



# Brief 6

## The World Bank - Pakistan Poverty Alleviation Fund *Research Partnerships on Participatory Development*

### BOTTOM UP OR TOP DOWN? PARTICIPATION AND THE PROVISION OF LOCAL PUBLIC GOODS

Ghazala Mansuri, The World Bank

#### Context

The active participation of beneficiaries in the construction and maintenance of local public goods has become a ubiquitous feature of anti-poverty programs globally.

This brief summarizes the impact of community participation on the construction quality and maintenance of small-scale infrastructure projects built by rural communities with RSP assistance and funding from PPAF. This study was done during PPAF's second phase.

#### Evaluation Strategy

The evaluation strategy compares existing village infrastructure projects created by a RSP COs with similar (in type, age and cost) projects delivered by government line departments using their usual allocation and construction criteria within the same habitation. This allows us to control effectively for unobservable time-invariant village and habitation characteristics which could have influenced both RSP and government location decisions for small infrastructure projects.

The study assesses two aspects of project quality: design and construction, and current condition and maintenance. The first provides evidence of capture, in the narrow sense of theft and corruption in construction, while the second reflects a communities' capacity for coordination.

It also assesses the impact of participation on the distribution of project benefits.

#### The Experiment

In order to generate a sufficiently large sample of matched projects, data was initially collected on all RSP built infrastructure by village. From this sample, 13 districts in Punjab, Sindh and KP were found to have a substantial number of projects that could potentially be matched with government provided infrastructure. In these 13 districts, data was collected on project size, construction cost and year of completion for all available government and RSP built small infrastructure projects, in the villages where the RSPs were active. This created a data base of over 8000 thousand projects. From this, some 280 projects in 88 administrative villages met the matching criteria, of which roughly half were RSP assisted projects. The projects fell into five main categories: a) Irrigation channels; b) Street soling and drains; c) Drinking water supply schemes; d) Culverts and bridges; and e) Construction of missing school facilities.

A team of engineers collected administrative and technical data on project design, construction quality and maintenance. This included an on-site inspection instrument for all the 280 sampled schemes, as well as social and technical feasibility reports, CO/PC records, scheme PC-1/cost estimates, running and final bills, progress reports, completion certificates, engineering survey reports, drawings and contract documentation.

Measures of scheme performance, such as quality of construction and maintenance, rely on the data from engineers. In addition, a household census was done in all sample villages. The survey collected information on household membership in community organizations and a range of socio-demographic information, including land ownership, zaat (caste), connections with politically influential households and project-specific questions on contributions to and benefits derived from both government and RSP schemes.

## Results

Community built projects in the study villages appear to be better designed and constructed than comparable projects delivered by government line departments and the effects are economically large. This finding suggests that the scope for outright corruption or rent-seeking through the diversion of project funds can be considerably muted when infrastructure is provided with community engagement. RSP supported projects are also better maintained, have better records and are completed in a more timely way. This may be due, at least in part, to the RSP approach to project maintenance. Maintenance costs are built into project costs at the proposal stage and, although the community is entirely responsible for project maintenance post construction, the RSPs continue to provide technical assistance as needed. RSP projects also appear to be more highly valued by beneficiaries.

That said, project quality alone can reveal only so much about capture. If project benefits are effectively privatized at the local level, there may be little incentive to engage in the type of rent-seeking that could reduce the quality of project construction. The results here are far less encouraging. Benefits from the participatory project are no better distributed than benefits from the relevant government project. Both types of projects tend to locate in settlements that are wealthier, high caste dominant, and where politically influential individuals reside. Further, conditional on location, project benefits also accrue disproportionately to wealthier, higher caste and politically connected households within these settlements. The share of the landless, the poor, and people from low castes is far below their share in the population. Beneficiaries are also far more likely to be members of a community organization, and, as discussed elsewhere, members of community organizations were far more likely to be drawn from people with land wealth, education, or political networks. Finally, the capture of benefits is substantially higher for club goods, such as irrigation channels, and these projects are more likely to be selected in more unequal settlements and villages.

This is perhaps not surprising. Inequality in land ownership is exceptionally high in much of rural Pakistan, with the top 5 percent of landowners owning more than 40 percent of all land, while more than half of all rural households are landless. Land ownership is also almost entirely hereditary. The caste (zaat) structure is also extremely hierarchical, and both land ownership and zaat are important determinants of political power.

## Policy Implications

Community contributions and a demand-driven project selection process are expected to generate higher-quality projects that are better aligned with community needs. They are also expected to enhance the sustainability of community infrastructure by giving beneficiaries a real stake in maintaining local public goods. However, our results suggest that benefits appear to accrue disproportionately to those who participate in decisions about project selection and location and the most disadvantaged are generally excluded from these processes and thus from access to project benefits. This requires serious attention to the downward accountability of community based institutions. In the absence of that, even well built and maintained projects need not contribute adequately to poverty reduction.

