Accountability and Participation in the Design of World Bank and Inter-American Development Bank Projects:  
Starting Down the Road from Rhetoric to Action

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<td>Programmatic Loan (WB)</td>
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<tr>
<td>BIC</td>
<td>Bank Information Center</td>
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<td>CASCs</td>
<td>Civil Society Advisory Committees</td>
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<td>CBO</td>
<td>Community Based Organization</td>
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<td>CDD</td>
<td>Community Driven Development</td>
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<td>COPRODEP</td>
<td>Participatory Project Development Councils (Haiti)</td>
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<td>COIAB</td>
<td>Coordenação das Organizações Indígenas da Amazônia Brasileira</td>
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<td>DFGG</td>
<td>Demand for Good Governance (WB)</td>
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<td>DPL</td>
<td>Development Policy Loan</td>
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<td>EIA</td>
<td>Environmental Impact Assessment</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>Monitoring and Evaluation</td>
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<td>Community Based Organizations</td>
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<td>OP</td>
<td>Operational Policy</td>
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<td>OVE</td>
<td>Office of Supervision and Evaluation (IDB)</td>
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<td>PAD</td>
<td>Project Appraisal Document (WB)</td>
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<td>PAININ</td>
<td><em>Full Time Childhood Assistance Project</em></td>
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<td>PRONADE</td>
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Executive Summary

This study examines the extent to which the World Bank and the Inter-American Development Bank (IDB) incorporate their outwardly promoted ideals and policies on participation and accountability in the design of their projects. The analysis sought to highlight good practices and deficiencies in project design by reviewing official Bank documents of 25 projects in Central and South America. Using as a basis the IFIs’ own official documents, this study aims to understand how the World Bank operationalizes its “accountability triangle” and how the IDB implements its 2004 “Strategy for Promoting Citizen Participation in the IDB activities” in the formulation and design of the IFIs’ own projects.

The study’s sample included 25 projects from 9 countries, covering seven sectors: health, education, water and sanitation, decentralization, rural development, cash transfer programs, and social sector reforms. The methodology consisted of extensive analysis of project documents in the design phase (loan documents, project appraisal documents) to identify whether and how key elements of accountability and community participation were integrated into the project design. Specifically, we analyzed how and whether the projects incorporated the following five practices that are critical for fostering greater participation and accountability in Bank projects: a) stakeholder consultation in project design; b) project objectives that explicitly incorporate participation and accountability; c) effective information, dissemination and communications program; d) establishment of transparent and inclusive decision making processes and/or mechanisms during project implementation, and e) monitoring and evaluation system that incorporates participation, empowerment and governance indicators and a community feedback loop. Each project was classified as achieving a good, standard-mediocre, or bad ranking in these five areas.

Overall, the assessment revealed a majority of standard-mediocre projects, with an equal number of projects falling in the bad and good practice category. Findings from the study paint a stark difference between the two banks, with the World Bank demonstrating a much better track record in terms of translating its rhetoric into practice. Notably, there was a predominance of rural development projects, based on the community driven development model, in the good practice category. Surprisingly, several social sector policy based loans incorporated key elements of participation and accountability revealing progress by both banks on this issue. Projects that incorporated few or no participation and accountability mechanisms included decentralization, and water and health sector loans. Four IDB projects scored a bad practice rating in each of the five practice categories.

Surprisingly, few of the project documents presented clear detailed references to a comprehensive consultation process with affected communities regarding project design and implementation, even though this is widely touted by both Banks as standard practice. Eleven projects, especially those in the water and sanitation sector had a limited approach and eight projects (7 IDB) made no mention of any prior consultation.

Of the five areas we reviewed, over a third, had project objectives that explicitly incorporated participation and accountability. This was the highest performing practice category. In three of these cases, project objectives included increased and direct community control over resources.

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1 See Table 1 under section on methodology below.
These projects were all rural development projects that are based on a community driven development model. At least four projects in rural development and social sector reform incorporated broader vertical accountability goals.

While no guarantee, our desk review found that if participation and accountability goals are clearly stated up front, there is much greater likelihood that the communications and outreach program, the decision making mechanisms and the monitoring and evaluation systems will support these goals. In projects where participation and accountability are not explicitly part of project/program goals and objectives, it is much less likely that these aspects are adequately reflected in the policy matrix, in triggers for following phases (in the case of APLs and PBLs) or in the monitoring and evaluation framework. In only two cases did projects without explicit participation and accountability objectives actually incorporate accountability mechanisms and effective monitoring and evaluation framework.

Strong and ongoing outreach and a culturally appropriate and inclusive information dissemination and communications program to fully inform affected communities about key program elements throughout the project cycle is key for ensuring project accountability. A related practice is a strong capacity building program for government officials and stakeholder communities regarding their rights, opportunities and ways for engaging in the project. Despite its importance to ensuring accountability, communication and information dissemination is the weakest aspect of program design in Bank projects. Only three World Bank and one IDB project had a strong information dissemination and communications program designed with the intent to ensure effective stakeholder participation. In several health sector projects, there were specific communication and/or information dissemination components that were designed to deliver information about how to make better use of health services or improve maternal health. The information dissemination component, however did not include any project related information that enabled communities to hold health authorities or the IFIs themselves accountable for specific outcomes. Similarly, in water and sanitation projects, information forums were held to inform communities and inspire demand (due to the demand-driven approach), but often based on a predetermined albeit controversial model of full cost recovery and without an explicit focus on accountability, particularly vertical accountability.

Establishing open, transparent and inclusive decision making processes and vehicles for local communities to hold government agencies and/or service providers accountable for following the “rules” and achieving the goals laid out in project is fundamental for increased accountability, empowerment and good governance. Seven of the twenty five projects included various types of mechanisms at the local level to ensure open, transparent decision making processes (mostly focusing on horizontal accountability). These predominantly included rural or local development projects that sought to strengthen project councils and social sector reform policy loans that provided incentives for greater budget and outcome transparency. However, only a few had specific mechanisms that enabled communities to hold government agencies or service providers accountable for actually following the rules or achieving the preferred outcomes described in the project (vertical accountability). In some respects, mid term monitoring and evaluation processes partially provide that function, but these were only present in a handful of projects.
A monitoring and evaluation system that includes measurable participation, empowerment and accountability indicators, a mid-term stakeholder feedback mechanism and a final evaluation process and feedback loop that includes stakeholders is another key element of ensuring project accountability. Only seven of the projects, including each of the rural development projects, had such a robust monitoring and evaluation system. Twelve of the projects had a standard framework to assess achievement of project objectives but these did not include community feedback or specific participation or empowerment indicators. Six projects, all funded by the IDB, had a very poor or ineffectual monitoring and evaluation framework.

The report conclusions may be summarized as follows.

1. IFIs have fallen far short of matching project design with discourse when it comes to promoting a culture of accountability through their own project loans. Only 2 projects achieved a good practice rating in each of the accountability categories, with an additional 2 projects scoring a good practice rating in 4 out of 5 of the categories. 77% of IDB projects and 33% of World Bank projects achieved a bad practice rating score in one or more of the accountability categories. A total of 4 projects scored bad in each of the 5 areas.

2. Less than a half of the projects reviewed qualified as “good” practice in one or more of the categories established for demonstrating accountability and participation in project design. An equal number of projects qualified as bad practice in at least one category and four of these represented bad practice in all five categories.

3. Two sectors stand out in terms of exemplars for “good” practices: rural and local development, particularly those that relied on the community driven development (CDD) approach. Three sectors disproportionately represent bad accountability practices: water, health and social sector reform.

4. In terms of matching rhetorical aspirations to actual practice, the World Bank performs significantly better than the IDB. Of the 13 IDB and 12 WB projects reviewed, World Bank projects scored far more consistently in the good practice category while the IDB scored more consistently in the bad practice category. Only 4 IDB loans were rated as “good” practice projects in at least one category, while the 9 WB projects received good practice ratings in at least one category. The IDB dominated the bad practice category with 10 “bad practice” projects in at least one category. This gap may be explained by the World Bank’s far more rigorous and independent internal quality control process.

5. Policy adjustment loans (now referred to as PBLs or DPLs) have historically been based on very little, if any civil society participation or local accountability mechanisms. The World Bank’s Peru REACT loan and the IDB’s El Salvador Social Policy Support program suggests a break with that legacy by introducing some meaningful incentives for transparency, stakeholder participation and public service provider accountability. While much of the proof will be evident only in the long-term implementation of the loans, these loans provide good examples for replicability of local accountability mechanisms for future adjustment loans.

6. Overall, the IFI projects experimented with a fairly narrow range of accountability mechanisms despite a long menu from which to choose. Preferred accountability mechanisms focused more on building isolated local stakeholder organizations with
greater, albeit limited participation and control in project design, execution and supervision. The most innovative mechanisms, such as controls on payments to service providers, independent recourse mechanisms, sustained publicity campaigns and consumer satisfaction surveys with direct feedback on project performance, were all the exceptions rather than the rule.

7. Disproportionate focus was placed on “horizontal accountability” - or improving peer to service provider oversight within a fairly narrow concept of an “inner circle of accountability”. Much less funding and conceptual significance was devoted to building vertical (outer circle) accountability that might have involved the strengthening of encompassing organizations, advocacy coalitions or collective bargaining units, all oriented toward influencing regulatory and upstream financial oversight.

8. Failure to incorporate effective and inclusive information dissemination as an empowerment tool reveals one of the most glaring inconsistencies between the rhetoric and practice of the IFIs. The evidence here shows that only 4 of the 25 projects reviewed (a mere 16%) included substantive information dissemination components. In short, there is nearly a complete breakdown in the structure of accountability when it comes to access to information about project goals, rules, and expected outcomes.

9. Capacity Building for both civil society and government officials is too frequently ignored as a pre-requisite for accountability, both in financial and conceptual terms. Our assessment found that the lack of attention to the need for developing the institutional capacity of both civil society and government officials to execute the novel accountability mechanisms in some projects was often ignored entirely; therefore diminishing the likelihood for effective implementation. This is particularly problematic in the case when strong initial commitments to an empowerment approach in project design face bureaucratic resistance by executing units and client governments.

10. Despite a regional context featuring the highest level of inequality in the world, far too many projects lack an adequate power analysis to better safeguard investments from political capture. Poverty mapping is often conflated as power analysis, but falls short unless vulnerable groups (women, indigenous) are singled out for more careful analysis. Only a very few projects incorporated a rights based approach to empowerment.

11. A structural deficiency in most loans was a lack of attention to building the capacity of poor people to hold accountable the state, IFIs donors or international actors (such as the corporate representatives of a transnational service provider).

It should be noted that even the best project design innovations are no assurance of effective implementation, as we show for several projects. CARE should validate desk review observations through direct monitoring of the IFI loan implementation over time.

Recommendations:

1. The World Bank and IDB should replicate and expand the range of “good” accountability practices more systematically across projects. Project advisory councils, stakeholder surveys, participatory budgeting, recourse mechanisms, robust and early capacity building investments, non-internet communication tools, referenda, among other accountability mechanisms, should become the norm. Many of these accountability and participation principles are embodied in the
CDD approach and should form the basis for standard IFI project design rather than the exception.

2. Of the five dimensions of accountability in our research framework, one of the most urgent correctives are needed in the area of information dissemination to affected communities. The IFIs, particularly the IDB, are not generating a culture of transparency through their projects. A much more proactive, creative, and concerted information dissemination component is required in every project.

3. Shift greater focus on vertical accountability, including the empowerment of project participants to hold the funders and client governments accountable to commitments. In this regard, more thought is needed about the use of political organizing, mass media, legislative and legal strategies, as well as how to bridge local pockets of created social capital to act collectively and ensure sustainability. Beyond financial and technical support, what is the role of the IFIs and the international community in general (courts, public opinion, transnational networks) in facilitating local accountability experiments?

4. The WB and IDB should fortify and move upstream capacity building of stakeholders and executing institutions as a prelude to core investment processes to ensure accountability outcomes. Decentralization of service provision on which much of the IFI social sector rhetoric in Latin America is based (or its alternatives) is not self-executing. Building accountability and participation often requires investment. A more creative use of trust funds and other non-reimbursable funding instruments within the IFIs is needed to reverse the typical sequence of project finance where brick and mortar receive early funding and training comes last. Early, significant capacity building components of all projects can be strengthened and safeguarded as pre-requisites the initiation of other components.

5. Strengthen the right of communities to enact sanctions. The novelty of establishing accountability experiments and the sensitivities of those public officials being asked to account for their actions and decisions is only a beginning to realizing the link between accountability and effective development. Sanctions and incentives should be identified within local accountability mechanisms to ensure they have teeth. Transparent and clear rules and procedures guiding possible actions against those actors not performing their duties according to standards are necessary for accountability to work.

6. Improve the monitoring and evaluation of specific accountability components and community feedback loops in the project to surmount a major gap in accountability for results. The impacts of local accountability experiments need to be measured much more precisely, and more information feedback loops are needed to ensure that communities can hold service providers and government agencies accountable for results. Qualitative measures derived from attitudinal surveys require a time series approach to be meaningful indicators of perceived change. Beyond this, more attention should be given to recurrent consultation with stakeholders on the identification and definition of performance indicators, the establishment of base lines, and the evaluation of achievements. Transparent feedback loops to ensure both stakeholder input into project decision making mechanisms and information back to the community regarding project outcomes is one of the most crucial indicators of M&E seriousness.
7. **Improve policy guidance and internal management and review processes in both the IDB and World Bank** to ensure that each of the key elements of participation and accountability are included in all projects that go to the Board for approval. While incorporating these elements into project design is no guarantee of actual implementation on the ground, good project design is a necessary prerequisite for effective implementation on the ground. Currently, both banks lack mandatory participation and accountability requirements and too much discretion is left to Bank staff as to which elements of accountability, if any, are included in Bank financed projects. As stated in the Bank Information Center’s 2000 Report on Participation at the IDB “The adoption of clear participation standards, backed by the necessary resources, leadership, incentive systems and technical support will be a critical step towards ensuring that Bank operations are responding to the real concerns of the poorest and most marginalized groups in Latin America and the Caribbean.” Unfortunately, our study shows that eight years later, both Banks still have a long way to go to fully incorporate participation and accountability mechanisms in the design of its projects.

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2 Hamerschlag, p. 18.
1.0 Introduction

Over the past decade but particularly with the publication of the WDR 2004, “Making Services Work,” the World Bank and the IDB have purportedly taken a more pronounced stand favoring accountability in their operations. Beyond the rhetoric, what has changed?

This analysis, commissioned by CARE International UK and conducted by BIC and independent consultants, seeks to answer this question. The report examines World Bank and the IDB official policies, relevant strategies and pronouncements about accountability and participation and assesses whether and how the World Bank and the Inter-American Development Bank (IDB) are incorporating their publicly promoted ideals on accountability and participation in project design.

Using as a basis the IFIs’ own official documents the intention is to understand how the World Bank operationalizes its “accountability triangle” and the IDB implements its 2004 “strategy for promoting citizen participation in the IDB activities in the formulation and design of the IFIs’ own projects.

The study’s sample includes 25 projects from 9 countries, covering seven sectors: health, education, water and sanitation, decentralization, rural development, cash transfer programs, and social sector reforms. These include 12 World Bank-related projects, totaling US$ 1,145.7 billion, and 13 IDB-related projects, totaling US$ 1,383.6 billion. All projects were approved between 1999 and 2007.

Along with its focus on the analyzed projects, this study also draws from general context information for some countries of the region and from reports by representatives of organizations that have maintained a permanent dialogue with both Banks on the role of the civil society. It is a critical perspective analysis that not only points out failures but also positive aspects and, in particular, proposes an increased dialogue with the bank that favors a de facto enhancement of participation, transparency and accountability mechanisms in the projects of these international financial institutions (IFIs).

2.0 Methodology

Our methodology was developed in several stages. First we analyzed and validated the following selection criteria for the projects that would be investigated:

- Approval by the World Bank or IDB between 1999 and 2007, to qualify under the Banks’ new commitment to accountability and participation;
- CARE Priority sectors: water and sanitation, health, education, decentralization (local development), social investment funds, rural development and social sector policy reform loans;
- CARE direct experience, familiarity or knowledge of the project;
- World Bank or IDB specification of emblematic projects of good/bad practice;

3 The data presented refer only to the sums financed by the two Banks, that is, they do not include any of the resources employed by governments with the projects, which, in some cases, amount to more than the World Bank and IDB loans.
BIC, civil society specification of emblematic projects of good/bad practice.

A preliminary list of projects was vetted with CARE and a final list of projects was established in early 2008.

An operational definition of accountability was then established. Using the World Bank 2004 WDR as a benchmark, accountability is viewed as a triangular relationship between poor people, frontline service providers and policymakers. Its focus has as a reference the provision of basic services, particularly health, education, and water & sanitation through the empowerment of poor people. According to the WDR 2004, accountability and participation are important to strengthen the relations between donors, policymakers and recipients of social services and projects, especially those designed to help improving the life standard of poor people. It states that an important step for improving the outcome of services is to strengthen relationships “between client and provider, between citizen and policymaker, between policymaker and provider” (WORLD BANK, 2004, pg. 10).

According to this framework, success in the provision of such basic services emerges from an institutional relation marked by the absence or existence of accountability mechanisms. The framework offers, therefore, an answer that goes beyond the usual symptoms of inefficiency, corruption and weak management, among others. To improve the process of accountability in development projects, the Bank works with a model, according to which the actors play four main roles in the provision of these services: a) citizen /clients; b) politicians/policymakers; c)
organizational providers; d) frontline providers.

A provider organization can be a public line ministry, agency or bureau at the federal, state or local levels, a non-profit (religious school) or for-profit (private hospital). Frontline providers are the street level interface between clients and the organizational provider (such as teachers, doctors, nurses, extension technicians, etc.).

The Bank suggests the existence of an “Accountability Triangle” in which two processes – one of short reach and the other of long reach – coexist in accordance with the following model (illustrated in Figure 1):

Citizens as clients/individuals play a simultaneous double role. In the first case (long route), citizens may influence policymakers and intervene in the political process that defines society’s collective objectives (citizen-state link). Citizens seek to control public action to achieve those objectives through elections, policy lobbying, and education. Through the definition of these collective objectives, policymakers can then influence the direct provision of pro-poor services by public or private institutions (state-provider link). By collective objectives, we may refer to structure of incentives and sanctions related to fiscal policy, legal norms, strength of regulatory oversight, and contract transparency that improves the effectiveness of service provision.

In the second case (short route), citizens can hold service providers directly accountable as clients of the services offered by simply purchasing services based on performance (citizens-providers). In Latin America, the dramatic efforts to decentralize public services over the past two decades are firmly rooted in the assumption that consumers of services can be empowered to hold providers accountable by “voting with their feet.” In other words, decentralization gives citizens choices and therefore forces service providers to compete for clients that presumably have the power to relocate if they become unsatisfied with one provider. Even with few choices, citizens can improve services by monitoring services and informing the public.

This accountability model is dependent upon the effectiveness of the democratic system to work. However, the persistence of high inequality and the lack of functional democracy in local or national contexts severely weakens mechanisms for accountability and participation, and in turn makes decentralization highly susceptible to bureaucratic resistance, corruption and the prioritization of elite interests – in other words, political capture. The effectiveness of decentralization and the World Banks accountability model in much of Latin America may in fact depend upon the empowerment of poor people to act collectively beyond the community-based organization to challenge local inequality.

Based on Goetz and Jenkins (2002) and Schedler (1999), the World Bank distinguishes between horizontal and vertical accountability. “Vertical” accountability typically refers to citizens (individually or collectively) holding the state to account, as in elections. “Horizontal” accountability refers to a minister or senior civil servants formally holding another civil servant accountable within government.4

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We adapt this usage of horizontal/vertical accountability for our research framework. With the ongoing efforts to decentralize and privatize service provision in Latin America, frontline providers are increasingly local. At the same time, the assurance of sector-wide or national outcomes in health, education, water, agriculture and poverty reduction in general continues to reside with the central government. As such, horizontal accountability primarily represents the accountability between poor people and frontline service providers (including local government and NGOs) and among poor people themselves (peer to peer accountability) organized as health or water committees, parent/teacher associations, project councils, loan committees, etc.); and 2) vertical accountability represents power relations between beneficiary population and policymakers (the executive, legislative and judicial branches of the national government) as well as with national level private sector service providers and external financing agents (eg. the IFIs) regarding the regulator’s or lender’s accountability to fulfill its own performance requirements.

Horizontal accountability tends to focus on specific aspects of project management, including indicators of the quality of the service provided, financial and contract transparency, and local impact assessment. Here we are interested how IFI projects enhance citizens/clients power to interact with or even exercise control with frontline service providers (including local governments and NGOs). Vertical accountability tends to focus on more sector-wide policy aspects of the relationship between poor people, the state authorized service regulators, external financing agents. Here two dynamics of accountability are of interest: a) increased citizen’s engagement and observed decision making power with respect to public officials; and b) the compliance of compacts between policymakers and organizational providers.

In part due the project bias towards the promotion of horizontal accountability, the focus of this study tends to be on the relationship between citizen and frontline provider. A structural deficiency in most loans was a lack of attention to building the capacity of poor people to hold accountable the state, IFIs donors or international actors (such as the corporate representatives of a transnational service provider). Curiously, the World Bank and IDB seem to have written themselves out of the Accountability Triangle as the neutral participant observers. Of course, this assumption is untenable but reflects the analytical deficiency in the Bank’s conceptualization of accountability that we attempt to correct in our study.

Vertical accountability refers to change of the enabling environment in which the project is being executed. For example, it refers less to whether a specific project council or water user association is accountable and participatory, but rather whether the norms of managerial accountability, transparency and participation regarding budgets become standard practice at the societal level. Vertical accountability refers to independent oversight and social control, contract transparency, democratic security, gender and ethnic equity in the most central decision making processes. In sum, IFI projects are scrutinized for their contribution to or obstruction to improvements in the enabling environment for change that will transcend any specific project.
The application of this concept of accountability was then structured with a group of questions for capturing and reporting on the accountability and participation practices from a critical and constructive perspective, seeking to incorporate the concepts used by the Banks, but not restricted to them (see annex 3 for project review questions). A research team based within BIC and responsible for studying the distinct countries conducted a desk review of relevant documentation. This review relied mostly on official Bank project concept and appraisal documents, monitoring reports, social and environmental impact evaluations, country strategies, relevant economic and factual analyses, as well as on independent analysis and reports by the civil society and universities. The team interviewed managers of projects that were selected as best examples for good and bad practices in each sector. Interviews were also carried out with civil society organizations involved in these projects (see bibliography and interviews list in annex 5).

Through the desk review, we assessed whether and how key concepts of participation and accountability were incorporated at the project design stage\(^5\), identifying shortcomings and good/standard or bad practices\(^6\) in five fundamental areas:

1. **Prior consultation** with and involvement of stakeholder communities in project design as a basic indicator of whether stakeholders meaningfully participate in decisions regarding a particular service/project/distribution of resources;

2. **Specific mechanisms that allow open, transparent and inclusive decision making processes**, as well as vehicles for local communities to hold government agencies and/or service providers accountable for following the “rules” and achieving the goals laid out in the project. We also considered whether the democratic mechanisms established in the process of the IFI project could be extended to other projects/processes and to a greater exercise of democracy and better governance;

3. **Project objectives that explicitly incorporate strengthened community participation, social inclusion, citizen empowerment and accountability**;

4. **Adequate outreach and information and dissemination to stakeholders.** A key factor in ensuring effective participation and accountability is strong outreach and timely, culturally appropriate and inclusive information dissemination and communications regarding project goals, rules, opportunities for participation, and expected project outcomes. A related practice is a strong capacity building program for stakeholder communities regarding their rights, opportunities and ways for engaging in the project;

5. **A well funded monitoring and evaluation system** that includes at least two of these elements: a) community involvement in its design and execution b) indicators that measure

\(^5\) Overall, we do not have sufficient information to determine the extent to which these issues were adequately addressed in the projects’ implementation processes.

\(^6\) See Table 1
specific progress ("Evaluability") on civil society engagement, inclusiveness, accountability and governance; c) a mechanism that enables affected communities to give mid-term feedback on project staff and performance; and c) feedback loop to inform stakeholders about the results of the monitoring and evaluation.

Each project was classified as achieving a good, standard-mediocre, or bad ranking in these five areas. A summary of each of the indicators for these project rankings are provided in Table 1. below. Standard practice reflects pre-2002 thinking, prior to the WDR 2004 rhetorical inference on the need for improved accountability practices at the WB. Bad practice suggests the absence even of basic accountability and participation mechanisms. Good practice constitutes the presence of clear, documented, easily definable and evaluable participation and accountability mechanisms.

One reference project in each sector was selected for in-depth analysis beyond the project design. In these cases, our desk analysis of project design was complemented by interviews with responsible specialists at both Banks and also with civil society organizations of the respective countries with particular emphasis on whether good/standard or bad practices were born out in project implementation.

In the water sector, we reviewed 6 projects in five countries. Three projects from the IDB: Guatemala (Investment Program for Potable Water and Rural Sanitation, $50mn); Nicaragua (Investment Program for Potable Water and Sanitation $30mn) and Peru (Reform Program for Water Resources $200mn). The World Bank-supported projects are Rural and Small Towns Water Supply and Sanitation Project II Praguas in Ecuador ($32 & $48mn); Rural Water and Sanitation Program – Prodep in Haiti ($15mn) and National Rural Water Supply and Sanitation Project – Pronasar in Peru ($50mn).

In the health and education sectors, we studied 8 projects in five countries: two health projects in Honduras, one funded by the IDB (Enhancement of the Health Level ($16.6mn) and the other from the Word Bank (Nutrition and Social Protection Project ($20mn). In Guatemala, we reviewed two other World Bank projects: Maternal and Infant Health and Nutrition Project ($49mn) and Education Quality and Secondary Education ($80mn). In Nicaragua, our analysis was focused on two health programs supported by the IDB: Full-Time Childhood Assistance ($30mn) and Modernization Program of Health Services (Phase I $18mn; Phase II $54mn). In Peru, there is another World Bank health project: Health Reform Programs ($80mn), and in Ecuador, the project Universalization of Basic Education, was supported by the IDB ($295mn).

In social sector reform, rural development and decentralization, we reviewed 10 projects in 7 countries, including six IDB projects: in Ecuador, the Social Sector Program ($200mn); and also the El Salvador Social Policy Support Program ($300mn); the Honduras Sectorial Social Associated Program ($28mn); the Bolivian Social Protection and Community Full-Coverage Development ($10mn), and in Haiti the Local Development and Fiscal Responsibility Program.

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7 Evaluability in IFI parlance refers to an assessment of whether a project has identified clearly the problem to be addressed and has defined logically related performance indicators and a methodology with which those indicators will be measured.
| Table 1. Ranking Indicators-Good/Standard & Bad Accountability & Participation Practice |
|---------------------------------------------|--------------------------|--------------------------|--------------------------|
| 4.1 Prior Consultation with Stakeholders    | Good                     | Standard-Mediocre        | Bad                      |
|                                             | Clear, detailed references to the project process or some external consensus building or deliberative national/local process with which the project is clearly consistent | Vague references to consultation (lack of detail), lack of clear references to external processes as well. | Generally incomplete, or absent references |
| 4.2 Project Objectives                      | Clearly, explicitly stated objectives for increasing participation, accountability and/or empowerment | Ambiguously stated; not part of explicit objectives, present as project components | Not clearly stated nor indirectly suggested |
| 4.3 Communication and Information Dissemination to Affected Communities | Plans that address both levels of project information: a) intrinsic information about the project topic (health, education, cash transfers, or production techniques) b) culturally appropriate information designed to empower people to participate in the project (i.e. project rules, opportunities for participation, project goals and responsibilities, process for holding people accountable), | Plans only address the first level of project information: a) intrinsic information about the project topic (health, education, production techniques) | No stated plans for a component of information dissemination or communication as part of the project |
| 4.4 Transparent, Inclusive Decision Making Mechanisms | At least two of the following accountability mechanisms: Feedback loops for beneficiary assessments to influence project Contracting rules that enable citizens to withhold $ from provider Adequate capacity building support for quality participation Project oversight councils, social control mechanisms Emphasis on “vertical” accountability, rather than just “horizontal” Efforts to have project results leverage systematic improvements in accountability in other areas. | Inadequate number, or vaguely referenced accountability mechanisms Emphasis on only horizontal accountability | None of the noted accountability mechanisms |
| 4.5 Adequate Monitoring and Evaluation Framework | Fully evaluable: A well funded monitoring and evaluation system that includes a) community involvement; b) mid-term feedback mechanisms based on opinions of affected communities; c) upfront transparent indicators that measure specific progress around civil society engagement, inclusiveness, and government accountability; and d) feedback loop to inform stakeholders about the results of the M and E Project is partially evaluable: Some indicators or M&E Framework specification Few indicators related to participation No indicators related to accountability No feedback or stakeholder informational mechanisms. | Project is not evaluable: Little, vague specification of indicators or framework Ambiguous indicators related to participation No indicators related to accountability No feedback or stakeholder informational mechanisms. |
($87mn), and also the Local Development Program ($65mn). The World Bank projects here are: Rural Alliances in Bolivia ($35mn); in Peru, Results and Accountability – React ($150mn); Community-Driven Development Project in Haiti ($40mn); in Brazil, the Rural Poverty Reduction Project - Piauí ($22.5mn). And also in Brazil, a specific Cash Transfer Program: the “Bolsa Familia” (‘Family Stipend’) Program ($572.2mn).

It is important to acknowledge that the analyses of the projects’ design revealed a broad range of different experiences and practices. Thus, many structural aspects related to context that may be important in the design of one project are not necessarily present in several others. A major factor accounting for this variation is the differing political contexts in each country, which in turn often plays a defining role in the design and performance of most IFI loans. In recent years, important changes have occurred in Latin America, that have affected the dialogue between governments and the IFIs, especially on the issue of sovereignty and, the design of projects. In certain countries like Haiti, where governance has been persistently in crisis, the Banks have chosen to pursue a more aggressive local and community based approach to development.

An important issue that this report does not fully address is the question of accountability of the IFIs themselves through the application of IFI Safeguard Policies such as the Independent Inspection panel or through official civil society dialogue with the bank. These accountability mechanisms include civil society participation, advisory or consultative mechanisms at the project or country strategy levels (e.g., IDB CASC) and lead the Banks to claim that citizens/clients have more capacity to hold Bank officials, government representatives and service providers accountable for project performance. Anti-Corruption mechanisms have also been established including whistleblower policies, institutional integrity hotlines, and related governance reforms that enable citizens to participate in oversight of procurement and any instances of corruption related to priority projects. The Independent Inspection Panel provides an official forum for citizen to request Board approval for the IFIs to examine whether projects have violated Bank policy and how effective were these processes in redressing noted concerns. While all important, these accountability mechanisms were not the focus of this paper.

3.0 IFIs Discourse on Accountability and Participation

Over the past decade, the World Bank and the IDB have developed a discourse on participation and accountability-related policies that have a direct bearing on the implementation of their loan operations for Latin American countries. The execution of these policies is sensitive, as it often interferes directly with a country’s democratic dynamics.

3.1 Accountability and Participation for the World Bank

With poverty reduction as a guiding objective, the Wolfensohn administration (1995-2005) was marked by an attempt to improve the image of the International Bank for Reconstruction and Development – IBRD. The World Bank began to adopt a series of internal procedures designed

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We reiterate that this report is primarily based on an analysis of project design, with less concrete evidence about implementation since there was no field work conducted to assess the actual implementation on the ground.
to promote greater participation by civil society – especially non-governmental organizations (NGOs) – and to increase information dissemination about Bank funded projects. The most decisive expression of these tendencies culminated in the 2004 World Development Report (WDR), released during Wolfensohn’s final year at the Bank. However, the Bank’s focus on accountability and participation reached two prior critical moments in 1996, with the release of the Participation Sourcebook and in 2000, with the release of Voices of the Poor.

The accountability model outlined in the 2004 WDR (see Section 2.0) identifies the short route as a process by which the clients use their power to directly demand a greater efficiency and transparency by the service providers, and the long route as a process by which citizens rely on political process and exercise their voices over the politician. The Bank highlights that this framework has its limits, which stem mainly from the action of traditional political actors that use the provision of these services as a control mechanism. *The greatest operational challenge of the triangle is to overcome the natural tendency of these actors to allocate services as a community prize or punishment when seeking to harness political support.*

The Bank’s approach to participation is perhaps best defined in its 1996 Participation Sourcebook as “a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them”. In response to significant civil society pressure, the bank adopted operational guidance in 2000 that called on its borrowers and staff members to involve civil society in all aspects of project development and implementation. According to the World Bank’s Operational Manual, which defines “Good Practices – Involving Nongovernmental Organizations in Bank-Supported Activities” or simply GP 14.70 (WB, 2000) – loan projects must include active participation by the civil society. Affirming that NGOs and other civil society entities are important development actors, the World Bank:

*encourages borrowers and staff members to consult with NGOs and to involve them, as appropriate, in Bank-supported activities, including economic and sector work and all stages of project processing--identification, design, implementation, and monitoring and evaluation.*

However, despite this clear guidance and compelling rationale for ensuring greater civil society participation in Bank lending, many loans continue to be approved with limited participation and accountability elements.

Conceptually, the Bank’s view of civil society is heavily anchored by the notion of social capital. That is, the recognition that the civil society’s full participation in projects is a positive indicator of a society’s dynamism, creating social conditions that will ensure better quality and greater sustainability in Bank financed projects.

In these terms, an important reference starting in the 1990s was the study organized by Isham, Kaufmann and Pritchett (1995) for the World Bank on the relations between the performance of projects financed by the Bank and various governance indicators at each country. According to these authors, there is a strong causal link between the degree of civil liberties and a positive performance for these projects. They affirm, for example, that the rate of economic return is seven percent higher in those countries where civil liberties are considered to be greater, when
compared to the bottom countries in the civil liberties’ ranking.  

In recent years, as many new governments in South America have asserted more sovereignty in their negotiations with IFIs, and the World Bank has updated its discourse on empowerment and participation, seeking to give answers to the challenges of legitimacy and demonstrating greater institutional relevance. This update coincides with a period of gradual loss of its relevance and negotiation power in the face of governments that have alternative sources of development finance, including their own reserves. At the same time, with increasing democratization, opportunities for designing projects with increased participation and empowerment are greater, and, at least rhetorically, the Banks are increasing their emphasis on concepts and practices related to accountability.

In recent years, the World Bank has sought to update its empowerment discourse to embrace a broader accountability framework. It has developed new evaluation tools with a broad array of conceptual and practical empowerment indicators both at the project level as well as broader societal level.  

The claim to empower is almost boilerplate language in both bottom-up and top-down reform proposals. Empowerment is now part of the core vernacular of the World Bank. First recognized by the Bank in chapters six and seven of the *World Development Report 2000/2001* (2001) as one of the three pillars of poverty reduction, empowerment is now found in the documentation of over 1,800 World Bank-aided projects. Although empowerment is the subject of debate and analytic work throughout the development community, the concept remains poorly defined and even more poorly measured.

It is important to point out that the formulation and adoption of these participation and accountability guidelines also reflect a pragmatic approach, that is, an approach that not only improves the WORLD BANK image but also corresponds to a historical experience that demonstrated many advantages in the participation of the civil society. According to the World Bank, participation is important because “many service delivery arrangements neglect the role of clients, especially poor clients, in making services work better” and these clients can help “strengthening service delivery” (WORLD BANK, 2004, pg. 9). Regarding the formulation of projects, for instance, “NGOs that are familiar with the project area and enjoy ties with the local population can give both the government and the Bank valuable information about local conditions and community priorities” (WORD BANK, 2000, §18).

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9 According to Isaham, Kaufmann and Pritchett, there is a growing consensus among cooperation agencies in the belief that the beneficiaries’ involvement is the key to the success of projects. They used as evidence a database of 121 water-related projects to demonstrate the superiority of projects that count with greater participation by the beneficiaries.

10 Alsop and Heinsohn (2005: 4)

Since 2003, the World Bank has emphasized Community Driven Development. The CDD approach gives control of decisions and resources to community groups. These groups often work in partnership with demand-responsive support organizations and service providers, including elected local governments, the private sector, NGOs, and central government agencies. The World Bank provides grants or interest-free loans in the form of CDD initiatives – usually projects sub-components. The difference with social funds is that communities do not submit applications. Rather they exercise control over the funds as a whole, and set priorities. Though this mechanism is mostly used in rural areas, there are also examples in urban and peri-urban areas. Project management is often shared between the operating company or the municipality, and NGOs.

CDD is a way to provide social and infrastructure services, organize economic activity and resource management, empower poor people, improve governance, and enhance security of the poorest. Over the past decade of experimentation with CDD, the Bank has articulated 10 project design principles which specify a range of accountability and participation options. As of 2007, the World Bank claims to have over 400 CDD projects in process, with over $2 billion in CDD projects in the LAC region alone. Despite a growing list of research papers and CDD projects, the Bank has yet to evaluate the performance of projects in incorporating some or all of the CDD principles in their design and in turn, actually following through on these objectives in project implementation.

External evaluations and evaluations made by the World Bank itself, however, show that this initiative has problems, besides the limited evidence on its impact in some of its main objectives. Among the main problems and criticisms, one could mention: the World Bank-sponsored CDD projects are proportionally costlier than other World Bank projects; communities must pay for an increasing part of the costs; improved infrastructure does not guarantee more efficient services; often, the poorest do not benefit; and there is little evidence of positive impact in terms of capacity-strengthening. According to Alexander (2006), in the absence of real and strong regulation, in some areas especially poor citizens have little power over firms. Official World Bank reports recognize that this initiative should change in some aspects: given the mixed and limited evidence on the impacts of CBD/CDD projects—particularly in poverty reduction and empowerment—and questions about sustainability, safeguarding and fiduciary compliance.

Finally, the Bank has recently launched a “Demand for Good Governance Peer Learning Network” that convenes periodic discussions about concepts, research and applications of accountability as it relates to governance. One distinction between the DFGG initiative from the broader CDD work is the inclusion of high risk WB funded projects in the oil & gas, mining, infrastructure and industrial agriculture – not often the candidates for building local accountability.

3.2 The IDB Perspective

12 PRSP Sourcebook, Volume 1 – Core Techniques and Cross-Cutting Issues, CDD chapter (4 February 5, 2003)
14 For WB DFGG information, see http://go.worldbank.org/NNNJPRTND0
Since the 1994 Eighth Replenishment Agreement, the Inter-American Development Bank (IDB) has taken various steps and drafted numerous documents promoting greater civil society and community stakeholder participation in its investment based lending operations. However, despite significant civil society pressure and demands, the Bank has still not yet approved an official directive or policy on its concept of participation.

In 2004, the IDB issued a Strategy for Promoting Citizen Participation in the IDB Activities aiming “to establish general guidelines and criteria, and to specify areas of action in which the Bank can expand, strengthen and systematize citizen participation in its activities”, based on the principles of inclusiveness, pluralism, opportunity for timely input, transparency, efficiency and cultural sensitivity.

Similar to the World Bank, the IDB strategy articulates both a pragmatic and social equity argument for participation. “There is a wealth of empirical evidence attesting to the merits of carefully designed and conducted participatory processes in development projects, in the form of efficiency, effectiveness, equity, and sustainability gains.”… “Citizen participation in the course of a project’s implementation and evaluation can help make certain that the operation’s benefits truly reach traditionally excluded groups and build capacity in interested and affected groups, reduce costs, heighten the public’s sense of ownership, and provide a better foundation for evaluations and for feedback for future activities and projects.”

According to the strategy, participation will lead to greater vertical accountability: “Citizen participation should be treated as a core element of policy, program and project development, encouraging the creation of social organizations, networks and fabrics to build capacity in individuals and social groups, equipping them to manage their own affairs and make their voice heard in negotiations with the public sector. Far from weakening a State and its operation, the existence of nongovernmental avenues for public input helps give legitimacy to the State and make it work better.”

The strategy also outlines key elements of good participation practice including “opportunity for timely input” at every stage of the project, including design, implementation and evaluation. It also stresses transparency: “Information distributed in the context of the Bank’s participatory processes, whether it comes from the Bank, borrower, project sponsor or any other party involved, will be provided proactively and for the purpose of permitting and encouraging dialogue. The information should be made available in a form and at a time which permits substantive assessment of the project and affords adequate time for comment.” It further states that: “Information is the true gateway to participation. Experience has shown that the availability of the right kind of information at the right time is, in and of itself, a participation vehicle.”

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15 See K. Hamerschlag (2000)
17 Ibid p.5
18 Ibid p. 6
19 Ibid p.8
The Participation Strategy was released just one year before a new President was appointed and a major reorganization of the Bank was launched that effectively placed participation on the backburner. Some four years later, the IDB’s participation strategy remains a strategy and only suggestive of how Bank project design might incorporate greater accountability. The currently strategy provides wide discretion to Bank Management as to how these principles and guidelines are implemented in the Bank’s project design and implementation process. As this desk review seems to indicate, without a wholesale reform to make participation and accountability a standard part of IDB operations, many lending operations continue to be designed and implemented without meaningful and informed participation of affected people.

While the statements of IDB officials indicate similar subscription to the accountability triangle thesis outlined by the World Bank, the IDB has eluded a more binding commitment to accountability in the design of its loans. The IDB has devoted much less attention to the concept in its analysis, despite the fact that accountability was identified as a cornerstone issue in the corporate objective of promoting modernization of the state since the 1994 replenishment.

Of the few internal analyses on the IDB’s experimentation with participation and accountability mechanisms, a comparative review of experiences in Central America by Sollis and Winder concludes,

“Proliferating numbers and types of social accounting and social auditing experiments in Central America constitute part of the “new accountability agenda” and the process of “Reinventing Accountability for the 21st Century”. This agenda has been made possible by globalization’s promotion of democratic governance as well as local initiative to construct more open, democratic and competitive post-conflict societies. Local accountability experiments are invariably financed by donor supported programs and initiatives, but local actors provide the innovations that test the boundaries for action within evolving legal frameworks. Experiments are reshaping the meaning of accountability, especially those modalities allowing poor excluded people to acquire voice. Accountability mechanisms situating poor people center-stage recognize the imperative of addressing their pressing needs as well as acknowledging them as the group most affected by accountability failings. Consequently, accountability has become not just a technical exercise but also one that introduces social justice into the governance debate. The involvement of a multitude of international agencies means there are conceptual and practical differences, as well as significant overlap, between ongoing local accountability experiments. This diversity reflects not only an elasticity but also conflation of usage of the concept. Discrepancies and differences, notwithstanding, at the core of all local accountability experiments is the notion of government that is answerable to its citizens. The involvement of international actors is one reason why local accountability experiments are present in all parts of national territories, with no area now untouched by one or other local accountability experiment.”

The Bank’s own internal evaluators have shown that the institution itself suffers from a severe lack of internal accountability, raising questions about just how effective the IDB can be in promoting it among its clients. In April of 2004, the IDB Office of Evaluation and Oversight

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20 See K. Hamerschlag (2000)
21 Sollis and Winder (2005: 6)
(OVE) submitted to the IDB Board of Executive Directors a commissioned report entitled “The Project Supervision System: An Evaluation of use of its instruments,” confirming what many have suspected: that there is a wholesale breakdown in the IDB’s supervision system, such that even IDB minimum standards of oversight are not being met. This dramatic negligence in monitoring and evaluation not only undermines IDB goals in Development Effectiveness (as mandated by its 8th Replenishment of resources in 1994) but also exposes the Bank’s serious vulnerabilities to fiscal mismanagement and corruption.23

The report demonstrates that the IDB is monitoring, evaluating, and auditing its loans less and less frequently. The alarming conclusion is that the IDB is remiss in identifying, preventing, and addressing financial risk in its projects, apparently preferring instead to push money out the door without monitoring its use or impact.24

The OVE report suggests an institutional avoidance of evaluation that continues to undermine the Bank’s credibility on the issue of accountability. Despite commitments to reinforce operational performance, the OVE report concludes that “the ex ante evaluability (verifiability) of Bank projects is low, while the evaluability of project outcomes is even lower.” The Bank also fails to systematically collect information on operation progress. Since 1995, there has been a precipitous decline in the number of social equality enhancing projects that require an ex-post evaluation -- 40% in 1995 to 6% in 2001.

“It is therefore, almost impossible for the Bank to show, using the information contained in projects and in the Bank’s monitoring and evaluation system, the connection between the actions undertaken related to the strategy and the attainment of intended goals. In general, the way in which Bank’s projects are designed and the way in which its monitoring and evaluation system collects information does not allow for the demonstration of impact.” (OVE, 2003:25)

The broadest and perhaps most startling finding was that in 25% of cases the Bank fails to “conduct the compulsory reviews and missions set out in institutional policies and project planning.” What these OVE findings demonstrate is an endemic violation of the most basic standards of project supervision that the Bank claims to uphold. This makes IDB project finances vulnerable to corruption, poor administration and obviously, project failure. These risks, in turn, reduce confidence in the development effectiveness of IDB lending, and set a low bar for responsible banking practice.

22 OVE is an “independent” arm of the IDB that reports directly to the Board and seeks in its research to take an objective evaluator’s look at IDB activities.
24 Of particular concern to the development community is the utter lack of interest in any documentation or evaluation that provides ongoing monitoring, documents outcomes, or measures longer-term impact of IDB lending. There is not space here to address these instruments, but they are treated in this and other OVE reports (such as “Poverty Reduction and the IDB: An Evaluation of the Bank’s Strategy and Efforts” RE-288; OVE, November 2003, http://www.iadb.org/ove/re288eng.pdf). For instance, only 16% of projects that OVE investigated for this report had any sort of ex-post evaluation, meaning, “Most projects failed to benefit from the lessons of an independent final evaluation.”
Since the devastating OVE report was published, the IDB has revised its Project Performance Monitoring Report System (PPMR) no less than three times and has yet to consolidate a workable alternative to the dysfunctional supervision system that had clearly broken down.
4.0 Analysis of Actual Practice of World Bank & IDB in Project Design

The analysis below examines the extent to which the World Bank and the Inter-American Development Bank (IDB) incorporate their outwardly promoted ideals and guidelines on participation and accountability in the design of their projects. We have identified five distinct practices that are crucial for fostering greater participation and accountability in Bank projects, highlighting best practices and deficiencies in project design in each of these areas:

a) stakeholder consultation in project design; b) project objectives that explicitly incorporate participation and accountability; c) effective information, dissemination and communications program; d) establishment of transparent and inclusive decision making processes and/or mechanisms during project implementation, and e) monitoring and evaluation system that incorporates participation, empowerment and governance indicators and a community feedback loop. Each project was classified as achieving a good, standard-mediocre, or bad ranking in these five areas.23

4.1 Consultation with and involvement of stakeholder in project design

Stakeholder participation in project design is a key requirement for engendering greater accountability, community involvement and ultimately project success. It enhances the legitimacy of the project, and reduces the potential for social and environmental conflict by identifying solutions to concrete problems that could emerge during implementation. The history of social and environmental conflicts in IFI supported projects shows the tendency to disregard or abridge this vital step, as well as the serious consequences that can emerge when prior consultation is ignored. Our goal in analyzing the projects is to capture how this issue was prioritized (or not) in practical terms.

Good consultation practice requires clear, detailed references to the consultation process or to some external consensus building or deliberative national/local process that specifically informs the project’s goals and design. The best consultations involve multiple engagements during the preparation and implementation of the project, with transparent feedback loops to show how stakeholder inputs are incorporated into the design or execution. Prior information relevant to the content of the project in a language or format that is accessible to the stakeholder population is also necessary. Good projects attempt to address all or most of these aspects. Vague commitments or references to consultation that lack detail or clear references to external processes are considered standard practice. Ambiguous references to prior consultations for previous projects that will not be updated for the current project are also standard practice. A bad practice project has incomplete references to consultation or none at all.

Surprisingly, few of the project documents presented clear detailed references to a comprehensive prior consultation process with affected communities regarding project design and implementation, even though this is widely touted by both Banks as standard practice. Only six projects, five of them World Bank funded, included some reference to prior consultation processes. These projects spanned all sectors: health, education, social sector reform, and rural development. Eleven projects, especially those in the water and sanitation sector had a limited

23 See Table 1 under section on methodology below.
approach. It should be noted that at least three highly participatory rural development projects were included here since the actual design was based more on lessons learned from other bank projects or pilots and less on specific prior consultation with affected communities. Eight projects (7 IDB) made no mention of any prior consultation in official bank documents.

Consultation in the health and education sector was mixed. In the good practice category for prior consultation, the World Bank Peru Health Reform Program stands out as the only health loan that had a clear reference to prior consultation. The program, which was designed to decentralize health services in Peru had a specific focus on participation, affirming that “primary beneficiaries are being consulted through focus groups and through satisfaction surveys as part of the social assessment activities” 26 However, it is important to acknowledge that the lack of stakeholder consultation in the other health sector projects (ranked as standard or bad practice) can partly be attributed to the technical character of the project. Many of these loans are quite technical in nature and designed to improve the country’s institutional health system (modernizing hospitals, improving the health data base, etc.) and therefore used expert analysis or national data as a preferred baseline analysis over community based stakeholder consultation. The design and development of these projects were typically based on a comprehensive analysis of local or national realities (health problems, needs and demands of the populations, and so on).

Even though these five reviewed health projects were not conceived having much concern with stakeholder communities’ involvement, and did not generally open space for popular participation, several of these projects were designed as part of a decentralization process (e.g. Atención Integral a la Niñas in Nicaragua and Mejoramiento del Nivel de Salud en Honduras) – and as such, will also involve the participation of several local municipalities. Involving local governments in the process is a positive, if insufficient step towards greater participation in the long run.

Two of the education projects, the IDB’s Universalization of Basic Education in Ecuador and the World Bank’s Education Quality and Secondary Education in Guatemala, are included as good practice. In the case of Guatemala, the World Bank carried out extensive consultation with both the legislative and executive branches of Government, as well as a social assessment in 2006 that involved stakeholder consultation at the central, departmental, school and community levels. 27

While the documentation suggests that the project design and presumably the consultation incorporated many of the recommendations and lessons learned from the Integrated Social Assessment, the focus on privatization of education was absent, thus ignoring the substantive concerns of a broad range of stakeholders in Guatemala who do not want to see further

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26 World Bank, Peru Health Reform Program – PAD, p. 26
27 An Integrated Social Assessment was carried out by a local independent consulting team under the coordination of the Technical and Bilingual Vice-Ministries of MINEDUC. Results of the consultations were incorporated in the project design. A purposeful sample of 61 schools (28 Primary, 22 Lower Secondary (básicos), and 11 Upper Schools (diversificados) were selected, to include both all-Spanish and Bilingual (Spanish-Indigenous language), public and private schools in 35 communities located in 7 Departments of Guatemala (Huehuetenango, Alta Verapaz, Totonicapán, Quiché, Jalapa, Suchitepéquez and San Marcos). Some 608 students, 212 teachers, 81 parents, 44 graduates of Primary and Lower Secondary schools, and 57 school Principals were consulted through focus groups or interviews.
privatization of the education system. The main problem for NGOs and unions working on education in Guatemala is that the consultation was about cosmetic issues not about the structural concern – the education model.

The evolution of the education system in Guatemala has shown that projects such as the WB one have produced some advances in terms of coverage but little in terms of quality since the signing of the Peace Accords. An analysis of public expenditures as well as the breakdown of that analysis by factors such as ethnicities, rural-urban sectors and gender, illustrates the high degree of exclusion that still persists, and the need for greater effort to address this structural problem. Some view the project promoted by the World Bank in education as a mixed blessing by expanding the coverage of elementary and secondary education, improving the performance of the official system in terms of a cost-benefit ratio, but also the privatizing of the highest levels of education (secondary and university levels).

The main implications of the WB model in Guatemala are the decrease in the State’s responsibilities in administering, delivering, and funding education services; labor flexibility; and promoting “decentralization” aimed at delegating services and functions to private entities. PRONADE – the National Program of Self-Administration for Educational Development- is the main instrument, which has proven to be a low cost, but low-quality model for poor, rural areas. Administrative costs are transferred to the community in guise of empowered “parent teacher associations” through higher costs per enrolled student. The conclusion of one civil society evaluation, PRONADE creates a parallel system to the official one, whose existence affects the ability to elevate educational quality and generates greater inequities in educational attention for students.  

In the case of Universalization of Basic Education in Ecuador, the project’s legitimacy rests on a perhaps one of the most democratic forms of consultation, a national referendum. The plan was developed in consultation with stakeholders from the sector and was endorsed by the Ecuadorian people in a referendum held on 26 November 2006 on the occasion of the presidential elections. In that process, the Ecuadorians expressed their desire to elevate the Ten-year Education Plan to the category of State policy”.  

Ecuadorian President, Rafael Correa, has exercised greater autonomy over the IFIs even going as far as to expel the World Bank. Months before the IDB loan was approved, a similar World Bank education loan was cancelled and rolled into the IDB operation. In reality, this is not an “IDB project” in the traditional sense. According to an IDB’s education specialist in Ecuador, Marcelo Perez Alfaro, it is a very particular operation, known as a SWAP model loan where the country finances the entire loan with their own resources and then the IDB reimburses in the ex-post evaluation processes.  

Given the Ecuadorian political context, the link between the Education loan and the national process of formulating a new

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29 The project emerged in a different political context (a plebiscitarian democracy), where the IDB has a very low, perhaps even contradictory influence. The loan proposal justifies it when affirm that “the Ten-year Plan is a strategic management tool designed with the purpose of maintaining a set of pedagogical and administrative strategies for a period of 10 years, in order to provide institutional guidance for the processes of modernizing the educational system, transforming or reforming it, and achieving quality improvement and equity targets in the education sector.
30 Telephone interview with Perez Alfaro on August, 04, 2008.
education policy provides superior legitimacy in terms of consultation than anything the relatively discredited IFIs might have done.

Perhaps the best case demonstrating extensive stakeholder consultation is the World Bank’s Bolivia Rural Alliances Project. Several good practice elements stand out: 1) Particularly vulnerable groups, such as women and indigenous peoples, were specifically targeted in the consultation; 2) the consultation was conducted in local languages in order to enable indigenous people, especially women to participate who don’t have as much fluency in Spanish; 3) The workshops were organized in two stages: An input stage, to ascertain general views and recommendations about the project concept and how to achieve the overall objectives; and a feedback stage once the preliminary design was completed, seeking comments, feedback, and advice on opportunities and risks. 4) Accountability was built into the consultation process by highlighting in the PAD the key issues and recommendations from the consultation process that were incorporated in project design; the PAD also included the recommendations from the community that were not included and why.

The consultation process in the World Bank’s Peru Results and Accountability policy loan is particularly notable since policy based loans have historically been based on very limited if any civil society consultation. According to official documents, there were numerous public forums and extensive consultations with many sectors of the Peruvian government to build ownership in the project.

Among the other policy based loans, there was a mixed approach to consultation. While the Ecuadorian Social Sector Program policy based loan appeared to have no community involvement, a key feature of the Honduran policy based loan, Red Solidaria, according to the project team leader “came out of an extensive civil society consultation process on the country’s Poverty Reduction strategy”. 31

As noted above with reference to the Ecuador Education loan, the depth of consultation in particular projects is attributable less to the banks involvement and more to the political context in a given country. The results can go both ways. In the Ecuador education loan, the referendum vote meant that the Bank was supporting a widely popular operation. Where the role of the bank is more of a financier, the issue of consultation is left more to the government. This is the case in the Bolsa Familia project where the financial and intellectual involvement of the World Bank and the IDB in the project is relatively small. 32 The total value of the program is $US 5.62 billion and the loan from the World Bank is only $572 million. This project, which was conceived as a compensatory social protection program in response to liberalization policies, did not include a formal stakeholder consultation in the design process. According to Bank staff, the only specific groups involved in the consultation process were the indigenous people and slave descendent communities (Quilombolas). However this information is contradicted by Valèria Kaxuyana33, coordination member of the COIAB – Coordenação das Organizações Indígenas da Amazônia Brasileira – COIAB. According Joana Mustafa34 who worked in the Bolsa Familia for

31 Interview with Carlos Gargiulo, IDB, June 24, 2008.
32 In the first phase of project IDB approved a similar loan for the Bolsa Familia.
33 Interview with Bank staff that wished to remain anonymous August, 05, 2008.
34 Interview on August, 08, 2008.
Brazilian Government and now is member of World Bank staff, this problem will be resolved in the next phase of the program. Other cash transfer/social investment projects had similar contradictions regarding consultation.

In the water and sanitation sectors, almost all projects analyzed mention some level of consultation in the design phase. The Ecuador Rural and Small Towns Water Supply and Sanitation (Praguas) project stands out as an example of good practice. According to official documents, local social scientists carried out rather extensive participatory rural appraisals in ten culturally diverse communities and meetings were held with NGOs at the national level. In at least three projects (Praguas, Pronasar, Guatemala Investment Program), interviews and focus groups were held at a community level on lessons learned from previous projects. However, there are questions regarding the quality of the consultation process, especially given that the process and criteria for selecting participants are not spelled out.

In this respect, many of the water projects reviewed tend to follow what could be referred to as “standard practice”. Most water projects provided vague or incomplete references to consultative processes. The Guatemala Rural Water Investment Program mentions that a team of consultants hired by the implementing agency “conducted extensive interviews with focal groups within a sample of communities throughout Guatemala” and that “the findings were incorporated in the conceptual design of the program”. Also “the IDB project team has accompanied [the implementing agency], members of NGOs and other organizations on visits to interview local communities to gauge their attitude towards the Program”.

One IDB water project, the Nicaragua Water Supply and Sanitation Investment Program, stands out as bad practice in consultation. As mentioned before, there is no reference of any prior consultation. The only reference is a possibility that design studies, which will look among other things into needs to increase service coverage in selected cities, will consult urban residents; however this is not explicitly mentioned.

It is important to keep in mind that a direct consequence of the community-driven development approach adopted by most projects analyzed in water and rural development is that in principle stakeholders are directly involved in decision making throughout the project, including in the pre-investment phase (i.e. when they identify and design sub-projects that will be financed by the overall program). Most of these projects include a component aimed at assisting communities, strengthening community organization and providing them with community advisors (often NGOs) to provide technical assistance during the various phases of the project. This is not strictly-speaking prior consultation on the overall investment program, however. Moreover, because the fundamental assumptions of the IFI water model (full or partial cost recovery) were often decided in advance, there is a question of just how open the consultation was.

In summary, our analysis revealed a generally weak approach to stakeholder consultation processes and an area where both Banks, especially the IDB could focus greater attention. Most of the projects did not incorporate best practices of stakeholder consultation as outlined in bank

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35 It is worth noting that the higher risk infrastructure projects that require environmental impact assessments (EIAs) typically have much more robust (if still poor quality) consultation processes. The social sector project weight over infrastructure projects in the sample may explain why good consultation was not more frequent.
guidance documents. These include widespread stakeholder outreach (especially to excluded groups); providing detailed documentation of the process and how stakeholder input informed the project design; ensuring a phased approach to consultation so that stakeholders have an opportunity for further comments on the final design; providing information in culturally appropriate language, etc. On the other hand, there were a handful of positive cases that have been highlighted which should serve as models for future bank projects: the Bolivia Rural Alliances project, the Peru REACT program and the Ecuador PRAGUAS Water project. Table 2 summarizes the project rankings on consultation.

For both Banks, more rigorous and professional consultation has been a long standing demand from civil society. We see that the World Bank has perhaps responded better in terms of greater representation of good projects, and fewer bad consultation projects. The IDB, on the other hand, appears to have advanced little in the regard. Another concern illustrated in the Guatemala World Bank education loan and most of the water loans, was whether the consultation process was open enough to prompt dialogue about the core operating assumptions of the loan – such as privatization. It appears in the two examples that agenda setting by both Banks hollow out the consultation process by taking certain issues off the table.

<table>
<thead>
<tr>
<th>Table 2. Project Accountability Ranking on Consultation</th>
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<tbody>
<tr>
<td><strong>Good</strong></td>
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<tr>
<td><strong>4.1 Consultation</strong></td>
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<tr>
<td>Bolivia Rural Alliances (WB)</td>
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<tr>
<td>Peru Results and Accountability Development Policy Loan (WB)</td>
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<tr>
<td>Guatemala Education Quality and Secondary Education (WB). The Universalization of Basic Education in Ecuador (IDB)</td>
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<td>Ecuador Pragugas (WB)</td>
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<td>Peru Health Reform Programs (WB).</td>
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<tr>
<td>6 total (5WB; 1 IDB)</td>
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</table>
4.2 Project Objectives that Incorporate Participation and Accountability

In this category, we evaluate whether project objectives explicitly incorporate strengthened community participation, social inclusion, citizen empowerment, and project accountability. We also assess whether projects include more far reaching (and often elusive) accountability objectives that seeks to empower actors to address vertical accountability (vis a vis power relations involving funding institutions, local and central government authorities, the media, transnational actors). This question will be answered more directly in section 4.4.

Establishing clear and explicit project objectives for strengthening citizen participation, empowerment, social inclusion and accountability is vitally important in order to ensure that these goals and objectives are then fully integrated in project design, implementation and evaluation. While no guarantee, our desk review found that if these goals are clearly stated up front, there is much greater likelihood that the communications and outreach program, the decision making mechanisms and the monitoring and evaluation systems will support these goals. Furthermore, clear definition of project objectives is the first step to evaluability.

In projects where increased participation and accountability are not explicitly part of project/program goals and objectives, it is much less likely that these aspects are adequately reflected in the policy matrix, in triggers for following phase (in the case of APLs and PBLs) or in the monitoring and evaluation framework. For example, in only two cases did projects without explicit participation and accountability objectives actually incorporate accountability mechanisms and an effective monitoring and evaluation framework. Incorporating these objectives, however, is required but not sufficient. In at least three projects with clear objectives around participation and increased accountability, these goals were not backed up with adequate communications, capacity building, decision making mechanisms and an effective monitoring and evaluation system.

Of the five categories we considered, overall, this was the best performing category, with more than a third of the projects having project objectives that explicitly incorporated increased participation and accountability. Of these, only 2 IDB projects qualify as good practice, while all 7 of the bad practice projects are funded by the IDB. Notably, all five of the rural/local development projects based on the CDD model explicitly include goals of participation and empowerment, though only two of these explicitly include increased accountability as an objective (the Bolivia Rural Alliances project and the Brazil Rural Poverty Reduction Project – Piauí). At least four projects in rural development and social sector reform incorporated broader vertical accountability goals.

The Haiti Local Development project focused on “strengthening the capacity of communities to plan, formulate, demand and manage projects”. The Haiti Community Driven Development Project sought “to bring about a fundamental change in the way development funds are managed, in favor of allowing communities direct control over resources in order to improve outcomes at the local level”. In addition it sought “to improve community governance and build social capital through increased citizen participation in open and transparent decision-making processes.” The Bolivia Rural Alliances project expresses its empowerment goals as: “Effective and meaningful participation of local producer groups in planning, implementation and
monitoring of productive activities and marketing.” Most importantly it explicitly addressed accountability issues in its fourth project goal: “Improved accountability to the rural poor with improvements in the efficiency, transparency and quality of services and support from institutions such as local government and NGOs; and improved internal accountability and transparency within the rural alliances.”

**Box 1 - The Haiti Community Driven Development Project – Building Lasting Society Wide Accountability**

Beyond encompassing all the major criteria for community participation and public accountability, this project stands **out as visionary for its potential to improve overall governance and accountability at the local level in the long term, beyond the life of the project itself.** The project’s objectives with respect to participation and accountability are clear: “to bring about a fundamental change in the way development funds are managed, in favor of allowing communities direct control over resources in order to improve outcomes at the local level” and “to improve community governance and build social capital through increased citizen participation in open and transparent decision-making processes.”

The project’s long term **end goal is to** “mainstream CDD as a mechanism for the transfer of public resources to the local level within government budgetary and planning processes.”

The $41 mn project, approved by the World Bank in 2005, will fund approximately 1,300 small scale investments (about $20,000 each) in about 55-65 poor rural and peri-urban communes of Haiti. The projects are identified by community organizations (CBOs) and later prioritized in representative project development councils (COPRODEPs). The CDD project also provides an array of technical support to strengthen COPRODEPs as a space for effective, participatory local development decision making.

The Haiti CDD is based on the design elements of a decade-long series of bank funded Rural Poverty Reduction projects in Northeast Brazil. Notably, the Northeast Poverty Reduction Projects also seek to extend the participatory and accountable structures created in this project to programs and processes beyond the project itself—and in that sense, improve governance and democratic decision making at the municipality and state level.

Ironically, a key factor that led the Bank to recognize the value of this demand driven and locally implemented approach to development was the political and economic turmoil in Haiti that left a huge governance and financial vacuum. In fact, the Bank viewed the participatory approach of this project as a key factor that mitigates the project risk that normally would have been considered high given the country’s tremendous instability and potential for corruption and elite capture of development benefits.

The design of the project explicitly focused on minimizing the risk of co-optation by local government or economic elites by “strengthening local constituency organizations (e.g., OCBs, COPRODEPs),” and “providing a means through which citizens can have a voice in determining their most pressing investment needs and accessing the necessary funds to attain them”. The project initially considered *Channeling resources directly to municipal governments. But the PAD concluded that that* “Mere decentralization of resources to the municipal level, without addressing the community-level capacity to interact and effectively advocate vis-a-vis local government, does not ensure that similar difficulties of the centralized approach would not occur in decision-making at the municipal level.”

In order to mitigate the risk of local government co-optation, the project design ensures that 80% of membership of the project development council is comprised of local community based groups, NGOs, etc. This development

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36 World Bank, Project Appraisal Document on a Proposed Grant in the Amount of SDR 25.6 million (US$38.0 million equivalent) to the Republic of Haiti for a Community Driven Development Project, July 6,2005, p. 5
37 Ibid., p14.
38 Anna Roumani, Brazil: Community Driven Development in Rural Communities of the Northeast, 2004, published by the World Bank
39 World Bank, Project Appraisal Document, Haiti for a Community Driven Development Project, p 16
council plays a fundamental role in mobilizing communities and promoting participation in local decision-making. They receive, prioritize and approve subproject proposals from the local level community organizations (OCBs) during regularly scheduled and widely publicized meetings that the public is encouraged to attend. These councils promote greater transparency in the allocation of investment resources and increase the likelihood that these resources will be used in a way that meets local investment demand.

The Haiti CDD project includes other positive accountability elements including a proactive policy dialogue mechanism with the Central Government, a robust communications program, and a balanced monitoring and evaluation system. Key implementation challenges involve how communities will hold COPRODEP’s accountable for good, non-politicized decisions and how will they hold the contracting service providers accountable for delivering good services.

Progress has been notable since the project became effective in December 2005. Nearly 50% of the project funding disbursed, some 32 municipal project councils (COPRODEPS) were established across 32 communes as a platform for open, transparent and participatory decision-making for sub-project prioritization; plus over 2,000 community based organizations (CBOs) were officially constituted and participating in COPRODEPs, having benefited from training and capacity building activities; and finally 621 subprojects were proposed to COPRODEPs for funding, 215 of which have been prioritized for implementation by the COPRODEPs, 96 subprojects are already completed, 69 are currently under execution, and the remainder are undergoing technical review.

Specific and ambitious accountability measures were prioritized in the Haiti CDD project due to the recurrent political instability and threat of political capture in the country. However, these same measures are equally suitable, although less seen, in all operating contexts in Latin America.

In the case of Brazil’s Rural Poverty Reduction project in Piaui, the original project objectives included both participation and increased accountability and transparency. These objectives were to: (1) improve well-being and incomes of the rural poor through better access to basic social and economic infrastructure and services and support for productive activities using proven community-driven development (CDD) techniques; (2) increase social capital of rural communities to organize collectively to meet their own needs; (3) enhance local governance by greater citizen participation and transparency in decision-making through creation and strengthening of community associations and Municipal Councils; and (4) foster closer integration of development policies, programs and projects in rural areas at the local level by assisting the project’s by mainstreaming the capacity of the existing project-financed Municipal Councils to seek funding from, set priorities for and make decisions concerning the allocation of resources from other State and Federal programs outside the Bank-supported project.

The latter objective should be highlighted as a positive example of vertical accountability, since this objective goes beyond just empowering municipal councils to set priorities in this project. The goal is to extend the participatory and accountable structures created in this project to programs and processes outside the Bank realm—and in that sense, improve governance and democratic decision making at the municipality and state level.

Two of the policy loans included clear participation goals, but just one focused on accountability. The Peru REACT loan’s primary goal is “to strengthen the accountability framework and improve results in health, nutrition and education by promoting “transparent performance standards and encouraging parents and local governments (whose role is growing due to decentralization) to demand improvements.”
Clear objectives focused on strengthening participation were more elusive in health and education sector projects, particularly those focused on strengthening institutions. However, two of the projects that are designed to benefit communities directly tended to have a greater focus on strengthening participation. The Guatemala Maternal and Infant Health and Nutrition project stands out as one of the few good practice health projects that explicitly addressed the goals of strengthening community participation and social inclusion: Component 1 of the project aims to “support community organization by promoting involvement and participation in decision-making processes on maternal and infant health issues, including promotion to provide culturally accepted interventions.”

The PAD goes on to suggest the project will, “develop a strategy to increase men’s and local leaders’ participation in maternal and infant health promotion,” a very difficult but very important goal.

In the case of the IDB Full-Time Childhood Assistance project in Nicaragua, it is an unusual case in which a project had initially incorporated good accountability and participation objectives, and then stripped them out in the third phase of the project. The IDB loan, an early childhood intervention project focusing on health and pre-school pedagogy, not only failed to articulate clear accountability objectives in phase III, but was found to be one of only three projects in this study that ranked below standard practice in each of the five assessed categories of accountability (See BOX 2. The Comprehensive Childhood Assistance Project in Nicaragua).

Projects and programs analyzed in the water and sanitation sectors do not mention accountability and participation among project objectives and goals. Not one water project can be classified as good practice in this category. This is in line with the relevant World Bank and IDB policies and strategies for the sector, which primarily seek to increase coverage and improve service sustainability and efficiency. Accountability and participation are often mentioned as means to this end rather than objectives per se. The objective of the IDB’s Water Resources Reform Program I policy-based loan in Peru, for instance, is to “improve efficient, equitable and sustainable use” of water resources “through integrated and participatory management”.

The fact that projects do not include participation and accountability as explicit objectives or goals does not mean these aspects are necessarily absent from project design. Several of the investment projects analyzed follow a demand-driven approach (also known as CDD, Community Driven Development) and are therefore participatory by nature. Concretely this means that rural communities or water associations receive technical assistance (often from NGOs) to identify their needs, design water and sanitation systems, apply for funding, help build and/or contract out construction, and are involved in system operation and maintenance as well as tariff recovery. Therefore community participation and capacity-building are often significant project components, despite the fact that these aspects are not reflected in project goals and objectives.

All water loans have the goal of creating or strengthening local water users associations or institutions that either provide or regulate water services. This is a central aspect in most projects reviewed and if properly specified, these actions can strengthen accountability and participation in the sector. The Peru Water Sector PBL stands out for supporting the creation of

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40 World Bank, Guatemala Maternal and Infant Health and Nutrition Loan, PAD, Dec. 15, 2005, pg. 6
watershed organizations which will in effect allow users to voice their concerns and priorities in a context where agriculture users and mining companies are usually predominant. Most CDD projects support the creation and/or strengthening and capacity building of user associations (usually through technical support provided by private advisers such as NGOs) and plan to involve communities in decision-making at every stage. In practice, depending on the scale of the project it is rather unlikely that all technical support staff will have received training in community development aspects.\textsuperscript{41}

A more intractable problem is that, though communities are supposed to be in control in terms of selecting their preferred options and setting tariffs, in practice the range of options is likely to be limited (Guatemala, Haiti) by full cost-recovery requirements. For example, in the case of PRONASAR in Peru, CARE Peru in its role as one of the operators of a rural water and sanitation projects, came up against inflexibility in the project team and the government agency responsible regarding some pre-established cost ceilings which led to the rejection of some legitimate requests by local people concerning the type of infrastructure to be constructed. It was only when they were able to talk to the project chief for the World Bank in Washington and show her the real situation on the ground in her visit to the country that it was possible to get these limits to be made more flexible.\textsuperscript{42}

For many of the IFI water projects, the approach to user associations is on strengthening horizontal accountability through the establishment of individual water committees and focusing almost exclusively on the relationship between the operators and the consumers – often in rural or peri-urban centers. Little attention is given to the broader business climate for water use in the country, typically plagued by vast inequalities favoring wealthier urban or industrial users. The sector will increasingly have to incorporate climate change factors in cost-benefit analysis of sustainability and cost recovery. Both factors make it impossible for single water user associations to address sustainability or cost recovery in isolation from the national (and even international system). To engage these highly politicized policy issues effectively, small water users organized locally within associations would have to act collectively to defend water rights through advocacy. All water loans studied here fall far short of organizing encompassing small water users movements to defend collective and individual rights (payments for ecosystem services, subsidized water tariffs, stronger regulation of high end users). As such, a key accountability objective is absent, therefore leading to a classification of standard or - in four of the six cases – bad practice.

Table 3. summarizes the results for this section. We have argued that where clear accountability and participation objectives do not show up in the project design at an early stage, these projects are much less likely to then actually incorporate specific accountability and participation mechanisms. The evidence suggests some correlation between overall project performance across these five accountability measures and the trigger of identifying them early on. A full two thirds of the projects did not clearly define accountability objectives and most of these did not meet good practices benchmarks in the other areas.

\textsuperscript{41} Mentioned by an NGO interviewee re: PRONASAR
\textsuperscript{42} It should be noted that this led to a change in the design of the next phase of that project.
Table 3. Project Accountability Ranking for Clearly Defined Objectives

<table>
<thead>
<tr>
<th>Good</th>
<th>Standard-Mediocre</th>
<th>Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia Social Investment Loan (IDB)</td>
<td>Haiti Rural Water and Sanitation Program (WB)</td>
<td>Bolivia Local Development and Fiscal Accountability (IDB)</td>
</tr>
<tr>
<td>El Salvador Social Sector Reform (IDB)</td>
<td>Peru Policy-Based Loan (IDB)</td>
<td>Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB)</td>
</tr>
<tr>
<td>Bolivia Rural Alliances (WB)</td>
<td>Ecuador Praguas (WB)</td>
<td>Ecuador Social Sector Reform Project (IDB)</td>
</tr>
<tr>
<td>Brazil Rural Poverty Reduction Project (WB)</td>
<td>Pronasas in Peru (WB)</td>
<td>Nicaragua Water Supply and Sanitation Investment Program (IDB)</td>
</tr>
<tr>
<td>Haiti Community Driven Development Project (WB)</td>
<td>Nicaragua Modernization Program of Health Services (IDB)</td>
<td>Guatemala – Rural Water Investment Program (IDB)</td>
</tr>
<tr>
<td>Haiti Local Development Program (IDB)</td>
<td>Peru Health Reform Programs (WB)</td>
<td>Nicaragua: Full-Time Childhood Assistance (IDB)</td>
</tr>
<tr>
<td></td>
<td>The Universalization of Basic Education in Ecuador (IDB)</td>
<td></td>
</tr>
<tr>
<td>9 total (7 WB and 2 IDB)</td>
<td>9 total (6 WB and 3 IDB)</td>
<td>7 total (all IDB)</td>
</tr>
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</table>
Box 2. The Comprehensive Childhood Assistance Project in Nicaragua - Two Steps Forward-One Step Back

The main purpose of this $15 million IDB health and education loan is to support the psychosocial, cognitive, and physical development of poor children under age six, in order to ensure their timely entry into the formal education system, promote the improvement of children’s conditions for academic achievement, and help end the intergenerational transmission of poverty. The specific objectives are: (i) to strengthen the quality of the Full Time Childhood Assistance Project – PAININ’s comprehensive care model through innovative interventions in education, nutrition, and training; (ii) to increase preschool coverage in isolated and remote areas; and (iii) to consolidate PAININ’s management within the MIFAMILIA line structure, and promote actions to improve the financial and social sustainability of interventions”.

In the program’s earlier second stage, the organization CARE played an active part in the program, which centered on promoting community participation in rural communities in its decision-making process over childhood pre-school cognitive and health achievements. This earlier stage included close coordination between departmental level actors, committees of priests, local municipalities and NGOs. A report by CARE International in Nicaragua on the fulfillment of the program’s goals in one small rural community presents strong empirical evidence of the project’s efficacy regarding participation and accountability objectives, including numerous training activities for promoters of children’s rights, volunteer mothers, parents committees and youth training. This analysis on the experience in the community of San Rafael del Norte indicates, among other achievements, a 100% fulfillment of the established goals for the targeted population and the implementation of an effective pre-school methodology at all communities.  

Certain advances in participation and accountability that appear to have produced positive results in stage II of the PAININ are being reversed with this third phase of the project. Despite having as its first specific goal the enhancement of quality in this new (third) phase of comprehensive childhood care, the project design practically ignored any type of consultation with key stakeholders (such as poor families, NGOs working in the sector, teacher organizations) to adequately apply or improve upon lessons learned in the first two stages of the project.

Among the most blatant gaps include the lack of clearly defined accountability and participation objectives in the project, no reference to processes of capacity building for beneficiaries, no goals for promoting community involvement, no communications’ strategy or evaluation mechanisms. While the project’s main objective is to decrease school drop out rates and achieve universal primary school enrollment, the analysis behind the projects reflects no direct concern with power or inequality. The Nicaragua Childhood Assistance Project is one of only four projects reviewed in this study that ranked as sub-standard (bad practice) in each of the five dimensions of design accountability assessed.

All available documentation and informants close to the project indicate that the IDB Phase III PAININ project was designed through a highly centralized governmental process without any participation by social organizations. This conclusion is confirmed by organizations working in the sector and by technicians who were directly involved in the program’s previous phase. Indeed this is a setback, especially after the rich experience of participation, social empowerment and sustainability of the program in its phase II.

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43 Final report PAININ CARE. Puente Phase, San Rafael del Norte, July to December 2006.
4.3 Information, Dissemination and Communications Program

Strong outreach and a culturally appropriate and inclusive information dissemination and communications program to fully inform affected communities about key project elements/rules and a plan to keep communities well informed throughout project implementation is key for ensuring project accountability. A related practice is a strong capacity building program for government officials and stakeholder communities regarding their rights, opportunities and ways for engaging in the project. We refer here explicitly to the information that is most crucial to stakeholders at all levels (evaluations of past, similar projects; feasibility studies of the proposed project and its alternatives; opportunities for engaging different actors, such as on IFI missions to appraise or monitor the project; rules for how decision making actually works at different nodes of the service provision system (e.g. how water tariffs are calculated; how budgets were actually spent; variability in the quality versus the coverage of a service; the procedural steps of institutional policies that are relevant to a project). We refer here not only to the type of information, but its timeliness, adequate access, cultural appropriateness and effective translation.

Due to a variety of factors both within and beyond the control of any project, there exists a tremendous asymmetry in terms of access to information about the project that often separates the IFI project team and project implementers from the project beneficiaries. This information gap often separates different actors in the accountability triangle, which when reorganized in terms of real access to information begins to look like a more vertical food chain with funders far at the top, consultants and intermediaries below, and beneficiaries at the bottom.

A proactive, concerted and vigorous informational campaign to reduce those asymmetries is needed to ensure that accountability and participation improve project outcomes. Too often, this information activity is missing in project design due to the intrinsic empowering effect it can have on some and the corresponding reduction of the power of some others. The lack of transparency regarding the vital informational aspects of any development project suggest the greater probability of political capture as hidden interests are able to set a more favorable agenda from the outset. Indeed, the World Bank noted this tendency and the importance for information dissemination in the Haiti Community Driven Development Project Appraisal Document, stating that: “an intensive, widely disseminated and carefully designed communication and information campaign is essential to ensure transparency and adequate knowledge of the program’s objectives and contents by all potential beneficiaries, as well as mitigate “elite capture”. This sentiment was echoed by an NGO representative working on the project: “Information is the key to give people ownership of the process. If they know what they can expect and they agree from the beginning, then they will ask for it. If there is no agreement and understanding at the beginning, how can the community ask for what they should receive?”

According to World Bank’s PAD for Bolivia Rural Alliances Program: “Transparent and timely information will promote equity of opportunity in decision making about activities, and contribute to empowerment and a stronger negotiation position for the poor with others within the rural alliances.” The World Bank’s Results and Accountability Policy Loan appraisal document clearly identifies “the lack of accessible, reliable, relevant and timely information on

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45 Interview with Régis Yves-Laurent; CARE Haiti
budget execution and outcomes” as a “key impediment to greater accountability.” Access to information is a prerequisite to enhanced citizens’ voice in the accountability of social programs and increased social inclusion.

Despite these statements, and the World Bank and IDB’s attempts to position themselves symbolically and literally as the brokers of knowledge in many development fields, the reluctance to work harder to lower information and knowledge asymmetries remains a signature defect of IFI loans. The establishment of a culturally appropriate and inclusive information dissemination and communications component is the weakest aspect of program design in the Bank projects reviewed in the study. Only 4 of the 25 projects reviewed (a mere 16%) included a substantive information dissemination component. In short, there is glaring inconsistency between the rhetoric and practice of the IFIs when it comes to making relevant and transparent information available to stakeholder communities regarding project goals, rules and expected outcomes.

In several health sector programs, there was a communication and/or information dissemination program but these were specific components of projects that were designed to deliver information about how to make better use of health services or improve maternal health. The information dissemination component did not include any specific project related information that enabled communities to hold health authorities accountable for specific outcomes. Similarly, in water and sanitation projects, information forums were held to inform communities and inspire demand (due to the demand-driven approach), but not with a focus on accountability.

Postively, a strong information dissemination and communications strategy figured prominently as key project components in two of the rural development projects and in at least one of the policy based loans. It was present, but not as central in two of the rural development projects. In the case of at least three projects, the communications strategy was designed to present information in a way that specifically targeted disadvantaged groups (e.g. monolingual indigenous women). The Bolivia Rural Alliances project’s Communication and Dissemination component used local workshops and mass-media outlets to inform potential stakeholders about the scope and rules/criteria of the project. It also included extensive radio messages in the vernacular languages spoken in those regions. Radio was also a key medium used in the Haiti Community Development Program to raise awareness among the intended project beneficiaries on the project objectives and avenues for participation. Role playing and peer to peer communication were highlighted by a local NGO promoter as key strategies to better reach the least educated stakeholders.

In the World Bank’s Peru Results and Accountability Policy based loan, ensuring widespread public dissemination of information, especially about the government budget and about the specific education, health and nutrition standards, is a key factor in ensuring higher levels of government accountability to the public. The REACT project increased access to information in several creative ways that are uncommon for adjustment loans. The information dissemination commitments of REACT, if fully implemented, will enable citizen to have direct input and to monitor actions. Secondly, the loan also ensures that municipalities and parents receive regular

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46 Interview with Régis Yves-Laurent; CARE Haiti
information about their children’s performance explaining the scores in easy-to-understand terms. *(See Box 3. Peru’s Results and Accountability (REACT) Development Policy Loan)*

On the other hand, for one of the rural development projects and in at least two of the policy based loans, the communications aspects are unclear or absent. In the case of *Piaui Project*, documents do not describe the program, except to say that the State Technical Units are responsible for the information campaigns. In the *El Salvador Social Policy Support Program* the project document says very little about communication and information dissemination as a means to ensure that there is in fact good social auditing and accountability/oversight by local communities. This appears to be a serious flaw in the design. The project document also does not describe how communication and information are shared with municipalities either. In the case of *Local Development and Fiscal Accountability Program* of IDB in Bolivia there appears to be no communications measures clearly outlined, though municipalities are supposed to follow EIA guidelines, which means they have to publicly post notices of information about planned projects. There is no proactive, required communication program geared towards civil society. This appears to be a major flaw in the project design.

Another prominent cash transfer program, *Bolsa Familia*, presents somewhat of a paradox. *Bolsa Familia* is largely a program of the federal government in Brazil, to which the IFIs have contributed relatively small levels of funding for institutional capacity building. The Brazilian government produces significant information about the volume of transfers and the link between these transfers and poverty reduction in the country. However, as a central government program, there is little information about the actual operation or how recipients of the transfers might hold *Bolsa Familia* or its donors more accountable.

Cash transfer programs have been quite popular over the past decade. However, the unsustainability of these programs should be a strong incentive for such transfers to translate into more durable indicators of development (education attainment, reduced infant and maternal mortality, employment, and quality of life). In Brazil, education and many other social indicators continue to lag especially when compared to other large developing countries. Of course, Brazil retains one of the most unequal distributions of wealth on the planet.

Given the high political stakes of the project, there is surprisingly little evidence of a communication or information system beyond public relations activities that highlight only limited aspects of performance. Absent any effort to empower beneficiaries with information about all aspects of project performance, opportunities for participation in decision making spaces and tools for holding project officials accountable, the overall contribution to effective development in Brazil will be limited. While the IFIs have only a limited influence on the flagship poverty reduction of the Brazilian government, the WB loan to *Bolsa Familia* qualifies as standard accountability practice.

**Health sector projects**, in general, are not designed to keep stakeholder communities well informed, or even disseminate information about the projects’ implementation to ensure accountability of project outcomes. Information and communication in each of the health sector investment projects we reviewed is designed primarily for achieving project objectives such as increased health coverage and/or reaching minority populations. For example, some projects
have adopted (or at least mention the need to adopt strategies to disseminate information to the target population). For example, in the case of two projects (Honduras *Nutrition and Social Protection Project* and Guatemala *Maternal and Infant Health and Nutrition Project*), acknowledgment of language barriers among ethnical groups forced the design of components related to translation of information in local dialects or for training health staff to attend indigenous communities. However, a key component in the project in Guatemala was designed intended to “provide support to poor families to learn about nutrition and health programs, encourage poor and indigenous population to utilize health and nutrition services, promote pattern behavior, disseminate population’s right to utilize services, and encourage social audit”. Like many of the other health sector investment programs, this component clearly intrinsically requires some sort of information dissemination. However in contrast to the REACT program, or the Haiti Community Driven Development program, information is not provided for the purpose of holding government agencies or non-governmental service agencies accountable for achieving project outcomes.
### Box 3 - Peru’s Results and Accountability (REACT) Development Policy Loan: A Strong Information Dissemination and Communications Component

Approved by the World Bank in 2007, the REACT DPL sets a new standard for incorporating accountability and civil society participation mechanisms in the Bank’s approach to policy based lending. In a departure from the tendency of policy loans to impose non negotiable conditions on governments and their citizens, according to the Project Appraisal Document, the loan preparation process emphasized country ownership through an extensive dialogue and consultation process with government and civil society stakeholders that shaped the main tenants of the loan.

The $150 million REACT Policy Loan aims to strengthen the accountability framework and **improve results in health, nutrition and education**. Specific goals include: improved outcomes in second grade literacy (especially in rural schools); increased access to institutional birth services in the 10 poorest departments (covering a third of the population); and increased coverage of individualized growth monitoring and counseling services for children under 24 months of age in areas with a high incidence of chronic malnutrition (stunting). The loan is designed specifically to promote transparent performance standards, expedite results management and encourage parents and local governments to demand improvements in the quality of service provision.

The project promotes greater transparency and higher levels of government accountability to the public by including a strong focus on **information dissemination on the government budget**, as well as on the specific health and education performance standards that are expected of schools and government agencies. A key component of this strategy is the strengthening of the *Consulta Amigable* (“Friendly Consultation”), an online portal giving civil society access to budget data in the Finance Ministry’s system. In fact, one condition of the loan was the publication in *Consulta Amigable* of the adjusted budget (PIM) for social programs as well as budget execution and physical outcome information for at least one pilot program in each of three of the priority areas. This process allows citizens to scrutinize the match between real spending and budget allocations.

Another key aspect of the accountability system is the establishment of a robust information dissemination and monitoring system that holds the schools, health posts, and other entities accountable for outcomes. Municipalities and parents will get reports on the performance of their schools and targets will be set for improvement. The system provides up-to-date information on the performance of health posts and schools and individualized data for parents on the health, nutrition and learning status of their children. Testing, monitoring and “report cards” on school performance delivered to parents are all part of increased accountability.

Besides evaluating progress towards meeting the actual standards, the monitoring and evaluation system establishes an indicator that measures the engagement of citizens in budget monitoring. For example, a specific indicator of successful **Medium-Term Actions is that at least** 20 percent of provincial and 10 percent of district governments have participatory monitoring of budget implementation. The project also seeks to measure how effectively information regarding various components of the project have been disseminated and understood by stakeholders.

While this loan stands out in stark contrast to two IDB social sector adjustment loans (Bolivia Local development and Fiscal Accountability Project and Ecuador Social Sector Reform project), for its robust and transparent information dissemination and communications program, it is unclear whether this is enough to ensure specific accountability for meeting project outcomes (e.g. higher literacy rates, increased access to health services). It is unclear how the project design envisions the process of local parents and communities translating information into effective action in the case where outcomes do not meet expectations. There seems to be an untested assumption that once citizens know just how bad their services are, they will rise up and protest or take their business elsewhere. How this can happen in reality unless there are clear mechanisms and processes in place remains unclear.

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Due to the demand-driven approach in the **water and sanitation sector**, most projects reviewed include promotional activities such as regional/local workshops and open fora to promote the
project and generate demand (Haiti, PRAGUAS, PRONASAR). There is usually minimal information on how the process is organized and in which form and through which channels information is disseminated, which tends to indicate a lack of strategic planning. Again the worst project is the **Nicarágua Water Program** where there is no mention of any information or communication activity. Communication activities only aim at improving ENACAL’s corporate image. However, in terms of project implementation, one of the main problems identified in NGO interviews related to PRONASAR is the lack of information shared with municipalities and communities once funding applications have been approved. Communities are not informed routinely and only receive a response if they explicitly request clarifications on reasons for construction delays for example.

In the case of the **Rural Water Investment Program** (Guatemala), the project strategy has changed considerably, affecting the “social” component. Initially, the program was based on reimbursable loans to municipalities. However since there was little demand, resources are now allocated on a non-reimbursable basis. Most important here, the Publicity, Promotion and Community support component (now renamed as “social management”) was reduced from $US7.58 million in the original loan proposal to $2.5 million in the current one. In such a context, the publicity campaign planned initially was apparently cancelled. After relaxing the controversial assumption of disbursing the project finance as reimbursable resources and setting tariffs to ensure repayment, promotion apparently becomes less necessary (See Box 4 – below).

In addition to inadequate communication, the institutional capacity of the executing agency within either state or the private sector was addressed unevenly across most water sector projects. Overlooking this aspect of empowerment and accountability can often short-circuit other necessary objectives. The PRONASAR case in Peru suggests that water associations are not the only agents that might be targeted for capacity building or empowerment. One source close to the PRONASAR project confirmed that, while the project was well-designed on paper, with clear participation objectives, it could not be satisfactorily implemented due to the implementing agency’s lack of capacity. Even after the project was revised to correct noted problems, the community-support activities were under-funded (to the point that CARE, which is directly involved, had to contribute with its own resources).

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47 Interview with Christopher Jennings, IDB, July, 24, 2008. Jennings did not volunteer an explanation why such a reduction happened
48 Interview with Francisco Soto, CARE Peru, June, 24, 2008.
49 Idem.
Table 4. Project Accountability Ranking on Communication and Information Disclosure

<table>
<thead>
<tr>
<th>4.3 Communication and Information Disclosure</th>
<th>Good</th>
<th>Standard-Mediocre</th>
<th>Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans that address both key levels of project information: a) intrinsic information about the project topic (health, education, cash transfers, or production techniques) b) information designed to empower people to participate in the project (i.e. the quality of project operations, project rules, opportunities for participation, project goals and responsibilities, process for holding people accountable) Culturally appropriate information is a plus, but not sufficient if only for 1 level.</td>
<td>Brazil Rural Poverty Reduction Project (WB) Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB) Bolivia Social Investment Loan (IDB) Guatemala Education Quality and Second Education (WB). The Universalization of Basic Education in Ecuador (IDB) Brazil “Bolsa Familia” Program (WB) Peru Policy-Based Loan (IDB) Ecuador Praguas (WB) Pronasar in Peru (WB) Guatemala Maternal and Infant Health and Nutrition (WB) Honduras Nutrition and Social Protection Project (WB) Honduras. Enhancement of the Health Level (IDB) Nicaragua Modernization Program of Health Services (IDB) Peru Health Reform Programs (WB).</td>
<td>Only plans that address the first level of project information: a) intrinsic information about the project topic (health, education, production techniques)</td>
<td>No stated plans for a component of information disclosure or communication as part of the project</td>
</tr>
</tbody>
</table>


| 4 total (3 WB; 1IDB) | 14 (8 WB; 6 IDB) | 7 total (6 IDB; 1WB) |

4.4 Transparent and Inclusive Decision Making Mechanisms

Establishing open, transparent and inclusive decision making processes as well as mechanisms for local communities to hold government agencies and/or service providers accountable for following the “rules” and achieving the goals laid out in the project is the cornerstone of effective development and critical for building good governance. These mechanisms and processes allow stakeholders to influence decisions, withhold resources, express concerns about
and resolve specific problems with project implementation (a list of possible accountability mechanisms pre-identified is provided in Annex 4). In the best of cases, these mechanisms can also provide the basis for more inclusive and transparent decision making on issues that go beyond the actual scope of the project (vertical accountability).

However, a pre-requisite for implementing the novel accountability measures that do get incorporated into the loan is a robust and well-funded capacity building component. For both ministerial level and local agents operating under the aegis of decentralization of service provision, these reforms are not self-executing. Investment is required in line with the reform process to ensure their effectiveness, particularly in local contexts of high inequality where the risk of political capture is also high. A related accountability imperative in many such contexts involves focusing on both horizontal and vertical accountability. In other words, efforts to strengthen single, isolated water user associations or parent teachers associations or project councils to succeed in a context permeated by regional or national interests with veto power over transparent and accountable governance initiatives is often futile. Enduring accountability must build on local horizontal accountability gains and look vertical by building bridges between these local organizations to act collectively in pursuit of structural change at higher decision making levels.

Eight of the twenty five projects included various kinds of accountability mechanisms, mostly at the local level to ensure open, transparent decision making processes. These mostly included the rural development and social sector reform policy loans. However, only a few had specific mechanisms that enabled communities to hold government agencies, organizational service providers or the IFIs themselves accountable for following the rules or achieving the outcomes described in the project (horizontal accountability). In some respects, mid term monitoring and evaluation processes can help provide that function. In at least three cases, the mechanisms that are established have the potential to foster longer lasting democratic spaces that may allow for greater community control and input into decision making and resources on issues beyond the scope of the project (vertical accountability).

All the projects assessed in rural development and social sector reform policy proposed various kinds of mechanisms at the local level to ensure open, transparent decision making processes (horizontal accountability). The Bolivia Rural Alliances Program goes farthest in seeking to empower local producers to make decisions by providing direct transfers to producer organizations through a decentralized and competitive mechanism that establish clear rules for the selection and prioritization of projects (these favor poor, indigenous people and women). More than 40% of the total project costs are direct transfers to producer groups, which are directly managed by them in accordance with the projects' operational rules. Producers will use the resources to secure technical support from service providers. In this case, the most powerful accountability mechanism to ensure good service from the service provider is the fact that producers are in control of the payments to service providers. The system is set up so that there is competition among service providers for the producers’ business and if they do not deliver adequate service, the producers won’t pay them. There is extensive training on the ground so
producers learn how to compare prices; specify the goods and services they want to purchase, manage contracts, etc.\textsuperscript{50}

Another potential accountability feature is the Project’s “Council”, that is responsible for supervising the project’s compliance with defined objectives, targets, and regulations, and recommending regulations, strategies, and policies to facilitate project execution. It will be comprised of members of the Interministerial Committee; national representatives of the small producers, purchasers, businessmen, Prefectures involved and the National Project Coordinator. Public sector representation will be 40% and private sector 60%. Complaints can be registered with this entity.

The *Haiti Community Driven Development* sets up participatory project development councils (COPRODEPs), with a minimum of 80% of their membership derived from representatives of the CBOs (community based organizations). They play a fundamental role in mobilizing communities and promoting their participation in local decision-making. They receive, prioritize and approve subproject proposals from the CBOs during regularly scheduled and widely publicized meetings that the public is encouraged to attend, and then submit investment plans to the Line Ministries. These councils promote greater transparency in the allocation of investment resources and increase the likelihood that these resources will be used in a way that meets local investment demand.

The accountability conditions for policy adjustment loans present a mixed picture. The IDB funded *Social Policy Support Program, Red Solidaria* provides a large $300 million cash infusion to the government of El Salvador to design, apply, improve, and extend targeting tools intended to prioritize public investment in the poorest municipalities and families. The loan design recognizes the valuable role that community participation can play in ensuring the effective use of public resources by establishing a specific community participation mechanism to ensure community oversight. The establishment of this mechanism is in fact a conditionality for the release of the second tranche of the loan and it is an explicit objective of the operation “The objective of the three operations in the programmatic series is to promote community participation and empowerment to solve their problems and exercise social oversight over public programs.”

This policy loan supports the creation of community committees which are intended to represent the beneficiaries, and enable them to exercise social oversight, verify the transparency of the processes, and supervise the effective implementation of the interventions. The community committees are intended to strengthen the links between the community and the beneficiaries and the services provided by the participating institutions (including NGO). These committees will help to channel the applications and claims of the beneficiary families and organize the group in charge of social oversight. Over time, it is expected that all these mechanisms will be used by public and civil society entities in other social initiatives to promote community participation bodies to cooperate in the functions of social oversight.

\textsuperscript{50} P. Sollis et al (2005), author of IDB study on building local accountability mentions a similar example involving a local health project in Panama funded by the IDB that was empowered to withhold the final payment to service providers if quality of service was deemed inadequate.
However, while there is a significant emphasis on this structure as a way to build more accountability/oversight into social policy, the project document says very little about how this mechanism is supposed to work in practice and there are no capacity building components to strengthen the functioning of this body. The lack of capacity building and communication around the establishment of these committees appears to be a key flaw in the project design.

However, the fact that community participation is built into the conditionalities/triggers is a sign that the Bank is serious about promoting participation in the project and believes that this is essential to the overall success of this operation. With respect to the progress indicators that will trigger the first operation it is expected that “Services by specialized NGOs to promote community participation and support the beneficiary families have begun in municipalities with severe extreme poverty.” For the second operation, it is expected that: “(i) the family support and education services offered by NGOs are provided regularly and expeditiously, using appropriate participative methods; and (ii) the community committees perform social oversight in areas related to the conditional cash transfers and education and health services. With respect to the third operation, its preparation will be triggered when high levels of participation by the beneficiaries have been attained, the interventions are becoming sustainable, and effective accountability is promoted, so that their replication can be considered in other social initiatives by public institutions and/or civil society organizations.”

While the inclusion of these benchmarks is laudable, there are no specific, independent measurements other than this general language to look to in order to assess whether this objective has been met. Thus, there is a great deal of flexibility/subjectiveness in terms of deciding whether the specific objective has been met. Furthermore, there are no clear evaluation indicators around the community participation mechanism and no specific capacity building component that would create the conditions for success.

The WB funded Peru REACT series of policy loans in the health sector support actions to establish participatory monitoring of budget implementation, which builds users’ capacity to demand improved quality of service delivery. REACT DPL 1 (the focus of this study) recognizes the inclusion in the 2007 budget law of a pilot for civil society monitoring of the implementation of sub-national budgets. For DPL 2, the Peruvian Ministry of Economy and Finance will have begun the pilots for participatory monitoring of sub-national governments’ budget execution; and for DPL 3 the indicative benchmark is that 20 percent of provincial governments and 10 percent of district municipalities will have in place civil society monitoring arrangements. This process potentially allows citizens to influence decisions on priorities and to scrutinize the match between real spending and budget allocations. The project, however, falls short by not clearly defining exactly how this monitoring system will enable communities to demand change.

In the Rural Poverty Reduction Project (Piauí/Brazil), the decision-making processes is primarily carried out by community associations, which make their voices heard through representative, project-created municipal councils. Community associations are the core institutional mechanism that implements CDD projects. They identify, prepare, implement, supervise, operate and maintain their subproject investments, assisted both by technical specialists (whom they contract directly) and by technical assistance and training made available by project Municipal Councils and the PCUs. These community associations directly receive and
manage the funds required for the executions of these investments. Similar to the Rural Alliances project, the fact that the community associations manage the money and contract the technical assistance builds accountability on the part of the service provider. According to Anna Roumani, “An interesting and valuable development has been the emergence of technical assistance cooperatives in the countryside, a direct response to beneficiary communities’ needs under the program. The role of NGOs has also changed, and communities now have resources to contract/fund NGOs which serve them best. The program has made NGOs accountable to the communities (not the other way round).”

Notably, this is one of the few projects analyzed that seeks to promote vertical accountability by generating broad participation and governance impacts beyond the specific project. A fourth goal of the project is to extend the participatory and accountable structures created in this project to programs and processes outside the Bank realm—and in that sense, improve governance and democratic decision making at the municipality and state level.

According to Roumani, (2004) this is indeed the case. The project has both “increased community voice in the use of public resources” and “fostered citizenship through communities, increased awareness of social responsibilities in community and public matters.” “Northeast state and local governments are now allocating and transferring funds under other state and federal programs for poor rural populations, as well as integrating programs across sectors to increase the impact on poverty reduction; they are using the same principles, mechanisms, and practices established and refined under the Bank-supported community-based program.” and “The Councils are assuming expanded roles, leveraging funding from other social programs for member associations and sharing in local government deliberations on broader municipal poverty planning and budgets”51.

In the health and education sector, mechanisms for community control are scarce and none qualify as good practice. The World Bank Guatemala Maternal and Infant Health and Nutrition project has a clear goal to “support community organization by promoting involvement and participation in decision-making processes on maternal and infant health issues,” yet there is no specified process or mechanism noted in the project proposal to ensure that this happens in practice.52 In an IDB health project, the Honduras Improvement of Health Conditions, the need to involve local governments has lead to the creation of mechanisms and channels for dialogue and cooperation between Federal and local governments, between different government’s agencies, between donors’ agencies and different projects, and to a lesser extent, between government agencies and NGOs. By enhancing the flow of information, these mechanisms could lead to greater accountability. However, absent specific channels for holding agencies accountable, it is unlikely that they will have a significant impact in this regard. Both Nicaragua health projects funded by the IDB (Modernization Program of Health Services and Comprehensive Childhood Assistance) are listed as bad practice for providing information on no accountability mechanisms.

As with the Guatemala education experience noted above in section 4.1, IFI support almost exclusively for a private sector led health reform poses challenges for building lasting

51 Roumani (2004: 9).
52 World Bank, Guatemala Maternal and Infant Health Project PAD (2006)
accountability. Even though official figures state progress in terms of increased vaccinations and coverage of a basic package of healthcare services, healthcare in Guatemala continues to be ranked close to the bottom of the region according to the 2003 UN Human Development Report. Nutritional and infectious diseases persist, primarily affecting children and the elderly. Maternal mortality rates continue to be high (153 per 100,000 people), affecting mostly indigenous and rural women. Public expenditure in healthcare as a percentage of the GNP has been decreasing or flat since 2000 (1% of GDP for 2002)\(^\text{53}\) and distribution of services is grossly unequal.

In short, the WB Maternal and Infant Health project ignores a fundamental debate in Guatemala about the role of the State in health care as well as the measures to ensure inclusion in decision making at all levels of care within a comprehensive and well-funded primary care system. The Healthcare Reform model promoted by the World Bank is largely based on free market principles, which view healthcare as a “private good.” Their policies are aimed at reducing the public budget for healthcare, finding private sources for funding, implementing labor flexibility, having the private sector provide basic healthcare packages, and transferring state responsibilities and costs to communities. The WB and Guatemalan government prefer the standard practice of paying lip service to accountability in order to divert further criticism of a largely unaccountable private sector led health care model.

In the **water and sanitation sector**, with the exception of one good practice, and one bad practice, the remaining projects fall in the category of standard practice in their approach to the establishment of participation and accountability mechanisms. Most CDD projects have a plan to involve communities in decision-making at every stage through supporting the creation and/or strengthening of user associations (usually through technical support and capacity building provided by private advisers such as NGOs) In fact, community involvement is key to project success. In practice, however, our desk review and interviews revealed a number of constraints that prevent communities from having effective oversight and significant input into decision making. Most importantly, while communities are supposed have control over selecting their preferred options and setting tariffs, in practice the range of options is likely to be limited by full cost-recovery requirements. Other issues include lack of adequate capacity building and training for community members, lack of direct access to project engineers, as well as the inability of the technical support staff to provide the kind of training necessary to facilitate community participation.

In the case of PRONASAR, NGOs and community members try to provide feedback on problems and issues through meetings but usually meet with staff assigned to the social component, while project engineers do not participate – which means there is little impact and coordination. Project staff sometimes travel to project intervention areas but field visits have more to do with controlling if outputs are delivered rather than adapting project strategy.

According to NGO interviewees, some mechanisms were put in place to ensure decision-making happens at the lowest level possible in PRONASAR.\(^\text{54}\) For example, community approval is required before submitting local projects for funding, and decisions are made based on meetings


\(^{54}\) Interviews with Francisco Soto
to present a variety of options (different types of latrines for example). However project staff is not necessarily adequately trained on assessing project proposals and initial plans to train field staff on these aspects were dropped. Despite this, some water boards are highly capable for implementing the projects’ components.

In the case of Guatemala and Haiti water projects, the full cost-recovery requirements prevent communities from exercising full control in terms of selecting their preferred options and setting tariffs. Interestingly, the Haiti program explicitly states that “the decision-making process of the community regarding the type of system should not be altered by the technical staff supporting the community. How this can be implemented is unclear, however, since the overall logic of the program is full cost-recovery. (See BOX 4 on Guatemala Rural Water Investment Loan)
Box 4-Guatemala Rural Water Investment Program: Best Practice to Business as Usual

The design of the IDB’s Guatemala Rural Water Investment Program stands out among other water loans for its emphasis on information and outreach to communities and their participation in decision-making. Unfortunately, this emphasis, which initially translated into a well-funded promotion, outreach and capacity-strengthening activities, was subsequently watered down even before an already delayed implementation started.

Approved in 2003, the Program aims to increase coverage of potable water and sanitation services for 500,000 additional rural consumers in a way that ensures financial sustainability and quality of service. Initial project design emphatically stressed the need for communities to play a central role in all decisions related to service provision. This was justified by the fact that “community should be involved from the beginning, taking informed decisions about project design and cost. With appropriate technical support the communities are more than capable of making these decisions and implementing their own projects”\(^{55}\). The loan proposal was also unequivocal on problems with previous projects in the sector, such as a lack of early consultation of communities and the main water agency’s paternalistic approach (the Municipal Development Institute, INFOM), exemplified by the fact that community participation “takes the form of social education rather than active involvement in decision-making”\(^{56}\).

Program strategy therefore included supporting autonomous, legally constituted, community-based associations created to provide water and sanitation services to their communities. Specifically, the loan proposal planned a significant publicity, promotion and community support component to introduce the program to rural communities. The component would fund a culturally and linguistically appropriate publicity campaign to inform and generate interest among potential beneficiaries. It also included promotion activities and technical assistance to eligible communities to help them make informed decisions (both from a financial and technical point of view) to design and implement their own water and sanitation projects. Lastly, periodic evaluations would be carried out at specific milestones in the program, based on criteria such as community awareness of the program, satisfaction of the community’s demands, and ownership.

Like many of the IFI water projects, the Guatemala rural water investment program focused on horizontal accountability through the establishment of water committees and an emphasis on full cost recovery (meaning supervision of water tariffs that reflect the cost of operation, maintenance and initial investment). In Guatemala, with 80% poverty in rural areas, this assumption is untenable. Despite initial studies concluding that rural communities had the capacity to pay, a subsequent TC project stated that due to full cost recovery requirements, the project “leaves behind the poorest beneficiaries that can only afford paying the cost of services, if any”. In essence, the IDB itself admitted full cost recovery was unrealistic. IDB insistence on privatization of water resources throughout the 1990s proved to be a dramatic failure provoked popular resistance and transformed the water sector loans into the worst performing part of the IDB portfolio. Surprisingly, the Guatemala loan had apparently not learned this lesson of past failures.

Less attention was devoted to building vertical accountability through empowerment of broad water sector constituencies to hold the executing unit, Congress, the Treasury or IDB more accountable for implementing a fair water policy. When a politicized INFOM and Guatemalan Congress delayed the project, local water committees did not have the capacity to defend it. Five years after the project was approved by the IDB, a mere 5% of the funding had been disbursed (as of Aug. 2008).

While the initial program design included innovative mechanisms that had the potential to foster accountability and participation, these were subsequently suppressed or reduced even before implementation began, to the point that the current program now would qualify as standard if not below par on these aspects. The program in its initial form never reached the implementation stage due to a number of difficulties (most importantly a lack of demand from local communities due to the fact that projects were to be financed with reimbursable resources). Forced to relax the operating assumption of full cost recovery, the IDB then reversed course on the initial project accountability strategy.

\(^{55}\) IDB, Guatemala Rural Water Investment Program (GU-0150) Loan Proposal

\(^{56}\) Ibidem
of funding the publicity, promotion and community support component. Indeed, this critical empowerment component was scaled back by 75% and relabeled as “social management”. Stripped of the inherent goal of full cost recovery as a guarantee of project sustainability, the publicity campaign was cancelled. Once the resources available become non-reimbursable (more in line with what the IDB project manager called a grant culture among municipalities and communities), the publicity campaign is less vital, as grant-type projects essentially sell themselves. Though promotion and technical assistance activities are still planned, it is unclear how these will be carried out in practice.

Despite these shortcomings, a few of these projects demonstrate progress. The Peru PBL, for example, supports the creation of watershed organizations which will in effect allow users to voice their concerns and priorities in a context where agriculture users and mining companies are usually predominant. In the Ecuador PRAGUAS project, “TA for engineering designs for sewerage will include a social component that will engage urban citizens in the planning and decision making about levels of sanitation services to ensure household connections to sewer systems and willingness to pay for operation and maintenance costs.” Phase II in the project seeks to get direct community feedback during project implementation with “participatory rapid appraisals (PRA), focus group discussions and sample consumer satisfaction surveys of beneficiaries through the Associations of Water User Boards (juntas) and Provincial W&S teams.” A Guide to Technical Options (featuring technical solutions, service levels and their respective costs) allows beneficiary communities to make their choice in relation to their willingness to pay and sustain the services.

One of the water sector projects, the Nicaragua Water and Sanitation Investment Program, has zero accountability and community participation mechanisms built into the project. This is striking given that the project's objective is to improve the utility's management in terms of the efficiency, quality and sustainability of water and sanitation services.

In sum, we found only eight of the 25 projects with multiple accountability mechanisms that were clearly defined and explained. The vast majority of projects had few novel mechanisms, and six projects were considered below standard by including no clearly articulated tools for citizen participation or accountability. Moreover, the noted mechanisms that were identified tended to focus on horizontal accountability (strengthening water user associations, parent teacher associations, and project councils) with little attention to power relations involving national or sub-national governments, organizational providers or the IFIs themselves. Most projects organized stakeholders narrowly and in a fragmented way, rather than broadly into more cross-cutting or encompassing ways. On the positive side, the REACT DPL provides a strong indication that social sector policy reform loans might be used as meaningful incentives for greater transparency about budgets and performance as catalysts for accountability. A comparison of good and bad accountability practices again highlights the differences between the World Bank and IDB.

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57 INFOM, Plan de adquisiciones del programa de abastecimiento de agua potable y saneamiento rural, 2008
58 Telephone interviews with Antonio Paz and Ronaldo Yon-Siu, 2008
Table 5. Project Accountability Ranking – Transparent, Inclusive Decision Making Mechanisms.

<table>
<thead>
<tr>
<th>4.4 Transparent, Inclusive Decision Making Mechanisms</th>
<th>Good</th>
<th>Standard-Mediocre</th>
<th>Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of a minimum, multiple number of clear accountability mechanisms within the project such as: Feedback loops for beneficiary assessments to influence project. Contracting rules that enable citizens to withhold $ from provider. Adequate capacity building support for quality participation. Project oversight councils, social control mechanisms. Movement building or support for building coalitions or encompassing organizations. Emphasis on “vertical” accountability, rather than just “horizontal”. Efforts to have project results leverage systematic improvements in accountability.</td>
<td>Inadequate number, or vaguely referenced accountability mechanisms. Emphasis on only horizontal accountability.</td>
<td>Few or none of the noted accountability mechanisms.</td>
<td></td>
</tr>
</tbody>
</table>

- Bolivia Rural Alliances (WB)
- Brazil Rural Poverty Reduction Project (WB)
- Haiti Community Driven Development Project (WB)
- Peru Results and Accountability Development Policy Loan (WB)
- Bolivia Social Investment Loan (IDB)
- Haiti Local Development Program (IDB)
- Ecuador Praguas (WB)
- El Salvador Social Policy Reform (IDB)

- Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB)
- Guatemala Education Quality and Secondary Education (WB). The Universalization of Basic Education in Ecuador (IDB)
- Brazil “Bolsa Familia” Program (WB).
- Guatemala – Rural Water Investment Program (IDB)
- Haiti Rural Water and Sanitation Program (WB)
- Peru Policy-Based Loan (IDB)
- Honduras: Enhancement of the Health Level (IDB)
- Peru Health Reform Programs (WB)
- Guatemala Maternal and Infant Health and Nutrition (WB)

- Bolivia Local Development and Fiscal Accountability (IDB)
- Ecuador Social Sector Reform Project (IDB)
- Nicaragua Water Supply and Sanitation Investment Program (IDB)
- Pronasor in Peru (WB)
- Nicaragua: Full-Time Childhood Assistance (IDB)
- Nicaragua Modernization Program of Health Services (IDB)

8 total (5 WB; 3 IDB) 12 total (6 WB; 6 IDB) 6 total (5 IDB; 1 WB)
4.5 Monitoring and Evaluation System

A monitoring and evaluation system that includes measurable participation, empowerment and accountability indicators, a mid-term stakeholder feedback mechanisms and a final evaluation process that includes stakeholders and informs them of project results is a final key element of ensuring project accountability. Only seven of the projects (five World Bank; two IDB), including each of the rural development projects, had such a robust monitoring and evaluation system. Twelve of the projects had a standard framework to assess achievement of project objectives but these did not include community involvement or specific participation or empowerment indicators. Six projects, all funded by the IDB, had a very poor or ineffectual monitoring and evaluation framework. None of the standard or bad practice projects included a mechanism to ensure that the results of the monitoring and evaluation system were shared with affected communities.

Each of the rural development projects has in place a fairly robust monitoring and evaluation system that includes participatory mid-term evaluations and final evaluations with indicators that measure achievement of various project objectives and goals including empowerment, participation, local governance, accountability, inclusion of poorer communities and women’s leadership. While most of the projects under review included community involvement in the monitoring and evaluation system, the Rural Alliances project stands out as having an extensive role for stakeholders in M&E activities and including a feedback loop, something missing in most other projects. “At the local alliance level, alliance members themselves will conduct part of the M&E to build ownership and business skills and learn from past experiences. Alliance representatives will also receive initial and on-going training in M&E to enable them to conduct the task. In several other projects, beneficiaries were surveyed as part of a mid term evaluation, though no specific mechanism was described to report back findings to the beneficiaries. It is also one of the few projects that had a full fledged mid-term review mechanism that is in the form of a specific performance feedback survey conducted by the beneficiaries that specifically looks at project staff performance and overall project performance. This is a crucial accountability tool for measuring whether key objectives in the project are being met and offering mid course corrections.

A few of the projects stand out for selecting indicators and methods for measuring outcomes in key accountability areas. For example, the Bolivia Rural Alliances Project is measuring success with the communication plan and its objective to “ensure that rural stakeholders understand opportunities presented by the project.” The output indicator is the number of dissemination and implementation campaigns. In the case of the Haiti Community Driven Development Project, there are key indicators included for participatory decision making-social capital formation at the community and municipal levels; improved governance at the municipal level; and the number of CBOs officially constituted and participating in COPRODEPs; as well as the number of households expressing awareness of PRODEP and its objectives/activities/means or phases; and change in Social Capital Indices reflecting greater citizen participation in resource allocation decisions (although we might debate how such empowerment indicators best capture what we want to measure). In the case of the REACT Peru project, one modest indicator demonstrating progress on accountability is that 20 percent of provincial and 10 percent of district governments have participatory monitoring of budget implementation in place.
The REACT project also seeks to measure how effectively information regarding various components of the project have been disseminated and understood by stakeholders. For example, in health, the project intends to measure: Increased understanding by women of their rights to an institutional birth and the standards for a good-quality birth (including cultural adequacy); in nutrition, the expected outcomes for measurement are: Improved parental understanding of growth velocity standards for children under-2; and improved correspondence of parental perceptions with objective indicators of nutritional status.

A particular challenge noted in the REACT PAD is that of measuring changes in knowledge about standards and expectations for better outcomes. To track the Program’s success in this regard, the Government plans to collect data through nationally and regionally representative household surveys. To generate a richer dataset linking household and facility data, the Bank will also seek funding for a specialized study to be implemented during the preparation of the second REACT DPL. This exercise will provide a robust measurement of the household-level impact of the strategies supported by the DPL to improve awareness and raise expectations for better outcomes in the basic social sectors.

In other cases, despite having clear goals and objectives for participation, there was no corresponding monitoring and evaluation system to assess whether those goals and objectives are being met. For example, in the El Salvador Social Policy Support Program, “The objective of the three operations in the programmatic series is to promote community participation and empowerment to solve their problems and exercise social oversight over public programs.” However, the series of intermediate tracking indicators agreed upon with the Salvadoran authorities to measure performance of the actions and measures envisaged by the program do not include community participation/empowerment indicators. This M&E system with little focus on accountability or participation quality is standard practice for the IFIs.

In the water sector, all of the projects reviewed – except the Nicaragua Program – have a clear and detailed evaluation framework. However, none include results and/or indicators related to participation and accountability aspects. In addition, standard practice does not provide space for stakeholders to provide feedback on implementation and to be informed on how this feedback translates into corrective measures. The failure to include these issues in monitoring and evaluation system could undermine the achievement of project goals since user satisfaction and ongoing community participation is an important underlying assumption for the effectiveness and sustainability of the project. It also hinders the ability to make mid course corrections.

Similar to the water sector, projects reviewed in health, education and social protection sectors have a clear and detailed evaluation framework with good indicators for measuring impacts and expected outcomes or a program’s physical and financial execution (e.g. number of people attended, total amount expended, change in select bio-social indicators, etc). In some cases, projects called for external and independent technical evaluations (including by NGOs, universities, etc to review results. However, none include results and/or indicators related to participation and accountability aspects. Only two of the projects, The Mejoramiento del Nivel de Salud en Honduras and the WB Honduras Nutrition and Social Protection provided a role for community involvement in the monitoring and evaluation system. According to the PAD, the
former project will establish an information system that includes “a component of community-based monitoring and social audit, and external impact evaluations.” However, it is not clear what this “social audit” constitutes and how it will be implemented. The WB Honduras Nutrition and Social Protection project was designed to improve health related indicators for poor children and youth groups in high risks areas. According to the PAD, there will be periodic reports (as the basis of a permanent information system) that “will include data on the physical and financial progress of each component, [and] the indicators defined for the baseline of the project.” The information system includes “a component of community-based monitoring and social audit, and external impact evaluations”. Unfortunately, the World Bank documents do not provide detail regarding how this “social audit” will be implemented, which prevents the project from being classified as a good practice.

The Brazil Bolsa Familia program represents somewhat of a paradox when it comes to accountability, which is particularly visible when we look at monitoring and evaluation. Recent research on Bolsa Familia in Brazil shows the strong impact on this program together with others public policies. According to the Institute of Applied Economic Research – IPEA an institution linked to the government, the percentage of the poor families in Brazil decreased from 35% to 24.1% of the population in the six largest metropolitan regions of the country between 2003 and 2008. This represents a reduction of almost one third in the percentage of poor people, or about 4 million people. Much of the recent poverty reduction in Brazil is attributed to Bolsa Familia, largely because a disproportionate share of income growth is found in the bottom quintile. At the same time, Brazil has experienced substandard improvements in educational attainment and retention at secondary levels, access to labor markets, asset acquisition and quality of life indicators.

Despite references to “social control mechanisms” and a management information system the M&E framework includes no indicators for measuring the empowerment of beneficiaries beyond change in household income. According to one World Bank official close to Bolsa Familia, “there is no civil society participation in the program.” As successful as Bolsa Familia seems to have been in denting durable poverty rates in Brazil, the lack of a more far-reaching and participatory monitoring and evaluation system may limit the program’s potential impact.

<table>
<thead>
<tr>
<th>4.5 Adequate Monitoring and Evaluation Framework</th>
<th>Good</th>
<th>Standard-Mediocre</th>
<th>Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project is fully evaluable: A well funded monitoring and evaluation system that includes a) community involvement in its design and execution; b) a mid-term feedback mechanisms based on opinions of affected communities regarding project staff and performance; c) upfront transparent indicators that measure specific progress</td>
<td>Project is partially evaluable: Some indicators or M&amp;E Framework specification Few indicators related to participation No indicators related to accountability No feedback or stakeholder informational mechanisms.</td>
<td>Project is not evaluable: Little, vague specification of indicators or framework Ambiguous indicators related to participation No indicators related to participation</td>
<td></td>
</tr>
</tbody>
</table>

60 Interview, Guillerme Almeida, Inter-American Development Bank.
(evaluability), specifically around civil society engagement, inclusiveness, and government accountability; and d) feedback loop to inform stakeholders about the results of the M and E accountability

| Bolivia Rural Alliances (WB) | El Salvador Social Sector Reform (WB) |
| Brazil Rural Poverty Reduction Project (WB) | Guatemala Education Quality and Secondary Education (WB) |
| Haiti Community Driven Development Project (WB) | The Universalization of Basic Education in Ecuador (IDB) |
| Peru Results and Accountability Development Policy Loan (WB) | Brazil “Bolsa Familia” Program (WB) |
| Bolivia Social Investment Loan (IDB) | Guatemala – Rural Water Investment Program (IDB) |
| Haiti Local Development Program (IDB) | Haiti Rural Water and Sanitation Program (WB) |
|                                  | Ecuador Praguas (WB) |
|                                  | Pronasar in Peru (WB) |
|                                  | Guatemala Maternal and Infant Health and Nutrition (WB) |
|                                  | Honduras |
|                                  | Honduras. *Enhancement of the Health Level* (IDB) |
|                                  | *Nicaragua Modernization Program of Health Services* (IDB) |
|                                  | Peru *Health Reform Programs* (WB) |
|                                  | *Honduras Nutrition and Social Protection Project* (WB) |
|                                  | *Nicaragua: Full-Time Childhood Assistance* (IDB) |
| Boliviana Local Development and Fiscal Accountability (IDB) | Bolivia Social Investment Loan (IDB) |
| Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB) | Peru Policy-Based Loan (IDB) |
| Ecuador Social Sector Reform Project (IDB) | *Nicaragua Water Supply and Sanitation Investment Program* (IDB) |
| Haiti Rural Water and Sanitation Program (IDB) | *Honduras Social Sector Program to Support Poverty Reduction Strategy* (IDB) |
| Haiti Local Development and Fiscal Accountability (IDB) | *Nicaragua Social Sector Reform Project* (IDB) |
| Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB) | *Nicaragua Water Supply and Sanitation Investment Program* (IDB) |
| Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB) | *Nicaragua: Full-Time Childhood Assistance* (IDB) |
| 7 total (5 WB; 2 IDB) | 12 (8 WB; 4IDB) | 6 (IDB) |

5.0 Conclusions and Recommendations

Our desk review of the design of 25 projects found a remarkably high level of projects that continue to fail to give much attention to issues of community participation and accountability, despite the official Bank discourse to the contrary. Only 2 projects achieved a good practice rating in each of the accountability categories, with an additional 2 projects scoring a good practice rating in 4 out of 5 of the categories. What emerges is a very uneven approach to these issues and a clear need to refocus both Banks’ commitment and attention to integrating these factors into the design of all of its projects. Notably, there was a predominance of rural development projects, based on the community driven development model, in the good practice category. Surprisingly, several social sector policy based loans incorporated key elements of participation and accountability, revealing progress by both banks on this issue. Projects that incorporated few or no participation and accountability mechanisms included decentralization, and water and health sector loans.

5.1 Differences between IDB and World Bank

Findings from the study paint a stark difference between the two banks, with the World Bank demonstrating a much better track record in terms of translating its rhetoric into practice. The vast majority of IDB projects landed in the standard-mediocre and bad practice columns, with more bad practice IDB projects than standard-mediocre practice projects. The World
Bank’s record is much more balanced with an equal number of projects overall in the good and standard-mediocre practice column. On the positive side, 31% of IDB projects and 69% of World Bank projects achieved a good practice rating in at least one category. However, the World Bank had many more projects that achieved a good practice score in a higher number of the accountability categories. On the negative side, 77% of IDB projects and 23% of World Bank projects achieved a bad practice rating score in one or more of the accountability categories. A total of 4 IDB projects scored bad in each of the 5 areas. Ten IDB projects were classified in at least one (and usually more) category of bad practice, where as the World Bank only had three (each in one different category) for which each scored bad in just one category.

5.2 Clear Differences among Sectors
Our study revealed certain trends among sectors. Clearly, the Banks’ social investment, rural and local development projects did the best job of integrating participation and accountability features into their design. This is not surprising given their explicit intent to increase community control and ensure that investments were made in response to priorities articulated at the local level. The clarity of project objectives in terms of empowerment, participation and accountability set the stage for attention to these issues throughout the project—especially in terms of creating specific inclusive decision making mechanisms and having in place an effective monitoring and evaluation system to assess whether project objectives had in fact been met.

Perhaps one of the most promising findings in this sector was the tendency of projects to be designed in such a way as to create the real possibility for vertical accountability. Many of these projects were designed to create long lasting participatory and accountable structures that can then be applied to programs and processes outside the Bank realm—and in that sense, improve governance and democratic decision making at the municipality and state level. This is certainly the case in the IDB and World Bank’s Local and Rural Development Projects in Haiti as well as the World Bank’s Northeast Poverty Reduction Project in Brazil. One of the most important outcomes or at least major hope, for the CDD process in Northern Brazil is that it will generate a long term empowerment process that leaves in place democratic participatory structures that can help access more resources and infuse more accountability and democratic governance into the development decision making process. According to Roumani, the hope is that the structures created in this process will generate longer-term sustainability and empowerment by:

- Using the municipal councils to allocate non project resources and expanding their use of information technology for marketing and transparency purposes
- Relying on social capital to generate income, leverage funds not previously available to poor communities, and access international markets
- Scaling up community-driven development governance mechanisms to secure funding from a wide range of public programs
- Using the community-driven development approach to strengthen cross-sector integration, strategic and operational, at the local and regional levels, for greater impact

According to Roumani, “The projects Municipal Councils …are increasingly also a municipal forum to discuss wide-ranging local and regional issues, and to make decisions and take action through democratic processes. Also acting as arenas for social equalization, the Councils empower

61 Roumani, p.3.
“small people” by arranging their interaction with “big people”, sharing equal vote with them on the Councils despite lacking equal political weight in the broader sphere” (Costa 2000).

While these social investment, rural and local development projects do stand out as having good practice in most categories, it is important to note one major deficiency that could derail the ultimate accountability of the projects: Only three put adequate attention into the development of a clear, culturally appropriate, well funded information dissemination, capacity building and communication program. Such a program is critical to enabling stakeholders to fully participate and to hold service providers, local and federal agencies accountable for reaching their objectives and upholding their responsibilities. Nevertheless, this sector addressed this issue much more fully than any of the others. Only one other project in our study addressed this issue effectively.

5.3 Social Sector Reform Policy Based Loans
The projects reviewed in this sector had a mixed result in terms of incorporating participation and accountability features. Two in particular stand out as demonstrating clear progress. Both the IDB El Salvador Social Sector Reform loan as well as the World Bank’s Peru REACT loan had clear participation and accountability objectives and mechanisms. The IDB’s Honduras Social Sector Reform Loan had some participation and accountability components. All of these loans represent a significant step forward given that historically policy based loans have had the fewest, if any, elements of participation and accountability. However, they still have much further to go. Only the REACT loan maintained good practice in each of the categories and even included participation and accountability indicators in its trigger for second tranche loans.

The IDB’s El Salvador Social Sector Reform loan is remarkable in its clear statement of purpose around promoting “community participation and empowerment to solve their problems and exercise social oversight over public programs.” It also created a specific mechanism-a community committee-that is intended to represent the beneficiaries, enable them to exercise social oversight and verify the transparency of the processes and supervise the effective implementation of the interventions. Furthermore, the community participation component is built into the conditionalities/triggers, a clear sign that the Bank recognizes how important participation is for project success.

However, while there is a significant emphasis on this structure as a way to build more accountability/oversight into social policy, the project design says very little about how this mechanism is supposed to work in practice, and there are no capacity building, information dissemination or communication components to strengthen the functioning of this body, nor any specific, independent indicators to assess whether this objective has been met. Unless these issues are adequately addressed, the project will likely fail to meet its objectives. Interestingly, similar to the broader governance objectives present in several of the rural development projects, the IDB envisages that over time, these mechanisms will be used by public and civil society entities in other social initiatives to promote community participation bodies to cooperate in the functions of social oversight.

5.4 Water Sector
The analysis of the water sector shows somehow distinct tendencies, independent of the funding institution. Most, if not all of the water loans hew to standard accountability practices for the IFIs. In this case, one sees that there has been no significant progress in the water sector, which is somewhat surprising given that past water privatization strategies promoted by the IFIs in the late 1990s met with widespread popular resistance and reduced the IFI role significantly in this crucial sector. Most water loans focused on horizontal accountability through the creation and strengthening of water user associations at the community level. Most projects did not mention accountability or participation as an explicit project objective, and therefore did not put in place any of the measures needed to carry forward the execution and assessment of such goals.

Two contrasting emblematic projects for the water sector that signal the crossroads at which the IFIs find themselves as they look forward are the Guatemala Rural Investment Program and the Peru Water Sector Adjustment Loan. The Guatemala water loan is a case of potentially good accountability practice reverting to business as usual after full cost recovery assumptions proved untenable in a country with 80% rural poverty. An impressive communications strategy was abandoned when the reimbursable payment mechanism essential to full cost recovery of water systems was stripped away. The Peru Water PBL includes a decentralization component which promotes watershed management capacity at the regional government level through the creation of watershed organizations. This promising initiative is significant for an adjustment loan but for the same reason will require close monitoring and evaluation to measure the compliance by the Peruvian water authority. Both cases suggest that the IDB and WB have been slow to learn from past difficulties in the water sector, and that ongoing projects will not break this pattern unless changes are made.

5.5 Health and Education Sector,
Standard-mediocre practice dominated the projects reviewed in this sector, with isolated cases of good and bad practices. For the most part, these projects did not explicitly incorporate participation and accountability features into their design. However, in at least two cases, social assessment was used for stakeholder consultation and in four cases there was reference to stakeholder participation in select project components. However, what is notable is that none of these projects created clear mechanisms for stakeholder participation or other processes that would have enabled stakeholders to hold service providers accountable. And only one included a monitoring and evaluation framework that assessed these issues. As with water loans, the IFIs are frequently found to be exempting themselves from greater accountability by not placing the core assumptions favoring market led approaches to service delivery on the table for debate and evaluation in their projects. This apparent agenda setting move has been criticized by civil society organizations as undermining rather than strengthening the capacity of different actors to provide sustainable and effective services. Reluctance or ambivalence to open these core decisions to greater participation and accountability at the design, execution and evaluation stages of health and education projects represents a significant shortcoming for the projects reviewed in this study. Unless projects are embedded in broad national consensus regarding sector policy, as was the case for the Ecuador Basic Education project, the participation and accountability value added of these projects is in doubt. As noted above, the technical and institutional nature of many of the projects may be one explanation for why accountability and participation issues are not better integrated into the project design – particularly within the
monitoring and evaluation component. While this may be a contributing factor, there is clearly lots of room for improvement and good practices from other sectors could be readily applied.

The report conclusions may be summarized as follows.

1. IFIs have fallen far short of matching project design with discourse when it comes to promoting a culture of accountability through their own project loans. Only 2 projects achieved a good practice rating in each of the accountability categories, with an additional 2 projects scoring a good practice rating in 4 out of 5 of the categories. 77% of IDB projects and 33% of World Bank projects achieved a bad practice rating score in one or more of the accountability categories. A total of 4 projects scored bad in each of the 5 areas.

2. Less than a half of the projects reviewed qualified as “good” practice in one or more of the categories established for demonstrating accountability and participation in project design. An equal number of projects qualified as bad practice in at least one category and four of these represented bad practice in all five categories.

3. Two sectors stand out in terms of exemplars for “good” practices: rural and local development, particularly those that relied on the community driven development (CDD) approach. Three sectors disproportionately represent bad accountability practices: water, health and social sector reform.

4. In terms of matching rhetorical aspirations to actual practice, the World Bank performs significantly better than the IDB. Of the 13 IDB and 12 WB projects reviewed, World Bank projects scored far more consistently in the good practice category while the IDB scored more consistently in the bad practice category. Only 4 IDB loans were rated as “good” practice projects in at least one category, while the 9 WB projects received good practice ratings in at least one category. The IDB dominated the bad practice category with 10 “bad practice” projects in at least one category. This gap may be explained by the World Bank’s far more rigorous and independent internal quality control process.

5. Policy adjustment loans (now referred to as PBLs or DPLs) have historically been based on very little, if any civil society participation or local accountability mechanisms. The World Bank’s Peru REACT loan and the IDB’s El Salvador Social Policy Support program suggests a break with that legacy by introducing some meaningful incentives for transparency, stakeholder participation and public service provider accountability. While much of the proof will be evident only in the long-term implementation of the loans, these loans provide good examples for replicability of local accountability mechanisms for future adjustment loans.

6. Overall, the IFI projects experimented with a fairly narrow range of accountability mechanisms despite a long menu from which to choose. Preferred accountability mechanisms focused more on building isolated local stakeholder organizations with greater, albeit limited participation and control in project design, execution and supervision. The most innovative mechanisms, such as controls on payments to service providers, independent recourse mechanisms, sustained publicity campaigns and consumer satisfaction surveys with direct feedback on project performance, were all the exceptions rather than the rule.

7. Disproportionate focus was placed on “horizontal accountability” - or improving peer to service provider oversight within a fairly narrow concept of an “inner circle of
accountability”. Much less funding and conceptual significance was devoted to building vertical (outer circle) accountability that might have involved the strengthening of encompassing organizations, advocacy coalitions or collective bargaining units, all oriented toward influencing regulatory, policy and upstream financial oversight.

8. Failure to incorporate effective and inclusive information dissemination as an empowerment tool reveals one of the most glaring inconsistencies between the rhetoric and practice of the IFIs. The evidence here shows that only 4 of the 25 projects reviewed (a mere 16%) included substantive information dissemination components. In short, there is nearly a complete breakdown in the structure of accountability when it comes to access to information about project goals, rules, and expected outcomes.

9. Capacity Building for both civil society and government officials is too frequently ignored as a pre-requisite for accountability, both in financial and conceptual terms. Our assessment found that the lack of attention to the need for developing the institutional capacity of both civil society and government officials to execute the novel accountability mechanisms in some projects was often ignored entirely; therefore diminishing the likelihood for effective implementation. This is particularly problematic in the case when strong initial commitments to an empowerment approach in project design face bureaucratic resistance by executing units and client governments.

10. Despite a regional context featuring the highest level of inequality in the world, far too many projects lack an adequate power analysis to better safeguard investments from political capture. Poverty mapping is often conflated as power analysis, but falls short unless vulnerable groups (women, indigenous) are singled out for more careful analysis. Only a very few projects incorporated a rights based approach to empowerment.

11. A structural deficiency in most loans was a lack of attention to building the capacity of poor people to hold accountable the state, IFIs donors or international actors (such as the corporate representatives of a transnational service provider).

It should be noted that even the best project design innovations are no assurance of effective implementation, as we show for several projects. The findings and observations of this desk review need to be validated through direct monitoring of the IFI loan implementation over time.

**Recommendations:**

1. **The World Bank and IDB should replicate and expand the range of “good” accountability practices more systematically across projects.** Project advisory councils, stakeholder surveys, participatory budgeting, recourse mechanisms, robust and early capacity building investments, non-internet communication tools, referenda, among other accountability mechanisms, should become the norm. Many of these accountability and participation principles are embodied in the CDD approach and should form the the basis for standard IFI project design rather than the exception.

2. **Of the five dimensions of accountability in our research framework, one of the most urgent correctives is needed in the area of information dissemination to affected communities.** A much more proactive, creative, and concerted information dissemination component is required in every project.
3. **Shift greater focus on vertical accountability, including the empowerment of project participants to hold the funders and client governments accountable to commitments.** In this regard, more thought is needed about the use of political organizing, mass media, legislative and legal strategies, as well as how to bridge local pockets of created social capital to act collectively and ensure sustainability.

4. **The WB and IDB should fortify and move upstream capacity building of stakeholders and executing institutions as a prelude to core investment processes to ensure accountability outcomes.** Decentralization of service provision on which much of the IFI social sector rhetoric in Latin America is based (or its alternatives) is not self-executing. Building accountability and participation often requires investment. A more creative use of trust funds and other non-reimbursable funding instruments within the IFIs is needed to reverse the typical sequence of project finance where brick and mortar receive early funding and training comes last. Early, significant capacity building components of all projects can be strengthened and safeguarded as prerequisites to the initiation of other components.

5. **Strengthen the right of communities to enact sanctions.** The novelty of establishing accountability experiments and the sensitivities of those public officials being asked to account for their actions and decisions is only a beginning to realizing the link between accountability and effective development. Sanctions and incentives should be identified within local accountability mechanisms to ensure they have teeth. Transparent and clear rules and procedures guiding possible actions against those actors not performing their duties according to standards are necessary for accountability to work.

6. **Improve the monitoring and evaluation of specific accountability components and community feedback loops in the project to surmount a major gap in accountability for results.** The impacts of local accountability experiments need to be measured much more precisely, and more information feedback loops are needed to ensure that communities can hold service providers and government agencies accountable for results. Qualitative measures derived from attitudinal surveys require a time series approach to be meaningful indicators of perceived change. Beyond this, more attention should be given to recurrent consultation with stakeholders on the identification and definition of performance indicators, the establishment of base lines, and the evaluation of achievements. Transparent feedback loops to ensure both stakeholder input into project decision making mechanisms and information back to the community regarding project outcomes is one of the most crucial indicators of M&E seriousness.

7. **Improve policy guidance and internal management and review processes in both the IDB and World Bank** to ensure that key elements of participation and accountability are included in all projects that go to the Board for approval. While incorporating these elements into project design is no guarantee of actual implementation on the ground, good project design is a necessary prerequisite for effective implementation on the ground. Currently, both banks lack mandatory participation and accountability requirements and too much discretion is left to Bank staff as to which elements of accountability, if any, are included in Bank financed projects. As stated in the Bank Information Center’s 2000 Report on Participation at the IDB “The adoption of clear participation standards, backed by the necessary resources, leadership,
incentive systems and technical support will be a critical step towards ensuring that Bank operations are responding to the real concerns of the poorest and most marginalized groups in Latin America and the Caribbean." Unfortunately, our study shows that eight years later, both Banks still have a long way to go to fully incorporate participation and accountability mechanisms in the design of its projects.

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62 Hamerschlag, p. 18.
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Population Results. April, 24

US$50.0 Million To The Republic Of Peru For A Results And Accountability Development Policy Loan,
April 24.

Annex 2: List of Reviewed Projects

<table>
<thead>
<tr>
<th>No.</th>
<th>País</th>
<th>Proyecto</th>
<th>Banco</th>
<th>Anos</th>
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<th>AGUA</th>
<th>SALUD</th>
<th>JUSTE</th>
<th>DESRU</th>
</tr>
</thead>
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<td>1</td>
<td>Guatemala</td>
<td>(PO-89898) Education Quality And Secondary Education ($80 mn)</td>
<td>BM – Joel Reyes</td>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>Ecuador</td>
<td>Universalization of Basic Education ($295 mn)</td>
<td>IDB – JEq: Jenelle Thompson</td>
<td>2007</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Haiti</td>
<td>(HI-L1007) Programa de Agua y Saneamiento Rural (PRODEP) ($15 mn)</td>
<td>BID JEq: Corinne Cathala and Diego Arias</td>
<td>2006</td>
<td></td>
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<tr>
<td>6</td>
<td>Peru</td>
<td>PE L1024 Programa de Reformas de Recursos Hidricos I (Ajuste) ($200 mn) + PE 1030 Apoyo ($5mn)</td>
<td>BID: JEq: Luis Victor Traverso</td>
<td>2007</td>
<td></td>
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<tr>
<td>7</td>
<td>Peru</td>
<td>PO 65256 National Rural Water Supply &amp; Sanitation Project (PRONASAR) ($50 mn)</td>
<td>BM: JEq: Maria Angelica Sotomayor</td>
<td>2002</td>
<td></td>
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<tr>
<td>8</td>
<td>Guatemala</td>
<td>(G-150) Programa de Inversiones en Agua Potable y Saneamiento Rural ($50 mn)</td>
<td>BID – JEq: Chris Jennings; Mario Barrios (COF)</td>
<td>2003</td>
<td></td>
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<td>9</td>
<td>Peru</td>
<td>PO 62932 Health Reform Program (First Phase: Mother and Child Insurance &amp; Decentralization of Health Services) ($80 mn)</td>
<td>BM: JEq: Livia Benavides; TL Evangeline Javier</td>
<td>1999</td>
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<td>10</td>
<td>Guatemala</td>
<td>(PO 77756) GUATEMALA Maternal and Infant Health and Nutrition ($49 mn)</td>
<td>BM – Carlos Marcelo Bortman</td>
<td>2006</td>
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<tr>
<td>11</td>
<td>Honduras</td>
<td>(HO-L1002) Mejoramiento del Nivel de Salud en Honduras ($16.6 mn)</td>
<td>BID: JEq: Juan Carlos De La Hoz; Sergio Rios (COF)</td>
<td>2005</td>
<td></td>
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<tr>
<td>12</td>
<td>Nicaragua</td>
<td>(NI – L1001) Atencion integral a la niñez ($30 mn)</td>
<td>BID – JEq: Gustavo Zuleta, Edmundo Quintanilla</td>
<td>2004</td>
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<tr>
<td>13</td>
<td>Nicaragua</td>
<td>(NI-L1014) Programa de modernizacion de servicios de salud (Fase I $18 mn; Fase II $54 mn))</td>
<td>BID – JEq: Juan Manuel Fernandez</td>
<td>2007</td>
<td></td>
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<tr>
<td>14</td>
<td>Haiti</td>
<td>Haiti Community Driven Development Project ($40 mn)</td>
<td>BM Garry Charlier</td>
<td>2005</td>
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<tr>
<td>15</td>
<td>Haiti</td>
<td>Programa de Desarrollo Local ($65 mn)</td>
<td>BID: JEq: Josep A. Gari, Sophie Mackonnen</td>
<td>2003</td>
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<tr>
<td>16</td>
<td>Bolivia</td>
<td>BO-180 : Desarrollo local y Responsabilidad Fiscal ($47 mn Fase I, $40 mn Fase II)</td>
<td>BID (Get Contact)</td>
<td>2001</td>
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<tr>
<td>17</td>
<td>Bolivia</td>
<td>BO-L1012: Protección Social y</td>
<td>BID: JEq: Jan</td>
<td>2007</td>
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<tr>
<td>No.</td>
<td>Country</td>
<td>Project Description</td>
<td>Lead Organization</td>
<td>Year</td>
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<td>18</td>
<td>Honduras</td>
<td>Desarrollo Integral Comunitario ($10 mn)</td>
<td>Schollaert</td>
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<td>19</td>
<td>Brazil</td>
<td>Bolsa Familia ($572.2 mn)</td>
<td>BM - Manuel Salazar</td>
<td>2005</td>
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<tr>
<td>20</td>
<td>El Salvador</td>
<td>Programa de Política Social de Reducción de Pobreza ($100 of $300 mn)</td>
<td>BID – JEq: Gustavo Zuleta</td>
<td>2006</td>
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<td>21</td>
<td>Ecuador</td>
<td>EC0216 : Social Sector Program ($200 mn)</td>
<td>BID: JEq: Jesus Duarte</td>
<td>2003</td>
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<td>22</td>
<td>Honduras</td>
<td>Programa Sectorial Social Asociado a la ERP ($28 mn)</td>
<td>BID: JEq: Carlos Gargiulo; Sergio Rios (COF)</td>
<td>2006</td>
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<tr>
<td>23</td>
<td>Peru</td>
<td>Results and Accountability (REACT) DPL ($150 mn)</td>
<td>BM: JEq - David Ian Walker</td>
<td>2007</td>
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<td>24</td>
<td>Bolivia</td>
<td>BO Rural Alliances ($35 mn)</td>
<td>BM: JEq: David Tuchschneider</td>
<td>2005</td>
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</table>
Annex 3: Project Review Questions Participation and Accountability in IFI Projects

Project Summary: including history of project, country/social context, key actors involved/excluded; executing agency and credibility, social demands, economic interests; key objectives and components of project. Briefly highlight most important lessons?

1. Are goals for participation and accountability explicitly incorporated into project goals?

2. Was there meaningful consultation in the design phase? Was there a capacity building component built into the consultation phase?

2a. How is the process to select the groups / organizations to be involved in the consultation phase? What is the role played by the Bank vis-à-vis the implementation agency?

3. Is there an analysis to determine how to address power imbalances/equity issues? Does project design/implementation/evaluation take this into account?

3a. Does the project put emphasis on the promotion of particular groups, such as ethnic minorities (or majorities), indigenous people, women or else? How are they involved in the project cycle (designing, implementation, monitoring and evaluation)?

4. Does project design include training/capacity building of government institutions in embracing participation/accountability aspects of project?

5. What are the novel accountability mechanisms in the IFI Project Design?

6. Do WB or IDB projects in fact support and strengthen the stakeholders (e.g. as service consumers) to meaningfully participate in decisions and hold providers more accountable regarding the establishment or operation of a particular service provision?

7. Is there capacity building of beneficiaries built into the project? Is there a strong communications strategy as part of capacity building? Is there an aspect of capacity building that will support more accountability in the project?

8. Are there clear contracting rules?

9. Monitoring and Evaluation of Results. Are the projects evaluable? In other words, do they include a clear logic and set of outcome indicators to ultimately permit an evaluation?

10. Is timely access to information about project assumptions, risks, and performance and results at different stages of the project cycle available?

11. Have citizens participated effectively in the monitoring and evaluation of projects?

12. Key Documents in the project file to obtain for further analysis:
Annex 4: List of Interviews

ALFARO, Marcelo Perez. IDB, Telephone interview, August, 7, 2008

AREIRA, Marcia. IDB, Telephone interview, June 18, 2008


GARGIULO, Carlos. IDB, Telephone interview June, 24, 2008.

GARRISON, John, WB External Relations (April 2008)

JENNINGS, Christopher IDB, Telephone interview July, 24, 2008

KAXUYANA , Valéria, Coordenation Member of the Coiab – Coordenação das Organizações Indígenas da Amazônia Brasileira – COIAB. Telephone interview, August, 11, 2008

MINDREAU, Lourdes. CARE Peru. Telephone interview, July 1, 2008

MOSTAFA, Joana. World Bank, Personal Interview, August, 08, 2008.


SOTO, Francisco. CARE Peru. Telephone interview, June, 24, 2008

SOLLIS, Peter, IDB, February, 2008


WEISS, Zezé. World Bank, Personal Interview, April, 22., 2008.

YON-SIU, Rolando, IDB. Telephone interview , July 25, 2008

YVES-LAURENT Régis, CARE Haiti . Telephone interview, May 28, 2008 and June 30 2008
### Annex 6: Table of IFI Project Ranking by Good-Standard-Bad Accountability Practices

<table>
<thead>
<tr>
<th>4.1 Consultation</th>
<th>Good</th>
<th>Standard-Mediocre</th>
<th>Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Clear, detailed references to the project process or some external consensus building or deliberative national/local process with which the project is clearly consistent</td>
<td>Vague commitments, references to consultation (lack of detail), lack of clear references to external processes as well.</td>
<td>Generally incomplete, or absent references</td>
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<tr>
<td>Bolivia Rural Alliances (WB)</td>
<td>Brazil Rural Poverty Reduction Project (WB)</td>
<td>El Salvador Social Sector Reform (IDB)</td>
<td></td>
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<tr>
<td>Peru Results and Accountability Development Policy Loan (WB)</td>
<td>Haiti Community Driven Development Project (WB)</td>
<td>Bolivia Local Development and Fiscal Accountability (IDB)</td>
<td></td>
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<tr>
<td>Guatemala Education Quality and Secondary Education (WB)</td>
<td>Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB)</td>
<td>Ecuador Social Sector Reform Project (IDB)</td>
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<tr>
<td>The Universalization of Basic Education in Ecuador (IDB)</td>
<td>Bolivia Social Investment Loan (IDB)</td>
<td>Brazil “Bolsa Familia” Program (WB)</td>
<td></td>
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<tr>
<td>Ecuador Praguas (WB)</td>
<td>Haiti Local Development Program (IDB)</td>
<td>Nicaragua Water Supply and Sanitation Investment Program (IDB)</td>
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<tr>
<td>Peru Health Reform Programs (WB)</td>
<td>Guatemala – Rural Water Investment Program (IDB)</td>
<td>Nicaragua: Full-Time Childhood Assistance (IDB)</td>
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<td></td>
<td>Haiti Rural Water and Sanitation Program (WB)</td>
<td>Hondurases. Enhancement of the Health Level (IDB)</td>
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<td></td>
<td>Peru Policy-Based Loan (IDB)</td>
<td>Nicaragua Modernization Program of Health Services (IDB)</td>
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<td>Pronasbar in Peru (WB)</td>
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<td>Guatemala Maternal and Infant Health and Nutrition (WB)</td>
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<td></td>
<td>Honduras Nutrition and Social Protection Project (WB)</td>
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<td></td>
<td>Brazil “Bolsa Familia” Program (WB)</td>
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<tr>
<td>4.2 Project Objectives</td>
<td>Clearly, explicitly stated project objectives that incorporate strengthened community participation, social inclusion, citizen empowerment, and project accountability</td>
<td>Ambiguously stated – perhaps not part of explicit objectives but certain goals indirectly present as project components</td>
<td>Not clearly stated nor indirectly suggested</td>
</tr>
<tr>
<td>Bolivia Social Investment Loan (IDB)</td>
<td>Haiti Rural Water and Sanitation Program (WB)</td>
<td>Bolivia Local Development and Fiscal Accountability (IDB)</td>
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<tr>
<td>El Salvador Social Sector Reform (IDB)</td>
<td>Peru Policy-Based Loan (IDB)</td>
<td>Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB)</td>
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<tr>
<td>Bolivia Rural Alliances (WB)</td>
<td>Ecuador Praguas (WB)</td>
<td>Ecuador Social Sector Reform Project (IDB)</td>
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<tr>
<td>Brazil Rural Poverty Reduction Project (WB)</td>
<td>Pronasbar in Peru (WB)</td>
<td>Nicaragua Water Supply and Sanitation Investment Program (IDB)</td>
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<tr>
<td>Peru Results and Accountability Development Policy Loan (WB)</td>
<td>Nicaragua Modernization Program of Health Services (IDB)</td>
<td>Nicaragua: Full-Time Childhood Assistance (IDB)</td>
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<tr>
<td>Haiti Local Development Program (IDB)</td>
<td>Peru Health Reform Programs (WB)</td>
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<td>Guatemala Education Quality and Secondary Education (WB). The Universalization of Basic Education in Ecuador (IDB)</td>
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<td>The Universalization of Basic Education in Ecuador (IDB)</td>
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<tr>
<td>Guatemala Maternal and Infant Health and Nutrition (WB)</td>
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<tr>
<td>Honduras <em>Nutrition and Social Protection Project (WB)</em></td>
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<tr>
<td>4.3 Plans that address both key levels of</td>
<td>Only plans that address the first</td>
<td>No stated plans for a</td>
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<tr>
<th><strong>Communication and Information Disclosure</strong></th>
<th><strong>level of project information:</strong> a) intrinsic information about the project topic (health, education, production techniques)</th>
<th><strong>component of information disclosure or communication as part of the project</strong></th>
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<tbody>
<tr>
<td><strong>4.4 Transparent, Inclusive Decision Making Mechanisms</strong></td>
<td>Existence of a minimum, multiple number of clear accountability mechanisms within the project such as: Feedback loops for beneficiary assessments to influence project Contracting rules that enable citizens to withhold $ from provider Adequate capacity building support for quality participation Project oversight councils, social control mechanisms Movement building or support for building coalitions or encompassing organizations Emphasis on “vertical” accountability, rather than just “horizontal” Efforts to have project results leverage</td>
<td>Inadequate number, or vaguely referenced accountability mechanisms Emphasis on only horizontal accountability</td>
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</table>
systematic improvements in accountability.

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Evaluability</th>
<th>Framework Specifications</th>
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<tbody>
<tr>
<td>El Salvador Social Sector Reform (IDB)</td>
<td>Honduras Social Sector Program to Support Poverty Reduction Strategy (IDB)</td>
<td>Some indicators or M&amp;E Framework specification</td>
</tr>
<tr>
<td>Bolivia Rural Alliances (WB)</td>
<td>Guatemala Education Quality and Secondary Education (WB).</td>
<td>Few indicators related to participation</td>
</tr>
<tr>
<td>Brazil Rural Poverty Reduction Project (WB)</td>
<td>The Universalization of Basic Education in Ecuador (IDB)</td>
<td>No indicators related to accountability</td>
</tr>
<tr>
<td>Haiti Community Driven Development Project (WB)</td>
<td>Brazil “Bolsa Familia” Program (WB).</td>
<td>No feedback or stakeholder informational mechanisms.</td>
</tr>
<tr>
<td>Peru Results and Accountability Development Policy Loan (WB)</td>
<td>Guatemala – Rural Water Investment Program (IDB)</td>
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<td>Bolivia Social Investment Loan (IDB)</td>
<td>Haiti Rural Water and Sanitation Program (WB)</td>
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<td>Haiti Local Development Program (IDB)</td>
<td>Peru Policy-Based Loan (IDB)</td>
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<td>Ecuador Praguas (WB)</td>
<td>Honduras Nutrition and Social Protection Project (WB)</td>
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<td>Peru Health Reform Programs (WB).</td>
<td>Bolivia Local Development and Fiscal Accountability (IDB)</td>
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<tr>
<td>Bolivia Local Development and Fiscal Accountability (IDB)</td>
<td>Ecuador Social Sector Reform Project (IDB)</td>
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<td>Nicaragua Water Supply and Sanitation Program (IDB)</td>
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<tr>
<td>Pronasar in Peru (WB)</td>
<td>Nicaragua Water Supply and Sanitation Program (IDB)</td>
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<tr>
<td>Nicaragua: Full-Time Childhood Assistance (IDB)</td>
<td>Nicaragua Modernization Program of Health Services (IDB)</td>
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</table>

Project is fully evaluable: A well funded monitoring and evaluation system that includes:

- a) community involvement in its design and execution;
- b) a mid-term feedback mechanisms based on opinions of affected communities regarding project staff and performance;
- c) upfront transparent indicators that measure specific progress (evaluability), specifically around civil society engagement, inclusiveness, and government accountability; and
- d) feedback loop to inform stakeholders about the results of the M and E Framework.

Project is partially evaluable: Few indicators related to participation and accountability.

Project is not evaluable: Little, vague specification of indicators or framework and ambiguous indicators related to participation and accountability.
<table>
<thead>
<tr>
<th></th>
<th>Peru Health Reform Programs (WB)</th>
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<tbody>
<tr>
<td>36 Total (29%)</td>
<td>IDB 10 (28% of Good)</td>
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<td>WB 26 (72% of Good)</td>
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<tr>
<td>55 Total (44%)</td>
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<tr>
<td>33 Total (26%)</td>
<td>IDB 29 (88% of Bad)</td>
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<td></td>
<td>WB 4 (12% of Bad)</td>
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</tbody>
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