livelihoods remain viable after support has ended.

Table 2. Livelihoods improvements associated with the CDD case study programmes

Programme	Type of evidence	Findings
Afghanistan AREDP	Case studies	<ul style="list-style-type: none"> • Taking loan from savings group to start profitable small enterprise to escape poverty • Generating additional employment through new enterprises • Value chain development (AREDP, 2012)
	End line assessment	Study carried out by AREDP on SME development component finds beneficiaries report 32% increase in direct, 44% in indirect and 40% in seasonal employment as well as 44% average increase in sales (World Bank, 2014b)
Nepal PAF (I-II)	Semi-randomised control trial: survey conducted across 200 villages with 15 households randomly sampled from each (3,000 households in total) across intervention and control villages. Households surveyed in 2007 and 2009	PAF resulted in a: <ul style="list-style-type: none"> • 19% increase in household consumption – this translates into about a \$40 absolute change in real per capita consumption • 19% decline in incidence of food insecurity, with this effect stronger for disadvantaged households (Parajuli et al., 2012)
	Cost–benefit analysis	Lower migration from PAF areas than control ones (World Bank, 2009b)
	Cost–benefit analysis	ERRs of selected sample of popular subprojects. All were financially and economically viable generating ERRs of: <ul style="list-style-type: none"> • 18% goat fattening • 20% water storage pond for vegetables • 27% pig fattening • 48% grocery shop • 62% milking buffalo (World Bank 2009b)
	Case studies	17 case studies published
Pakistan FATA–RLCIP	Case studies	<ul style="list-style-type: none"> • Solar home solutions initiative gives better-quality life, more time to study and business opportunities for people to keep shops open after dark. • Reported improvements in food security and increased income generation in three project model villages (RLCIP_FATA, 2014)
Pakistan PAF	Semi-randomised control trial: Four Gallup Pakistan studies on outcomes of microcredit (first in 2002, most recent in 2013), comparing 2013 assessment covers 5,000 households, both borrower (who took loans between 2008 and 2011) and non-borrower	Findings from at least three of the four assessments indicate participation in microcredit leads to increases in household income and consumption. However, participation in microcredit is not associated with: <ul style="list-style-type: none"> • Increases in financial assets • Increases in paid employment generated by three key sectors Inconclusive findings about whether participation in microcredit leads to increases of enterprise/ livestock/ agriculture assets (partially held in first three assessments and not held in 2013 study) (Gallup Pakistan, 2013)
	Cost–benefit analysis	PPAF II: When credit used to expand grocery shop, financial returns after payment of principal amount and interest estimated as 33% (World Bank, 2010)
	Semi-randomised control trial	Asset transfer programme – beneficiary households saw significantly greater increases in income, consumption and assets than non-beneficiaries. In addition beneficiaries draw on a wider range of income sources, save more and are able to acquire more loans (IDS, 2011)

Programme	Type of evidence	Findings
Sri Lanka RaP	End line assessment	2014 implementation and support review mission visited 50 villages/sub-projects in 16 project districts. Mission focuses on gross revenues rather than net profit and argues the livelihoods component 'has been very effective in increasing income' (World Bank, 2014c: 12)
	End line assessment	The World Bank website* reports that 'some 200,000 beneficiary families have seen their incomes increase by up to 50 percent' but the source of this figure is unclear
	Case studies	Putting together a series of 300 household success stories and 230 sustainable success stories (where improvements remain over time)

Note: <http://www.worldbank.org/en/results/2013/04/15/agriculture-results-profile>

1.6 Activities to rebuild and restore livelihoods, their effects and lessons learned

The role of savings and loans groups

Afghanistan's AREDP, Nepal's PAF, Pakistan's PPAF III and Sri Lanka's RaP all bring people together to form savings and loans groups, whereby households save money in a group and after a determined period of regular savings are then able to take a loan from the group savings. In each of these programmes, group members elect a committee to oversee the functioning of the group and who receive training on financial literacy and bookkeeping. Group members decide the terms and conditions of group membership, including the size of loan that can be taken, the repayment period and the interest rate along with the amount and regularity of savings.

The groups formed under PPAF III and RaP are credit-led. As members of these groups, households taking out loans have to complete a Livelihood Investment Plan (LIP) (PPAF III) or Business Plan (RaP) under which household members, with programme staff, assess their capacity to undertake a proposed activity, the income stream they hope to generate from it and so their ability to repay the loan. This process is seen as important to develop the financial tools they will require in future to access a loan from a formal financial institution. It can be difficult, particularly for poor households, to undertake this process without the active support of programme staff. Since the programme then has knowledge of people's livelihoods choices, it can provide training on the most popular options.

The groups formed under AREDP, in contrast, are savings-led, and SG members are not required to undertake any formal assessment of their reason for taking a loan. This is because there is no external cash grant for the SGs so it is members' money to spend as they decide. International experience of using SGs shows that, while these can help households cope in the aftermath of shocks, the limited size of the loan members can access limits their role in building household livelihood assets (Gash and Oddell, 2013).

All programmes report over 95% repayments of loans, the level their documentation argues as necessary to maintain the revolving fund. Under AREDP, there are now 5,846 SGs, of which 53% are female SGs. These have saved over \$3.5 million and have deployed around \$3.4 million in internal lending, yielding \$1.124 million in profits/interest with a savings turnover rate of 1.6. As per data reported by the Afghanistan Microfinance Association (AMA), AREDP now leads the microfinance sector, with 20% of all the country's savers.

The effects of microcredit:

Evidence shows Pakistan's PPAF to date has had positive experiences in terms of improving livelihoods through microcredit. Gallup Pakistan's survey of microcredit and non-microcredit recipients found participation in

microcredit had led to an increase in households' total income and in the personal income from the project for which the credit had been taken out. Such projects were categorised under agriculture, livestock and enterprise/commerce. Participation had also increased the level of consumption of the borrowers through increased spending on overall food and key household items (Gallup Pakistan, 2013). This is in contrast with a lack of clear evidence on the positive impacts of microfinance internationally, beyond that implemented through CDD approaches (Box 6).

Box 6: International experience of building livelihoods through microcredit

The concept of microcredit was first introduced in Bangladesh more than 30 years ago by the Grameen Bank with the aim of reducing rural poverty through providing small loans. Since then, microcredit has evolved to span a range of financial services, including savings as well as financial literacy training and skills development, under the umbrella term of 'microfinance'. However, despite the popularity of microfinance, there is no clear evidence these programmes have positive impacts in terms of reducing poverty (Duvendack et al., 2011). One concern with microcredit in particular is that it is inappropriate for the poorest households, which frequently take loans for subsistence purposes rather than to fund potentially risky productive investments and rebuild livelihoods. This can leave them trapped in a cycle of loan repayments (Stewart et al., 2010).

The PPAF study, however, also found participation in microcredit programmes did not lead to an increase in income-generating assets such as agricultural equipment, vehicles or land or building-based property. Only ownership of livestock (buffaloes and cows) increased. Borrowers did experience an increase in cash and financial instruments. Because this reflected survey data that did not probe into the causal mechanisms leading to microcredit enterprises being profitable, we can only assume agriculture and enterprise projects were improved by some mechanism other than acquiring and retaining more durable assets (Gallup Pakistan, 2013).

Where PPAF had less success, though, is in terms of subsequently linking the very poorest households (those to which it delivered an intensive package of asset transfer and skills training) with MFIs and formal financial institutions (Hunzai et al., 2012). It underestimated the amount of time required for ultra-poor households to be able to access formal financial services.

An objective of both Afghanistan's AREDP and Sri Lanka's RaP has been to link community members (particularly the poor and vulnerable) with formal financial

services. Both have struggled in this regard – AREDP because it overestimated the scope of formal financial services in rural Afghanistan and the financial viability of them catering for low-density rural areas and RaP because people just need greater financial literacy and collateral to access such institutions. This points to the need for programmes to assess how realistic their objectives and aims are and to try to reach agreement across various stakeholders, some of whom may have over-ambitious expectations.

The acceptability and effects of and justification for one-off livelihood grants

Nepal's PAF, Pakistan's PPAF III and Sri Lanka's RaP all included a livelihood grant in their design. The rationale for these was to provide the poorest households with a stepping-stone from which they could develop the necessary capacities, skills and resources to allow them subsequently to take a loan and be able viably to develop further their livelihoods. Without this grant, the poorest

people may be excluded from taking loans from savings groups or may receive small loans that are insufficient to rebuild livelihoods (see Sri Lanka RaP Case Study).

Whereas RaP dropped its household-level livelihood grant because it was deemed unacceptable by the community, PPAF III expanded its use of livelihood grants for the poorest households, with impressive impacts for beneficiaries. One and a half to two years after receiving an intensive package of support, including asset transfers combined with training and a regular stipend (based on that offered by BRAC in Bangladesh under its Targeting the Ultra-poor Programme), beneficiaries saw greater increases in income (178% over the period 2008-2012 compared with 41%), consumption and asset holdings than non-beneficiaries did as well as drawing from a wider range of income sources than non-beneficiaries (IDS, 2011). In contexts beyond Bangladesh and Pakistan, there is evidence that an asset transfer approach is effective at building sustainable livelihoods (see Box 7).

Box 7: Rebuilding livelihoods through asset transfers

With funding from the Ford Foundation and the Consultative Group to Assist the Poor, the 'graduation model', pioneered by BRAC in Bangladesh, has been implemented by six different organisations in six countries: Ethiopia, Ghana, Honduras, India, Pakistan and Peru.

A randomised control trial of 10,495 participant households across these six countries was conducted to assess programme impacts. This incorporated a baseline survey, an end line survey at the end of the intervention (typically 24 months after the start of the programme) and a follow-up survey 12 months after the first end line. The evaluation measured impacts on consumption, food security, productive and household assets, financial inclusion, time use, income and revenues, physical health, mental health, political involvement and women's empowerment.

At the end of the intervention, there were statistically significant impacts on all 10 key outcomes or indices. One year after the end of the intervention, 36 months after the productive asset transfer, eight out of 10 indices still showed statistically significant gains, and there was very little or no decline in the impact of the programme on the key variables (consumption, household assets and food security). Income and revenues were significantly higher in the treatment group in every country. Household consumption was significantly higher in every country except one (Honduras). In most countries, the (discounted) extra earnings exceeded the programme cost.

Source: Banerjee et al. (2015)

Lessons learnt from (small) and microenterprise development

Household grants and loans are used in many ways, including for consumption and the purchase of assets that are then sold (or rented out). For example, grants were used to purchase sewing machines for tailoring microenterprises (in Afghanistan's AREDP and Pakistan's FATA-RLCIP), livestock (goats in Nepal's PAF) or other agricultural inputs such as fertiliser.

The sustainability of microenterprises and income-generating activities is a critical matter the programmes here have increasingly sought to address, particularly through stressing the importance of developing market-oriented enterprises and adopting market-based and market-driven approaches (e.g. AREDP, FATA-RLCIP). They aim to improve the sustainability of existing and new small and microenterprises in a number of ways:

- Combing components that promote employment, enterprises and livelihoods under one unit in acknowledgement that a comprehensive approach is required to build sustainable microenterprises (Pakistan's PPAF III);
- Grouping households pursuing certain types of microenterprise into CIGs to build their demand when negotiating with other market actors (including the middleman) and making market linkages;
- Encouraging new entrepreneurs to think through the market demand for their product from the outset;
- Capacity-building, through training and exposure visits, to enable improvements in product quality and the efficiency of production;
- Identifying those households within Enterprise EGs or CIGs that are particularly able and willing to take the risks required to develop a successful small enterprise able to employ other community members, then working specifically with those individuals, exposing them to other successful and unsuccessful entrepreneurs and developing their skills to expand the enterprise (e.g. AREDP).

Effects of vocational training initiatives

In addition to promoting self-employment through microenterprise development, many of the CDD-livelihood programmes have components to increase employment, either in the supported SMEs or through training programmes to provide people with opportunities and skills to access new types of jobs. Afghanistan's AREDP, Pakistan's PPAF III and FATA-RLCIP and Sri Lanka's RaP have all, during programme implementation, subsequently added vocational training components.

RaP resulted in 2,143 youth being employed after receiving skills development training.¹ This includes

through youth being linked to jobs in the garment industry, construction and retail. In addition, through heavy vehicle training, youth were linked to jobs in the Middle East. The Youth Skills Development Fund was not initially envisaged during design and was substantially scaled up during implementation in recognition of the challenge of youth unemployment based on an understanding that one of the reasons why militancy spread was because of disaffected, unemployed youth. Job training for youth was also scaled up under Pakistan FATA-RLCIP. The MTR, though, highlighted a factor potentially constraining the effectiveness of youth job training – that is, limited information on the skills the labour market required and on the number of trainees, for example in construction or the auto sector, who could be absorbed into the labour market. The review therefore recommended a focus on, and expansion of, 'market-driven skills development', which requires designing any training as clearly linked to specific market opportunities, while not oversaturating any particular market opportunity (World Bank, 2014a).

An overall objective of AREDP is 'increasing employment opportunities'. The mechanisms through which jobs have been created include (i) loans to members of SGs creating employment/a job for both them and one other individual; (ii) larger loans to VSLAs supporting two jobs; and (iii) support to existing SMEs, through both increased access to finance and other business development support services, for five jobs in the enterprise. As of May 2015, the programme reported having created 55,000 full-time jobs, though, as community interviews highlight, the quality of and security associated with these jobs vary:

It is true this programme has helped a lot in creating jobs but my suggestion is to provide the people with stable/permanent jobs, most of the jobs are short-term jobs. They would not last for long. They would mostly last for one week to two months, my request is to provide long-term jobs so it can help the poor people of society and try to reduce the poverty (member of men's SG, Hazarjrib Dehdadi district, Balkh province).

As with supporting microenterprises, there is a need here to ensure there is market demand for the vocation on which training is taking place. CDD programmes training too many people in a certain vocation can result in market saturation for that skill. At the same time, it is difficult to manage the provision of many different training options. Overall, the CDD approach may not be well suited to the complexities of vocational training, and programmes sometimes handle this through a separate component and approach.

1. <http://www.worldbank.org/en/results/2013/04/10/sri-lanka-inclusive-growth-reintegration-north-east-provinces>

1.7 Determining why and whether to use CDD approaches in FCS to rebuild livelihoods

From the outset, and the stage of programme design, it is important to articulate clearly if and why a CDD approach is appropriate for building livelihoods in a particular FCS context, and why other forms of implementation would not be more effective and suitable. This includes having a plausible theory of change to justify the programme and then benchmarking progress against this during implementation. While the rationale for using a CDD approach to build public goods is well developed it is less clear whether and in what contexts a CDD approach is an appropriate mechanism to build private goods, including those around livelihoods. This is because community committees may not be the best placed to advise on individual livelihood choices, particularly if an objective is to support the poorest and most vulnerable, and the management of the programme requires particular technical skills for local staff and certain institutional underpinnings to support those livelihood activities. An important question, for instance, is whether a CDD programme should engage in loans given the limited capacity to build sustainable and accountable institutional structures for this within a 'project'?

The rationale for using a CDD approach needs to be developed for different activities around building livelihoods. For instance, is CDD an appropriate mechanism for vocational training if the project does not have the capacity to respond to a wide range of demands?

Different mechanisms for rebuilding livelihoods through CDD approaches should be compared and tested. For instance, does requiring the development of household business plans when applying for a livelihood grant or loan improve livelihood outcomes?

Livelihood activities within CDD programmes should be benchmarked against international good practice in that realm, for example for microfinance, financial literacy training, asset transfers and savings and loan groups.

1.8 General lessons on rebuilding and restoring livelihoods using CDD in FCS

Overall lessons learned from the implementation of the five case study programmes to build livelihoods in FCS include the following:

Be responsive in the approach and able to adapt and adjust to a changing context:

In the aftermath of conflict, the nature of markets and viable livelihood opportunities is likely to change. Market and livelihoods analysis, then, is crucial, not just at the outset of the project but as a continuous process. Binding constraints to building livelihoods, as identified

during design, such as lack of credit, may no longer be in place later on in implementation, for instance as financial institutions move into an area post-conflict. Pakistan's FATA-RLCIP and PPAF added a vocational training component during implementation, realising this was important in building livelihoods.

Keep it simple, at least initially. There are frequently pressures from the government, and some donors, for 'quick wins' and to 'show success' in ways that are not feasible in the specific FCS context or in relation to how a CDD approach works with community priorities. It is important to think in sequences and not to try and do everything at once. Initial activities in these livelihood programmes are usually focused on building social and financial capital. After gaining initial experience and understanding, programmes can then evolve to become more comprehensive:

When working in FCS contexts, where implementation capacity is often low and understanding of the context is incomplete, it is important to start with a few project activities and to implement these well. Afghanistan's AREDP, following restructuring, adopted a clear focus on enterprise and entrepreneur development. Initially (from 2000 to 2005), Pakistan's PPAF focused on microcredit outreach and community infrastructure. Between 2005 and 2009 it went multi-sector at scale. From 2010, it added a livelihood component and worked on strengthening organisations for the poor.

After starting simple so as to demonstrate quick results and achieve outreach, it is then important for programmes to adopt an approach that seeks to reach a large number of people in a particular geographic area. Under this, a substantial proportion of the population will engage in, and be reached by, the programme in a particular area so activities can lead to meaningful changes in lives:

From the outset, programme designers face a question as to whether to cover a large area with limited support or to concentrate resources into particular areas. Pakistan's PPAF built on lessons from the Andhra Pradesh Rural Poverty Reduction Programme in India, another World Bank-supported programme, which showed that, for substantial and sustainable impacts on poverty, blanket coverage of an area is required. From the outset of PPAF III, POs continued to work in their existing villages and thus union council (UC) area until they had covered 60% of households in the village and 25% of the population in the UC. Initially, PPAF aimed to target 25% of poor and ultra-poor households in a UC with asset transfer support, but limitations in observed impacts by staff meant this proportion was increased to 50%.

Over a period of time – likely to be several years – adopting an integrated approach in FCS is also necessary if livelihood improvements are to be sustainable. This includes making complementary investments in different activities, including training, asset-building and market linkages, along with investments in public goods if they are also in the programme’s mandate:

Initially, the LEED component of Pakistan’s PPAF III focused on delivering assets and training to ultra-poor households alongside forming CIGs. However, it became clear that, unless implemented in a supportive environment, these activities would not have the desired impact. LEED therefore developed two new units: the Employment Enhancement Unit and the Enterprise Development Unit. In addition, more attention was paid to assets being delivered in a supportive ecosystem, with UC Development Plans (UCDPs) and household-level LIPs being developed in an iterative way such that they support each other.

Using local, trusted and trained facilitators to engage communities, and to build the capacity of those facilitators, is important:

The experience of Nepal’s PAF highlights the challenges of gaining community acceptance in FCS: ‘The situation was very difficult in the initial days of the programme because people and mostly the Maoists perceived the NGOs as corrupt, bringing money in the name of the poor people and using it to their own benefits. [...] The partners had to explain to the community through various levels of leaders about the objectives of PAF. The community also thought they were spies and may have come to the villages to investigate. Besides, there were some people who just wanted to fight without any specific issues’ (PO representative, Rolpa district).

It is also key to ensure specialists in livelihoods and market development are involved in project implementation:

In contrast with using CDD approaches to build public goods, where the relationship with local government is often crucial, government’s mandate often does not extend to private enterprise. POs with technical specialism in livelihoods, along with private sector actors, need to be involved in training beneficiaries and exposing them to business practices and new ideas. Sometimes, support for local organisations will be necessary, but this may be delivered in coordination with other programmes with special skills rather than by the CDD agency.

There is a need to adopt a market-based approach in the design and implementation of programme activities:

During implementation, Afghanistan’s AREDP adopted stronger reliance on private sector providers to contribute to the sustainability as well as the efficiency of its business development services. AREDP also piloted the model of Business Development Service Providers (BDSPs) to assess whether paying staff for work delivered rather than time spent on services would increase efficiency in providing training and services to the villages. Under this pilot, BDSP productivity increased by 27%. The plan is for more national and provincial staff to be converted into BDSPs (AREDP, 2014).

Institutional arrangements need to reflect both the political realities and the administrative capacity of a given country or region. For example, the structure in Nepal was quite different from that in Sri Lanka, owing to the notable contrast in government ability to carry out programmes.

Drawing on the five case studies of CDD programmes, some specific lessons also emerge, as presented in Table 3.

Table 1. Key lessons from each CDD case study programme

Country	Key lessons
Afghanistan	<ul style="list-style-type: none"> • Be realistic with objectives and targets • Be aware of the trade-off between undertaking initial context analysis/committing to a certain design and being able to adapt and change it later – e.g. initial design envisaged supporting a large number of existing SMEs but there were just no existing SMEs of the size and maturity envisaged. This points to the need to be flexible during implementation • A market-based outlook is required for livelihood development, while the delivery model the project uses for implementation needs to reflect this and adopt more of a private sector approach, e.g. paying field staff by deliverables • Initial focus on group savings and loans before grants
Nepal	<ul style="list-style-type: none"> • The selection of capable POs with local knowledge and capacity for market analysis and livelihood support is essential in beginning work at district and local levels. Clear analysis of opportunities and obstacles for COs is also necessary • An important element in initiating livelihood programmes is the analysis of local markets. This requires both basic technical skills/capacity in the PO and work with the CO members • The consistency of relationships between the central unit and POs requires continuous monitoring and assessment
Pakistan	<p>F ATA–RLCIP:</p> <ul style="list-style-type: none"> • Trade-offs between being an ‘emergency project’ and a ‘development project’ – after instigating ‘quick-win’ infrastructure projects not using a CDD approach it was difficult later on to switch to a CDD model • Use of locally accepted organisations to build trust – particularly in a context where CDD approaches had not really been used before • Importance of analysis of context and markets – not to assume that in rural areas livelihoods is all about farm-based activities • Skills-development needs to be market-driven • Need to promote group savings to reduce effects of different shocks <p>PPAF III</p> <ul style="list-style-type: none"> • Grant-based approaches before loans and micro-finance linkages for the poorest • Importance of holistic approaches for the poorest and a ‘saturation’ approach in each community • When contracting-out, POs need to have ability to work in area and be known there but also be willing to allow other organisations to come into the area and support them • Forming CIGs of poor households only is not enough to make links with markets and services; rather, CIGs need to involve a wealth cross-section of the community to give them more clout in engaging with external actors • Sequencing – build community-level organisations before livelihood interventions, though social mobilisation in itself is insufficient in FCS – needs to be combined with interventions for economic empowerment
Sri Lanka	<ul style="list-style-type: none"> • Acknowledge and assess potential trade-offs between rapid start-up and implementation and long-term sustainability –working with a centralised and powerful ministry meant side-stepping the district administration, so it did not give much support to VDOs, contributing to their dissolution • Over-focus on loan repayments can exclude the poorest, or mean they benefit from the programme to a lesser extent than others (e.g. get smaller loans, are able to benefit only during the first loan cycle) • Trade-off between the appropriateness of targeted grant-based approaches for the poorest and the need to maintain the support of other community members under the CDD approach • Need for repeated context analysis, particularly in situations of conflict and fragility (e.g. to test initial view that credit was the binding constraint to building livelihoods, while in the aftermath of the conflict formal financial institutions were moving into the area) • Makes programme implementation more straightforward to offer just two options for vocational training for youth (HGV driving for men to migrate to Middle East and handcrafts for women). But there also needs to be a demand-driven element to the training, particularly if these are not the vocational activities youth want to pursue and the markets for these activities can absorb only a limited number of people • Importance of having one central CO representing all interests in that community to engage with the programme (why the VDO set-up initially tried to work through existing community-based organisations)

Operational guidance for programme design and implementation in FCS

This section is structured around six stages of a CDD project:

1. Programme design and objectives;
2. Institutional arrangements;
3. Programme preparation;
4. Proposal application and selection;
5. Project implementation;
6. Monitoring and evaluation.

2.1 Programme design and objectives

The literature on CDD in FCS emphasises that the critical starting point for programmes is a situational analysis to inform the design and objectives. This is seen as particularly important for programmes operating in FCS, in order to understand not only the effects of conflict but also the root causes and the actors involved, and the fluidity of the context. However, it is also recognised that FCS contexts are by their very nature those where data collection and analysis are more challenging. The World Bank (2013) emphasises the need to respond to evolving government and social contexts that characterise FCS and notes that this is particularly important as countries/areas move ‘out of immediate post-conflict to more stable state-rebuilding phases or when faced with a fragile context’ (p.34). As such, contextually focused and rigorous, critical assessments are seen as important throughout the lifecycle of the project, not just as a one-off at the beginning of project.

This section outlines some of the main considerations to be taken into account when conceptualising and designing CDD projects in FCS.

Setting goals and objectives in FCS

Objectives should be clear and simple. In FCS, there is a risk of governments, as well as donors, being unrealistic owing to both internal and external political dynamics. If the overall goal seems too broad or lofty in terms of deliverables, then this should be supported with concrete and measurable objectives. For instance, if the goal is to rebuild livelihoods, back this up with tangible objectives,

for example to support a certain number of SMEs, conduct a certain number of trainings or achieve parity between the sexes, or inclusion of excluded groups, in terms of training attendance. However, the objectives have to be paired with measurable outcomes that provide information on changes in livelihoods, production and markets.

In developing the objectives, focusing on problems that are best addressed by a community-driven livelihood operation requires recognising other modalities and interventions may be underway in the same geographic area. This helps focus resources, manage expectations and set clear measurable standards that can also help when monitoring and evaluating performance of the fund. In uncertain and unstable contexts, it is particularly important to reduce complexity and retain focus – and an adaptive approach within the specific focus.

Objectives should be realistic. Goals can be unrealistic and require multiple ‘urgent’ objectives or ‘quick wins’ that cannot easily be managed simultaneously or clearly organised. A good evaluation of context – of livelihoods/markets and conflict impact aspects, as well as of capacity, especially of local organisations – can be useful in this regard. The experience of Afghanistan’s AREDP provides lessons of caution here:

AREDP illustrates the need to negotiate and temper the goals of government. The Programme Development Objective (PDO) is to improve both employment and incomes. The inclusion of employment resulted in a focus on SMEs but the design hugely overestimated the number of existing SMEs in rural Afghanistan that the project could then support as well as the penetration of MFIs in rural areas. In addition, the design envisaged grouping SGs to form VSLAs, which would then receive seed capital. However, in areas of dispersed rural populations, bringing groups together in this way proved difficult, as did meeting the legal requirements for VSLAs to be able to open bank accounts to receive the seed capital. The reduction in ambition, then, could only go so far, and the eventual design was still overambitious and unrealistic on some elements. It was

then left for implementation to adapt the methodology based on experience and for the MTR to restructure and revise targets. During implementation, meanwhile, SGs are proving valuable institutions in helping their members address risks and start to rebuild their livelihoods. However, this achievement risks being overlooked given the programme's ambitious scope and objectives.

Objectives should be coherent. If there are multiple objectives, check for conflicts between them; if the objectives cohere it should be easier to achieve them (and to recognise whether they have been achieved). This is particularly important in situations of weak institutional capacity and potentially competing goals.

The implications of any trade-offs in objectives should be considered explicitly – such as between building community cohesion and at the same time supporting the poorest and most vulnerable. For example, the inclusion of ethnic minorities or persons with disabilities (PWD) requires opening up planning to individuals who may not be prioritised by the overall community. Similarly, the process by which women are given greater access to resources requires an understanding of existing social norms and the selection of realistic goals for the specific cultural context.

Unstated objectives or vested interests held by stakeholders (including various government agencies and donors) should be considered explicitly and their implications taken into account. Government agencies or donors, for political or economic reasons, may promote certain types of financial mechanisms or market interventions that will not work well in a specific community, and surfacing the implicit goals through some form of stakeholder analysis ahead of the final design can reduce tensions during implementation.

In some contexts, what to do or how to do it might not be obvious at the outset and so the initial objectives may focus largely on identifying needs and being responsive: these can then be revisited and revised in the light of operational experience.

Appraisal: key questions on conflict and livelihoods

The literature on CDD in FCS indicates that programmes are rarely preceded or supported by in-depth situational analyses on the conflict and fragility context; moreover, there is little in-depth understanding on **how conflict affects/has affected the markets for labour, products and services on which the poor rely**. While there is some discussion on who might be most affected in FCS – for example ex-combatants, internally displaced persons (IDPs) or returnees, conflict victims, widows, youth – there is often an absence of a more detailed analysis of how CDD–livelihood programmes could restore, rebuild or strengthen livelihoods, and for whom, at the local level. Frequently, the conflicts are subnational and the forms of violence vary, so an assessment of the conflict/livelihoods

interface at the local level is particularly necessary. Key questions to be answered at the stage of design should therefore include the following:

How have conflict and violence affected both livelihoods and markets, and the opportunities to rebuild livelihoods through CDD?

How might community cohesion and dynamics, such as gender relations, have been altered as a result of conflict, which will have implications for rebuilding livelihoods through CDD? War-related shocks over time have had implications for the social fabric of communities and people's ability to build sustainable livelihoods. In Sri Lanka, during conflict, collusion with the LTTE and/or Sri Lankan army provided opportunities for some for stability and even economic growth during war years. While community-level fieldwork highlighted how the LTTE was feared and disliked for recruiting and abducting children for their cadre, they also *'helped the people who were good to them'* (key person interview with community resource person, Palacholai). In Thalavai village, women in a focus group said the LTTE had provided them with land to practise agriculture *'which was helpful for our jobs and livelihood [...] and gave us income'*. Collusion with the LTTE was a coping or survival strategy (and may have been profitable as well) for some. This has implications for the nature of the 'community' post-conflict.

Weakened or altered community cohesion owing to decades of conflict may be one of the reasons behind the dissolution of many VDOs, which comprise a cross-section of community members, under RaP.

Initial analysis should not assume community harmony was the norm before the conflict as it is often prior tensions that contributed to the conflict. Violent conflict and the changed and fluid national and regional political environment that ensues may transform communities' understanding of themselves, their identity and their relations with other communities. This provides an important starting point for assessing the approach to CDD in a specific context. This will also include how the conflict has affected both relations within the community and those with different government agencies and other 'outsiders'.

What are the root causes of conflict, so livelihoods interventions do not exacerbate these? This could involve access to land, forms of exclusion, market structure or existing debt systems.

How have the consequences of conflict for livelihood dynamics influenced prospects for rebuilding and restoring those livelihoods through CDD? In particular, conflict over land rights, asset depletion, displacement, war economies and growth in illegality (e.g. opium crops for example) and perhaps more violence and elite capture in market dynamics will all influence the opportunities for rebuilding livelihoods. At the stage of programme design there therefore needs to be an assessment of how conflict has affected community-level dynamics relevant to livelihoods and what this means for CDD approaches.

What do the findings of market analysis reveal about the priorities for livelihood grants or loans? Market analysis (which in all of the case study programmes initially had shortcomings) can provide the foundation for determining priority activities for grants or loans. Where it has been undertaken, a Post-Conflict Needs Assessment (PCNA) can provide information on this, as was the case for FATA–RLCIP. If a PCNA is not available, the knowledge of POs, NGOs and the private sector can be accessed.

The project needs to obtain an overview of the market (trends) in financial services, including possible saturation of microfinance markets in a specific locale. A separate question would incorporate information on labour market trends. Market analysis should also include a mapping of private sector actors in the area. The private sector is likely to be better positioned than the government to deliver training for, and build the capacity of (e.g. through exposure visits), COs and individuals.

Programme design should take into account whether there is market demand for the SMEs being supported and for the vocations in which people are being trained. Sri Lanka's RaP focused on a few types of vocational training, which have either tended to saturate the market or failed to gain interest. For example, in Batticaloa district, training for men was limited to heavy vehicle driving and geared towards those looking to go to the Middle East for jobs on construction sites (key person interview with community development officer). Youth found this too restrictive.

We want training on wiring, plumbing. In one of their meetings we have asked for training on computers and sewing, but they have not given (training) yet (focus group discussion, youth, Thalavai village).

What are the previous experiences of different organisations with CDD, livelihoods or CDD-type programmes in the country? An assessment of previous CDD-type programmes provides a framework for assessing how local communities as well as different levels of government may view new CDD efforts.

Key questions include the following: What were the key lessons from these programmes? Were they focused on certain districts where the current programme is projected to be in operation? While a previous CDD experience in the area could increase community acceptance, if it was problematic (e.g. issues of corruption by community institutions under the NSP in Afghanistan), this will need to be addressed at community level before the project is rolled out. Interviews in Afghanistan highlight the dissatisfaction of some people with the NSP and so their reluctance to be involved in AREDP:

Six years back there was a council that collected money from the people and then squandered all the money. That programme belonged to the NSP. They did not have proper bookkeeping and proper accounts. That

is why they squandered the people's money and people could not ask (member of men's SG, Lower Ezatkhal, Parwan province).

If the CDD approach was previously implemented in non-FCS, then a key consideration is whether it remains appropriate given the different context and, if so, what adaptations to design and implementation arrangements are necessary. The design of Sri Lanka's RaP, for instance, drew heavily on that of the successful Gemidiriya Project in the south. One adaptation to FCS was the use of locally recruited community resource persons, responsible for collecting loan repayments, rather than local government staff, who frequently move.

Key theory of change questions

An extensive review of CDD projects notes that the 'lack of one clear, driving theory of change is a potential strength of the CDD approach in that, just as the programme can be adapted in many different ways, the theory of change can be adapted to match. Generally, though, that the theory (or theories) of change remain underspecified, is a weakness in the CDD literature and programming' (King, 2013: 31).

The same review argues that a lack of clear contextual analysis explains the underdevelopment of the theory of change that ought to underpin CDD programmes, and that this can go some way to explaining the 'disappointing results' in FCS (King, 2013: 31). This highlights the flexibility required of CDD programming in FCS: on the one hand, programmes need to be able to respond and adapt to different contexts and the choices communities make; on the other, the objectives and the mechanisms to achieve these may be misaligned in the absence of an overarching theory of change guiding them.

Ideally, the theory of change should be clearly thought-through and documented from the outset, something that is often overlooked in the need for rapid implementation. It provides an important guideline to return to, question and challenge should outcomes not be being achieved. Good context analysis and drawing on previous experiences of using CDD in the country are crucial starting points for developing the theory of change.

Over what time-scale are programme outcomes expected? Is the programme looking for immediate results in terms of rebuilding people's livelihoods or to promote longer-term development in a region? Are there trade-offs between these two objectives and what are these? Which is the priority?

- Pakistan's FATA–RLCIP addresses the trade-off between emergency work to rebuild an area and the objective of longer-term development. It was initially envisaged as an emergency project, which resulted in an initial focus on short-term 'quick win' activities to uplift the economy, which did not follow a CDD approach. Subsequently, it adopted a CDD approach to the construction of public

goods to contribute to longer-term development in the region. The FATA PCNA identified unemployment as one of the major causes of escalated conflict, so the programme focused on improving communities' income generation capacity. There are reports, however, that it has subsequently proven difficult to make the switch from a 'delivery' approach to infrastructure development to a CDD approach.

Are the proposed activities sufficient to make a significant contribution to the desired outcomes?

- Pakistan's PPAF adopted an 'integrated' and 'saturated' approach to working in particular areas. This ensured quick and demonstrable results, so building community trust, while laying the foundations for meaningful and sustainable impacts on poor people's lives and livelihoods. This meant resources were concentrated in particular areas rather than spread thinly over larger populations.

What assumptions are being made in design and is there flexibility to adapt if those prove to be incorrect? The difficulties of conducting rigorous situational analysis in FCS mean projects are often designed with incomplete information. Activities and approaches may therefore need to be adapted or added in order for objectives to be achieved.

- Afghanistan's AREDP identified markets and credit as the binding constraints to rural development and rural incomes. Respective components accordingly aim to link rural households with formal financial services and so to increase employment and incomes. The initial request from the government did not include an SG approach. This, however, was recommended during programme preparation as it became clear formal financial institutions in Afghanistan did not have the necessary reach to rural areas.

Infrastructure and livelihoods combination and sequence in FCS

The World Bank's recent stocktaking cautions against mixing private and public goods, as this increases management complexity and adds to governance risks (World Bank, 2013). Nevertheless, it is also recognised that some private goods may be necessary if the programme objectives include targeting specific vulnerable groups (e.g. conflict victims, widows). Implementing public goods components before building private goods may also be important so there is the basic infrastructure in place to support livelihood activities – for example to transport produce to market. In practice, different programmes are exploring synergies and sequencing of private and public goods in different ways, building on previous experience.

There is no consistent experience across the five case studies that would suggest the optimal sequencing of activities to build public and private goods. However, a number of considerations do emerge:

Investments in public goods should support those in private goods and vice versa. There are several different ways in which programmes are attempting to make their investments complementary:

- For infrastructure 'development schemes' approved under Pakistan's FATA-RLCIP there is a focus on repairing and constructing infrastructure for promoting agricultural and livestock livelihoods, such as irrigation facilities – the same types of livelihoods the programme supports through CIGs.
- PPAF in Pakistan, meanwhile, sees an iterative development of UCDPs, Village Development Plans (VDPs) and household LIPs, where investments at different levels support each other. The macroeconomic outlook of UCDPs, for instance, will help shape an ecosystem within which identified livelihood activities can develop and vice versa.
- In Nepal's PAF, the 'pocket area development approach' is being implemented; this involves working with development partners to strengthen synergies between programmes aimed at alleviating poverty, empowering communities and bringing villages together to focus on a more aggregate level of market interaction.

Ensuring investments in public and private goods are complementary is fundamentally about joint planning.

Under the small-scale infrastructure component, Nepal PAF supports individual livelihood activities with community-based infrastructure such as irrigation canals, micro-hydro schemes, agricultural roads and culverts. In a FCS context, complementarity of this nature helps communities by (i) restoring/rebuilding the public goods damaged during the time of conflict; and (ii) keeping the pace of infrastructural development going to ensure implementation of livelihood activities when the outreach of the government basic services is limited.

Needs assessments should inform the combination of public and private goods. The balance between activities to build infrastructure and those to rebuild and restore livelihoods depends on the context and in particular the state of repair and existence of different forms of infrastructure. Pakistan's PPAF I and II focused predominantly on building community infrastructure so PPAF III was able to focus more on interventions supporting livelihoods. Afghanistan's AREDP also built on the community infrastructure developed through the NSP and was therefore able to focus on private goods and livelihood enhancement. Where there has not been a PCNA, as was the case for Sri Lanka's RaP, then assessments can include stakeholder meetings with NGOs

Box 8: Key guidelines for programme design and objectives:

Programme goals and objectives should be realistic and all stakeholders in the design process should be made aware of the need to avoid being too ambitious given the difficult operating environments in FCS. Trade-offs between different objectives need to be explicitly considered from the outset, and pressures from donors and government to produce quick and unrealistic results need to be resisted.

Programme design needs to incorporate an analysis of livelihoods and markets, how they have been impacted by conflict and how conflict has affected the possibilities to restore livelihoods in the future.

Programmes design will inevitably be in the context of limited information and programmes will be implemented in a rapidly changing context with limited capacity. The ability to adapt and be flexible is crucial.

already working in the conflict-affected areas, as well as consultations with actors on different sides of the conflict.

Selection of working areas and level of financing provided per household

Some common lessons emerge from the case study projects:

- Widespread displacement may render a CDD approach unviable (unless resettlement has already taken place), as the community will have been highly disrupted.
- The area needs to have been deemed ‘all clear’ as regards security by the military (Pakistan).
- The amount allocated to each community should be determined on the basis of a combination of criteria, including population, need and population density. While a number of programmes have allocated resources on a per capita basis, this does not take account of the higher costs of operating in more sparsely populated areas (Pakistan). Per capita allocation can also mean smaller villages do not qualify for sufficient funds to undertake

medium-scale infrastructure projects (Sri Lanka).

Allowing neighbouring village organisations to pool funds for certain investments can partially address this.

- There are trade-offs between spread and depth. Experience in Pakistan shows the value of initial outreach to demonstrate results and build acceptance across communities. The Nepal PAF went from six to 20 to over 50 districts, which may have reduced its ability to provide monitoring of programme outcomes as well as the implementation capacity of over 300 POs.
- Over the period of implementation, though, to lead to meaningful and sustainable changes in livelihoods, it may become necessary to intervene intensely with complementary and coordinated investments in certain areas, rather than spreading investments more thinly across a larger area and population.

2.2 Institutional arrangements

Most of the literature reviewed discusses the importance of CDD national and subnational institutional arrangements in FCS with regard to supporting peace and stability through social cohesion and governance objectives. Much less attention is given to ascertaining the optimum institutional structures, arrangements and relationships for supporting economic outcomes or meeting livelihood objectives at national and local levels, although this is critical to the effectiveness of implementation and longer-term sustainability.

Structure of relations with national government agencies

The current political settlement, donor requirements and the necessary compromises between different political groups are as important as the institutional structure. The case study programmes have adopted a variety of approaches, including being a separate entity (Nepal PAF, Pakistan PPAF and FATA–RLCIP) or being housed in a ministry (Afghanistan AREDP and Sri Lanka RaP).

Country	Implementing agency/design
Afghanistan	AREDP is within the Ministry of Rural Rehabilitation and Development (MRRD). Units at the central level are in charge of training, research, management information systems, M&E, communications and safeguards implementation.
Nepal	PAF is an independent fund with an ACT, reporting to the prime minister. It works through POs while providing technical oversight to the POs as well as M&E.
Pakistan	PPAF is an apex organisation overseen by the Ministry of Finance and the Economic Affairs Division. The FATA Secretariat, which is run by civil servants, has overall control of RLCIP. The Programme Management Unit is the core planning, monitoring and implementing unit and comprises non-government officials who are specialists in their own particular spheres.
Sri Lanka	RaP was within the Ministry of Economic Development (previously Ministry of Nation Building). a powerful, centralised ministry, which helped RaP get up and running quickly.

In establishing the arrangements for the institutional agency, there are several factors to be considered:

Current capacity of government (ministerial at national level, but also ability to implement through local government). During implementation of Pakistan's PPAF, government staff are primarily involved in a supervisory role or through steering committee meetings. PPAF therefore has a high level of autonomy from the government, which means it is able to avoid many of the bureaucratic and 'red-tape' requirements.

In Sri Lanka, it was possible to implement RaP through government, as the breakdown or disintegration of state institutions and the economy that are common in FCS had not occurred: the state continued to hold sway in most of the country as well as to maintain a fairly robust economy (World Bank, 2015). Although the economy in the north and east did suffer tremendously, public institutions continued to conduct their daily business, provide access to services and carry out welfare programmes in the otherwise LTTE de facto state.

The nature of the conflict itself, in terms of regional, ethnic, religious, political party and other factors that may affect trust and attitudes towards government in different communities or regions. The relationship established between the agency and the national government is more than a technical or administrative decision. It is 'political' in that it reflects an assessment of the capacity of the government to administer and manage resources, as well as its ability to prevent corruption, and the relative 'balance' within the government between different political, ethnic and religious interests. These decisions contribute to the legitimacy of the institutions concerned.

The preparatory work entails identifying trade-offs, one of the most important of which is that between setting up parallel systems for rapid delivery and working through existing government institutions. Decisions on this will have implications for the short-term delivery of infrastructure and services as against building national ownership and capacity (World Bank, 2013). The Afghanistan AREDP team highlighted these trade-offs:

The institutional arrangements of AREDP are a 'balancing act' – whether to build the capacity of government or ensure the delivery of services. It will likely take another 10 years for this capacity to be built. AREDP was not designed to build capacity but the new design will include some responsibilities for government to take over (with the overall objective of the ministry taking over core technical functions) (World Bank representative).

What are effective lines of decision-making in the FCS context?

Lines of authority/decision-making are vital, whether at the level of the national, regional or local governments. The

authority and powers of the implementing agency need to be clear both administratively and legally, whether it is independent or within an existing ministry.

Once the agency has been established, whether within or outside of ministries, the lines of authority need to be clearly structured and agreed on by the donor(s), the government and the governing body. Key questions here include:

- What are the lines of authority, between the relevant government ministry and the agency and between the agency and local government?
- What are the systems of communication? Are there regular coordination meetings or reports between agencies?
- Is a memorandum of understanding necessary with other agencies? If the implementing agency needs regular technical support or cooperation from another ministry, this can formalise the tasks.

How to establish conflict-sensitive governance/board?

- What is required at the national level? Oversight requires knowledge of technical issues, understanding of different geographic regions and experience working with government agencies.
- What type of representation and oversight will provide maximum accountability?
- How will the board balance different political parties, ethnic and religious groups and other interests? Representation may require careful negotiation with different interest groups to achieve agreement with regard to appointments.

Effective oversight of the programme implementing agency requires a clear system of operating rules along with designated authority, mechanisms for accountability and transparency. The oversight structure requires system designed in ways appropriate to the context, including the membership and function of the overall board or steering committee as well as the arrangements for managing and accounting for funds. The structure must have flexibility to allow CDD implementation to continue to function in diverse contexts and with changing external circumstances over the lifetime of the programme. For example, this may need to allow for changes that expand the government's involvement in some districts or regions, or at the national level when it becomes appropriate.

The terms of reference of the board or steering committee require clear delineation of responsibilities between the actors concerned, as well ensuring adequate capacity for dealing with trade-offs and risk. The composition of the board or steering committee may be a sensitive issue in FCS, and important in terms of the

breadth and balance of political, geographical or identity representation. Ensuring procedures that promote open decision-making can reduce the influence of more powerful interests.

Inclusive processes for establishing district/locational and programmatic priorities can reduce the risk of misaligned funding priorities. Explicit and transparent governance rules and procedures can help different agencies understand their own roles and those of others.

While it is essential to maintain a good relationship with government agencies engaged, it is not always productive to rotate responsibility – the chairing of coordination mechanisms needs to be based on substantial political capital, the building of relationships and a commitment of time. This is especially true in FCS. Better to be pragmatic than systematic, and use the person who has relevant skills.

The composition of the board requires care as regards the relative seniority and responsibility of its members in their own organisations. The composition of the steering committee also needs to be open to change, for example in order to accommodate increasing government engagement. Part of the governance structure would include a thorough MTR that provides guidance on all levels of the fund, from governance to fund manager to implementation, or specific sectoral goals and targets.

What are the most appropriate management systems?

Management will be overseeing the programme on a day-to-day basis. Its staffing is as important as the design of the system itself, and there may be significant political issues/pressures, as positions within the implementing agency could be seen as ‘political plums’. To ensure staffing is done

well, there needs to be a selection process that, as much as possible, shields the decision from political pressure. The establishment of standards for the positions can assist in this process, but it is quite possible that more attention will need to be given to a ‘neutral’ selection approach that is in accord with the context of the FCS.

A key lesson is the importance of the detailed design of the CDD system and the oversight of funds. Some examples, which recur in FCS, are as follows:

- Appropriateness to the task of ‘management at a distance’ of the implementing agency’s systems and procedures in the context;
- The need for attention not just to the choice of the structure to manage the fund but also to the quality of personnel assigned;
- The need to ensure alignment with the government takes account of local government as well as central government institutions, and achieves the right degree of government ownership or oversight or coordination without making excess demands on the government’s administrative capacity;
- The need to ensure procurement arrangements are fit for the specific purposes of the CDD programmes.

Should operations be implemented directly by a CDD agency or contracted through POs?

Again, the case study programmes have adopted different approaches: in Afghanistan’s AREDP and Sri Lanka’s RaP, the CDD agency has been involved in direct operations; for other projects (Pakistan’s PPAF and FATA–RLCIP, Nepal’s PAF) all use POs.

Country	Implementing agency/design
Afghanistan	AREDP operates as a follow-on project to the NSP, which concentrates on public goods. It works in communities where the NSP has operated and focuses on private goods. The central AREDP office in MRRD coordinates with provincial offices in each of the five provinces. The provincial facilitator then works directly with enterprise facilitators who are each responsible for around 10 village facilitators who are identified by village members.
Nepal	PAF’s mode of operation has been to work through implementing partners on the premise that they are more capable of working in communities that they know. It was initiated in six conflict-affected and Group C (poorest) districts in Nepal in 2004. Presently, it is working in 55 districts with plans to extend to 70 depending on other factors. PAF mobilises POs, which carry out income-generating subprojects to target poorest and excluded groups.
Pakistan	PAF’s mode of operation has been to work through implementing partners on the premise that they are more capable of working in communities that they know. It was initiated in six conflict-affected and Group C (poorest) districts in Nepal in 2004. Presently, it is working in 55 districts with plans to extend to 70 depending on other factors. PAF mobilises POs, which carry out income-generating subprojects to target poorest and excluded groups.
Sri Lanka	The Project Management Unit was located near the project area and under the Ministry of Economic Development. Under the unit were three provincial planning units along with respective district offices. A parallel District Project Management Unit was then established under the government agent to provide assistance to the VDOs.

If the decision is made to contract out operations to POs, as is the case in Nepal and Pakistan, a number of conditions need to be in place for this to be effective:

Policy environment

- The environment for the POs needs to be one of policy reliability and legal stability.
- The relationships between government agencies and contract agencies may in the past have been characterised by ambivalent systems, mistrust, blurred boundaries and vested interests promoting certain points of view. This needs to be addressed in establishing the ‘rules of the road’ for implementation.
- If the PO has been involved in humanitarian operations, it may need to change its relationship with government agencies and donors as the contractual and deliverable requirements are significantly different.
- There may be POs associated with opposition parties or armed groups, and their selective involvement can contribute to the perception of impartiality and increase trust.

Regulation

- Regulation by government agencies may have existed mainly on paper and relate mainly to provision of inputs rather than their quality. Thus regulations for the CDD programme may need to be informed by a capacity assessment.
- The managing agency will require assistance and additional capacity to regulate providers.

Contracting

- Formal contracts by government (as principal) of providers (as agent) require specific goals and deliverables.
- These are easier to manage where the contractor is legally constituted.
- Clear rules and complete contracts reduce misunderstanding and conflict.
- There are notable cases of effective contracting-out of services, and the lessons should be incorporated into future CDD management design.

There are notable cases of effective contracting-out of services, and the lessons should be incorporated into future CDD management design.¹

If through contracts, what are the criteria for assessing potential partners? In addition to the overall delivery questions, selection criteria for POs should include:

- Experience in working with the public sector and existing relations with local government bodies in the design and implementation of community-based projects;
- Existing local networks and/or partners in the districts or communities selected for the CDD programme;
- Experience in market analysis, livelihoods and loans or grants, or having partners with this experience, including private sector actors in areas such as basic financial services;
- Evidence of trust in the designated local communities from existing or previous programmes;
- Ability to work in violent contexts and, where necessary, to negotiate with armed groups;
- Ability to provide timely information on how they would initiate delivery, and what funding levels are required for start-up;
- Identified technical or programmatic expertise in the main programme areas;
- Capacity to contribute to analytical work and monitoring of CDD-type programmes;
- Experience in beneficiary identification, including greater inclusion of women and excluded groups.

Working with, and coordinating, POs

A number of factors should be taken into account in deciding the number and size of POs to be contracted:

Larger POs may have broader expertise and be able to benefit from economies of scale. In reviews of Nepal’s PAF, larger NGOs tend to be able to deliver support more effectively to the poorest than do smaller organisations. The question of how to ‘scale up’ successful activities therefore needs to be addressed in terms of how to reach more and poorer people effectively. For implementation by COs, the POs should have specific goals for ‘support’ with regard to monitoring not just individual activities but also the overall direction being taken. However, the type of conflict needs to be considered: as the Maoist conflict presented the POs with a different set of challenges from those facing those in Terai, where the origin of PO staff was a more contentious issue.

Smaller POs, which frequently employ local staff, have advantages of increasing acceptance of activities at the community level. Owing to political pressures and the need to gain acceptance in the communities, Nepal’s PAF has the problem of a constantly expanding number of POs (now in the hundreds), which really constrains the ability of the programme to carry out quality control and M&E and

1. For instance OECD (2010) Handbook on Contracting out Government Functions and Services in Post-Conflict and Fragile Situations.

ensure effective grievance redress. Using many smaller POs does raise challenges of coordination and of monitoring activities across a wide-range of actors.

During implementation, it is important to reassess the number and type of POs, given both the altered context and the capacities and skills required for different activities. Most PPAF-supported activities are through a small number of large POs, even though PPAF I initially had an objective to work with and build the capacity of a large number of POs. As PPAF went through different phases with new objectives, it increasingly worked with a handful of large POs with track records and capacity in the different provinces.

Whatever size of PO contracted, it may not be beneficial for those POs to have a monopoly over programme activities in their operating area. One way around this is to contract out technical assistance, including on livelihoods, to other specialised actors, which requires an assessment of other organisations operating in the same area and their ability to provide specific elements of technical support.

2.3 Programme preparation

All five case study projects show the importance of community engagement taking place before activities that create public and private goods. With community dynamics changing owing to conflict, community engagement is a necessary starting point to (re)-establish community-level development institutions and to gain acceptance for the programme. Community engagement is also seen as important to minimise subsequent elite capture when funds for public and private goods are disbursed, but there are always risks of the community process becoming another mechanism for elite influence or control.

Box 9: Key guidelines on institutional arrangements:

They require careful assessments of government capacity and of the current FCS political realities. They need to be strong to resist political pressures but also adaptable if dramatic changes occur in the political or government context.

Once arrangements are established they should not be considered fixed but remain subject to scrutiny and assessment as to whether they remain fit-for-purpose, particularly if the conflict dynamics change.

Selection of POs requires balancing the value of having local POs with presence/acceptance with the challenge of overseeing too large a number that might also not have the specialised skills in livelihoods beyond the usual community engagement skills.

What different types of community-level institutions have been adopted in different cases?

Each case study programme, with the exception of AREDP, has supported two types of community-level institution: (i) livelihood-focused institutions; and (ii) community and village organisations.

Livelihood-focused institutions

These institutions include those that (i) manage savings and loans and (ii) work together to develop a specific type of livelihood activity through receiving technical support and inputs. Some organisations incorporate both of these elements.

For all the programmes, membership of a livelihood-focused institution is a prerequisite for receiving livelihood

Country	Local CDD approach
Afghanistan	Project guidelines envisaged community development committees (CDCs, established under NSP) to be the key community institutions but they were associated with misuse of funds so in the study sites AREDP community institutions and CDCs were not working together. AREDP set up female and male SGs. The aim was that 10 SGs would combine to form a VSLA, which would then receive seed capital for investment. EGs were also established for individuals engaged in the same livelihoods activity.
Nepal	The primary mechanism for PAF has been through loans to COs that are then on-lent to their members. PAF is also forming higher-level institutions such as cooperatives, federations, producers associations and cottage industries registered at the respective departments/ministries.
Pakistan	PPAF established COs that are then encouraged to federate to form VO(s) and subsequently into Local Support Organisations (LSOs) at the UC level. CIGs were also established. FATA-RLCIP: CDCs were formed from members of COs. The CDC makes the key decisions and is elected by the community. Farmer Interest Groups, Economic Interest Groups and Women's Interest Groups are also formed.
Sri Lanka	The VDO was the central organization responsible for decisions around the project – in terms of both infrastructure and livelihoods. Everyone in the community can be a member; you just need to pay a small upfront fee and yearly membership charge. Guidelines that 51% of members should be women. Included an elected administrative committee. SGs operate as revolving funds. All members of SGs are members of the VDO. The VDO committee and community resource person are responsible for ensuring the correct functioning of the revolving fund.

support. The approach to these institutions varies, but some key lessons that emerge include to:

Assess the likelihood of institutions being effective, and the viability of federating institutions, given population densities and the conflict dynamics that may influence relationships between different communities.

Afghanistan's AREDP initially aimed to federate groups of 10 SGs into VSLAs, which would then receive seed capital. However, low population densities, sparsely spread villages and depleted infrastructure meant this proved difficult. Instead, it aims now to **adopt a 'graduation' approach, supporting SGs and EGs with the potential to become SMEs.**

The use of CIGs in Pakistan emerged from promotion by the government of the 'one village one product' concept, adopted from Thailand after an exposure visit. This envisages a pyramidal hierarchy whereby small producers contribute to a tier of production. However, this concept may be inappropriate in Pakistan, where there is a limited manufacturing base and where, particularly in areas of low-density population, there are few opportunities for economies of scale. The theory of change behind the formation of CIGs should therefore take account of the particular demographic and economic context.

PPAF initially supported CIGs comprising ultra-poor households benefiting from asset transfer support and engaged in similar economic activities. However, the distances households had to travel to attend meetings led to high levels of dropout and poorly functioning groups. PPAF thus adopted a more flexible approach to CIG membership, encouraging (i) groups of ultra-poor asset transfer beneficiaries to form groups based on location, rather than prescribing that the group had to be centred on a certain activity; or (ii) ultra-poor households to join CIGs involving a wealth-cross section of households.

Offer varied support depending on the ambitions and capacity of institutions and individuals within those institutions

Pakistan's PPAF grades its CIGs A-D on the basis of their maturity and ambition and varies support to them. Its ultimate goal is for the most entrepreneurial groups to become production centres that coordinate producers in a particular value chain. However, it acknowledges that not all groups will either be able, or want, to become a production centre.

Programmes increasingly acknowledge that not everyone in a CIG is, or wants to be, an entrepreneur. Afghanistan's AREDP, for instance, identifies particular entrepreneurial individuals in groups and encourages them to participate in exposure visits and be linked to business mentors. These individuals can then help promote and drive progress on a group-level enterprise. A key question that arises is how best to identify those individuals with

particular entrepreneurial abilities and ensure differentiated services are available for different population groups?

Community and village organisations

These exist at different scales and include organisations that represent the entire village, those that represent a particular community within that village and those that have the executive power over deciding, implementing and monitoring community-level investments. Programmes frequently **federate community organisations into a village organisation as this is seen as best practice for promoting voice and building scale and for making effective linkages with government and markets.**

Pakistan's PPAF promotes a particular hierarchy of organisations. COs are federated into VOs, which are then federated at the UC level into LSOs in order to build their voice in terms of making linkages with government and the private sector. However, having programme targets around number of LSOs and VOs formed resulted in POs forming higher-level community institutions too quickly in order to meet targets. In peri-urban areas meanwhile, POs often felt that federation of COs into VOs was not appropriate.

Promoting the inclusiveness of community-level institutions

Specific mechanisms are required for including minorities or excluded groups at the community level.

In FCS, **what balance should be aimed at between direct and delegated participation?** Inclusive participation in practice is quite difficult given the prevalence of age-based hierarchies and how marginalisation of youth who are most in need of livelihoods is a cause of conflict. There are two visions somewhat in tension here: a governance structure that represents constituencies within a community and makes decisions on their behalf on the basis of understanding their needs, and a governance structure that leads the community in participatory processes while also ensuring all sections of the community are involved (including elites and 'non-poor').

When there is a necessary emphasis on inclusion of marginalised groups, is there a danger of promoting a model whereby people feel represented only if there is someone 'like them' (ethnic group, age, gender) on the committee (while at the same time these representatives may see their main role as the furthering of the interest of this group)? Should the CDD project be aiming to promote practice whereby governance structures work for all, regardless of background/ethnicity, etc.?

In practice, programmes form organisations that reflect existing intra-community differences while also promoting committees and institutions that aim to give a balanced representation of those different groups. There can be incremental changes around the CDD effort to improve inclusion, but the CDD work itself can only affect certain relationships, and over years, not weeks.

Two minority groups the case study programmes have adopted different approaches to actively try and include in activities and institutions are PWD and youth.

Afghanistan's AREDP reached out to PWDs by specifying groups to receive support through tools or business start-up. It also developed a programme for nomads, training a roving enterprise facilitator to travel with them to give technical skills and ideas and solar refrigerators so they can sell their milk.

Most PWDs do not have local institutions to provide support, as reference systems, trainings and other resources are provided only in cities, with very little available in rural areas. Programmes can develop local approaches to psychosocial support and to try and increase their value in community. This requires efforts to identify and shortlist PWDs and to encourage households to support PWD members.

There are significant challenges in ensuring PWD are involved in programmes, as most PWD organisations do not have a presence in poorer, rural areas. PWD organisations should be involved at the national level in providing guidance and support to the implementing staff from the initial phase of the programme. Including PWD in programme activities is a good entry-point, as acceptance by other community members of their inclusion in the programme tends to be higher if the process of inclusion is outlined from the start.

The overall involvement of young people in CDD programmes presents several challenges, including the age hierarchy in communities as well as common seasonal migration patterns of school leavers. A clear distinction should be made between (i) programmes that are not specifically targeted at youth but nonetheless benefit youth, either directly or indirectly, and (ii) those that do target youth as a whole or groups of youth – that is, are youth-specific. Given that youth comprise a significant proportion of the rural labour force, their participation is essential. Key questions when involving youth include:

- How many youth, and how many unemployed youth, are there in relation to the working-age population? What are the trends and indicators?
- How have youth been affected by the conflict?
- What are the expectations of young people vis-à-vis the labour market?
- What is the degree of segmentation of young job-seekers with respect to level of education and to formality or informality of employment?
- To what extent are rural youth a significant group with specific or special social and economic needs that should be addressed through targeted interventions?
- Are rural youth a key target group for CDD and local partners, which should be 'mainstreamed' in the same way gender is?

- Should development project preparation include a youth analysis along the same lines as the already agreed methodology for 'gender analysis'?
- Are there specific groups of rural youth who should be prioritised for support? What type of support?
- What comparative advantage does the CDD programme have in working with youth? What other organisations might it need to partner with in order to do this effectively?

Designing organisations for representativeness

CDD approaches promote a model of local governance centred on an elected CDC. In situations after conflict, or where IDPs or refugees are now returning home, there are additional challenges of trust and community restoration that are different from inclusiveness. There are also issues of defining who is viewed as part of the community and so regarded as being able to vote in elections for community committees, for instance.

In these situations, how do local individuals and COs understand terms such as 'transparent, representative, accountable, democratic, participatory' – sometimes separately and sometimes all at once?

Elections for executive committee and sub-committees (AREDP, PPAF, RaP, FATA-RLCIP)

- Under the project guidelines for Sri Lanka's RaP there is a requirement for 70% of the village population to be present at public gatherings to elect community committees. However, this is difficult to achieve, and is it realistic or appropriate in FCS where security is a concern?
- Not everyone is eligible to stand for election; requirements include a certain level of education and basic financial literacy. This immediately excludes many poor and vulnerable people from standing.
- RaP combines elections with a requirement that 51% of the committee members are women.
- Difficulties in implementing 'free and fair' elections led Pakistan's PPAF to instigate a secret ballot to minimise elite capture.
- Initially elected members tend to represent the traditional village elite. Over time there is an expectation by the CDD programme, but not necessarily the local community members, that poorer groups in the community will be elected to committee positions.

hesitant at the start to come forward for meetings and interact with males or their husbands were unwilling to allow them to attend meetings. COs therefore started with the elderly female or elected a local male who could convince other men to let their wives participate in the meetings. Also, over time, men saw they could be helpful to and benefit from the programming, rather than being

excluded from what might have been interpreted as an ‘all women’ process. All programmes reported the **importance of female staff to act as local role models, play a leadership role and so encourage women’s involvement in COs.**

To try and promote inclusion, Sri Lanka’s RaP and Nepal’s PAF instigated quotas for the **inclusion of women in community groups.** While this seemed successful, women’s participation in these organisations often tended to be passive, with men tending to make the key decisions. As well as cultural norms, this reflects the lack of literacy and numeracy among poor women and their need to balance involvement in community groups with their responsibilities to maintain the household. **It may be appropriate to set an achievable (but still ambitious) target for women’s inclusion for the end of programme with more moderate targets for the initial years of the programme.** Further, the role of intermediary organisations becomes essential in their providing basic training in literacy and numeracy for women, as well as culturally attuned encouragement to be more active in community meetings.

Barriers of language may be another factor: for example, in Rolpa (Nepal PAF), the Kham Magar community in the far north speak only their own Kham Magar language, which the POs and social mobilisers cannot speak. As a result, they have to recruit local people from the community and to compromise on other skills, such as experience, education and so on.

Meanwhile, to minimise the risk of elite capture of COs, Sri Lanka’s RaP staff, during the process of community engagement over a period of six to eight months, identified village leaders. They then encouraged these leaders to be members of the social audit committee, meaning they could not also take leadership roles in the village organisation.

Working with existing structures and norms

In order to rebuild and restore livelihoods over the short term, a degree of pragmatism is required, so that all projects, to some extent, **work with existing divisions in the community and respect local culture when building local-level institutions.**

- Acknowledging ingrained gender relations and expectations in society, both Pakistan’s FATA–RLCIP and Afghanistan’s AREDP set up separate livelihood-based groups for men and women. In the case of FATA–RLCIP, Women’s Interest Groups operated in parallel to men’s Economic/Farmer Interest Groups. Under AREDP were separate SGs for women and men. These were supported by female and male village facilitators, respectively. An important factor in swaying men to allow their wives to participate in women’s SGs were that the group has a safe place to meet.
- Pakistan’s PPAF meanwhile, experimented with CIGs formed just of ultra-poor beneficiaries who had benefited from its asset transfer programme. This made it difficult for CIGs to fulfil their objective of raising

voice in order to link with government services and different market actors.

- Under FATA–RLCIP, COs were formed of relatively homogenous groups of households (e.g. those living in a particular hamlet or street). This is an acknowledgement that ‘bread, butter and conflict’ are at the heart of community dynamics and, in the short term, it is necessary to work with the existing community dynamics (Interview, World Bank staff).
- Under Nepal’s PAF, to maintain harmony among members of the community, the POs also allow influential members to be part of the committee for the CO (even if they are not those which programme documentation wishes to prioritise as committee members). PO staff believed including influential people will mean that any potential conflict or obstruction to implementation are avoided, but that raises the risk of elite capture in some communities.

Programme experience points particularly to the importance of **initially not challenging value systems around women’s roles and responsibilities.** Rather, programmes staggered their expectations in terms of women’s involvement and active participation and aimed gradually to increase the role of women in COs over time. This is because of the need for the programme to be accepted by a range of community members in order for it to be able to operate. Challenging value systems from the outset would result in resistance.

How can information about the programme best be disseminated throughout the community?

Programmes often use community gatekeepers to raise awareness, including the local elite, the elderly and members of existing development committees and assemblies. This is seen as necessary both to spread the message of project activities and to obtain buy-in. However, it can have implications for the inclusiveness of that programme, if staff are associated in the minds of the community with the traditional leadership.

Nepal’s PAF was unable to access some districts for two years. Programme staff had to identify local people who were able to negotiate with crime-based groups in the plain areas and so ultimately to gain both access and community acceptance. When a community was convinced of the value of the programme, local leaders took on responsibility for negotiation with bandits in the area. Subsequently, programme staff were able to begin work in the area, but this meant information could only be passed along through temporary intermediaries in some instances.

Other awareness-raising tools include:

- Posters, though these have limitations where people are illiterate. In this situation, pictorial aids can be used, with text in the local language. However, posters are

unlikely to be seen by those with mobility problems including the elderly and disabled;

- Announcing over loudspeakers, for example from the mosque, church, temple or school;
- Roving drama groups that make the messages and awareness-raising events more accessible to and enjoyable for the community

What support do community-level institutions require?

This will depend on the specific role of the institution, but is likely to include:

- Skills to manage their roles in the CDD programme and the potential to become a self-sustaining entity;
- Training, particularly for the executive committee, on financial management, including bookkeeping, with an emphasis on ensuring that women and excluded groups are given adequate support;
- Support for members of the organisation to hold the committee to account – that is, through social accountability mechanisms – and to develop the rules and regulations governing membership so that, over time, there will no longer be an expectation that committee representatives will be the traditional elite;
- Technical support (particularly for livelihood-based organisations). This can take many forms and be delivered through line ministries, NGOs or the private sector, depending on capacities and project institutional arrangements. Under a market-based approach, exposure visits by failed and successful entrepreneurs can also help develop skills;
- A question for COs, addressing whether the executive committee, or the specialist sub-committees, should be remunerated.

Should, poor and vulnerable households be specifically identified for support?

There is a tension within the CDD approach between the community orientation of the programme and the (implicit or explicit) objective to support the poor and vulnerable in particular. FCS poses particular issues when aiming to identify and support those groups:

- The high levels of poverty and vulnerability in FCS lead to a view that ‘we are all poor here’ and so there should be no differentiation in terms of support on the basis of poverty status.
- Poverty and vulnerability should not be conflated, as geographic location, gender, ethnicity, age and disability are factors that can be measured and assessed differently than the poverty level.
- A focus on particular livelihood activities can limit the participation of some excluded groups that have

separate livelihood interests as they may have different vulnerabilities with regard to access to markets.

- There are limitations in the extent to which participatory wealth ranking can be an effective tool in contexts where there has been widespread displacement (Sri Lanka’s RaP and Pakistan’s PPAF).
- If the poorest households are to receive different kinds of support, then using objective criteria to identify them (e.g. a poverty scorecard in Pakistan’s PPAF) is important for accurate identification that is consistent across communities.

Beyond FCS, other projects in South Asia – such as in Tamil Nadu – have effectively used a process of participatory identification of the poor (with the list of poor and vulnerable validated by the village assembly). This has worked to obtain community buy-in and to differentiate support to the vulnerable, the ultra-poor and PWD through grants or loans from community groups as decided by the community. However, experience from Sri Lanka’s RaP raises questions about how appropriate this may be in situations where there have been high levels of displacement and the concept of a ‘community’ is more fluid.

Overall, community level priorities may not always be consistent with broader societal goals such as equity, efficiency and sustainability, and processes may exclude women, youth and/or disabled people. Community-based approaches thus require processes that ensure the CO has the ability to incorporate different views, especially those of the most marginalised households. Support from the PO may be necessary over a substantial period of time to address the challenges around targeting vulnerable groups within communities. This could entail interviews with different marginal groups, small meetings that bring CO members together with specifically identified small groups and identification of specifically tailored mechanisms to support these groups.

Should grants or loans be used to rebuild livelihoods?

Grant-based approaches are more appropriate than loans to build the livelihoods of the poorest people. International experience shows certain approaches – particularly household loans – are inappropriate for the poorest households, which are unable to invest them productively and so, rather than building their livelihoods, can be trapped in a cycle of loan repayments.

Acknowledging this, Nepal’s PAF, Sri Lanka’s RaP and Pakistan’s PPAF all included a grant component in their design to rebuild and restore the livelihoods of the poorest households. However, **grants for the poorest were stopped under RaP owing to reports that they were raising community tensions** (though they were maintained for female-headed households, in the case of RaP). In particular, Tamil communities did not want hand-outs and to become dependent on project support. They

wanted to stand on their own feet and as such decided not to implement one-time grants that were available in the design. However, ultimately somebody, or some organisation in the community, made this decision on behalf of others, with the effect of depriving others of the opportunity for grant-based support to rebuild livelihoods. This highlights the trade-offs during project implementation and the **shortcomings of community consensus being required for investments. Is this an acceptable design choice for livelihood projects in FCS?**

PPAF is the only one of the five case study programmes that has been able to ensure households targeted on the basis of their high levels of poverty receive intensive support in the form of training followed by the transfer of assets. There are two main reasons why PPAF has been able to expand its targeted support for the poorest households while other programmes, despite it being in their design, have had to scale-back this support. These are:

- Households are identified using the national Poverty Scorecard (PSC), a process whereby the whole community validates the results so everyone is aware of their relative score. This limits disputes, as households know from an early stage in which poverty category they are. Other programmes, for example the Benazir Income Support Programme, also use the national PSC to select poor beneficiaries.
- An increase in the coverage of grant-based support from the poorest 25% to the poorest 50% reduces the likelihood of animosity as a larger proportion of the population is receiving support.

Loan terms and conditions should reflect the ability of different types of household to repay. The main instrument for building livelihoods in Nepal's PAF and Sri Lanka's RaP was group-based livelihood loans, where the group decides the terms and conditions. There can be tension between the preferences of the majority of the group and the requirements of the poorest households. Ideally, there should be appropriate flexibility in repayment schedules for different households, as was reported for female-headed households in the RaP case study villages.

A risk, as experienced by RaP, is that loan repayments become the primary indicator against which local staff report and are assessed (and, in the case of RaP, receive a bonus based on). This can lead to the poorest households receiving fewer and smaller loans, which are insufficient to build their livelihoods, or indeed being unable to access loans.

Proposal application and selection

There is broad agreement that community-based approaches have the potential to be more responsive to the needs and priorities of beneficiaries. However **communities face challenges in terms of identifying solutions, including**

Box 10: Key guidelines to programme preparation:

Building inclusive community institutions is a long-term process, with added complications in FCS owing to the likelihood of greater disruption of community trust and cohesion. A pragmatic approach is needed that balances the realities of working with existing community dynamics and divisions while establishing the mechanisms whereby committee members can be held to account and so through which, over time, these organisation representatives can become more inclusive.

Not all community-level institutions will have the same ambitions and capacities to develop their livelihoods. Support should be tailored to the particular entrepreneurial outlook both of institutions and of individuals within those institutions.

Grant-based approaches, including the direct transfer of assets and training, are more appropriate than loans to rebuild livelihoods of the poorest households. Project staff need support in negotiating with, and explaining to, other community members of the value grants for the poorest and how these will contribute to the broader benefits of the CDD programme.

micro-enterprise opportunities. Beneficiaries need to be exposed to new ideas and trained or advised on livelihoods options or they are highly likely to adopt traditional, often subsistence, livelihoods. At the same time, many households will necessarily have to be careful on how much risk they can undertake through new products, as they have limited scope for 'failure'.

This is illustrated clearly by social mobilisers in Rolpa district, Nepal:

Here people do not want to do new things. They think there is loss and risk in new things. Only if they see others profiting from new things they will follow it. And sometimes everyone goes for the same thing again. Village people are like that.

Thus, in the Nepal PAF case study villages, everyone was growing the same vegetables, resulting in market saturation and leading to a drop in the price of the local products. Unless there is a strong motivating factor or exposure, innovation and learning is not encouraged when the community decides on their priorities. This is because they make decisions only on the basis on what is already known to them and lack regular exposure to new knowledge and practices. However, at the same time, the level of risk-taking behaviour and **entrepreneurial orientation varies between individuals, so different livelihoods opportunities will be attractive to different types of people.** One size does not fit all.

How can the programme best screen and support income-generating activities?

Identifying solutions to problems identified at community level requires additional external technical support to facilitate informed decision-making. Lessons in this area include the following.

An appropriate ‘menu’ of livelihoods options needs to balance the needs and demands of beneficiaries with the constraints of the operating environment. The World Bank (2013) suggests that in FCS it may be most appropriate to use a closed menu, given the difficulties of providing technical support and other inputs. However, the case study programmes have adopted a range of approaches. Adopting a ‘middle-way’ between an open and a closed menu, Sri Lanka’s RaP provides information on a range of different livelihood options and then provides training for those most popular activities.

Appropriate livelihoods options need to be identified, and be available, for women to pursue. In contexts where women’s movement in the public domain is restricted projects have struggled to identify suitable, profitable, livelihoods activities for them. The initial experience of FATA-RLCIP in promoting sewing machine based-livelihoods for women proved unsuccessful as the market was quickly saturated. To promote the inclusion of women, the project therefore aimed to prioritise households where women were currently involved in livestock rearing to be beneficiaries of livestock development.

It is important to assess the implications of requiring households to develop business or market plans. The perceived advantages are that (i) it encourages households to think through the implications of following their intended livelihood activity and to assess whether they have the assets and abilities to undertake it, so making positive outcomes more likely; (ii) it develops the skills people will require to access finance from other financial institutions in the future; and (iii) it enables programmes to identify particularly entrepreneurial individuals. However, experience from Pakistan’s PPAF and Sri Lanka’s RaP shows that (i) programme staff play a central role in formulating this plan because of illiteracy of the poorest; and (ii) formulating the plan and obtaining approval for a loan can be a long process. Livelihoods are not the same as a ‘business’, so the decision-making process about sales to markets may be different. This has implications for especially for seasonal investments.

Afghanistan’s AREDP does not require households to develop a business plan. Households can take a loan from an SG for any reason. Programme documents state that 90% of loans are taken for productive purposes. SGs do not receive an external generation of capital; the money is therefore members’ to spend as they wish. The rationale is that if individuals feel they were advised to take up a certain activity, rather than choosing it themselves, then it is less likely to be sustainable and profitable.

Training should be given before grants or loans are disbursed. Under Pakistan’s PPAF III, households identified as eligible for asset transfer have to undergo mandatory training courses on asset management, business management and procurement before receiving the asset. There is another optional training on skills development, linked to the asset procured. The experiences of RaP and AREDP highlight how women, in particular, may require more extensive training, especially if they are illiterate and have limited experience of formal education.

Some beneficiaries may benefit from mentoring. Particularly if beneficiaries have not undertaken the particular livelihood activity before, initial training sessions may be insufficient and some form of regular mentoring or follow-up training may be useful.

Engaging private sector actors is important. This can include in delivering training and acting as mentors and role models. Entrepreneurial individuals can then learn from both successful and unsuccessful business owners, especially about how markets function.

Programme staff and COs can play a role in making knowledge available on certain livelihood activities as well as on the opportunities VDPs can provide for household-level livelihoods. For instance, social mobilisers can be provided with training and regular knowledge updates to pass on to COs. A social mobiliser describes how Nepal’s PAF could support the selection of livelihood activities through supporting COs;

To find their needs themselves, to calculate the needed resources, it will be good if they can do it themselves but looking at the state of the COs – they are illiterate and do not have a lot of exposure. For them at least basic training is needed. Now, we are giving advice from higher level. We may be against some of their wishes; we might be going against what they have wanted. I guess it will be better if we first give them training on range of options available and later ask them to take up some activities for themselves.

Other ways of raising awareness of different livelihoods options include:

- Arranging visits to local markets;
- Organising road shows bringing buyers and designers to an area to expose producers to these opportunities;
- Digital hubs for people to access market information;
- Establishing business centres to link producers with buyers and markets.

Mechanisms need to be in place to ensure the viability of different livelihoods initiatives is fed back into the proposal application and selection process. Quality of PO or private sector partners is vital in this regard; they need the necessary skills to provide advice on livelihood options, their viability and associated risks.

Appraising livelihoods choices

Undertaking market analysis

Market analysis needs to be continually updated. It requires both advance investment in staff and mechanisms to ensure regular refreshing of the analysis. Systematic market analysis tends to be a one-off rather than undertaken regularly. Under Nepal's PAF, the initial systematic analysis is complemented by informal market assessment, by the social mobiliser, before money is provided to beneficiaries. As one social mobiliser explains:

First of all we assess the market, like what potentialities are there for the market. It is not enough for people just rearing the goat when there is no market, there must be a market and place to sell those things. We look at whether the meat will be sold, likewise if there is consumption of ghee, milk in the local areas or not, they demand by assessing all these potentialities only and we inform these things to them at the beginning as well

However, social mobilisers are not technical experts in markets and livelihood analysis and it is unlikely this informal approach will be sufficient to address the need for analysis, which should include not only product markets but also labour and services markets.

Conflict-affected market analysis needs to address issues such as the following:

- Damage to assets or disruption to livelihood activities of target households;
- Partial or complete disruption of businesses (traders, retailers, input suppliers) in the supply/value chain;
- Blockage or partial obstruction of particular linkages or relationships in the system;
- Changes in gender roles, changes in relations between different identity groups and outmigration patterns;
- Breakdown or loss of key services or forms of infrastructure;
- Opportunities provided by illegal post-war markets (e.g. in opium, logging);
- Policies, regulations or social norms acting as a constraint on the effective functioning or expansion of opportunities within the market system;
- Level of trust between different market actors, including how this has been affected by the dynamics of the conflict.

Local market analysis offers local communities the opportunity to work together to identify opportunities for economic growth. Market assessment can encompass a range of approaches such as value chain analysis, local product analysis and analysis of current local markets. Assessments would also ensure local and regional markets are functional to help achieve the livelihood goals:

- Identifying ways to support SMEs;
- Identifying the optimal opportunities for establishing new small enterprises;
- Identifying other possible sources of finance;
- Linking livelihoods with potential investments in physical (hard) infrastructure;
- Linking livelihoods with potential investments in soft infrastructure (literacy and numeracy; agricultural and veterinary extension services);
- Supporting the growth of particular clusters of enterprises as well as discouraging overproduction of specific products;
- Targeting certain disadvantaged groups;
- Focusing skills training on where the markets for labour are promising.

Undertaking livelihoods analysis

- Placing poorer households, women and excluded groups at the centre of the analysis;
- Recognition of the multiple and interrelated activities that are part of a household livelihoods, in particular that rural livelihoods do not comprise just agricultural activities;
- Taking account of social and cultural processes, such as social norms, that enhance or constrain livelihoods, for example constraints to the movement of women in public spaces;
- Including an assessment of vulnerability to economic and political shocks, but also natural disasters.

Livelihood analysis needs to link with wider market and value chain analysis, including questions around:

- What is the overall economic situation?
- What are the livelihoods and market strategies of power-holders?
- What have been the drivers of change for different livelihoods and markets?
- Is value chain analysis a relevant method?

Is it important to promote group savings?

SGs and revolving funds at the community level can be a starting point for livelihood interventions. Under Sri Lanka's RaP, Afghanistan's AREDP and Pakistan's PPAF, groups must reach a certain level of maturity, including in terms of their savings behaviour, before they can start lending. Under this model, group savings reduces the impacts of risks on beneficiaries and builds awareness of the importance of responsible access to credit. Insights from AREDP highlight how the establishment of local groups that managed their funds in a transparent way formed an important collective safety net people could

fall back onto for immediate needs and in case of an emergency or shock, including sickness:

If this programme didn't exist it would be very difficult to go to someone and ask him for a loan, through this programme people have easy access to a loan and then solve their daily problems (member of men's SG, Lower Ezatkhail, Parwan province)

Group savings is not a component of Pakistan's FATA-RLCIP. This is seen as a potential shortcoming of the programme: during shocks households are forced to sell assets as they often have no savings to draw down on (Interview, task team leader).

Group savings can be an important first step to other forms of financial inclusion. A degree of sequencing of activities is involved in promoting access to finance. The process starts with financial literacy training and training on management of group funds. Loans from the revolving fund start small, often being taken for basic consumption. After a few lending cycles, loan size increases, now providing working capital for livelihood activities. Later on, linkages with other financial institutions are established. This longer-term, phased, approach to financial inclusion is particularly important in FCS where there can be a range of barriers to accessing wider financial services, including (i) absence of formal financial services in many rural areas; (ii) a small range of products offered that are frequently inappropriate for poor households; and (iii) collateral as a requirement to access loans.

Considerations when promoting group savings and lending to build livelihoods include:

- Setting the terms and conditions of group membership and operation in a way that balances the viability of the fund with enabling the poorest households to participate: often, the group sets the level of monthly contributions and it is important to take into account the ability of poor people to make payments.
- If the groups is to operate strictly as a revolving fund then the time required to access a loan by different members can make it an unattractive source of finance and also limit the role group savings can play as a safety net in times of emergency (Sri Lanka's RaP).
- Revolving savings can, where livelihoods are linked to agricultural seasons, make it difficult to plan for, and develop, certain livelihood activities (e.g. most group members require a loan during the planning season).
- There can be a trade-off between groups establishing a revolving fund for use by individuals invest in their income-generating activities and the savings being applied to community contributions for infrastructure projects in cases where community contributions are required (Pakistan's PPAF).
- It is import not to have too many members of the same household in the one SG. Afghanistan's AREDP

found members of the same family tend to have similar financial flows and this contributed to group disintegration.

- In the aftermath of covariate shocks, it is likely the demand for loans to cope with the shock will exceed the pot of money available.

Box 10: Key guidelines regarding proposal application and selection:

Local staff and POs should not assume 'the community knows best' and should be equipped with the skills, training and mandate to provide guidance and information and assist with identifying livelihood options.

Livelihoods and market analysis should be undertaken regularly and mechanisms need to be in place for it to feed back into the menu of livelihood activities, training programmes and advice for beneficiaries.

The private sector can play an important role in training beneficiaries. Engaging the private sector is important to expose beneficiaries to new ideas and to develop their business acumen. Projects should, either through POs, COs or business organisations, help link beneficiaries with private sector players.

2.5 Programme implementation

Programme implementation has both internal (capacity, communication, coordination, trust) factors and external enabling environments. Local dynamics, including the nature of the conflict, the types of livelihoods currently practised and the presence or absence of local government, shape the context of programme implementation. Implementation of a CDD programme that aims to rebuild livelihoods involves determining which activities are likely to be productive and sustainable for women and men, by creating support and incentives for them to pursue certain activities and choices over others and by influencing perceptions of the effectiveness of particular strategies for achieving desired outcomes. Programme implementation also affects household livelihood strategies indirectly through their influence on access and control of household assets.

Operationally, what are the different contexts and challenges for working in areas with armed non-state actors?

Key lessons for engaging with armed non-state actors developed from research in Afghanistan, Somalia and Sudan include (Jackson, 2014):

- Engagement must take place at all levels; it is insufficient to rely on communities to negotiate with armed groups on behalf of the programme to ensure 'community

access'; there must be a clear consistent strategy for broad engagement. The World Bank successfully engaged with both the LTTE and the Sri Lankan government before and during RaP implementation.

- There needs to be an understanding of the motivations and objectives of specific armed non-state actors. Willingness to allow aid projects to operate is largely driven by self-interest.
- Ensure transparency as to the objectives in the CDD programme, so armed non-state actors have less grounds for suspicion and to reduce the risks and compromises involved in engaging with non-state actors.

The presence of non-state actors can create trade-offs in terms of selecting POs, which may be on the basis of personal contacts/religion/ethnicity that give them more credibility, than if they were formed solely on criteria of technical proficiency.

Staffing of local projects

Employment of community members can mitigate the challenge of high turnover of government staff. For each village, Sri Lanka's RaP employed a local community resource person who had primary responsibility for loan repayments in the community (and received a salary combined with commission, related to the community repayment rates). While this approach proved successful in terms of project implementation (and particularly in terms of collecting loan repayments), this perceived side-lining of local government structures did have implications for the level of support these then offered COs and the potential for local government involvement in the future.

Using community members as project staff can be a pragmatic response to distrust of outsiders and the social acceptability for certain groups (particularly women) to engage with individuals from outside the area. Female and male village facilitators under Afghanistan's AREDP were recruited because of this reality and receive a salary from the programme. However, these staff have a certain position and a potential vested interest within the community, which can have implications for the programme's inclusiveness.

Under Nepal's PAF, POs were finding it difficult to provide regular support for the growing number of COs on a regular basis. To address this problem, PAF developed the role of local resource persons, to be selected by the federation of COs in each VDC. Their main duty is to support the COs in financial and administrative works. Before they start their work, they are trained by POs. They are paid by the federation of COs.

While employing community members can be a useful way of overcoming the challenges of working in FCS, these staff **must have the skills and training required to fulfil their role and mechanisms must be in place for them to access external advice and support if necessary.** These village leaders may have status and knowledge

related to community dynamics, but may not be in tune with market realities or the necessary skills needed for livelihood development. Appointing a village elder to lead a cooperative may undermine the participatory goal and diminish the voice of women and other excluded groups.

In particular, **all project staff, including those at the local level, should be trained in gender-sensitive implementation.** The gender unit of AREDP, for instance, has implemented a gender awareness training module for staff at the central levels and intends to replicate this for provincial level staff. In addition, it has developed gender awareness tools for SGs.

Implementation by CDD committees: What does it take to reach the poorest?

Implementation efforts face trade-offs between acceptance by elites and access to and trust by the poorest groups.

Addressing this may require informal meetings and conversations to develop an understanding of clientelism within the community. In particular, it requires identifying local people who will help the CDD process get started in the community without controlling it. In the context of Afghanistan and Pakistan the imam is always important, as are teachers and barbers. These key individuals need to view the programme as strategically important and not as a threat to their interests. However, engaging with the traditional elite, and associating the programme with them, may entail accepting a lower level of participation by the poorest.

Elite capture is a challenge, particularly in FCS, where, in the absence of effective government elders are used to playing a central role in the allocation of resources. The experience of Nepal's PAF illustrates one of the implementation challenges:

We were not involved at first. Officials from PAF came to my house where they made these categories and indicators such as tiger and mouse. They then categorised each house and decided on which house falls in mouse and which in tiger. However, my neighbours who were powerful and well-off started putting rich people of the village in mouse and poor people in tiger. This led to lots of fights and some people tore the name list during the fight. I was outside then and when I came home I heard all about this. As a result of these fights the programme closed in our area.

Community engagement is an important first step to minimise elite capture and the likelihood of exacerbating community tensions. Social mobilisers in Nepal's PAF also carefully explained to people the infrastructure component was for the benefit of everyone.

An equally pressing issue is that of dropout from the CO committee and from the programme. Reasons for the weakening of VDO committees under Sri Lanka's RaP included that the infrastructure and capacity-building

funds were spent before livelihood activities began; migration of committee members out of the area; the unpaid nature of the posts; pressures on time; and limited support from the district administration.

Engaging women as initial gatekeepers can help increase subsequent participation by women in the programme.

Relations with local government during implementation

During implementation, relationships with local government can be crucial. Experience shows though, that without buy-in by the ministry at national level, there is unlikely to be buy-in at subnational level. This was the experience of Afghanistan's AREDP, which was seen as an MRRD project, and also is expanded on in the Sri Lanka case study:

RaP was implemented within a highly centralised governance structure where the district administration was side-lined. [...] [This] streamlined implementation, saving time that would have been taken up in bureaucratic procedures with an otherwise uninterested district administration. [It] also [...] lessened the resistance of the district administration in granting approvals for project-related activities. However, the side-lining of the district administration means that, after completion of the project, it lacks the capacity and incentives to give support to the VDOs.

The nature of cooperation will therefore depend on whether CDD organisations are working with local agencies (i.e. village and district bodies) or with offices of line ministries. In the latter case, there may be ways to establish technical cooperation at national level.

- To facilitate cooperation between CDD structures and local government, the ideas below may need to be in place when the initial planning phase begins.
- Depending on pre-existing structures, local development councils could be an integral part of local government coordination systems around different forms of community development rather than remaining outside of the government's formal structure.
- CDD systems could also collaborate closely with local institutions charged with political and administrative affairs. Capacities need to have been strengthened beyond the community councils.
- Programme staff should organise regular meetings throughout implementation with relevant government officials and invite their participation (e.g. giving the opening speech) in programme training.

Making adjustments based on initial experiences

Programme design needs to include scope for adaption based on experience. A range of factors may influence

the type of adjustment necessary. Conflict could lessen or increase dramatically, particularly in certain regions or districts. Markets may shift significantly with the opening of roads or larger trade routes, new investments or international markets (e.g. commodity prices). The political agreement underpinning the post-conflict period may require changes in regional boundaries or new systems of decentralisation.

Guidelines and processes that detail the nature and extent of changes permissible need to be in place, for example the parameters within which COs can reallocate resources across components and the permissions necessary for this. Without this framework, the scope for misuse of funds increases.

In addition, there needs to be **regular review of implementation arrangements to assess whether they are still relevant**. Initially, during the conflict, Nepal's PAF, to facilitate implementation at the community level, contracted numerous local NGOs as POs. This was an approach welcomed by the government and donors. However, in the current context, now the country is past the conflict period, it is conceived as highly inefficient.

Management of the fund post-project

Initial design of the CDD programme should include specific goals and milestones for evolution to set the direction for its eventual completion. This can be revisited and revised as part of other annual reviews or MTRs. For instance, initial design should set out options for the role of government after the specific programme has been completed. Either way, the fund should be ensuring sufficient focused technical assistance is given so the government, ideally, can take over when the fund ceases.

Options for an exit strategy may include dissolving the programme and closing all offices or handing over

Box 11: Key guidelines regarding programme implementation:

Delivery of CDD programmes requires regular monitoring of both the capacities of local implementers and actual workings of the funded COs.

Building support for the programme at national level across ministries and organisations is important to gain their cooperation at subnational level.

The risk of elite capture needs to be carefully managed through engaging the elite from the outset. However, this can have implications for the proportion of the poorest people who will participate as the programme may then be associated with traditional gatekeepers.

Continuing attention to the trends within the programme on the inclusion of women, minority groups, youth and people with disabilities

to the government (e.g. incorporating some elements of the programme within the appropriate ministry). It is important to have an idea of the direction things should be going even if this changes over time. There is a danger of gaps in service provision and institutional knowledge being lost otherwise. Exit planning should include what do with fund balances in COs.

2.6 Monitoring and evaluation

In FCS, the political, economic and social community dynamics are likely to be more fluid and more uncertain, even if there is a ‘peace process’ under way. This means there may be a need for ‘management at a distance’, which requires mechanisms for gathering information through intermediaries or carefully limited site visits. The fluidity of the political situation may also require partnering with other agencies that, at certain periods of time, have greater access to specific districts or communities.

Along with the FCS fluidity, there are structural issues related to the spread and scale of the overall CDD programme. The larger a CDD system grows, the greater the challenge with regard to monitoring not only the results of the CDD initiatives but also the relative effectiveness of implementing partners. There is a **fundamental trade-off with regard to POs, between a few, more technically capable, organisations and many organisations that may lack the technical skills but that have a greater history with particular geographic areas.**

Are there mechanisms in place to support feedback from below?

The CDD design focuses on the relationship between the COs, the CDD mechanism and the participation of community members. The structure of the national apex systems tends to lack the mechanisms through which POs and COs can learn from each other and feed back from below. This gap could be addressed through national or regional forums, but, organisationally, M&E learning and communication of outcomes should be one of the core functions of the implementing agency.

There is a concern that forums whereby POs can share their experiences could cause problems for the POs if they are too critical of the implementing agency, so this may be an area where donors and ‘third parties’ could play an essential role in organising and managing interactions.

What capacities are needed to monitor outcomes?

M&E efforts need to be institutionalised at both the programme and the national level in the implementing agency. Government departments frequently often have no systematic evaluation system, but instead simply investigate projects attracting official concern. M&E staff know that, when questions are asked about the impact of specific activities, the reports presented by local staff are frequently a summary of general impressions rather than representing

a systematic and thorough analysis. The following common requirements were identified for establishing an effective M&E system:

- Promote adequate understanding of, and attention to, M&E in programme design and subsequently allocate adequate resources to it. Establish clear accountability within the organisation for decision-making and analysis of the M&E results. A robust baseline needs to be undertaken at the start of a project. Also, an impact evaluation plan supported by a budgetary allocation should be developed and agreed early on.
- Ensure commitment to monitoring by programme staff and implementing partners. This promotes the timely generation and sharing of data and their utilisation in management and implementation.
- Understand monitoring as a core deliverable, so programme staff invest in reports and programme managers see monitoring as central to goals.
- Apply monitoring to programme management on an ongoing basis to enable corrections in implementation procedures, learning and adaptation of approaches;
- Ensure monitoring data not only relate to the physical and financial aspects of the programme but also gives equal attention to the effect and impact.
- Engage a wide range of stakeholders in M&E, such as beneficiaries and community-based and other local cooperating institutions.
- Ensure coordination between programme M&E and programme management with clear, mutually agreed-on, roles.
Set up M&E documentation that contributes to addressing and resolving specifically identified problems.
- Effectively use participatory and qualitative M&E methods, as well as M&E staff with sufficient relevant skills and experiences. Pakistan’s PPAF, for instance, makes use of participatory monitoring through video diaries, which are then shared through the digital hubs.

Conflict analysis also needs to be built into M&E toolkit and management systems. Programme staff should also report on conflict and how it is affecting the programme, as well as changes in market or livelihood situations.

For the apex organisations, whether the government or larger POs, a number of assessment and monitoring questions can help them support implementation over time:

- What is the quality of support that COs provide? Do increased resources for POs or COs lead to an increase in the quality of provision?
- How efficient and effective are COs in providing support for livelihoods?
- How sustainable are CO activities? This requires considering the ways of generating livelihoods that

can continue after funding ends and building local institutions and capacities to respond to market signals.

- What linkage exists or might be developing between CO delivery activities and those of the state or other civil society organisations/NGOs?
- What are the financing and investment patterns in the private sector?
- Will COs be able to take advantage of their increasing role in livelihoods to exert positive influence on social cohesion at the local level?

How to work with evaluators?

From the outset, a budget needs to be allocated to enable contracting an evaluation team, or this should be built into costing from the start, as this presents a significant cost and should not be an 'add-on' later in the programme. Programme staff need to work closely with evaluators from the outset to ensure the key research questions and outcome indicators are built into the design, as well as ensuring the data they intend to collect are appropriate and they have a clear understanding of the programme approach and activities.

Programme staff then need to work closely with evaluators in the initial M&E design so they can understand how the factors that underlie the results were obtained. Findings should be questioned, discussed and shared among staff and implementation agencies.

What happens to evaluation results?

There are significant issues in terms of downward accountability in relation to how much the 'top' of the CDD pyramid has input from communities that involve feedback on the programme as opposed to monitoring of results. In Nepal, the ability of COs or most POs to provide significant feedback to PAF was quite limited and there was no structure for downward accountability in a more significant sense.

What could be done? There are a range of instruments and approaches, but in practice adaptation can be slow without continued pressure or engagement from different organisations.

- Community-based scorecards on PAF operations;
- Participatory evaluation of PAF implementation;
- Social accountability mechanisms;
- Community grievance redress mechanisms;
- Evaluation results shared with 'non-stakeholders', such as farmer organisations, business organisations, financial service agencies and larger civil society networks;
- District-level CDD review meetings between POs, CO representatives, implementing agency representatives and select local government officials;
- A national review mechanism that is transparent and brings together voices not usually given space 'at the table' – for example selected CO and PO representatives.

Box 11: Key guidelines regarding M&E

Adequate funding in the initial programme budget to support M&E activities over the life of the CDD programme;

Planning for monitoring 'at a distance' in situations where conflict creates security risks;

Downwards accountability from the CDD agency to communities (including through use of social accountability and grievance redress mechanisms) and not just to focus on horizontal accountability;

Incorporate mechanisms for (i) the implementing agency clearly to listen to the voices of the communities and (ii) M&E results to feedback into programme design and implementation.

Conclusions and main guidelines

In FCS, there may be few alternatives to community-driven approaches because of the weak reach and capacity of government and the limited presence of the private sector. However, the decision to use a CDD approach needs to be linked with a clear theory of change, including why CDD is appropriate and likely to be effective as well as why it may be more suitable than other instruments. **A CDD approach may be appropriate to restore livelihoods or to rebuild community infrastructure, but it may not be suitable for both.**

If a CDD approach is deemed the most appropriate to rebuild and restore livelihoods in a given FCS context, then key guidelines for each of the six stages of a CDD programme are given below. These are derived from the experience of five community-based livelihood programmes in South Asia that were examined through this study.

1. Programme design and objectives:

- Programme goals and objectives should be realistic and all stakeholders in the design process should be made aware of the need to avoid being too ambitious given the difficult operating environments in FCS. Trade-offs between different objectives need to be explicitly considered from the outset, and pressures for unrealistic and/or 'rapid results' from government organisations, or funding agencies, need to be resisted.
- Programme design needs to incorporate an analysis of livelihoods and markets, how they have been impacted by conflict, how different groups (women, youth, and people with disabilities) have been affected, and how conflict has affected the possibilities for livelihoods to be restored in the future.
- Programme design will inevitably be in the context of limited information and programmes will be implemented in a rapidly changing context with limited capacity. The ability to adapt and be flexible is crucial.

2. Institutional arrangements:

- These require careful assessment of government capacity and of the current FCS political realities. They need to be strong to resist political pressures but also adaptable if dramatic changes occur in the political or government context.
- Once institutional arrangements are established they should not be considered fixed but remain subject to

scrutiny and assessment for whether they remain fit-for-purpose, particularly if the conflict dynamics change.

- Selection of POs requires balancing the value of having local POs with presence/acceptance with the challenge of overseeing too large a number that might also not have the specialised skills in livelihoods beyond the usual community engagement skills.
- ## 3. Programme preparation:
- Building inclusive community institutions is a long-term process, with added complications in FCS because of the likelihood of greater disruption of community trust and cohesion. A pragmatic approach is needed that balances the realities of working with existing community dynamics and divisions, and various exclusionary factors, while establishing the mechanisms whereby committee members can be held to account and so through which, over time, these organisation representatives can become more inclusive.
 - Not all community-level institutions will have the same ambitions and capacities to develop their livelihoods. Support should be tailored to the particular entrepreneurial outlook both of institutions and of individuals within those institutions.
 - Grant-based approaches, including the direct transfer of assets and accompanying training, are more appropriate than loans to rebuild livelihoods of the poorest households. Programme staff need support in explaining to other community members the value of grants for the poorest and how these will contribute to the broader benefits of the CDD programme.

4. Proposal application and selection:

- Local staff and POs should not assume 'the community knows best' and should be equipped with the skills, training and mandate to provide guidance and information and assist with the identification of livelihoods options.
- Livelihoods and market analysis should be undertaken regularly and mechanisms need to be in place for it to feed back into the menu of livelihood activities, training programmes and advice for beneficiaries.

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- The private sector can play an important role in training beneficiaries. Engaging the private sector is important to expose beneficiaries to new ideas and to develop their business acumen. Projects should, through POs, COs or business organisations, help link beneficiaries with private sector players.
5. Programme implementation:
- Delivery of CDD programmes requires regular monitoring of both the capacities of local implementers and the actual workings of the funded COs.
 - Building support for the programme at the national level across ministries and organisations is important to gain their cooperation at the subnational level.
 - The risk of elite capture needs to be carefully managed through engaging the elite from the outset. However, this can have implications for the proportion of the poorest people who will participate as the programme may then be associated with traditional gatekeepers.
- Continuing attention needs to go to the trends within the programme on the inclusion of women, minority groups, youth and PWD.
6. Monitoring and evaluation:
- Adequate funding in the initial programme budget is necessary to support M&E activities over the life of the CDD programme.
 - Planning for monitoring ‘at a distance’ should be in place in situations where conflict creates security risks.
 - There should be downwards accountability from the CDD agency to communities (including through the use of social accountability and grievance redress mechanisms) and not just a focus on horizontal accountability.
 - The programme should incorporate mechanisms for (i) the implementing agency clearly to listen to the voices of the communities and (ii) M&E results to feed back into programme design and implementation.

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Annex A: Case studies included in the literature review

The literature review focused on 15 CDD programmes in FCS and three in non-FCS South Asia. These programmes are:

1. Afghanistan Rural Enterprise Development Programme: AREDP began implementation in 2007 (and will close in 2015). It aims to stimulate inclusive economic growth by harnessing the potential of micro-enterprises. It creates a range of savings and enterprise groups as well as working through existing CDCs.
2. Afghanistan National Solidarity Programme : The NSP ran in three phases, of which the third started in 2010. It disburses funds to CDCs; its livelihood objective is to ‘improve the access of rural villagers to basic services’.
3. Angola Social Action Fund II: FAS II was implemented by the FAS, a government-created organisation with a high degree of autonomy. It ran from 2000 to 2005. It focused on social and economic infrastructure, especially education, health and water and sanitation. Its livelihood objective was to ‘increase the sustainable utilization of basic social and economic services by target populations’.
4. Indonesia Kecamatan Development Programme I-III; KDP was implemented in three phases from 1998 to 2008. It set up Kecamatan (sub-district) Planning Councils, which selected project proposals from competing villages within one sub-district. The livelihood objective of KDP I was to raise rural incomes; by Phases II and III this had broadened to ‘support participatory planning and development management in villages, and support a broad construction of social and economic infrastructure in poor villages’.
5. Indonesia Aceh Reintegration Agency–Kecamatan Development Programme: BRA–KDP, also known as the Community-Based Reintegration for Conflict Victims Programme, was a special regional part of the KDP for the Aceh post-conflict region. Grants were provided to villages, which decided how to allocate the funds between competing projects within the community.
6. Nepal Poverty Alleviation Fund II: PAF I started in 2004 as part of a government five-year-plan. PAF II began in 2008 and is still ongoing. PAF provides grants to COs for income generation and small-scale infrastructure projects. PAF II aims to ‘improve living conditions, livelihoods and empowerment among the rural poor’.
7. Pakistan Poverty Alleviation Fund : PPAF is a national-level organisation set up in 1998; it has had three phases of funding from the World Bank. It provides funds to NGOs, which have their own project selection criteria. Its livelihood objective is to ‘empower the targeted poor with increased incomes, improved productive capacity and access to services to achieve sustainable livelihoods’.
8. Pakistan Rural Livelihoods and Community Infrastructure Project in the Federally Administered Tribal Areas: RLCIP is implemented in the FATA region of Pakistan, starting in 2012. It works mostly through pre-existing village authority structures. Its objective is to ‘improve livelihoods and access to basic service infrastructure’.
9. Philippines Linking Hands in the Fight Against Poverty–Comprehensive Integrated Delivery of Social Services: KALAHI–CIDSS started in 2002. Its objectives emphasise access to public services and community participation in budgeting.
10. Rwanda Community Reintegration and Development Project: CRDP lasted from 1998 to 2004. Its objectives were to ‘1) assist returnees and other vulnerable groups’ and ‘2) strengthen the capacity of local communities and the administration for the implementation of development projects’.
11. Sri Lanka Reawakening Project: RaP started in 2005 and is targeted at conflict or flood-affected regions in the north-east of Sri Lanka. Its full name is the Community Livelihoods in Conflict-Affected Areas Project – Reawakening Project. It works on ‘restoring livelihoods, enhancing agricultural production and income, and building capacity for sustainable social and economic reintegration’.
12. Thailand Social Investment Project: The Thailand SIP ran from 1998 to 2004 as an emergency response to the Asian financial crisis of 1997. The project aimed to ‘respond to the financial and economic crisis through the rapid creation of employment opportunities’.
13. Timor-Leste Community Empowerment Program: CEP ran from 2000 to 2003. It was brought in after Timor-Leste voted for and gained independence from Indonesia in 1999. It was intended to kick-start the rural economy and to build democracy by decentralising government.
14. Vietnam Community-Based Rural Integration Project: CBRIP ran from 2002 to 2007. Its aim was to ‘reduce rural poverty in up to 600 of the poorest rural communes’ using a bottom-up participatory approach. It provided funds directly to the commune-level authority, mostly for small-scale infrastructure.
15. DRC Tuungane Programme: The Tuungane Programme has run in two phases, from 2007 to 2010 and from 2010 to the present. ‘Tuungane’ means ‘Let’s unite’ in Swahili. This is the only non-World Bank project in our report;

it is funded by the UK Department for International Development and implemented by the International Rescue Committee based on its model of community-driven reconstruction. Tuungane aims to foster social cohesion, good governance and economic recovery.

In addition, the review includes three livelihoods promotion programmes with CDD aspects from South Asia. These were identified on the basis that they have informed the development of other CDD–livelihood programmes in FCS and that they incorporate one of three CDD elements: (i) involve participatory planning, decision-making or prioritisation; (ii) use or work with community institutions as a basis for ensuring livelihood improvements; and (iii) have grants to community groups, which may then be on-lent to individual group members. These programmes are introduced below.

1. Tamil Nadu Empowerment and Poverty Reduction Project, or the Pudhu Vaazhvu Project: The government of Tamil Nadu, with the assistance of the World Bank, launched PVP in 2006. The project aims both to improve livelihood opportunities for women, the poor and other vulnerable groups and to support their empowerment. Its core intervention consists of providing credit to and supporting the livelihoods of project-facilitated women self-help groups. All households in the selected villages are eligible to receive benefits, but certain interventions are specifically targeted to the poor (cash transfers and grants).
2. Andhra Pradesh Rural Poverty Reduction Project: Operating from 2003 to 2012, APRPRP was set up as part of the government of Andhra Pradesh's Vision 2020 and its Rural Poverty Reduction Programme. It built directly on the Andhra Pradesh District Poverty Initiative Project, scaling it up geographically and with more emphasis on convergence with government schemes and strengthening multi-tiered institutional community structures, financial inclusion, livelihoods, land access and social protection services. The project objective is to enable the rural poor, particularly the poorest of the poor, to improve their livelihoods and quality of life.
3. Bihar Rural Livelihoods Project, 'JEEViKA': JEEViKA is a state-wide community-driven poverty reduction project that was approved in 2007, is jointly funded by the World Bank and the government of Bihar and is scheduled to close in 2015. The implementing agency is the autonomous Bihar Rural Livelihood Promotion Society. The key areas of the project are building and strengthening the institutions of the poor and investing in social capital; developing financial services for the poor; promoting and diversifying livelihoods; and improving last mile delivery of public services.

Annex B: Summary of country case studies

Afghanistan Rural Enterprise Development Programme

How have programme activities supported livelihood outcomes?

AREDP activities have supported livelihood outcomes in two ways. First, they have provided locally managed financial safety nets for the poor that protect them from potential negative consequences of idiosyncratic shocks. Despite not being their initial purpose, safety nets were successful in providing poor people with access to funds when they faced an emergency that could have had negative economic impacts on their livelihoods, for example through the distress sale of assets. Loans invested in income-generating activities, however, were usually taken out by people who could afford to pay them back; the poorest refrained since the risk of defaulting was perceived to be too high. Second, the EGs provided a source of income for their members and seemed to work particularly well where a local market for the product already existed (e.g. selling livestock, beekeeping, bakery, crockery business). These enterprises were also considered feasible since they built on the existing skills set of the people. However, branching out to unfamiliar yet potentially more profitable entrepreneurial activities, reducing constraints to accessing larger, yet more remote, markets and increasing the size of the grants for EGs to make bigger investments could increase the income-generating potential of the EGs – and consequently the livelihood impacts.

Is the programme design fit for purpose to rebuild/strengthen livelihoods in conflict-affected communities?

One of the main issues with the design of AREDP is that it was based on assumptions of existing entrepreneurial potential in rural Afghanistan that turned out to be too ambitious. The targets set out to support a certain number of SMEs and create VSLAs were thus out of context with the local reality and unrealistic to achieve. However, the programme demonstrated high levels of flexibility and disposition to learn and adjust its design half-way through and gear its support towards smaller SGs rather than SMEs. While the situational analysis for AREDP could potentially have been improved, data constraints will always pose an obstacle to undertaking an accurate contextual market assessment in conflict and fragile states. The case of AREDP demonstrates the value in learning from shortcomings in the design of a programme in the process of implementation, to adjust the way the programme is implemented to ultimately achieve realistic targets and provide adequate support to participants.

In what ways can activities be sequenced and phased to advance livelihood outcomes?

One of the lessons learnt from the AREDP case study, which confirms findings from CDD projects in non-conflict-affected countries in Asia, is the importance of dedicating sufficient time and resources to building SGs. This proved important for two reasons: to create social capital by building trust in new local institutions; and to provide a basic safety net for the poor before promoting entrepreneurial activities that bear risks, particularly for the poor. This highlights that programmes may need to consider phasing interventions, rather than rolling out all components from the start. Forming well-functioning SGs first could provide a solid basis to then extend support to enterprises and provide seed capital for bigger investments.

How does the selection and capacity of different implementing agencies affect livelihood outcomes?

AREDP's strong focus on promoting the development of rural enterprises by providing seed capital as well as Business Development Services meant programme staff needed to have the necessary mentality and skills to support programme participants. As it was a government programme, staff initially had a strong 'civil servant' mentality, with little experience of and skills in setting up a business. Yet, empathy with programme participants was considered crucial to provide effective support to rural entrepreneurs, particularly accepting failure and learning from it. To fill the skills gap, AREDP changed its incentives structure by introducing performance-based salary increases and created Enterprise Development Trainings where programme staff gained first-hand experience of setting up a business.

What are the necessary roles and capacities of community-level institutions for increasing the likelihood of positive livelihood outcomes?

At the village level, trustworthiness of local facilitators was considered crucial in ensuring sustainability and growth of the SGs and EGs. In Parwan, having a good village facilitator distinguished the 'successful' AREDP site from 'unsuccessful' ones, and led to well-functioning SGs and EGs. Having a trustworthy facilitator contributed to the functioning of the group, whereas negative experiences in other villages led to groups falling apart. Considering the importance of the facilitator, it is necessary for programmes to provide sufficient support to these actors, who will make

or break local institutions. This requires monitoring of performance, as well as support mechanisms in case facilitators fail to fulfil their functions or encounter challenges.

What monitoring mechanisms are needed to assess livelihood outcomes in conflict and fragile contexts?

In a context like Afghanistan, several factors pose challenges to the effective implementation of M&E mechanisms to assess programme impacts on livelihoods. First of all, the capacity of local staff needs to be built to provide them with the necessary skills to collect and analyse good-quality data. Further, in contexts with high levels of insecurity, mobility of staff to transfer data from the field to the headquarters is compromised if exposure to risks is to be minimised. Building local capacity and introducing innovative mobile technologies as in the case of Afghanistan can help overcome constraints posed to M&E mechanisms in fragile and conflict-affected states.

Nepal Poverty Alleviation Fund

How have programme activities supported livelihood outcomes?

The primary mechanism for the PAF has been loans determined by COs. PAF originally used grants but this was determined to be an inappropriate mechanism. Loans became the primary mechanism to support livelihoods but often in a complex way, as some households use the loans for migration of household members.

Infrastructure investments have also provided greater market access, but the evidence on specific impacts compared with in the different livelihood loans is not easy to pull out from overall evaluations.

The programme has been documented with regard to improvements in livelihoods, support to income-earning migration opportunities and generally improvements in women's opportunities.

Is the programme design fit for purpose to rebuild/strengthen livelihoods in conflict-affected communities?

PAF managed to work relatively effectively in its original six districts during the conflict period. This occasionally required negotiation with local or regional Maoist officials, and a few instances of precarious security situations, but overall the POs managed to carry out their work relatively effectively.

The emphasis on support for local COs with an overall strong gender focus was generally effective, but there were and are difficulties with regard to the literacy and numeracy of women members as well as the depth of the male-dominated social structure.

Strengths of PAF:

- The 1% interest loan is extremely beneficial for beneficiaries and particularly women.
- The revolving nature of the fund means COs have been able to collect funds (\$3,000- 5,000) in their community. This is a good amount that did not exist before the programme. The fund can keep revolving in the future and be a source of cash for households in the community to fulfil their requirements.
- Collection of cash indicates the community is paying back its loans, particularly in Rolpa. This indicates CDD is a successful approach in general contexts.
- The non-economic benefit of increasing women's agency and status has produced ripple effects.

Weaknesses of PAF:

- The money collected by some COs is not saved in banks – which means there is no interest from and security of the money.
- Incentives for innovation are weak, as people prefer to continue with their traditional occupations.
- Lack of regular training and monitoring reduces learning internally.
- Investment in keeping the management and administrative system robust has been inadequate. This has limited the potential gains from investment.
- Linkages with markets are not adequate, so there is no benefit on a high-scale commercial level, only in subsistence.
- There is poor representation of young and innovative people as the focus is mostly on women and generally older women.

In what ways can activities be sequenced and phased to advance livelihood outcomes?

Foundational for the beginning of work at the district and local level is the selection of capable POs with local knowledge and capacity for market analysis and livelihoods support.

The review of PAF and local interviews showed a major element of initiating livelihood programmes involves analysis of the local market. This requires both basic technical skills/capacity in the POs and work with the COs members on opportunities and obstacles.

How does the selection and capacity of different implementing agencies affect livelihood outcomes?

An underappreciated aspect of the process involves the quality of the PO. Their capacity is essential, in terms of both previous experience and internal staffing, and ability to work with local organisations.

In addition, the consistency of the relationships between the central unit (PAF) and POs requires continuous monitoring and assessment.

What are the necessary roles and capacities of community-level institutions for increasing the likelihood of positive livelihood outcomes?

The creation of parallel structures during a time of conflict is a frequent approach by donors in FCS. In the post-conflict period, it is important to have clarity on the relationship between the PO and the CO on the one hand and different (however weak or even hollow) manifestations of local government (District Development Councils and Village Development Councils) on the other.

Given the challenges with regard to the capacity for financial literacy and market analysis in some POs and COs, the potential for mutual learning between local government and PO/CO operations requires organisational commitment.

The inclusion of women and minority groups is necessary but not easy for either. In many instances, the lack of capacity (literacy and numeracy) among women and/or minority groups has meant men retain significant roles in the COs. This, combined with a general patriarchal culture, means there are often significant gaps between the goal of women's empowerment within the COs and what actually occurs.

What monitoring mechanisms are in place to ensure effective implementation and programme outcomes?

PAF has monitoring mechanisms, but they are uneven owing to issues related to PAF staffing levels, how much time can be spent in the field monitoring as opposed to in PO oversight and the general distance to some of the sites. This also relates to capacity issues with the POs in terms of their ability to monitor the COs.

The evaluation process appears to have been more effective (based on both interviews and a review of the reports) but there are always issues around the attribution of impacts to one intervention in a complex social and economic environment.

FATA–Rural Livelihoods and Community Infrastructure Project

In 2009/10, the government of Pakistan requested a PCNA to identify key drivers of the crisis in FATA and quantify the short- and medium-term social and economic requirements of the region. The PCNA identified four strategic objectives for long-term peace-building in the region: (i) political and governance reform; (ii) employment and livelihood opportunities; (iii) provision of basic services; and (iv) efforts for counter-radicalisation and reconciliation.

FATA–RLCIP responds to this PCNA. RLCIP was initially designed as an emergency project with a mandate restricting it to Strategic Objectives 2 and 3 of the PCNA. Its PDO is 'to improve livelihoods and access to basic service infrastructure in selected Agencies in FATA'. In particular, it aims to improve the wellbeing of un-served and underserved low-income communities in the agencies of Bajaur, Mohmand and South Waziristan. It was approved in December 2012 and is expected to run until the end of October 2015.

How have project activities supported livelihoods outcomes?

Membership of an EIG is a prerequisite for benefiting from the livelihoods component of the project, through which individuals then receive direct support (e.g. livestock) as well as training. All community members are also exposed to new ideas through exposure visits, demonstration plots and the development of 'model villages'. During project implementation, a skills component for youth training has also been added. While there is a lack of rigorous evidence on the impacts of the project, perceptions of its effects indicate increased use of fertiliser and better seeds is improving productivity, opportunities for bee farmers have improved income, youth are being trained in skills such as computer repair and finding jobs and provision of solar lamps has increased education outcomes through children being able to study in the evening.

Is the project design fit for purpose to rebuild/strengthen livelihoods in conflict-affected communities?

During the initial stages of the project, lack of contextual analysis on people's livelihoods was a significant problem. RLCIP was designed as an emergency project focused on agriculture and livestock, but overlooked the importance of the non-rural and non-agricultural economy for the majority of the poor. As a result, a more contextual approach is now being taken, including conducting context (livelihood, markets and conflict) analysis, and expanding the project focus to skills training and entrepreneurship as well as more specific income-generating activities within agriculture.

While there appears to be a focus on ensuring the projects are appropriate for youth, it has been more difficult to identify appropriate opportunities for women. Previous experience with women's income-generating activities in the form of sewing machines was not successful, in that the project intervention saturated the market. In order to gain community

acceptance, the project has to be careful not to challenge existing social norms, including around the position of women and their engagement in income-generating activities beyond the homestead, when it starts work in a community. This limits opportunities for supporting profitable activities for women.

In what ways can activities be sequenced and phased to advance livelihood outcomes?

For ‘quick wins’, the project adopted the direct provision of infrastructure to the community. Although this was successful in winning the trust and confidence of the community, it has left an impression that future project activities will be implemented by adopting the same approach, making adoption of a CDD approach more difficult. A key question arising here relates to whether it is appropriate to compromise on process in order to achieve outcomes (e.g. in terms of infrastructure construction and community acceptance).

How do the selection and capacity of different implementing agencies affect livelihood outcomes?

The FATA Secretariat oversees RLCIP but the Project Management Unit is run outside of the government (e.g. not by civil servants). This separation is seen as critical to success in implementing the project and avoiding the bureaucratic bottlenecks that would occur if it was run solely through the government.

At the local level, the project is implemented by a large NGO – SRSP. There were no viable alternatives, but even so the scale, capacity and experience of SRSP in implementing projects in conflict-affected and fragile areas are seen as critical. One of the key reasons for this is its ability to work even where there are conflict difficulties. Meanwhile, SRSP engages with LIOs to raise community awareness and offer support to community groups. This is seen as essential to build community trust in the project.

Project implementation faces the following key challenges and has sought different ways to overcome them:

- Limited accessibility in the context of conflict. Ways to overcome this have included SRSP establishing camp offices in adjoining areas for closer access and ensuring careful planning and strict time management during visits.
- Negative community perceptions of NGOs in delivering the project. Project activities are therefore carried out in the name of the government, and model villages are set up to demonstrate effectiveness.
- Community resistance to the project. For example, some awareness-raising campaigns had to be stopped as the people reacted to them and considered them against their social norms. There has also been resistance by elites (maliks) who are concerned about the erosion of their power. To overcome this, social mobilisers hold successive meetings with the maliks to inform them of the benefits of the projects for themselves and the community.
- Threats of violence (by Taliban militants and other elements).

What are the necessary roles and capacities of community-level institutions for increasing the likelihood of positive livelihood outcomes?

In all communities, it was essential that local elders accepted the COs formed under the project in order for them to be able to function. The project adopted a pragmatic approach to inclusion within COs, recognising deep divisions in society as a legacy of conflict, and to a certain extent worked with those divisions, for example through forming COs around particular homogenous hamlets and not advocating strongly for high levels of female inclusion. WIGs were also formed separately from men’s groups. Initial problems with community acceptance of newly formed COs led them to being referred to as the tarqiyati jirga (development jirga – assembly of elders).

What monitoring mechanisms are in place to ensure effective implementation and programme outcomes?

There appear to be numerous monitoring mechanisms in place at the federal and community level – including, at the community level, both project-level monitoring activities and mechanisms for communities to monitor activities or redress grievances. However, it is unclear to what extent these mechanisms have been used. Much of the monitoring seems to be informal, such as using the tarqiyati jirgas to gain feedback from communities, rather than structured.

Although there have been some changes to the design focus on the project, there are no formal mechanisms to provide a feedback loop from monitoring activities to the design of the project. These seem to be more process-based than content-focused.

Pakistan Poverty Alleviation Fund

PPAF was established in 1999 as a public–private development support apex, under a strategic partnership between the government of Pakistan and the World Bank. There have been three phases of PPAF: PPAF I 1998-2004, PPAF II 2005-2009 and PPAF III 2009-2015, each focused on different priorities. PPAF I focused on microcredit and community-level

infrastructure while PPAF II strengthened community-level institutions. A livelihoods component was first introduced under PPAF III. Over time, this has been developed and expanded and is now called LEED. PPAF III is the focus of this case study.

How have programme activities supported livelihood outcomes?

There is evidence of the positive impacts of different components of PPAF III on restoring and rebuilding livelihoods, including of the asset transfer programme on the assets and sources of income of beneficiary households, the microcredit component and skills training.

Is the programme design fit for purpose to rebuild/strengthen livelihoods in conflict-affected communities?

LEED and PPAF III seem to have been designed based on lessons learnt over the past few years of PPAF I and II. In particular, the design of LEED aims to address previous problems of sustainability, as well as the need to adapt and respond to changing needs and to make meaningful changes in the wider economy of the community. To do this, the design of LEED is based on three broad dimensions: enterprise development, employment generation and livelihood-strengthening. Sectors including agriculture, livestock and handicrafts were identified and targeted interventions involve asset transfers, skills training and longer-term advice.

LEED uses different types of intervention to build the livelihoods of households in different circumstances, as identified using a PSC. The programme therefore acknowledges the ultra-poor will not be able to benefit from activities such as microfinance or inter-lending within COs and so efforts are made for them to participate in other activities such as asset transfer. Ultimately, ultra-poor households are envisaged to graduate from asset transfer into other forms of financial services and other programme activities.

There is an explicit focus of LEED on women and youth. A total of 47% of beneficiaries of the asset transfer are women as are 50% of participants of skills development and managerial training events. Youth are the primary targets of skills training.

In what ways can activities be sequenced and phased to advance livelihood outcomes?

LEED is an integral part of PPAF III – which is based on the principles of integration and synergy and works in tandem with other projects working under PPAF. In particular, interviewees noted that, before any intervention by LEED, it was essential to have social capital in that area. The Social Development Unit of LEED and community mobilisers seek to establish community institutions and social capital, and these institutions are seen as critical for building financial capital. Across LEED interventions, it is also seen as crucial to develop human capital through training before building financial capital, including through the transfer of assets under the asset transfer programme.

PPAF feels there should be an iterative process when developing household-level LIPs, VDPs and UCDPs. Initially, PPAF adopted a sequential process whereby LIPs were followed by VDPs (a federation of Community Development Plans and LIPs) and VDPs were then federated to form the UCDP. However, staff now realise the value of having a quick-and-dirty outward-looking economic UCDP that is not dependent on individual LIPs. The broader economic opportunities identified in the UCDP can then be used to motivate individuals during development of the LIPs. This means a bottom-up approach to developing plans is often combined with a top-down approach. Finally, programme activities are also linked to other activities carried out by both public and private agencies.

How does the selection and capacity of different implementing agencies affect livelihood outcomes?

At the national level, the Ministry of Finance and the Economic Affairs Division are the leading institutions providing government ownership of PPAF. In particular, the ministry is the administrative body of PPAF. PPAF is an apex body, which, unlike other government institutions, works like a civil society organisation; its staff are required to have specialised skills and are hired from the open market. PPAF identifies appropriate partners and provides funding to the POs.

PPAF selects POs based on the relevant sector skills sets and seek ones that are generally well equipped with the required knowledge of their field. In particular, only those agencies that have been given No Objection Certificate by the provincial government and security agencies can work in conflict areas. Given that communities are often not receptive to any outside interventions, POs that have strong footing in such areas are more likely to be successful.

POs are mandated to provide technical assistance on livelihoods. However, there have been challenges in using generalist POs to deliver specialist livelihoods support. PPAF is increasingly making use of the private sector to provide some of this support, particularly training, which then ensures the support is more specifically linked to the requirements of existing enterprises.

What are the necessary roles and capacities of community-level institutions for increasing the likelihood of positive livelihood outcomes?

A number of community institutions are set up through PPAF and LEED. Outside of the traditional COs and Village Organisations, these also incorporate livelihood-focused institutions including not just CIGs but also digital, youth, production and loan centres. Community members are responsible for running these institutions in their communities and also perform process monitoring, evaluation and impact analysis. They are trained to handle record-keeping, accounting, book-keeping and reporting. From the outset, the financial sustainability of these organisations post-project is assessed, with managers of digital, youth, production and loan centres all required to compile a business plan when they start out.

A key learning from PPAF is that not all CIGs will have the same level of ambition and so different forms of support are required for institutions depending on their entrepreneurial abilities and outlooks.

What monitoring mechanisms are in place to ensure effective implementation and programme outcomes?

There are a number of monitoring and governance oversight mechanisms in PPAF and LEED, operating at different levels of the programme. These include:

- A third-party audit on an annual basis;
- Community mechanisms for monitoring;
- The Maturity Index, which assesses efficiency at the local level;
- Back to office reports, which review the outcome of various activities happening on the ground;
- Environmental and social impact assessments, which review the placement of goods, their operational structure and their utilisation for optimum benefit for the community.
- Initiatives such as the national PSC and external evaluations, which should be able to present findings on impacts in the future.

Sri Lanka Reawakening Project

The Sri Lankan government launched RaP to address the livelihood needs of conflict-affected populations in the Northern and Eastern provinces of the country. The project used a CDD approach, whereby the community played a central role in the implementation of the three project components of infrastructure development, capacity-building and rebuilding livelihoods. The first two components were designed to create a positive environment for livelihood development. The latter aimed specifically to provide resources for specific livelihood activities.

In the east, fighting was not continuous and did not spread over the entire region but rather was concentrated in certain areas. The projects preceding RaP – the North East Irrigated Agriculture Project (NEIAP) I and II – were implemented from 2002 – the same year as the start to the ceasefire between the LTTE and the government of Sri Lanka. In 2004, NEIAP II was launched and in late 2005 the ceasefire was broken and fighting broke out in parts of the east. The project was renamed RaP with a new CDD approach in 2007 – the same year the LTTE was defeated and driven out of Eastern province's districts. RaP continued until 31 December 2014, four years after the war ended in May 2009 with a military victory over the LTTE.

How have project activities supported livelihood outcomes?

The impacts of RaP have been assessed through an endline assessment and the development of a series of case studies of households deemed either a 'success' in building their livelihoods or a 'sustainable success' if they have seen these improvements continue over time. The findings of the endline assessment, reported in the ICRR, argue that the project was 'successful in increasing incomes among beneficiaries' because of its livelihood support activities, among others. In particular, it points to the fact that the proportion of programme participants classified as the 'poorest' or 'poor', as identified through participatory wealth ranking, declined over the period of the programme. There is an issue related to ability to attribute this change to the activities of RaP, though.

The case studies of success point to the role of the ILL in enabling households to increase the productivity of their enterprises and to diversify their livelihood portfolios. However, as the research undertaken for this case study points out, on its own the support RaP offered to the poorest households was often insufficient for them to build their livelihoods significantly. Stories of success are diverse and many involve multiple sources of support above and beyond involvement in RaP activities.

Is the project design fit for purpose to rebuild/strengthen livelihoods in conflict-affected communities?

The project was initially NEIAP II, effective in 2004 and with a focus on improving small-scale irrigation infrastructure at the village level. In 2007, learning from the lessons of implementation of NEIAP I, NEIAP II was restructured from a community-based to a community-driven approach and later on renamed RaP. The decision to apply a CDD approach

was deemed necessary because of (i) difficulties in transporting construction materials into, and in district technical staff moving around in, a region with escalating levels of conflict; and (ii) demand from communities for immediate livelihoods support. A CDD approach would give communities the capacity and flexibility to plan, design and implement their own projects, something considered necessary in a conflict-affected region.

The ILL, one of the main activities of the Livelihoods Support Fund, was designed on the basis that credit was one of the binding constraints to building livelihoods in the region. However, research conducted in Batticaloa district for this study shows that, particularly in the aftermath of conflict, which ended in 2009, this may no longer be the case, stressing the importance of regular contextual analysis feeding into the evolution of programme activities.

For the RaP target group, the poorest and most vulnerable, group-based credit, even with favourable interest rates and more lenient repayment terms, may not always have been an appropriate way to support household livelihoods. Perceptions among other community members of the limited ability of certain types of household to repay, particularly elderly female-headed households, combined with a genuine inability to repay among the poorest households in the case of shocks, led to their exclusion from the second and third rounds of loans as well as to their receiving smaller loans of an insufficient size.

The programme design did include a larger grant-based aspect for building the livelihoods of the poorest households. However, this was discontinued after the first round because of reports of it generating community tensions. It was implied that this was the result of limited bargaining power and voice of the poorest and vulnerable households when compared with other community members.

In what ways can activities be sequenced and phased to advance livelihoods outcomes?

There are three ways in which sequencing can help build livelihoods. The first is by completing infrastructure development during the early stages of investing in livelihoods. Provision of all-weather roads (before harvest), for instance, can reduce the incidence of delays and the costs of transport when taking produce to market. Second, the limited amount of disposable capital available to vulnerable households can be a barrier to their participation in the project. In this case, grants-based approaches should precede other project requirements, such as small group deposits and/or taking on an ILL. Lastly, adequate financial literacy and training should be given to ILL beneficiaries before they can take out loans. This can have significant implications for vulnerable groups, which lack bargaining power partly because of a lack of adequate knowledge or information about the loan.

How does the selection and capacity of different implementing agencies affect livelihood outcomes?

RaP illustrates a common trade-off when setting up a project, particularly pronounced in fragile and conflict-affected settings, between focusing on rapid programme rollout and implementation or on longer-term sustainability. RaP was affiliated with the highly centralised and powerful Ministry of Economic Development, whose minister was highly influential (before 2009 it was the Ministry of Nation Building). This streamlined implementation and saved time, which would, had it been affiliated with other ministries, have been taken up in bureaucratic procedures with the district administration. However, this side-lining of the district administration meant that, during programme implementation, the community-level organisations set up under RaP lacked their support. This is one of the reasons for the weakening of some of RaP's VDOs.

In the design phase, a decision was made to implement RaP through government in order to ensure long-term sustainability. However, a challenge here was the high turnover of government staff. This led to the recruitment in each village of a community resource person with primary responsibility for loan repayments.

What are the necessary roles and capacities of community-level institutions for increasing the likelihood of positive livelihoods outcomes?

RaP initially worked through existing community-based organisations but, in order to streamline implementation and to avoid manipulation by some government field officers, switched to working through newly formed VDOs. However, reduced community cohesion in the aftermath of protracted conflict contributed to limited sustainability for some of these VDOs.

Although VDO administration members were supposed to have reasonable levels of education, in three of the four RaP villages researched for this case study most had low levels of education and very low levels of capacity in project management and financial literacy. This implied a need for close support to VDO administration members by district-level staff in order to help them implement project processes.

What monitoring mechanisms are in place to ensure effective implementation and programme outcomes?

RaP's monitoring mechanism included a monthly feedback loop from community mobilisers at the village level to the M&E officer at the district project director's office and finally the M&E team at the Project Management Unit. The

World Bank also contracted monitoring missions at different stages of the project cycle. With the weakening of the COs in the four case study villages, monitoring of livelihood activities undertaken with livelihood loans had ceased.

In the post-project phase, the VDOs have maintained their autonomy (registered under the Social Service Act as an independent body). However, their sustainability under the District Secretariat has been called into question. There are two main reasons for this: (i) the district administration lacks capacity to give support to the VDOs as it was side-lined throughout the implementation of RaP; and (ii) the District Secretariat lacks incentives to regulate the revolving fund since its resources remain under the control of the VDO and not under one of its own institutions.



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Cover photo: sorting a catch of small fish in preparation for sale at the Mathagal market, Sri Lanka. Credit: AusAID

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