

This concept note consists of the following sections: (1) Summary; (2) Overview of PNDS-REP; (3) PNDS-REP Development Process and Client Ownership; (4) Risks; and (5) Miscellaneous. The report also includes seven annexes: (I) National Context; (II) Programmatic Context; (III) Research on Community-Driven Development Programs; (IV) Methodology of Qualitative Field Surveys; (V) Methodology of Quantitative Field Surveys; (VI) Methodology of Mixed Methods Process Monitoring; and (VII) Methodology of Evaluations of Design Variations. End-matter include a [Glossary](#) and [References](#).

1. Summary

The *Programa Nasional Dezenvolvimentu Suku* (PNDS) is Timor-Leste's nationwide community-driven development (CDD) program and will provide annual grants of \$50 - \$75,000 to 442 *suco* to fund small-scale infrastructure projects. PNDS emphasizes gender and social inclusion and will create multiple local institutional entities to oversee project design, implementation, and monitoring and facilitate community participation. A more detailed description of the country context and program are provided in Annexes I and II, respectively.

The PNDS Research and Evaluation Program (PNDS-REP) has been designed in conjunction with the PNDS Secretariat and Australia's Department of Foreign Affairs and Trade (DFAT) to enable evidence-based innovation to enhance the impact of PNDS. Given the nationwide roll-out of PNDS, the REP cannot rigorously estimate indirect impacts of activities funded by the program. Rather, the REP will focus on deploying an integrated program of field surveys, monitoring activities, and design experiments to analyze factors constraining PNDS impacts and to develop impact-enhancing design modalities.

The REP is structured around three core activities: (i) *qualitative and quantitative field surveys* to indicatively assess direct impacts of PNDS components and the distribution thereof and identify conditioning factors; (ii) *multi-method process monitoring* to observe interactions between PNDS activities and villagers and specify processes which are constraining or distorting impacts; and (iii) *evaluations of design variations* that rigorously evaluate potential innovations in PNDS design. Collectively, the activities will assess the performance of the PNDS design, while generating recommendations to enhance the equity, efficiency, and impact of PNDS.

2. Overview of PNDS-REP

The following sections provide an overview of the objectives (2.1); research structure (2.2); activities (2.3); and outputs of the REP (2.4).

2.1. Objectives

The primary goal of the REP is to enable an evidence-based enhancement of PNDS design and implementation modalities and, by extension, enhance the impacts of PNDS on the access of poor villagers to essential services, infrastructure, and utilities and on the social cohesion and quality of local governance in rural Timor-Leste.

Secondary goals of the REP include: (i) building the capacity of client and stakeholder counterparts in implementing evidence-based decision-making and associated data collection and analyses; (ii) providing the population of Timor-Leste, GoTL, and other stakeholders with an indicative assessment of the absolute impacts of PNDS on proximate outcome indicators and the extent to which different groups realize those benefits; and (iii) contributing to global learning on how to enhance CDD effectiveness.

2.2. Research Structure

The REP proposes to deploy an integrated and iterative program of data collection and analytical activities that will:

- (i) indicate proximate impacts of PNDS and the distribution thereof across space, time, and social groups;
- (ii) identify policies, practices, and/or factors which constrain or enhance the general impact of PNDS and/or skew distribution of impacts; and
- (iii) formulate and pilot enhancements of PNDS, identify the marginal impact of these enhancements, and, if found to be more effective than existing modalities, recommend their incorporation into PNDS.

The REP is designed to be iterative, with data collection and analyses resulting in the formulation and testing of alternative modalities, which, if found to be impact-enhancing, are then adopted by PNDS and then further evaluated.

Through this process, it is envisaged that the REP can promote a comprehensive refinement of PNDS design and processes throughout the duration of program implementation.

Given the focus on flexibility and iteration, the questions of interest with which the REP is concerned are expected to evolve over time in response to stakeholder demands, research observations, and programmatic refinements. This notwithstanding, descriptive and prescriptive research activities undertaken by the REP are expected to focus on three broad thematic areas: (i) project impacts; (ii) institutional and social spillovers; and (iii) capture, leakage, and inefficiency. These thematic areas and associated research questions and indicators are listed in [Table 1](#). These are the core questions and indicators which the REP will address and which are not expected to change over time. [Table 2](#) in the following section further outlines how each of the REP components will contribute to addressing these research questions.

Table 1: Main Research Questions for the REP

Thematic Area	Research Question	Indicator
Project Impacts	Level	Average impact of PNDS on outcomes directly affected by projects (e.g., access to education, health care, drinking water, sanitation, electricity)
	Distribution	Distribution of impacts of PNDS on outcomes directly affected by projects, both within and between <i>suco</i> (e.g., whether marginalized <i>suco</i> and households within <i>suco</i> benefit relative more from PNDS)
	Conditioning Factors	Correlation of impacts of PNDS on outcomes directly affected by projects with <i>ex-ante</i> economic, institutional, and social characteristics (e.g., whether cohesive villages benefit more from PNDS projects)
Institutional and Social Spillovers	Local Governance	Impacts of PNDS on and its interaction with local governance institutions (e.g., impacts of PNDS on accountability of local leaders; effects of local governance structure on PNDS impacts)
	Social Cohesion	Impacts of PNDS on and its interaction with social cohesion (e.g., impacts of PNDS on interpersonal trust, conflict, and collective effects; effects of <i>ex-ante</i> social cohesion on PNDS impacts)
	Delivery Systems	Impacts of PNDS on and its interaction with systems to deliver other government services (e.g., indirect impacts of PNDS on district-level projects; effects of <i>ex-ante</i> development activity on PNDS impacts)
Capture, Leakage, and Inefficiency	Characteristics	Incidence and nature of capture, leakage and other inefficiencies in PNDS projects (e.g., representativeness of project selection procedures; incidence of leakage in project implementation; duration of projects)
	Conditioning Factors	Correlation of capture, leakage and inefficiencies with <i>ex-ante</i> economic, institutional, and social characteristics (e.g., whether cohesive villages benefit are less susceptible to leakage)

Annexes [IV](#), [V](#), [VI](#), and [VII](#) provide further information on the specific research questions or hypotheses that will be addressed by the various research activities. These research questions and the methods by which they will be investigated are informed by a large body of literature on the impacts of CDD programs and on modalities which enhance the efficiency, equity, and/or overall impact of CDD programs. Annex [III](#) provides a summary of relevant studies of CDD programs.

2.3. Activities

The REP consists of three components: (i) Qualitative and Quantitative Field Surveys (QQFS); (ii) Multi-Method Process Monitoring (MMPM); and (iii) Evaluations of Design Variations (EDV). The QQFS – which is structured around baseline and follow-up data collection across a sample of villages – will assess the level and distribution of PNDS impacts, as well as how those impacts are conditioned by pre-existing factors. The MMPM will observe the implementation of PNDS and its interactions with villagers, providing potential explanations for the impacts observed by the QQFS. The EDVs will rigorously evaluate the value-added of alternative PNDS modalities (formulated based on QQFS data, MMPM data, international evidence, and stakeholder consultations) and will thereby provide specific evidence-based recommendations to the GoTL on how to enhance PNDS impacts. The REP thereby provides an overarching framework for the assessment of direct impacts of PNDS (through the QQFS), explanation of the observed impacts and non-impacts (through the MMPM), and the enhancement of the equity, efficiency, and overall impact of PNDS activities (through the EDVs).

While the three components of the REP are functionally distinct, data from each of the three components will mutually support investigation of research questions. [Table 2](#) denotes the data sources for each research question and indicates questions (the conditioning of project impacts and capture, leakage, and inefficiency by pre-existing factors) for which data will be sourced from multiple components. While the research questions addressed by the QQFS and MMPM will be descriptive in nature (in describing how PNDS interacts with the context in which it is implemented), the research questions addressed by the EDVs are prescriptive in so far as they address whether enhancements to

PNDS will alter particular outcomes. The capability of the EDV component to address the listed research questions will be constrained by the nature of the design variations (DV) implemented and whether they may be reasonably expected to affect a given outcome (see Annex VII for further discussion). In addition, the capability of the QQFS to address the impacts of PNDS on institutional and social outcomes may be constrained by methodological factors (see below).

Table 2: Role of REP Components in Addressing REP Research Questions

Thematic Area	Research Question	QQFS	MMPM	EDVs
Project Impacts	Level	✓		✓
	Distribution	✓		✓
	Conditioning Factors		✓	
Institutional and Social Spillovers	Local Governance	✓		✓
	Social Cohesion	✓		✓
	Delivery Systems	✓		✓
Capture, Leakage, and Inefficiency	Characteristics		✓	✓
	Conditioning Factors	✓		

Note: Grey check marks indicate that research conclusions may be limited by methodological factors (for QQFS) and DVs implemented (for EDVs).

Further descriptions of the structure and goals of the QQFS (2.3.1); MMPM (2.3.2); and EDVs (2.3.3) are provided below. These sections also describe the complementarities between the different activities. In addition, Annexes IV, V, VI, and VII describe the methodologies of the activities in detail.

2.3.1. Qualitative and Quantitative Field Surveys (QQFS)

The PNDS implementation schedule prescribes that all *sucu* in Timor-Leste will receive PNDS during 2013 – 14. This precludes (all but very short) comparisons of *sucu* receiving and not receiving PNDS and thus rigorous estimation of PNDS impacts over the time period during which such impacts are expected to be realized.¹ Accordingly, the REP will not be able to rigorously determine, within acceptable levels of certainty, the direction and magnitude of certain PNDS impacts. This is particularly true of higher-order outcomes (such as poverty, local governance quality, or government legitimacy) which respond to multiple factors and which PNDS may affect via complex causal processes.² While the reliability of inferences over impacts on outcomes directly affected by PNDS activities will also be constrained, the separation of impacts of PNDS from those of other factors is generally expected to be more feasible than for higher-order outcomes.

The general goal of the QQFS is to support credible analyses which generate information of interest to stakeholders and/or support the formulation of impact-enhancing design variations. Due to the aforementioned methodological constraints, QQFS activities are being designed to support three sets of analyses: (i) assessment of PNDS impacts on outcomes directly and (generally) exclusively affected by program activities; (ii) estimation of local (i.e., within-village or between-group) heterogeneity in PNDS impacts and the identification of correlating factors of such variation;³ and (iii) estimation of regional (i.e., between-village) heterogeneity in PNDS impacts and the identification of correlating factors of such variation. Such analyses will provide stakeholders with an assessment of the efficacy and distributional implications of PNDS, while indicating areas of priority for design variations.

Data collection for the two components of the QQFS will occur independently, although both data sources will be analyzed together. Both components consist of baseline surveys administered prior to the commencement of PNDS activities in sample districts in 2014, with follow-up surveys covering the same two samples of villages. In addition,

¹ During the first year, PNDS implementation is staggered into three phases, with *sucu* randomly-assigned to a phase. The impacts of PNDS thus could have been estimated by comparing outcomes between those *sucu* assigned to the first and third *sucu*, but would have been confined to those realized during the 11 month period that separates implementation in these two phases. Following consultation with program designers, it was considered that the impacts realized during this period would be minimal and generally unrepresentative of impacts that would accrue to villages following a number of years of PNDS implementation.

² For further discussion, see the [Analysis and Reporting](#) section of Annex V.

³ Such analyses will examine, for instance, whether particular groups of villagers (e.g., elite or non-elite, male or female, residents of peripheral or central *aldeia*) accrue programmatic benefits that differ in quantity or quality than those accruing to other groups of villagers.

both components will collect data from both villagers and local elites and on local economies, access to services and infrastructure, local governance, social cohesion, and political attitudes. Following each survey round, a mixed methods report will be prepared, with conclusions supported by data from both the qualitative and quantitative baseline surveys. The Baseline Report will summarize conditions prior to PNDS implementation and present hypotheses. Subsequent reports will use before-and-after comparisons to indicatively assess the impacts of PNDS, the distribution of those impacts within and between *succo*, and analyze factors conditioning the level and distribution of impacts. The following two sections review the structure and function of the two components.

Qualitative Field Surveys (QualFS)

Qualitative methods are suited to exploring nuanced processes, nebulous institutions, and dynamic interactions in complex social systems, which quantitative methods – by virtue of their compact and linear nature – do not adequately capture. Qualitative methods necessitate intensive ethnographic exercises by qualified researchers and are accordingly time-consuming and resource-intensive. Given resource limitations, QualFS activities will be administered in 16 *succo* purposively selected on the basis of economic, geographic, institutional, and social characteristics that are considered to condition the effects on PNDS processes.

The QualFS will specifically perform the following functions: (i) indicate how PNDS affects social interactions, local decision-making processes, and other institutional outcomes using before-and-after comparisons, attribution-focused questioning, and MMPM data; (ii) indicate correlates of local and regional heterogeneity in PNDS impacts on institutional and social outcomes; (iii) provide baseline data for assessments of how pre-intervention variation in social and institutional characteristics induce between- and/or within-village variation in participation in PNDS (as assessed by the MMPM); and (iv) indicate mechanisms – or causal pathways – that underlie results obtained by before-and-after analyses by the QuanFS.

Quantitative Field Surveys (QuanFS)

Although qualitative methodologies provide for in-depth examination of processes and generation of grounded hypotheses, the respective conclusions are limited in their generalizability given the small number and unrepresentative selection of cases. By contrast, quantitative methods provide precise measures of outcomes of interest that, by virtue of the standardized methods of data collection, are comparable across sample units. Given their efficiency, quantitative methods can be deployed over relatively large samples, with electronic data capture and statistical packages providing for rapid and objective analysis. QuanFS activities will be administered in a nationally representative sample of 125 *succo* randomly sampled from the 192 *succo* scheduled to receive PNDS in August 2013.

The QuanFS will specifically perform the following functions: (i) indicate how PNDS affects outcomes directly affected by PNDS using before-and-after comparisons, attribution-focused questioning, MMPM and MIS data, and data on other competing causal factors; (ii) estimate local heterogeneity in PNDS impacts and isolate correlates of such variation; (iii) estimate regional heterogeneity in PNDS impacts and isolate of correlates of such variation; (iv) provide baseline data to support estimation of between- and/or within-village variation in participation in PNDS activities (as measured by the MMPM) and assessments of how pre-intervention variation in economic, geographic, institutional, social, and other characteristics condition such variation; and (v) provide potential sources of baseline and/or follow-up data for EDVs.

2.3.2. Mixed Method Process Monitoring (MMPM)

While the QQFS collects data across sample villages *before* and *after* PNDS in order to assess the level of and variation in program impacts, the MMPM directly observes PNDS implementation and interactions thereof with villagers. Given their complementary functions, the MMPM will deploy both qualitative and quantitative methods in order to: (i) qualitatively gauge how PNDS processes are conditioned by and dynamically interact with local institutional and social conditions; and (ii) quantitatively assess, across a relatively large and representative sample, how villagers are receiving PNDS processes and the extent to which such processes conform to those prescribed by the program.

Whereas the QQFS can assess the effects of PNDS, the duration between survey rounds limits the frequency of feedback necessary to enable mid-course corrections. The MMPM will fulfill this role by providing on-going feedback to the PNDS Secretariat and other stakeholders on the efficacy of prescribed PNDS modalities and particular factors constraining their effective implementation. In addition, data collected by the MMPM will be used to formulate recommendations of how the equity, efficiency, and impacts of PNDS may be enhanced. If applicable, such

recommendations will be rigorously tested through EDVs and, if found to be more effective than existing modalities, rolled out during the next PNDS implementation cycle.

Data collection for the MMPM will be undertaken across a sample of PNDS villages, commencing in early-mid 2014 and continuing throughout the life of the program. The MMPM will specifically focus on key stages of PNDS implementation, including: *suco*- and *aldeia*-level socialization; selection of SMTs and SFs; *suco*- and *aldeia*-level project prioritization processes; project construction; and the final accountability meeting. During the first implementation cycle from 2014 to 2016, qualitative monitoring will occur in 24 villages (the 16 QualFS villages, plus eight additional villages), and quantitative monitoring will cover 48 villages (the 24 villages subject to qualitative monitoring, plus 24 additional villages overlapping with the QuanFS sample).

2.3.3. Evaluation of Design Variations (EDVs)

EDVs will enable an evidence-based enhancement of the equity, efficiency, and/or impact of PNDS. Multiple EDVs are expected to be undertaken (potentially simultaneously) throughout the duration of PNDS and will each rigorously test the impact of innovative PNDS modalities on relevant outcomes of interest.

In order to ensure that innovations are contextually grounded and policy-relevant, EDVs will be formulated from based on analyses of QQFS and MMPM data, as well as stakeholder consultations and international best practices. Innovations will then be implemented in a randomly selected subset of PNDS villages and subsequently evaluated using a control group formed of another subset of villages receiving the *status quo* PNDS design. If the evaluation indicates that the innovation is successful, a recommendation will then be made to PNDS to scale it across the full set of villages in which the program is implemented.

A four stage development cycle is envisaged for each EDV:

Formulation – The REP team and other stakeholders will formulate recommendations for potential enhancements of PNDS policies or processes. Such ‘design variations’ (DVs) will generally address concerns identified by QQFS data, MMPM observations, and/or international learning. DVs may be either ‘supplementary interventions’ or ‘alternative modalities’ that replace existing PNDS guidelines or practices. Likewise, DVs may be based on practices utilized by other CDD in other countries or development projects in Timor-Leste or abroad, or innovative approaches developed by the REP team and/or stakeholders.

Consultation, Refinement, and Agreement – Once formulated, proposed DVs will be presented to the PNDS Secretariat, facilitators, and other stakeholders for review and feedback. DVs will then be refined and, in conjunction with PNDS operational staff, developed into an implementable plan, with applicable supporting materials. PNDS and the REP team will thereafter agree to implement the DV in a randomly-selected sample of villages during the next PNDS cycle.

Implementation and Data Collection – Additional costs associated with DV implementation will generally be borne by the REP during EDVs and the REP team will generally be expected to coordinate implementation of DVs in order to ensure compliance with randomized assignment. However, in order to maximize external validity and sustainability, efforts will be made wherever possible to ensure PNDS facilitators are closely involved in the implementation of DVs, even for supplementary interventions. Depending on the nature of the DV and existing data sources, additional data may be collected to evaluate the relative impact of the DV.

Analysis, Recommendation, and Monitoring – As implementation of DVs are randomized across a sample of PNDS villages (with other villages in the sample receiving the *status quo* modality), the relative impact of the DV is provided by a comparison of relevant outcome indicators or in the change thereof over time. If this analysis indicates that the DV provides for greater equity, efficiency, and/or overall impact as compared to the *status quo* modality, the REP team will recommend to PNDS and other stakeholders that the DV be scaled up throughout PNDS. The implementation of the scaled-up DV may subsequently be monitored through the MMPM to both ensure that the adjusted procedure doesn’t create unanticipated complications and to suggest further refinements of the DV.

2.4. *Outputs*

A Comprehensive PNDS-REP Report will be produced following each PNDS cycle and summarize associated REP activities (QQFS, MMPM, and EDVs), analyses, research conclusions (with an associated confidence rating – high, medium, or low), and applicable recommendations, while outlining proposed REP activities for the forthcoming cycle. In addition to this, the REP will generate various outputs specific to each activity:

2.4.1. QQFS

The QualFS and QuanFS will produce datasets for each set of surveys, which will be jointly used to produce integrated QQFS reports. The first report will be the QQFS Baseline Report, which will summarize the pre-intervention characteristics of sampled *suco* and *aldeia*. Subsequent QQFS reports will use baseline and follow-up data to assess the level and distribution of PNDS impacts and analyze correlates of variation in impacts. The QQFS will also generate manuals, pre-analysis plans, survey instruments, datasets, field notes, and village reports.

2.4.2. MMPM

The MMPM will generate short reports summarizing observations, analyses, and recommendations following each stage in the monitoring cycle, which will be synthesized into a Comprehensive MMPM Report at the end of the respective cycle. The Comprehensive MMPM Report will also present analyses of correlates of variation in PNDS implementation using data from the QQFS baseline surveys. The MMPM will also generate a set of manuals, survey instruments, datasets, and field notes for each monitoring round.

2.4.3. EDVs

EDVs will generally generate sets of DV implementation manuals and associated materials, as well as research design notes, pre-analysis plans, survey instruments and datasets as applicable. Following analyses of the respective data, individual EDV reports will present estimates of the relative impact of the DV on the associated outcomes of interest and any applicable recommendations to the PNDS Secretariat and stakeholders.

3. PNDS-REP Development Process and Client Ownership

The design of the REP has been influenced by a program of consultations with the clients, the PNDS Secretariat and GoTL generally, and a key stakeholder, DFAT, to ensure that information generated by the proposed analytical activities is of the highest relevance to programmatic decisions and policy. Since March 2013, the team has met regularly with Dili-based staff of the PNDS Secretariat and DFAT to identify issues of specific interest and relevance to PNDS relevant to the development challenges in Timor-Leste and the implementation of CDD programs in post-conflict settings. These discussions continue and the various components of the study – including hypotheses, indicators, instruments, and other elements – will be revised in accordance with feedback received. The following sections describe discussions with the PNDS Secretariat and GoTL (3.1); DFAT (3.2); and workshops on PNDS M&E (3.3). Section 5.3 below outlines planned measures – such as the establishment of a Research Board – to maintain and enhance client ownership and engagement as the work proceeds.

3.1. *Consultations with PNDS Secretariat and GoTL*

Since March 2013, the REP team has met on multiple occasions with the PNDS Secretariat, including the Director General (Miguel Carvalho) and the advisory team (Irfani Darma and Alvaro Ribeiro). During these discussions, the PNDS Secretariat expressed its interest in understanding: (i) the development impacts of PNDS; (ii) the determinants of community planning and decision-making; (iii) how PNDS impacts social cohesion; and (iv) the effectiveness of PNDS training and other implementation mechanisms. The REP has been developed to provide answers to these questions. Discussions also reviewed the methodological constraints imposed by the nationwide roll-out of PNDS and the resulting inability of the REP to provide reliable estimates of the impacts of PNDS on indirectly-affected, longer-term outcomes such as poverty levels.

Discussions have particularly focused on the importance of establishing an ‘impact-enhancing feedback loop’ between the REP and PNDS operations, which both addresses key issues of concern to the Secretariat and provides recommendations on how to enhance PNDS impact. The PNDS Secretariat expressed an enthusiasm for such an interactive and iterative research program, with the Director General noting that research on *PNPM Generasi* (see Annex III) provides an excellent model in this respect. The discussions underscored the need for regular discussions between the PNDS Secretariat and REP team to ensure the REP addresses questions of interest to the PNDS Secretariat and that the PNDS Secretariat is able to take action on recommendations made by the REP.

Meetings have also been held with members of the Inter-Ministerial Technical Working Group (TWG), including representatives from the Ministry of Education, the Ministry of Public Works, and Ministry of Finance. Discussions familiarized TWG members with the goals and activities of the REP and solicited feedback on issues of importance relating to PNDS implementation. Topics identified as being of interest to TWG included the coordination of project selection processes with the line ministries, as well as the sufficiency of maintenance on completed projects. TWG

members also related past experiences with CDD programs in Timor-Leste, including the Community Empowerment and Local Governance Project (CEP), which in turn suggested actors and interests that might affect PNDS implementation.

3.2. *Consultations with DFAT*

Discussions on the REP with Dili-based DFAT counterparts (including David Green, Annette Madvig, Clemency Oliphant, and Chloe Oliver) also started in March 2013 and have been instrumental in shaping the proposed analytical program. The consultations have resulted in a number of outputs which are the product of discussions between the two teams. These include: (i) the PNDS M&E framework (drafted and submitted by DFAT to PNDS, with comments from the REP team); (ii) a four-page PNDS-REP pre-concept note submitted to DFAT in September 2013 (iii) a funding proposal from the World Bank to DFAT for the PNDS-REP; and (iv) a detailed itemized budget for PNDS-REP activities. These materials are included as annexes.

Since late 2013, the REP team has also been holding bi-weekly discussions with Karrie McLaughlin and Chloe Olliver of DFAT's PNDS Support Program (PNDS-SP). Through these discussions and associated communication, the Support Program has provided regular and substantive feedback, resulting in adjustments to the REP structure, activities, hypotheses, budget, timeline, and other miscellaneous elements. Recent discussions have focused on the importance of ensuring integration among the REP components.

3.3. *Workshops on PNDS M&E*

The REP team and the PNDS-SP held a joint workshop in December 2013 to hold formal consultations with the PNDS Secretariat, senior representatives of GoTL, and other stakeholders on the goals, structure, and activities of the PNDS M&E framework, including the REP. The workshop was attended by the Secretary of State for Local Development (Samuel Mendonça), the PNDS Director General, staff members of the PNDS program, DFAT advisors, and members of local civil society organizations.

REP team members discussed how rigorous evidence can enhance the impact of development operations; presented the proposed structure of the REP; and stressed the importance of the enabling a symbiotic relationship between PNDS and the REP. This was followed by a brainstorming session to formulate research questions and potential design variations that may enhance PNDS impact and which could be tested by the REP. The participants expressed enthusiasm for the consultative approach and the workshop concluded with an agreement to conduct a future workshop to continue the discussion.

4. Risks

The effectiveness of the PNDS-REP may be undermined by various factors, including resistance to EDVs (4.1); non-compliance with randomized selection (4.2); interference with results reporting (4.3); Hawthorne Effects (4.4); and measurement error and response bias (4.5). The potential issue and proposed mitigation measures are discussed further below.

4.1. *Resistance to EDVs*

EDVs enable the REP to provide evidence-based recommendations to the PNDS Secretariat and other stakeholders on how to enhance program impact. However, DVs ordinarily require a change in implementation practices, which in turn create costs and logistical complications associated with additional training and preparation of necessary materials.⁴ In addition, 'experimentation' with program design may encounter opposition for less substantive reasons, such as concerns about the creation of perceptions of managerial vacillation or assertions by stakeholders that the current design is optimal. In order to mitigate such resistance and build understanding of how EDVs can enhance program impact, the REP team proposes to initially propose 'low-cost' supplementary interventions, such as the proposed 'information provision' DV outlined in Annex VII. The REP team will also use workshops and other consultations to emphasize the importance of EDVs to the PNDS Secretariat and GoTL.

⁴ In the case of supplementary interventions (which are implemented in addition to existing PNDS processes), such costs and complications will be lower than in the case of alternative modalities.

4.2. *Non-Compliance with Randomized Selection*

The accuracy of information and recommendations generated by EDVs is contingent upon compliance with randomized assignment (that is, a specific DV must be implemented in and only in those *sucu* which have been randomly selected by the REP team to receive the specific DV). In order to reduce the probability of non-compliance, randomized assignments will be conducted in the presence of PNDS staff, with materials produced by the REP team to explain the randomization procedure. The REP team will further monitor the implementation of DVs to verify compliance with assignments, with any violations relayed to the PNDS Secretariat. Where violations do occur, the REP team will employ *ex-post* statistical methods to correct imbalances.

4.3. *Interference with Results Reporting*

In so far as large-scale development programs serve particular political goals and manufacture vested interests, the results of program evaluations can have unintended political side-effects which can create pressures for the alteration or suppression of results or interpretations thereof. The REP will be additionally susceptible to pressures to present findings on the impact of PNDS on economic outcomes such as poverty, whereas there is no feasible inferential strategy by which reliable findings on such questions could be generated. In order to mitigate pressures to generate results on questions considered beyond the realm of reliable estimation and/or to alter or suppress particular results, detailed PAPs for the various analytical exercises undertaken by the REP will be written and registered with relevant external agencies. In addition, all changes made in response to stakeholders concerns and/or suggestions will be logged, annotated, and reported in the final version of REP reports.

4.4. *Hawthorne Effects*

The presence of MMPM researchers and enumerators during PNDS implementation may induce changes in the behavior of facilitators and other local actors in monitored *sucu*, both on the day of the monitoring and throughout the implementation cycle.⁵ As a result, MMPM data on interactions between villagers and PNDS processes may be unrepresentative of interactions between PNDS process and villagers in other *sucu*, lowering the general usefulness of conclusions drawn from MMPM data. To mitigate the likelihood of such [Hawthorne Effects](#), the REP team will not share the exact dates and location of MMPM activities with the PNDS Secretariat. Further measures to reduce the visibility – and predictability – of MMPM activities will also be considered.

4.5. *Measurement Error and Response Bias*

The collection of data by field surveys is subject to numerous biases and error,⁶ which can result in inaccurate estimates of impacts. To mitigate a common source of error in data collection for program evaluations, enumerators will communicate to respondents that the research is unrelated to the distribution of goods or services and will merely account for differences in economic, institutional, and social outcomes over time. To reduce the reticence of respondents to honestly answer questions which seek to ascertain sensitive issues, enumerators will stress the principle of privacy of responses and anonymity of respondents and potentially also may employ indirect survey methods such as list and endorsement experiments. To reduce the incidence of general measurement error due to mischaracterized questions, survey instruments will be rigorously pilot-tested prior to deployment. Finally, to reduce the risk enumerators falsifying data in order to save time, tablets will automatically geo-reference interview locations and time-stamp survey durations, with abnormal cases automatically flagged for investigation by the REP team.

5. **Miscellaneous**

The following sections outline planned dissemination and consultation activities (5.1); and describe how REP activities are expected to contribute to the building of local capacity (5.2).

5.1. *Dissemination and Consultation*

The achievement of the primary goal of the PNDS-REP will be dependent on the incorporation of REP-based recommendations into policy-making by the PNDS Secretariat and the GoTL generally, which in turn will depend on

⁵ Such behavioral changes may occur, for instance, because actors face an increased risk of malevolent actions being detected or because they believe sanctions will result from the quality of their performance during the monitoring.

⁶ For instance, respondents may seek to project a position of relative poverty in order to increase the probability of receiving future development assistance.

the quality, quantity, and mode of REP dissemination and consultation activities. The following sections outline proposed activities.

5.1.1. Client Consultations and Briefings

As described in Section 3, the REP has been designed in conjunction with the PNDS Secretariat and DFAT. However, achieving the primary goal of the REP will require the continuation of regular and substantive consultations with all levels of the PNDS Secretariat and other relevant GoTL actors, including members of the Inter-Ministerial Technical Working Group. It is proposed that quarterly workshops with a broad group of stakeholders and monthly meetings with the PNDS Secretariat be undertaken to provide for such consultations. In addition, feedback on REP hypotheses and survey instruments and materials will be sought from the PNDS Secretariat prior to the administration of field activities, with follow-up meetings held as necessary. The REP team is also considering the formalization of Memorandums of Understanding with the PNDS Secretariat on specific data collection activities in order to consolidate and formalize the consultation and review process.

5.1.2. Research Board

The PNDS-REP team is also considering convening a Research Board to debate emerging findings, influence choice of research topics and timing, and to solicit participation from other prospective partners in research. The PNDS-REP team will consult with the client and other stakeholders regarding the potential composition of the Board, as well as frequency of meetings and specific tasks, with further details to be provided at the next quarterly workshop.

5.1.3. PNDS-REP Website

In order to generate awareness of the REP, ensure coordination with other research activities, and enable the use of REP materials and data by other research endeavors, a website will be created for the PNDS-REP. The website will provide a general description of the REP goals, structure, activities, and timeline and will host all materials, data, reports, and other outputs generated by the analytical program. If feasible and appropriate, the website will include an interactive component or forum that will enable stakeholders, researchers, and citizens to ask questions, request information, and even propose possible design variations to the REP team. The website will be developed in close coordination with the PNDS Secretariat and the PNDS-SP.

5.1.4. 'Evidence-to-Policy' Notes

While the REP will generate various reports and other outputs, the length and nature of these may not necessarily facilitate the incorporation of the evidence contained therein into policy decisions made by the PNDS Secretariat or the GoTL more broadly. Accordingly, whenever applicable, the REP team will prepare 'evidence-to-policy' notes – in English, Portuguese, and Tetum – to distill key research findings and associated policy recommendations.⁷ The notes will be distributed directly to relevant policy-makers and also posted to the REP website. With the consent of key stakeholders, versions of the notes may also be published in local print media.

5.1.5. Video Summaries

The REP team will explore opportunities to develop short video summaries of research findings and recommendations, incorporating footage shot during qualitative research activities. Such video summaries would be embedded on the REP website, screened to audiences of key stakeholders, and, with the consent of such stakeholders, may also be broadcast on local television stations.

5.1.6. Feedback to Sampled *Suco*

The REP will generate substantial qualitative and quantitative information on sampled *suco*, analyses of which may improve *suco*-level planning of PNDS projects and other development activities. In recognition of the time spent by community members in providing REP with data, the REP team will explore means of transmitting packaged information back to the sampled *suco* through community representatives, noticeboards, and/or meetings. Such transmissions may also facilitate EDVs that undertake cost / benefit analyses of information provision (see Annex VII), the results of which can inform the incorporation of such complementary interventions into the design of PNDS.

⁷ The PNDS-REP 'evidence-to-policy' notes are inspired by and will be modelled on the monthly Evidence-to-Policy note series produced by the World Bank Human Development Network's Strategic Impact Evaluation Fund. These notes can be found [here](#).

5.2. Capacity Building

Through the disseminations and consultations outlined above, it is envisaged that the REP will contribute significantly to the appreciation of and capacity for the use of rigorous evidence in policy-making by the GoTL and other development and civil society actors. In addition, the REP will build local technical capacity at both the individual and agency-level in the design and implementation of qualitative and quantitative surveys and process monitoring activities, as well as of rigorous M&E systems generally.

Since the formulation of the activity, the REP team has been continuously seeking to identify individuals with the necessary set of background skills and knowledge to join the team and recently took out advertisements in local newspapers to identify additional potential team members. Once identified and vetted, it is envisaged that local team members will stay with the REP over a multi-year period and eventually assume a leadership role in managing the analytical program and disseminating findings to stakeholders.

At the agency-level, the REP is contracting the [Institute of Business](#) (IOB),⁸ a local tertiary education provider that has previously deployed quantitative field surveys in rural areas, to implement the QuanFS baseline survey. Through assisting in the training, selection, and monitoring of enumerators recruited by IOB, the REP team will build the capacity of the institution and, in so doing, make a general contribution to the quality of quantitative data collection in Timor-Leste.⁹ The REP team will also seek to involve qualified IOB staff in the analysis and reporting of data collected by the baseline survey to build local capacity in these areas. Subject to a successful engagement, IOB may be recruited to implement additional qualitative and/or quantitative data collection exercises prescribed by the REP. The REP team is also currently investigating the possibility of contracting other local non-governmental agencies or research institutes to implement MMPM activities.

⁸ IOB is a nationally accredited private business university that was founded in 2002 and is Timorese established and operated. IOB has two campuses in Dili, with a current enrollment of around 2500 students. The school consists of the Information Communication Technology Faculty and the Economy and Business Faculty, which offer courses in financial management, accounting, general management, and information technology.

⁹ For instance, the use of tablet-based electronic data capture will strengthen the technological capacity of selected enumerators, familiarizing them with the most current data collection methods.

Annex I – National Context

The following sections provide information on [economic conditions](#); [public finance](#); and [local governance](#) in Timor-Leste.

Economy

Timor-Leste is among the poorest countries outside of sub-Saharan Africa, with 37 percent of the population living on less than \$1.25 per day.¹⁰ Access to basic services is limited and 31 percent are without access to an improved water source, 61 percent are without improved sanitation, and 63 percent lack electricity.¹¹ Health measures are also very poor. Average life expectancy is 64 years, the under-five mortality rate is 54 deaths per 1000 live births, and 45 percent of children under five are underweight – the highest in the world.¹²

Timor-Leste's mountainous interior and heavy monsoon presents major challenges given the distribution of the population across rural areas. In the wet season, roads are regularly washed away or blocked by landslides or flooding, and 90 percent of roads are classified as in poor or very poor condition.¹⁴ Such inadequate rural transport links constrain access to markets and employment is concentrated in subsistence agriculture, with coffee being the only major cash crop.¹⁵

Public Finance

In 2005, Timor-Leste established a sovereign Petroleum Fund to manage accrued royalties and taxes from the country's substantial oil and gas reserves.¹⁶ The government may withdraw three percent of the Fund annually – the Estimated Sustainable Income (ESI) – without depleting the long-term balance,¹⁷ although parliament has authorized withdrawals in excess of the ESI since 2008 to finance large infrastructure projects.¹⁸ In 2014, government withdrawals (ESI + excess) of \$903 million accounted for 60 percent of budget revenue.¹⁹ Earned interest and royalties of \$2.2 billion will enable the Fund to grow to \$15.3 billion by the end of 2014. However, unless new discoveries are made, royalties are projected to decline substantially in the next decade and, if withdrawals continue in line with recent trends, the fund is projected to be depleted by 2025.²⁰

Figure 1: 2007 Poverty Incidence by District¹³



¹⁰ United Nations (2013); High Level Task Force on Global Food Security Crisis (2009). Poverty is particularly concentrated in the central coffee-growing mountainous region, with some 85 percent of residents of Manufahi district earning less than \$1.25 per day. Districts in the east of the country are relatively better off, with just 21 percent of residents of Lautem district living on less than \$1.25 per day (World Bank [2008], Government of Timor-Leste [2010a]; Cummins [2010]). To relieve food insecurity, rice is imported by the government and sold at subsidized prices.

¹¹ Government of Timor-Leste (2010a); World Health Organization (2013). In Ainaro district, 51 percent are without access to an improved water source, 83 percent are without improved sanitation, and 86 percent are without electricity.

¹² World Health Organization (2010, 2013); Government of Timor-Leste (2010b)

¹³ Based on a national (upper) poverty line of \$0.88 per person per day in 2007 prices (Government of Timor-Leste [2008])

¹⁴ Government of Timor-Leste (2010b)

¹⁵ 84 percent of the labor force is dependent on agriculture for their primary source of employment (Government of Timor-Leste [2008]).

¹⁶ Petroleum revenues are estimated to amount to 81 percent of GDP and 97 percent of state revenues (Scheiner [2013]).

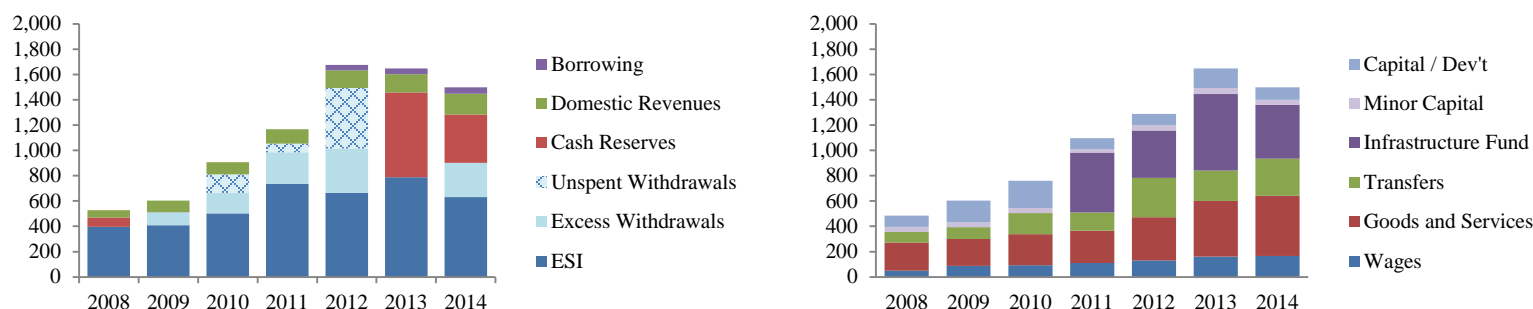
¹⁷ This is referred to as the 'Estimated Sustainable Income (ESI)'

¹⁸ Of projected 2014 expenditure of \$1.5 billion, \$167 million (11 percent) is allocated to wages; \$436 million (29 percent) to goods and services; \$292 million (20 percent) to transfers; \$140 million (9 percent) to recurrent capital and development; \$425 million (28 percent) to major infrastructure; and \$40 million (3 percent) to specific education programs. (Government of Timor-Leste [2013], Tables T2.6.1.1, T2.4.2.1 and T2.4.4.1).

¹⁹ Including cash reserves from previous unspent Fund withdrawals brings the figure to more than 85 percent. Of total revenue of \$1.5 billion, ESI withdrawals account for \$632 million (42 percent); excess withdrawals account for \$271 million (18 percent); domestic revenues for \$166 million (11 percent); cash reserves for \$380 million (25 percent); and borrowing for \$51 million (3 percent) (Government of Timor-Leste [2013], Tables T2.6.1.1, T2.4.2.1 and T2.4.4.1). Domestic revenues are comprised of: direct taxes (\$45 million); indirect taxes (\$75 million); fees and charges (\$15 million); electricity (\$19 million); and other (\$12 million) (Government of Timor-Leste [2013], Table T2.5.2.1.1). Social security schemes such as the controversial veteran and heir pensions represent a significant fiscal burden (Umapathi, Dale, and Lepuschetz [2013]).

²⁰ Scheiner (2013)

Table 3: Revenues and Expenditures of the Government of Timor-Leste, 2008 – 2014 (\$US Million)



Local Governance

Timor-Leste is divided into 13 districts, 65 sub-districts, 442 *suco* (villages) and 2,225 *aldeia* (hamlets). The lowest levels of formal state authority are district and sub-district administrators, which are appointed by the national government.²¹ *Suco* and *aldeia* are not incorporated into the government structure, although decrees in 2004 and 2009 provided for elections,²² every four-to-six years,²³ to select *Xefe Suco* (village heads), *Xefe Aldeia* (hamlet heads), and Suco Councils (SCs).²⁴ Despite the *de jure* democratic basis for these positions, local authority is considered to be rooted in hereditary privilege dating back to colonial times.²⁵

Local elections are part of a broader program to devolve local decision-making and development activity.²⁶ The *Programa Dezenvolvimentu Lokal* (PDL) and *Pakote Dezenvolvimentu Desentralizadu* (PDD), which tested models of decentralization and sought to engage local businesses in rural infrastructure development,²⁷ have been consolidated into *Planu Dezenvolvimentu Intersektoral Distritu* (PDID), which creates large-scale infrastructure projects at the district and sub-district levels. The *Programa Nasional Dezenvolvimentu Suku* (PNDS - National Suco Development Program), created in 2013 to fund small-scale local infrastructure selected through local decision-making processes, is another pillar of the decentralization agenda.

²¹ Butterworth & Dale (2010). *Suco* boundaries are traditionally defined according to areas of land occupied by alliances of families.

²² The first elections for SCs were held over several months in 2004 to 2005. In October 2009, the second SC elections were held for the four-year term beginning in January 2010.

²³ The 2004 decree specified that elections would occur every four years, with the 2006 decree extending this to six.

²⁴ The SC comprises the *Xefe Suco*, two female representatives and a male and female youth representative and appoints a *Lia Nain* (elder) to resolve community disputes. SCs are mandated to ensure local harmony and food security and plan, implement, and monitor development projects (Government of Timor-Leste [2004, 2009]). The 2009 decree established that SCs were to be elected as a group, rather than as individuals, while precluding the submission of candidacy lists by political parties and distribution of electoral propaganda (Government of Timor-Leste [2009]). Brown (2010) notes that the changes may weaken “council members’ independence and the *xefe*’s accountability, and may encourage domination by a single family” (p. 66). The 2009 decree further specified that the “community leaders are not included in the Public Administration and their decisions are not binding upon the State” (Government of Timor-Leste [2009]).

²⁵ Butterworth and Dale (2011); Cummins (2010). Portuguese colonial administration established the administrative units of district, sub-district, *suco* and *aldeia* were established, and the *liurai* (local power holders with hereditary privilege) were often given colonial rank and tasks of tax collection. Under Indonesian rule, local decisions continued to be made by traditional power structures.

²⁶ Butterworth & Dale (2010); Cummins (2010)

²⁷ The Asia Foundation (2012)

Annex II – Programmatic Context

The following sections review: the [structure of PNDS](#); [PNDS institutions](#); [eligible projects](#); [project prioritization](#); [project implementation processes](#); and the [PNDS implementation cycle](#).²⁸

Program Overview

PNDS is a US\$294 million program implemented and funded by the Government of Timor-Leste (GoTL),²⁹ with technical support from DFAT. Between 2013 and 2022, PNDS will annually disburse Suco Grants (SGs) to all 442 sucos in Timor-Leste. During the first three years, grants will average US\$50,000 per *suco* per year, rising to an average of US\$75,000 in subsequent years.³⁰ SGs may fund small-scale rural infrastructure projects that are identified, planned, constructed, managed, and maintained by village communities.³¹ Formally, PNDS aims to improve “*socio-economic conditions and local governance for village men and women in Timor Leste through community managed infrastructure*” and ensure that women and men from different socio-economic backgrounds both participate in and benefit from program activities.³²

PNDS Implementation Structure

PNDS is managed by a national Secretariat based in the Ministry of State Administration (MAE).³³ MAE has also recruited civil servants to implement PNDS at the district and sub-district levels:

- In each district, a District Coordinator oversees implementation, District Engineers provide training and verification, and District Accountants monitor SG utilization.³⁴ The existing District Administrator, supported by the District Development Commission (KDD), leads PNDS socialization in the district.³⁵
- In each sub-district, training and technical supervision is provided by a Sub-District Social Facilitator (SDSF), Sub-District Technical Facilitators (SDTFs), and a Sub-District Financial Facilitator (SDFF).³⁶ The existing Sub-

²⁸ This section draws extensively on Programa Nasional Dezenvolvimentu Suku (2013).

²⁹ PNDS was developed by an Inter-Ministerial Technical Working Group, co-chaired by the Ministry of State Administration and the Ministry of Finance and including the Ministries of Health, Education, Infrastructure, Agriculture and Fisheries, and the National Development Agency. The PNDS National Secretariat for PNDS was established within the Ministry for State Administration. PNDS was envisaged by the GOTL’s Strategic Development Plan (2011 – 2030), which calls for new decentralized development programs that provide opportunities for local communities to participate in the provision of public infrastructure. PNDS complements the Decentralized Development Program (PDD), which commenced in 2010 and funds large scale rural infrastructure projects costing up to US\$500,000 selected by District Development Committees (KDD), but managed and implemented by private sector contractors.

³⁰ SG amounts are initially determined by objective criteria (such as the village’s degree of remoteness and population), but will be adjusted in subsequent years based on community performance criteria (such as assessments of social, technical and financial management aspects of the previous years’ project(s)). SGs can be rolled over, but new projects cannot commence until the previous project is completed.

³¹ SGs consist of both Operational Funds and Infrastructure Funds. Operational Funds, which account for 10 - 14% of the total grant, provide for miscellaneous expenses incurred by the SMT (such as transport, office equipment, communications, meeting and training costs etc.), as well as performance-based incentives for the SMT. Infrastructure Funds consist of the remaining balance of the SGs and are available for costs associated with the implementation of projects (e.g., materials, labor, transport, tools and equipment etc.). Infrastructure Funds are released in two tranches. 50 percent is disbursed when project proposal is completed and approved and the contract signed. The remaining 50 percent is disbursed when 70% of the previous infrastructure tranche is exhausted, the Community Accountability Meeting held and project progress certification submitted. Operational Funds are to be released following the election of office holders, the opening of the *suco* bank account and the signing of the Annual Grant Agreement.

³² PNDS has three key expected outcomes: (i) “strengthened GoTL systems to accelerate direct delivery of PNDS to communities”; (ii) “increased community participation and capacity for planning and managing local infrastructure,” and (iii) “quality infrastructure built and maintained by communities.”

³³ The Secretariat reports to the Technical Working Group (GTTIM), which meets quarterly and provides policy guidance for PNDS. The GTTIM is drawn from the Inter-Ministerial Coordination Committee (KKIM), which meets semi-annually to review progress and makes recommendations to the Prime Minister and Council of Ministers. The Secretariat is comprised of a Director General; a Communications Specialist (*who supports PNDS implementation to facilitate informed participation, transparency and accountability*); five National Engineers (*who supervise, evaluate, and provide technical guidance to District Engineers and assist with support and capacity building for SDTFs*); three PNDS Social Development Officers (*who work with District Coordinators to support and mentor SDSFs*); three PNDS Financial Management Officers (*who supervise and train District Accountants and train SDFFs*); an M&E Officer, two MIS Officers; and a Complaints Handling Officer.

³⁴ PNDS district teams are also responsible for liaising with national agencies to ensure timely disbursement of SGs, as well as with district administrations and district-based line agencies to ensure coordination of development activities.

³⁵ In addition, District Verification, Assessment and Supervision Team (EVAS) and Territorial Delegations

³⁶ SDSFs facilitate community meetings and participatory processes (but not elections explicitly); train Suco Management Teams (SMTs); assist communities in managing SGs; and evaluate performance of SMTs. SDTFs assist communities in assessing priorities and construction needs; assist in preparation of project proposals, schedules, and procurement; supervise project implementation; train EIP and

District Administrator, assisted by the Sub-District Development Committee (KDSD),³⁷ leads PNDS socialization in the sub-district.³⁸

At the *suco*-level, implementation arrangements are relatively complex, involving five *suco*-level entities, four of which are composed specifically for PNDS:³⁹

- The *Xefe Suco* leads PNDS socialization; oversees KPA, EIP, and EOM elections; verifies prioritization processes; co-signs Project Implementation Agreements (PIA); and reports progress to the KDD and KDSD.
- A Planning & Accountability Commission (KPA) is composed of the (pre-elected) SC and a representative from each *aldeia* elected by secret ballot at least once every three years,⁴⁰ with a president, vice president, and secretary elected internally.⁴¹ The KPA monitors PNDS activities, including organizing meetings to rank priorities; coordinating SF, EIP and EOM elections; reporting progress to the KDSD; and evaluating PNDS projects.
- One male and one female Suco Facilitator (SFs) will work with sub-district facilitators, KPA, EIP, and EOP to ensure engagement in PNDS activities (especially by women and marginalized groups); disseminate information; and maintain community notice boards. SFs are elected by the KPA from nominees submitted by *aldeia*.
- A Community Implementation Team (EIP) will be composed of a head, treasurer, and secretary and is elected by the KPA from nominees submitted by *aldeia*.⁴² The EIP plans and implements projects.
- An Operations & Management Team (EOM) will be composed of a head, treasurer, and secretary,⁴³ with *ad-hoc* project teams. The EOM develops and implements an O&M plan, including collecting and managing O&M funds. KPA and EIP office-holders who are not members of the SC will be compensated for time worked on PNDS.⁴⁴

Eligible Projects

Projects funded by SGs provided by PNDS must conform to both a positive and negative list. The positive list specifies that the following types of projects are eligible to be funded by PNDS:

- i. access infrastructure (roads, bridges, paths, jetties etc.);⁴⁵
- ii. village water systems (wells, rainwater catchment, and spring protection) and washing and sanitation facilities;
- iii. irrigation and drainage (check dams, canals, gates etc.);
- iv. school extension, renovation or rehabilitation (classrooms, toilets, kindergartens, furnishings and equipment);
- v. health post extension, renovation or rehabilitation (furniture, interiors, basic equipment, water and sanitation);
- vi. multi-purpose community halls;
- vii. small-scale community public facilities (local markets, electricity supply, children's playgrounds, sports facilities)

The negative list further stipulates that, in addition to the usual safeguards,⁴⁶ projects must not fund recurrent costs or minor O&M,⁴⁷ or new facilities which would either require line ministries to provide staff and equipment or which

EOM in technical issues; and certify completed projects. SDDFs train EIPs in financial management; support dissemination, reporting, and verification of financial information; and reconcile bank statements with reports.

³⁷ The KDSD coordinates support for O&M amongst sectoral agencies, ensures priorities determined through PNDS are considered in the review and planning of PDD and other government interventions, and generally supports PNDS staff.

³⁸ The Sub-District Administrator also facilitates coordination with other sub-district actors, resolves problems and complaints pertaining to PNDS, and monitors the work of PNDS staff

³⁹ Eligibility criteria and election results are to be documented and posted on the Community Notice Board. KPA, EIP, and EOM officers cannot be close relatives of from the same household. Candidates for the elected positions are to be publicly posted in each *aldeia*. If annual reviews indicate a high level of community dissatisfaction with the KPA, new elections take place. The KPA, EIP, and EOM collectively comprise the Suco Management Team (SMT).

⁴⁰ The elected representatives from each *aldeia* must be of the opposite gender to the existing *Xefe Aldeia*. At least 40% of KPA members must be women.

⁴¹ At least one of the executive members must be a woman. The KPA President must also someone other than the *Xefe Suco*.

⁴² At least one of the Head, Treasurer, and Secretary must be female. Additional members (with a minimum representation of 40% women) can be added based on the project(s) to be implemented and will hold temporary membership for the duration of the project.

⁴³ At least one of the Head, Treasurer, and Secretary must be female.

⁴⁴ The PNDS Secretariat will determine the monthly amount paid for each office.

⁴⁵ Proposals for infrastructure projects are expected to be coordinated with relevant line ministries to ensure proposals are in line with sector plans and recurrent costs are appropriately budgeted for.

⁴⁶ These include activities that (i) violate the laws of Timor-Leste; (ii) involve firearms, drugs, tobacco, asbestos or other harmful substances; (iii) utilize land that has contested ownership or involves displacing people; (iv) prescribes compensation for use of land; (v) damages the environment; (vi) constructs government offices or places of worship; (vii) pays government salaries; or (viii) funds political parties, activities, or campaigning.

cannot be constructed and/or maintained by the community. During the first years of PNDS, communities are encouraged to focus on the extension, rehabilitation or renovation of existing public infrastructure.⁴⁸

Project Prioritization and Selection

Projects are selected by a complex process involving *aldeia* residents and the KPA. In the first stage, two meetings formulate ranked lists of three priorities for each *aldeia* for that year.⁴⁹ The first *aldeia* meeting is facilitated by female KPA members and the female SF and includes only female villagers. The second meeting includes male and female villagers and, drawing on the women's rankings, finalizes priorities.⁵⁰ The *suco* ranking process similarly involves two stages to draft a ranked list of three priorities for the *suco* for that year. First, female KPA members consolidate priorities identified by the women's meetings in each *aldeia*.⁵¹ The full KPA then considers these priorities and others proposed by *aldeia* to finalize priorities.⁵² Each year, remaining priorities are reviewed and revalidated or replaced.⁵³

Provided that priorities conform to the positive and negative lists, are properly budgeted, and do not duplicate other activities, they are endorsed by the KDSD and KDD. Thereafter, the EIP and EOM – with assistance from the KPA, SFs, SDTFs, and SDFFs – conduct field surveys to develop detailed project designs, budgets, implementation schedules, and O&M plans, which are then verified by sub-district facilitators.⁵⁴ Projects are then submitted to the PNDS district team for preparation of project designs and budgets.⁵⁵ A PIA is also signed by the EIP Head, KPA President, *Xefe Suco*, and District Coordinator and posted to *suco* and *aldeia* noticeboards,⁵⁶ after which project funds are released to a dedicated *suco* bank account and project implementation commences.⁵⁷

Project Implementation

The EIP manages project implementation and is responsible for procuring goods and services;⁵⁸ mobilizing, supervising, and paying laborers from the community;⁵⁹ collecting and managing community contributions; and for

⁴⁷ O&M for PNDS projects cannot be funded directly by PNDS, but must be collected from all households in the community. However, large-scale and planned O&M may be funded from PNDS.

⁴⁸ In addition, co-financing of projects that benefits multiple communities or which span multiple years are precluded during the first two years of the program.

⁴⁹ The ranking in each meeting is done by the seed method or similar. The seed method gives villagers three seeds and asks them to choose their three priorities by placing seeds in three of five envelopes. Priorities are then ranked according to the number of seeds in the corresponding envelope. The ranking exercise is expected to be preceded by a community mapping and situational analysis that includes projects which can be funded by SGs, as well as larger projects which can be implemented by ministries, technical agencies or contractors.

⁵⁰ Priority lists from both meetings are to be posted to the community notice boards to allow for any complaints and to permit inspection of whether three top priorities accommodate women's priorities.

⁵¹ The meeting specifically considers whether priorities align with the PNDS menu; whether the priority is urgent; whether the proposed prioritized projects will bring benefits to the community and especially to women, children, and/or marginalized groups, and whether the proposed prioritized project is able to be constructed and maintained by the community.

⁵² Following discussion among KPA members, a shortlist of 5 – 8 priorities (including the three proposed by the KPA women) is prepared and ranked by the seed method. The remaining priorities are recorded for consideration for other programs or for later SGs. The final list of *suco* priorities and remaining priorities are to be displayed on community notice boards. In the event of any complaints from villagers, the KPA will be required to call a community meeting to explain the prioritization and receive approval from the community.

⁵³ Rankings are expected to be posted on community notice boards, with community meetings held as necessary to explain the revisions.

⁵⁴ Specifically, proposed projects are checked to ensure they are technically and financially feasible, environmentally and socially sustainable, and have been planned with the participation of and in accordance with the interests of the full community.

⁵⁵ If something prevents a proposed project from proceeding, the reasons must be explained to the SC and posted on the respective community noticeboards. Budgets and other project information are expected to be posted on community noticeboards.

⁵⁶ The PIA specifies the general conditions, obligations of signatory parties, and type of project(s), cost, and location.

⁵⁷ Opening of *suco* bank accounts are approved by the District Accountant, upon written confirmation from the District Administrator that the EIP and KPA have been elected. SG instalments will be transferred directly by the Ministry of Finance when the District Coordinator certifies the necessary triggers have been met. Withdrawals from the *suco* bank accounts require the signatures of the EIP Treasurer and the KPA President (with the EIP Head and KPA Secretary listed as reserve signatories) and must be preceded by a Spending Authorization Voucher prepared by the EIP Treasurer, approved by the KPA President, and verified by the Sub-District Finance Facilitator. The District Accountant and Coordinator have the authority to freeze *suco* bank accounts, replace signatories, and obtain balances and monthly statements, but not to make withdrawals from the account.

⁵⁸ Procurements above US\$3,000 will require a minimum of three written quotations, with sealed bids opened in the presence of at least two members of the EIP, three members of the KPA, and at least one member from the *aldeia* where the project is being implemented. Procurement decisions are made by the EIP Head, authorized by the KPA President, and verified by the SDTF. Procurements under US\$3,000 may be single-sourced. Procurements must be posted to the community notice board and meetings on procurement must also be open to the public.

⁵⁹ The EIP is expected to convene a meeting to explain the work to be done, the schedule, the workers needed, and the payment options. The information is also to be posted to community noticeboards. PNDS guidelines dictate that estimated person-days will be shared equally

financial accounting. The EIP is expected to regularly report to the community through meetings and postings to community noticeboards,⁶⁰ while the SDFF and District Accountant should also regularly monitor fund management.⁶¹ SDTFs,⁶² SDFFs, the KPA, and SFs supervise project implementation, while the SDSF facilitates community participation.

Once the KPA, SDTF, and SDFF verify that the project is half-complete, the KPA convenes an ‘accountability meeting’ to present the EIP progress report to villagers.⁶³ The KPA endorses the report, accepts the EIP’s accounting and the quality of construction, and approves the release of the second SG tranche. Once the project is complete, the KPA verifies project functionality and a final accountability meeting is held discusses the project, team, staff, and community performance, and future funding and training needs. The KPA then undertakes a participatory evaluation of the project,⁶⁴ which is posted on the community notice boards and submitted to the KDSD and KDD.⁶⁵ Following the final accountability meeting, the EOM is trained in O&M by sub-district facilitators and assumes responsibility for the completed works.⁶⁶ The EOM convene in a meeting in the relevant *aldeia* to discuss O&M plans, user fees, and/or community contributions,⁶⁷ and subsequently manages the collection and use of O&M funds.

During project implementation, PNDS will enable villagers to confidentially lodge complaints,⁶⁸ such as those pertaining to non-compliance with PNDS processes, procedures, or values or to financial mismanagement.⁶⁹ Once lodged, the complaint is sent to the KPA and KDD, which register the anonymous complaint in the PNDS database.⁷⁰ In addition to informing the community,⁷¹ the KPA provides monthly reports to the KDD and KDSD on the reception and resolution of complaints.⁷²

Implementation Cycle and Roll-Out Schedule

Each cycle of PNDS is expected to last 14 months and is structured by the following 12 step process outlined in Table 5. PNDS will be implemented all 442 *suco* in the first year (2013 – 14), with the roll-out staggered into three phases. The first phase (P1) covers 149 *suco* and began in October 2013; the second phase (P2) covers 94 *suco* and began in February 2014; the third phase (P3) covers 199 *suco* and will begin in September 2014. *Suco* were allocated to

among all interested parties, with payments made on the basis of work completed, witnessed by at least two persons (one of who must be a member of the KPA), and made in public. Work incentives are to be set locally, based on district guidelines and slightly less than the market rate. Food provided from the project should be deducted from the incentive, but laborers must be given a choice. Skilled labor for specialized tasks may be sourced externally provided it has been agreed in “village meetings” and budgeted accordingly.

⁶⁰ The EIP treasurer (supported by the SDFF) is required to prepare monthly reports, approved by the KPA and verified by the District Accountant, reconciling *suco* funds, comparing actual expenditure against project budgets, and providing a cash book report and post these to the community notice board and present them at the community accountability meetings. According to the POM, “training will be provided to Community Members to assist them in understanding these reports”.

⁶¹ In order to detect leakage and assess whether PNDS is inflating local prices, PNDS conducts an annual price survey in each district. Price surveys for the respective and neighboring districts, as well as for Dili, will be distributed annually to all *suco*.

⁶² SDTFs will also train workers in efficient construction practices.

⁶³ The accountability meeting should generally be held in the *aldeia* in which the infrastructure is being built.

⁶⁴ The evaluation, implemented in conjunction with sub-project facilitators, gauges the number of beneficiaries, the inclusiveness and transparency of project planning and implementation, the quality of the project, O&M provisions, coordination arrangements with local technical agencies, and community satisfaction with sub-district facilitators, community teams, planning and implementation processes, and the completed project.

⁶⁵ The District Engineer and Accountant also perform an Internal Program Audit.

⁶⁶ The EOM and SC must register the completed project and respective O&M plan with relevant sector agencies.

⁶⁷ The amount of O&M funds collected per household will be calculated by dividing the estimated costs of maintenance by the number of households in the *aldeia*.

⁶⁸ Mechanisms are expected to include PNDS Complaints Boxes at *suco*, sub-district, and district levels; phone and SMS services; and e-mail addresses and online complaint forms.

⁶⁹ Non-Compliance complaints could include: prevent of individuals or groups from participation in PNDS processes; the imposition of priorities by local actors (e.g., *Xefe Suco* or SFs); a lack of transparency in worker recruitment; changes or modifications to infrastructure plans without community approval; non-transparency about important decisions affecting the program; restrictions on infrastructure use; inappropriate PNDS or government support for PNDS activities; disputes over land ownership; damage to infrastructure, or threats thereof. Financial Mismanagement Complaints may include: embezzlement or misappropriation of funds; non-compliance with procurement rules; violation of service agreements by suppliers; collusion between government officials, bank officials and/or community representatives; falsification of labor payrolls or acceptance of kickbacks; use of community property or materials for non-PNDS purposes; and borrowing or lending of project funds or materials.

⁷⁰ If the complaint pertains to a member of the SC or KPA, then the KDD and PNDS District Coordinator process the complaint.

⁷¹ The mechanism for this is not specified in the POM. Sub-district facilitators are also expected to inform complainants of progress.

⁷² In the event that a complaint is not resolved within 30 days, the complaint is elevated to the KDD level, after which it is elevated to the Secretariat.

phase based on a random sample stratified by location and population.

Table 4: Steps of the PNDS Program Cycle

1	<i>District & Sub-District Socialization</i>	Meetings held by PNDS Secretariat with district and sub-district stakeholders to explain PNDS. ⁷³
2	<i>Suco & Aldeia Socialization Election of SMTs and SFs</i>	Meetings at <i>suco</i> - and <i>aldeia</i> -level explain PNDS to SCs and villagers. ⁷⁴ <i>Aldeia</i> -level meetings nominate candidates for SMT / SF. At least once every three years, SMT / SF elections are held.
3	<i>Opening of Suco Bank Accounts Disbursement of Operational Funds</i>	<i>Suco</i> bank accounts are opened by the EIP Treasurer and KPA President and Operational Funds are disbursed.
4	<i>Training of SMTs & SFs</i>	Sub-district facilitators (assisted by District Team) provide admin. / technical training to SMTs and SFs.
5	<i>Aldeia & Suco-Level Prioritization</i>	Each <i>aldeia</i> ranks 3 priority projects through women and village meetings are held first for women. Meetings of female KPA and then all KPA members produce 3 ranked <i>suco</i> priorities. List is posted, with additional meetings discussing remaining issues, and sent to the KDSD and KDD.
6	<i>Submission of Project Proposals</i>	Based on prioritization, proposal prepared by the EIP. Upon KDSD verification, proposals submitted to KDD.
7	<i>Submission of Detailed Plan</i>	EIP, assisted by SFs, sub-district facilitators, and line ministries, design project and set budgets, schedules, and O&M plans. Proposal and PIA (signed by EIP Head and <i>Xefe Suco</i>) submitted to District Team.
8	<i>Signature of PIA Project Implementation</i>	District Engineer and Accountant review PIA and send to District Coordinator and Administrator. PIA signature triggers release of 50% of SG. EIP, assisted by SFs and SDFs, prepares for project implementation.
9	<i>Disbursement of 1st Tranche Commencement of Implementation</i>	Once the PIA is counter-signed, 50% of SG is transferred to <i>Suco</i> bank account. Project activities then commence, managed by the EIP.
10	<i>Accountability Meeting Disbursement of 2nd Tranche</i>	KPA, SDTF, and SDF review progress and expenditure against budget. EIP organizes accountability meeting to reports on progress and expenditure, triggering 2 nd tranche.
11	<i>Complete Construction Start O&M</i>	Completed projects inspected and certified by the KPA and sub-district facilitators. EOM assumes responsibility for the completed project and begins O&M.
12	<i>Audit Final Accountability Meeting Evaluation</i>	KPA undertakes participatory evaluation of project, followed by a final accountability meeting to certify expenditure, project progress, female participation, team and staff performance, and future needs. KPA and sub-district facilitators inspect and certify completed projects and books.

⁷³ District meetings include relevant government, political, development, and civil society actors, as well as the general public. Sub-district meetings may also include SC members. In addition, complaints may be lodged with district and/or sub-district facilitators, SFs, religious leaders, or civil society organizations who assist with formally registering the complaint.

⁷⁴ In the first year, meetings will be organized by *Xefe Suco* and *Xefe Aldeia* with assistance from sub-district facilitators. Meetings in subsequent years will also be organized by the KPA and SFs. *Suco* meetings will be chaired by the *Xefe Suco*, with sub-district facilitators encouraged to attend (at least one must). *Xefe Aldeia* then organize meetings in their respective *aldeia*.

Annex III: Research on Community-Driven Development Programs

The following sections review posited [hypotheses on the impacts of community-driven development programs](#); the findings of [qualitative and mixed-methods evaluations of community-driven development programs](#); the findings of [large sample quantitative evaluations of community-driven development programs](#); the findings of [evaluations of design variations within community-driven development programs](#); and the conclusions of [meta-reviews of the literature on community-driven development](#).

Hypotheses on Impacts of Community-Driven Development Programs

PNDS is based on the principles of community-driven development (CDD), which prescribes the involvement of local communities in all stages of the project cycle. CDD is hypothesized to better align projects with local needs;⁷⁵ lower project costs and reduce leakage;⁷⁶ and improve social cohesion and local governance by increasing participation in local public activities.⁷⁷ On the other hand, some practitioners and scholars have argued that CDD programs may be susceptible to capture and predation by local elites;⁷⁸ may result in uncoordinated and/or poor quality projects;⁷⁹ and/or increase conflict as subpopulations compete over local public resources.⁸⁰ A selection of studies that test these hypotheses or which present otherwise related findings are summarized in the sections below.

Qualitative and Mixed-Methods Impact Evaluations of Community-Driven Development Programs

Qualitative evaluations ordinarily employ counterfactual frameworks either through process-tracing or comparative case studies.⁸¹ While the resource intensiveness of qualitative methods constrains sample sizes and, accordingly, the external validity of findings, the flexibility offered by such methods provide for nuanced investigation of interactions between CDD interventions and institutional and social phenomena. Such studies include:

[Barron, Diprose & Woolcock \(2007\)](#) observes 41 villages in East Java and East Nusa Tenggara to assess the effects of Indonesia's *Kecamatan Development Program* (KDP) on conflict.⁸² The study finds that programs which give “inadequate attention to dispute resolution mechanisms” may stimulate local conflict, but that “explicit and accessible procedures for managing disputes arising from the development process” can reduce the incidence of violent outcomes.

[Chase, Christensen & Thongyou \(2006\)](#) observes 144 villages to assess interactions between Thailand's Social Investment Fund (SIF) and social capital,⁸³ finding that villages with pre-existing cooperative norms were more likely to participate in the program, but also that SIF “enhanced other social capital characteristics, such as information sharing, leadership and empowerment”.

[McLaughlin, Satu & Hoppe \(2007\)](#) observes 36 villages in South Sumatra, Central Java, South Kalimantan and North Sulawesi to evaluate the governance and social impacts of KDP.⁸⁴ Findings indicate that while KDP does not autonomously induce institutional change, it encourages reformist village heads and demands for improved governance. KDP is observed to impart project design and management skills, but has little impact on the role of women in a village. While KDP does reduce poverty at the village-level, impacts are not necessarily targeted to the most vulnerable and competition between hamlets means that smaller groups tend to be marginalized by majority voting. The study recommends the open election of KDP actors such as local facilitators.

⁷⁵ [Dongier et al. \(2002\)](#)

⁷⁶ [Guggenheim \(2005\)](#)

⁷⁷ [Wong & Guggenheim \(2005\)](#); [Nordholt \(2004\)](#)

⁷⁸ [Mansuri & Rao \(2004\)](#); [Ensminger \(2007\)](#); [Platteau & Gaspart \(2003\)](#)

⁷⁹ [Mansuri & Rao \(2004\)](#)

⁸⁰ [Barron, Diprose & Woolcock \(2007\)](#)

⁸¹ Process-tracing entails examining the intervening decision-nodes that connect programs with outcomes of interest and thereby excavating why particular decisions were taken. Qualitative impact evaluations using comparative case methods draw inferences by comparing cases exposed to programs of interest with cases that approximate counterfactuals.

⁸² Propensity score matching techniques were used to select comparison sub-districts which did not receive KDP but which were otherwise similar in underlying characteristics. Within selected sub-districts, villages were selected based on the presence of cases of conflict.

⁸³ Propensity score matching techniques were used to select treatment and control villages, which were split equally in the sample. All data collection was undertaken *ex-post*.

⁸⁴ The sample covered 24 KDP villages and 12 non-KDP control villages. The selection of control villages was done to provide similarity along geographic, economic, demographic, and programmatic variables. “Researchers spent 10 days in each village, conducting semi-structured interviews and focus group discussions with villagers (with particular attention to women and the poor), village government officials, and selected *kecamatan* and *kabupaten* officials. In all, the study team interviewed more than 1,100 respondents.”

Rao & Ibanez (2003) observes five pairs of communities to assess impacts of Jamaican Social Investment Fund.⁸⁵ Decision-making is found to be elite-driven and selection outcomes often do not align with majority preferences. However, projects nonetheless elicit broad satisfaction and the program increased trust and collective action, although it is not clear whether this results in more sustainable projects.

Large Sample Quantitative Impact Evaluations of Community-Driven Development Programs

Quantitative methods enable the identification of program impacts across relatively large and representative samples, providing for generalizable and objective – albeit often narrow – analyses of program efficacy. Quantitative evaluations of CDD programs have been undertaken using both experimental (i.e., randomized controlled trial) and quasi-experimental methods. A number of such studies are summarized below.

Experimental Impact Evaluations

Beath, Christia & Enikolopov (2013c) estimates impacts of Afghanistan's National Solidarity Programme (NSP) over 500 villages, finding that NSP improves access to utilities, has limited impacts on broader economic outcomes, and has few beneficial impacts on governance quality or social cohesion. However, NSP liberalizes attitudes to female participation in public affairs and improves perceptions of government during project implementation.

Casey, Glennerster & Miguel (2011a) estimates impacts of Sierra Leone's *GoBifo* program over 236 villages, finding that *GoBifo* increases market activity, asset ownership, and public goods provision, but does not impact trust or collective action or induce greater empowerment of women or youths in local affairs.

Fearon, Humphreys & Weinstein (2009) estimates impacts of Liberia's Community-Driven Reconstruction (CDR) program over 83 villages, finding that CDR improves access to local public goods and education and increases use of democratic processes and trust in community leaders, reduces social tension, and increases acceptance of marginalized groups.

Humphreys, Sanchez de la Sierra, van der Windt (2012) estimates impacts of the *Tuungane* program over 560 villages in the eastern Congo, finding that *Tuungane* does not increase income, agricultural productivity, assets, housing quality, school attendance, or village services or improve transparency, social cohesion, or reduce capture. *Tuungane* is observed, however, to increase trust in ex-combatants and slightly improve accountability and female participation.

Quasi-Experimental Impact Evaluations

Barron, Humphreys, Paler & Weinstein (2009) estimates impacts of Aceh's BRA-KDP program, which is found to increase asset ownership, agricultural activity, economic perceptions, and participation in women's groups, but to not impact employment, access to social services, local infrastructure,⁸⁶ associational activities, trust in institutions, social tensions, conflict, or community efficacy.

Edillon, Piza & Santos (2011) estimates impacts of the Philippines' KALAHI-CIDSS program over 135 villages, concluding that the program increases participation in local governance, interpersonal trust, consumption, employment, and access to markets, health services, and drinking water, but reduces collective action.

Voss (2008) estimates impacts of Indonesia's KDP program across 300 villages, finding that KDP reduces poverty in the poorest villages, but does not impact economic outcomes in less poor communities or among disadvantaged groups. Estimates indicate that KDP increases access to health services, but does not impact enrolment rates.

Evaluations of Design Variations within Community-Driven Development Programs

In order to enhance the equity, efficiency and overall impact of CDD programs, a few studies have experimentally compared the efficacy of alternative design modalities with existing implementation modalities through inducing random variation in components of CDD programs. Such 'evaluations of design variations' include:

Beath, Christia, Enikolopov & Egorov (2013) estimates the relative effects of two methods for composing the local development councils for NSP: *district elections*, whereby each hamlet elects a male and a female representative; and *at-large elections*, whereby the village as a whole elects the council membership. At-large elections increase the capacity of elected officials and reduce the duration of project construction.

⁸⁵ One community in each pair received funds from the program. Control villages were picked to match the funded community in its social and economic characteristics. The study employs both qualitative and quantitative data.

⁸⁶ This is explained by BRA-KDP villages using block grants for cash distribution, unusual for CDD programs.

Olken (2007) estimates the relative effects of formal audits and grassroots monitoring on leakage in KDP projects. Increasing the probability of an audit from four to 100 percent reduces discrepancies in project costs by eight percentage points. Grassroots monitoring was generally less effective in reducing leakage, although successes were observed in cases not subject to free-rider problems or elite capture concerns.

Olken (2010) estimates the relative effects of two methods for project selection: referenda and delegation to representatives. Referenda increase program satisfaction and knowledge, perceived project benefits, and community contributions, but do not substantively change the type of projects selected. Beath, Christia & Enikolopov (2013b) replicates the experiment, comparing referenda with community meetings, and finds that referenda reduce the influence of local elites over project selection, while increasing the perceived benefits of the program.

Olken, Onishi & Wong (2011) estimates whether community-based incentives can enhance the effectiveness of a CDD program in Indonesia (PNPM *Generasi*) that targeted health and education indicators. The study finds that while the basic program improved both health and educational outcomes, incentives only improved health outcomes.

Meta-Reviews of Evidence on Impact Evaluations of Community-Driven Development

To draw general conclusions and make recommendations for future programs, three publications have reviewed and analyzed existing evidence on CDD programs:

King (2013) reviews five experimental evaluations, as well as data gathered from interviews with practitioners, policy-makers, and researchers, and concludes that CDD is “better at generating . . . tangible economic outcomes than it is at generating social changes related to governance and social cohesion”. The review recommends a “rethinking” of CDD design elements, including timelines, grant size, menu restrictions, limitations on social infrastructure, and relationship with existing institutions, while also recommending that future CDD evaluations introduce design variations “to learn more about [program] design and contextual features”.

Mansuri & Rao (2013) reviews 500 qualitative and quantitative studies on participatory development and decentralization, including the CDD literature. The review finds that participatory measures commonly exclude the poor and produce allocation decisions reflective of elite preferences, but do increase community satisfaction. The review further finds that while participation does appear to improve project quality, effects on poverty are limited. The review concludes that project design, monitoring, information dissemination and implementation rules are instrumental in reducing capture and enhancing project targeting.

Wong (2012) reviews 17 experimental and quasi-experimental evaluations of World Bank funded CDD programs and concludes that such programs have generally positively impacted economic welfare and access to services, with impacts concentrated on among poor subpopulations. However, the review concludes that World Bank funded CDD programs have had limited spillover effects on local governance and no impact on social capital and conflict.

Annex IV: Methodology of QualFS

The following sections provide methodological details pertaining to the QualFS, including [research questions](#); [sample](#); [data collection procedures](#); [data management procedures](#); [analysis and reporting](#) and [timeline](#).

Research Questions

The QualFS is guided by two sets of research questions: baseline questions on background characteristics, and follow-up survey questions on interactions between such characteristics and PNDS.⁸⁷ Table 6 outlines these questions.

Table 5: Research Questions for QualFS

#	Baseline	#	Follow-Up(s)
Project Impacts			
1	What other factors commonly constrain the equity, efficiency, and impact of local public goods and services?	1a	What other factors commonly constrain the equity, efficiency, and impact of PNDS projects?
		1b	How does PNDS affect general constraints on the equity, efficiency, and impact of local public goods and services?
2	How do <i>suco</i> - and <i>aldeia</i> -level public goods affect access of households to basic infrastructure, services, and utilities?	2	How do PNDS projects affect access of households to basic infrastructure, services, and utilities?
3	What <i>suco</i> - and <i>aldeia</i> -level development projects are most demanded by villagers?	3	Does PNDS satisfactorily fulfill villagers' priorities for <i>suco</i> - and <i>aldeia</i> -level development projects?
Capture, Leakage, and Inefficiency			
4	How are decisions made concerning the allocation of public goods and services within and between <i>suco</i> (both geographically and socially)?	4	How are PNDS projects distributed within and between <i>suco</i> (both geographically and socially)?
5	To what extent and how is the local delivery of local public goods and services constrained by leakage or other forms of misappropriation?	5a	To what extent and how is the effectiveness of PNDS projects constrained by leakage or other forms of misappropriation?
		5b	How does PNDS affect the incidence and nature of leakage or other forms of misappropriation in other local public goods and services?
Institutional and Social Spillovers			
6	How do villagers aggregate and articulate interests to obtain access to public goods and services? Do some villagers (including local leaders) do this more effectively than others?	6a	How do villagers aggregate and articulate interests with respect to PNDS projects and the maintenance thereof? Do some villagers (including local leaders) do this more effectively than others?
		6b	How does PNDS affect the aggregation and articulation of interests by villagers with respect to public goods and services (other than PNDS)?
7	What is the structure (identity of leaders and correspondence of <i>de facto</i> and <i>de jure</i> authority), functions (primary activities); and reception (degree of accountability and villager satisfaction) of local governance at the <i>suco</i> - and <i>aldeia</i> -level?	7a	How are PNDS processes constrained or otherwise affected by existing institutions?
		7b	How does PNDS affect the structure, function, and reception of local governance at the <i>suco</i> - and <i>aldeia</i> -level?
8	What is the role of marginalized groups in local governance structures?	8	How are PNDS impacts conditioned by the pre-existing role of marginalized groups in local governance structures?
9	What is the quality social cohesion and incidence of collective action at the <i>suco</i> - and <i>aldeia</i> -level and what factors most significantly constrain such?	9a	How do existing levels of social cohesion and norms of collective action condition participation in and benefits from PNDS?
		9b	How does PNDS affect the quality of social cohesion and incidence of collective action at the <i>suco</i> - and <i>aldeia</i> -level?
10	What are the prevailing sources of social tension, conflict, or violence at the <i>suco</i> - and/or <i>aldeia</i> -level?	10a	How does the existence and nature of social tension, conflict and/or violence condition the equity, efficiency, and impact of PNDS?
		10b	Does PNDS aggravate or ameliorate social tension, conflict, and/or violence and how is this conditioned by the nature of such?
11	What is the frequency and nature of interactions between villagers and government officials at the sub-district and district levels?	11a	How does PNDS affect the frequency and nature of interactions between villagers and government officials?
		11b	To what extent are PNDS impacts conditioned by pre-existing interactions between villagers and government officials?

⁸⁷ As discussed further below, some of these research questions may not be able to be answered due to non-conductive spatial and/or temporal variation in other candidate causal factors.

Sample

The 16 QualFS sample *suco* will be purposively selected according to the following criteria: (i) location in one of Timor-Leste's five regions; (ii) either extreme or average level of characteristics hypothesized to affect decision-making and implementation of public goods.⁸⁸ The first criterion ensures that the sample is balanced across the regional groupings, each of which has different economic, cultural, geographic, and historical characteristics and are accordingly expected to interact differently with PNDS processes. The second criterion increases the probability that the QualFS will be able to isolate the conditioning effect of key background characteristics on the equity, efficiency, and overall impact of PNDS, while also enhancing external validity.⁸⁹ The key characteristics are: (i) level of violence; (ii) presence of veteran populations; (iii) existence of state institutions (peri-urban vs. rural) with Table 7 summarizing how selection criteria are applied across the five regions.⁹⁰ Subject to the fulfillment of these criteria and in order to enable triangulation of qualitative and quantitative data, the 16 sample villages will be selected from among the 125 villages sampled by the QuanFS.

Table 6: Criteria for Selection of QualFS Sample

Region	Description	Selection Criteria
Mountains	<i>Suco</i> in Mountainous Areas within Ainaro, Ermera, Aileu, and Manufahi Districts	1. High Violence and Rural 2. Average Violence and Rural 3. High Veteran Population and Rural 4. Average Veteran Population and Rural
East	<i>Suco</i> in Baucau, Lautem, and Viqueque Districts	1. High Veteran Population and Peri-Urban 2. Average Veteran Population and Peri-Urban 3. High Veteran Population and Rural 4. Average Veteran Population and Rural
Border	<i>Suco</i> Located Close to Indonesian Border (Bobonaro and Cova Lima Districts)	1. High Violence and Peri-Urban 2. Average Violence and Peri-Urban 3. High Violence and Rural 4. Average Violence and Rural
Central	<i>Suco</i> in Non-Mountainous Areas Located in Manatuto, and Manufahi Districts	1. High Violence and Peri-Urban 2. High Violence and Rural 3. Average Violence and Rural
Enclave	<i>Suco</i> in Oecussi District	1. Close to Border

Using data available in Dili, candidate sample *suco* which fulfill the above criteria are listed. Once QualFS research teams deploy, however, they consult with key district-level informants to verify that candidate *suco* conform to the prescribed criteria.⁹¹ The sampled *suco* will be thus those that are confirmed to meet the main selection criteria and also are among the QuanFS sample.

⁸⁸ Sample selection is driven in part by the comparative method and in part by what the process-tracing approach can answer in the research questions. As a means of increasing the explanatory leverage of the comparative approach, the selection of cases typically aims to maximize variation across key variables thought to be important for explaining outcomes of interest. For this reason, *sucos* are selected to accentuate variation in key variables that are thought to affect decision-making and implementation of public goods.

⁸⁹ George and Bennett (2005); King, Keohane, and Verba (1994)

⁹⁰ The mountainous regions are generally rural, but provide for variation in the level of violence and presence of veterans. In the east, there are high numbers of veterans and overlaying this variation with proximity to state administration (peri-urban vs. rural) allows the QualFS to determine whether the effect of veteran populations on PNDS differs by the context. The border areas provide for variation in violence and proximity to state institutions. Due to similarity with adjacent regions, only three *suco* in the central region are covered. One *suco* in Oecussi close to the Indonesian border is selected to determine how the special status of such *suco* affect PNDS implementation.

⁹¹ While the key variables above are not the only important variables, they correlate well with a variety of other variables that can *ex-ante* be expected to affect decision-making and public service provision. In particular variation along the rural /peri-urban dimension is likely to correlate with variation in population, education level, types of development projects, industry types, employment levels, and diversity, while the level of violence and veteran population is likely to correlate with ethno-linguistic heterogeneity, boundary issues, and election violence. Thus, it is likely that the sample of cases will have variation in a range of other variables that can theoretically affect outcomes of interest. To the extent that there is not enough variation in these areas, process-tracing can be used to assess the effects of these variables on individual *suco*.

Data Collection

The QualFS baseline will deploy three teams of two researchers across the 16 *suco*.⁹² Researchers will work in teams of two and will first meet with district administrators and then subsequently with *Xefe Suco*. In each *suco*, researchers will map social groups and institutions, which will be used to inform the selection of respondents. Semi-structured interviews will then be administered to local leaders and community members (including women and youth representatives, priests, leaders of cooperatives and businesses, and vulnerable persons) sampled both on a ‘snowball’ and separate targeted basis (based on the mapping) in order to provide a broad cross-section of the *suco* population. Teams are expected to conduct approximately 30 interviews in each *suco* over the course of 12 days. In addition to semi-structured interviews, researchers will directly observe how public decision-making processes before and after the implementation of PNDS.

Data collection will generally be focused on three themes: (i) formal and informal local institutions; (ii) public goods and services; and (iii) social cohesion and interactions, with separate research instruments for each. The local institutions instrument will characterize the structure, function, and reception of local governance in each *suco*. The public goods and services instrument will examine the provision of government-funded public goods and services and associated interactions between villagers and service providers. The social cohesion instrument will characterize the constellation of power in the village, how elites exercise power and/or marginalize others, and prevailing constraints on collective action and/or social cohesion.

Data Management

During QualFS administration, researchers will report each data capture event (whether interview, observation or document analysis) using a Research Master Checklist. During and after interviews and observations, researchers will record field notes by hand, while the interview is being audio recorded. After researchers return from the fieldwork, the notes will be transcribed into Suco Field Notes, drawing upon the audio recordings to fill in missing areas and to provide additional source of accuracy. The research coordinator will enter data into the Master Data Management Form with revisions and additions as required (based on the coordinator’s own research and follow-up discussions with the researchers).

Analysis and Reporting

The QualFS will employ two qualitative methodologies: (i) process-tracing and (ii) comparative case methods. Process-tracing analyzes individual case studies to explain variation by forensically tracing a causal pathway from the original cause to the outcome of interest, thereby forensically constructing a narrative by which one value in a variable leads to a particular outcome of interest in another variable.⁹³ Comparative case methods alternately determine whether variation in key variables can be inferred to explain variation in outcomes of interest. Thus, while process-tracing will be the primary analytical approach for within *suco* variation, the comparative method will be the analytical approach across *sucos*.⁹⁴

Following the completion of QualFS activities in a *suco*, the respective team will produce a Suco Report that uses process-tracing to analyze the data. Following the completion of all Suco Reports for the respective survey, the QualFS team conducts a comparative analysis of *suco* surveyed, noting how differences in the selection variables may have led to differences in outcomes of interest. These results will be synthesized with statistical analyses produced by the QuanFS to produce the report for the respective survey.

Timeline

The commencement of baseline QualFS activity will begin in three *suco* during mid-late April. With 12 days allocated for field research per village, followed by a further 12 days for analysis and reporting, QualFS data collection, analysis, and reporting activities are projected to last until August. The qualitative components of the Baseline QQFS Report are envisaged to be completed by September.

⁹² Depending on the availability of suitably qualified researchers, an additional research team may be added.

⁹³ Van Evera (1997); George and Bennett (2005)

⁹⁴ Comparative methods examine whether variation across cases is congruent with the observable implications of theoretical explanations. Due to the abundance of potential confounding variables relative to the limited number of cases observed (the degrees of freedom problem), the comparative method is seen to yield only plausible explanations.

Annex V: Methodology of QuanFS

The following sections provide methodological details pertaining to the QuanFS, including [research questions](#); [sample](#); [data collection procedures](#); [data management procedures](#); [analysis and reporting](#) and [timeline](#).

Research Questions

As with the QualFS, the QuanFS is guided by two sets of research questions. Baseline survey questions ascertain levels of and variation in: *suco* and *aldeia*-level infrastructure and projects, household access to public goods and services; household economic characteristics; local governance quality; social cohesion and conflict; and access to information. Follow-up survey questions test specific hypotheses pertaining to the impact of PNDS on access to infrastructure, services, and utilities and the extent to which household- and *suco*-level impacts are conditioned by pre-existing economic, geographic, institutional, and social characteristics. Table 8 outlines research questions for the respective surveys and correspondences between each, with questions categorized according to whether they address PNDS impacts or correlates with pre-existing factors.

Table 7: Research Questions for QuanFS

#	Baseline	#	Follow-Up(s)
Project Impacts			
1	What is the quality of access infrastructure and what is the level of and variation in transportation outcomes (particularly those pertaining to access to services and markets)?	1a	Do PNDS access infrastructure projects improve transportation between <i>suco</i> and <i>aldeia</i> and between <i>suco</i> and administrative centers (and, by extension, improve access to social services and markets) in the wet and/or dry season?
		1b	Are impacts of access infrastructure projects conditioned by pre-existing access infrastructure?
2	What is the level of and variation in access to sanitation and clean drinking water?	2	Do PNDS water projects increase access to sanitation and/or clean drinking water?
3	What is the level of and variation in access to irrigation and what is the incidence and nature of damage done by flooding?	3	Do PNDS irrigation and drainage projects increase access to irrigation and/or reduce damage due to flooding?
4	What is the quality of and variation in existing education infrastructure and services?	4a	Do PNDS school extension, renovation or rehabilitation projects increase school attendance and/or quality of learning?
		4b	Are impacts of school projects conditioned by pre-existing quality of education services?
6	What is the quality of and variation in existing health infrastructure and services?	5a	Do PNDS health post extension, renovation or rehabilitation projects increase access to health care and/or quality care?
		5b	Are impacts of health projects conditioned by pre-existing quality of health services?
7	What is the quality, satisfaction with, and level, variation, and nature of use of community halls?	6a	Do PNDS community hall projects increase the frequency of and attendance at community meetings and events or access to services?
8	What is the level of and variation in use of electricity?	7	Do PNDS electricity supply projects increase use of electricity?
8	What is the level of and variation in access to markets?	8	Do PNDS market infrastructure projects increase access to markets and associated economic outcomes?
9	What is the quality, satisfaction with, and level, variation, and nature of use of local public facilities?	9	Do PNDS small-scale community public facility projects increase community satisfaction with local public facilities?
10	What is the level of and variation in use of banking and financial services?	10a	Does PNDS increase villagers' use of banking and financial services?
		10b	Does effect of PNDS on use of banking and financial services correlate with education levels, employment, and/or location?
Distribution of Project Impacts			
11	What are the development priorities (both generally and within the PNDS positive list) of different demographic and social groups?	11a	To what extent are prioritized PNDS projects consistent with the <i>ex-ante</i> preferences of different demographic and social groups?
		11b	To what extent is preference realization correlated with SMT representation and/or meeting attendance, quality of PNDS facilitation, and pre-existing economic, institutional, and social characteristics?
12	What are the salient economic, geographic, institutional and social differences within and between <i>suco</i> ?	12	How are general impacts of PNDS projects distributed within and between <i>suco</i> ?

13	What is the level of and variation in economic outcomes, such as income, consumption, assets, employment, and access to markets?	13	Are general impacts of PNDS projects conditioned by <i>ex-ante</i> economic characteristics?
14	What is the level of and variation in remoteness, topography, and other relevant geographic characteristics?	14	Are general impacts of PNDS projects conditioned by remoteness and/or other geographic variables?
Conditioning Effects of Institutional & Social Factors			
15	How do villagers perceive the accountability of local governance (especially decision-making over local public goods)?	15	Are general impacts of PNDS projects conditioned by <i>ex-ante</i> quality of local governance?
16	What is the level of and variation in interpersonal trust, incidence of disputes and feuds, civic engagement, and social conflict?	16	Are general impacts of PNDS projects conditioned by <i>ex-ante</i> levels of social cohesion, collective action, conflict and civil engagement?
17	What is the level of and variation in access to information on government services and development projects?	17	Are general impacts of PNDS projects conditioned by the availability of information on government services, projects, and/or PNDS processes?
18	What is the level of and variation in attitudes to government?	18	Are impacts of PNDS projects conditioned by attitudes to government?

Sample

The 125 QuanFS sample *suco*, though drawn exclusively from the 192 *suco* that comprise P3, approximate a random sample of *suco* outside of Dili.⁹⁵ Within each of the 125 *suco*, two *aldeia* will be randomly sampled. In each sampled *aldeia*, eight households will be randomly selected from a household roster provided by the *Xefe Aldeia* for administration of a Household Survey instrument (HHS).⁹⁶ A Local Leader Survey instrument (LLS) will be administered to *Xefe Aldeia* in the two sampled *aldeia* and to the respective *Xefe Suco*. The QuanFS will thus cover 250 *aldeia* and administer surveys to 125 *Xefe Suco*, 250 *Xefe Aldeia*, and 2,000 households. A team of four enumerators and a supervisor will be assigned to each *suco*, with a pair of male and female enumerators administering HHS instruments to the eight sample households in each *aldeia* and the supervisor administering all LLS instruments. Survey activities are expected to take between two and three days per *suco*, depending on distance and accessibility.

Data Collection

The LLS aims to ascertain objective characteristics of the sampled *suco* and *aldeia* (e.g., economy, demographics, infrastructure, services, markets, projects, conflict history and incidence etc.) and to ascertain subjective preferences and attitudes of the respective leaders.

The HHS instruments aims to gather information on household characteristics and individual preferences and attitudes. HHS questions will be administered to a male adult,⁹⁷ female adult,⁹⁸ elderly (60+) resident, and a youth (16-29) resident in each household.⁹⁹ Information will be ascertained from the household head on household income, assets, demographics, education, and employment. Male and female adult respondents will also be asked about access to infrastructure, markets, services, and utilities; perceptions of local, regional, and national governance; interpersonal trust and the incidence of conflict; and development priorities. Youth and elderly respondents will be asked about their development priorities.¹⁰⁰

⁹⁵ All *suco* that are not either in Dili or which participated in the field test were randomly allocated, by sub-district, into one of the three phases.

⁹⁶ In most cases a list of households will be available on a board in the office/house of the *Xefe Aldeia*. Where the list is not available, one will be constructed in liaison with the *Xefe Aldeia*. If the household list is not already numbered, supervisors will assign a number to households in the list sequentially, and enter the total number of households in the *aldeia* (*N*) into a program on their tablet. The program will return a random sample of 12 integers between 1 and *N*, which will nominate the 8 households from the list for enumeration, and 4 reserve households. In the case that an *aldeia* has 8 or fewer resident households (these can largely be identified prior to fieldwork from information in the 2010 Census reports), all households in the *aldeia* will be enumerated, and an additional strategy will be considered on a case-by-case basis – for example, an additional *aldeia* (and *Xefe Aldeia*) may be sampled.

⁹⁷ If the household head is a male, this is ordinarily the household head. If the household head is a female (e.g., widow), this would ordinarily be a male sibling or eldest son of the household head.

⁹⁸ If the household head is a male, this is ordinarily the wife of the household head. If the household head is a female, this is the household head.

⁹⁹ The HS will consist of five modules: (i) a general household-head module; (ii) a male adult module; (iii) a female adult module; (iv) an elderly module, and (v) a youth module. Male household heads will be administered the general household module and the male adult module. Female households (e.g., widows) will be administered the general household module and female adult module. The male enumerator will interview the male adult, while the female enumerator will interview the female adult. The youth and elderly modules will be administered by the enumerator that did not conduct the general household module.

¹⁰⁰ Ascertaining development priorities from different demographic groups will enable the assessment of the extent to which PNDS prioritization processes are responsive to different demographic groups.

Data Management

Data is collected by enumerators through direct observation,¹⁰¹ direct queries, and indirect queries,¹⁰² with responses electronically captured by tablet devices and uploaded daily to a central server via mobile networks. Automatic geo-referencing and time-stamping of interviews will enable the REP team to monitor the performance of enumerators in real time. Geo-referencing of households and photographing of respondents will further enable respondents to be located and re-interviewed during follow-up surveys, facilitating the construction of a panel dataset.

Analysis and Reporting

The absence of a control group restricts potential analyses to differences estimation using household- and village-level panel data (and differences-in-differences estimation for the impact of specific project types)¹⁰³ and examining sources of heterogeneity in such differences.¹⁰⁴ However, such estimations present risks of serious error. In the event that there is temporal and/or spatial variation in any other potential causal factor(s) – whether local, national, or global – affecting a given outcome, differences estimation will attribute to the intervention (in this case, PNDS) changes that are in fact induced by the other factor(s).¹⁰⁵ Accordingly, great caution is warranted in the analyses and reporting of differences estimation and derivatives thereof (i.e., sources of heterogeneity in differences).

To limit the probability of error, differences estimation and analyses of heterogeneity in differences will be restricted to a set of outcome indicators for which PNDS is expected to impact directly and, with reasonable probability, exclusively. The research questions corresponding to this narrow set of outcome indicators are listed in Table 8. In addition, the REP team will develop and pre-commit to a set of guidelines formalized in a Pre-Analysis Plan (PAP) that will be used to pre-determine whether the analysis of the impact of PNDS on a given outcome indicator can be reliably undertaken given observed variation in other potential causal factors.¹⁰⁶ The PAP will be published following the administration of the QuanFS baseline and registered with external research consortia.¹⁰⁷

Following the collection of QuanFS follow-up data but prior to the estimation of any PNDS factors, variation in other potential causal factors will be examined,¹⁰⁸ with decisions accordingly made (and documented) on which outcomes can be subjected to differences estimation. The impact of PNDS will not be estimated for outcome indicators for which non-conducive temporal and/or spatial variation is observed.¹⁰⁹ Unless there are particular reasons to believe that qualitative analyses are not affected by such variation in potential causal factors, decisions made to not analyze particular outcome indicators (or groups thereof) will also be applied to the QualFS. QuanFS indicators that can be analyzed will be synthesized with associated QualFS analyses in the report for the respective survey.

¹⁰¹ The amount of information collected by direct observation will be limited, but includes variables such as the condition and size of the dwelling.

¹⁰² The REP team is also exploring the use of list and/or endorsement experiments to obtain more accurate responses to sensitive questions, such as those pertaining to malevolent actions of local leaders.

¹⁰³ Given that project prioritization and selection decisions are endogenous, impacts of PNDS project types estimated with differences-in-differences estimation will be biased unless such decisions can be modelled correctly and factors conditioning such decisions controlled for in the respective regressions. The feasibility of such modelling will be explored further in the PAP.

¹⁰⁴ Differences estimation is equivalent to a before-and-after comparison using a panel dataset (i.e., a sample of respondents that are surveyed at both baseline and follow-up). Sources of heterogeneity in differences are analyzed by conditioning on variation in candidate mediating factors at baseline. Possible mediating factors may include the economic, social, and/or political status of the respondent at baseline (for instance, to determine whether the benefits of PNDS activities accrue disproportionately to particular groups of villages), the location of the *suco* (whether proximate to administrative centers), or the existence of unresolved feuds among *suco* residents.

¹⁰⁵ For instance, in the event that weather conditions affecting Timor-Leste between the baseline and follow-up data collection adversely affect crop production, it would be impossible to distinguish between the effects of PNDS and the effects of the weather conditions on economic outcomes, such as household income. In the event that there is random spatial variation in the other contributing factor(s), the marginal effect of such factor(s) can be distinguished from that of the intervention under study through analysis of conditional correlations, but the existence of such random spatial variation is extremely rare.

¹⁰⁶ Data on variation in possible causal factors will be collected by the QuanFS and QualFS instruments.

¹⁰⁷ Such consortia include J-PAL and EGAP.

¹⁰⁸ Baseline and follow-up surveys will include an exhaustive accounting of *suco*- and *aldeia*-level infrastructure to account for potential sources of variation. For example, if PNDS funds are used for transportation, the infrastructure accounting will allow us to examine whether non-PNDS programs were responsible for improvements in local roads. To the extent that there are no non-PNDS investments in transportation, we are able to attribute changes in road conditions to the PNDS program.

¹⁰⁹ This presents a risk that stakeholders interested in understanding the impact of PNDS on such outcomes may be disappointed by the decision to exclude such estimation from the analysis. This risk is considered by the REP team to be preferable to the risk of presenting stakeholders with analysis and conclusions that are probably wrong. One decision yet to be made is whether the differences in the ‘tainted’ outcomes will be reported with a disclaimer that the difference is not attributable to PNDS.

Timeline

The QuanFS baseline is projected to span 58 days in May and June. Contracting of the survey firm and finalization of training materials will conclude in March, with finalization of tablet programming, field testing of tablet-enabled survey instruments, refinement of survey questions, recruitment and training of enumerators,¹¹⁰ and logistical preparations occurring throughout April. Throughout the QuanFS baseline, incoming data will be monitored and coded, with the dataset, codebook, and a preliminary QuanFS baseline report will released shortly after the survey.

¹¹⁰ Training will last for two weeks of training and will include theoretical and practical components, including pilot testing.

Annex VI: Methodology of MMPM

The following sections provide methodological details pertaining to the MMPM, including [research questions](#); [sample](#); [data collection and management procedures](#); [analysis and reporting](#) and [timeline](#).

Research Questions

MMPM activities are designed to be flexible given the low likelihood of the REP team successfully pre-identifying issues that may arise in PNDS implementation and the importance of gathering data on such issues. MMPM researchers are expected to exercise due discretion in data gathering and hypotheses formulation, although will nonetheless be provided with a list of preliminary research questions which should initially guide data collection. These questions are more program-specific than the qualitative and quantitative components are thus organized around programmatic activities instead of thematic areas.

Table 9 lists the draft sets of research questions, which include both cross-cutting questions and questions pertaining to specific PNDS activities. These questions are more program-specific than the qualitative and quantitative components are thus organized around programmatic activities instead of thematic areas.

Table 8: Research Questions for MMPM

Cross-Cutting Research Questions	
1	How do pre-existing economic, geographic, institutional, and social characteristics interact with PNDS implementation?
2	Do SMT members and SFs possess the necessary skills, experience, and training to effectively carry out their roles?
3	Is the division of institutional accountability for execution of PNDS well-defined? To what extent do overlapping mandates between local actors and/or failures in coordination between local and regional actors obfuscate accountability and undermine program effectiveness?
4	How could PNDS processes be refined to improve the equity, efficiency, and overall impact of the program?
Specific Research Questions – <i>Socialization</i>	
5	Do existing local governance actors hinder or facilitate the dissemination of information on PNDS principles and processes?
6	What is the level and nature of participation by villagers in socialization events? Do marginalized groups participate in socialization events or otherwise receive information about PNDS principles and processes?
7	Do socialization events provide villagers with a clear understanding of PNDS principles and processes? Do villagers harbor any concerns about PNDS projects or processes? What expectations do villagers harbor about PNDS?
Specific Research Questions – <i>Elections and Project Prioritization</i>	
8	What is the level and nature of participation by villagers in elections and prioritization meetings? Who administered the elections and prioritization meetings? Did any conflicts emerge during the elections and prioritization meetings?
9	Are election and prioritization processes administered in accordance with principles of fairness and transparency?
10	Do outcomes of election and prioritization processes reflect the preferences of villagers generally and/or marginalized groups specifically? What specific factors and/or practices undermine the responsiveness of elections and prioritization processes to community and group preferences?
11	Are technical and coordination considerations incorporated into prioritization processes in a manner that is both consistent with participatory values and maximizing the marginal impact of PNDS projects?
12	Do elections and prioritization processes build social cohesion or aggravate social divisions?
Specific Research Questions – <i>Project Design and Construction</i>	
13	Are the design and construction methods employed appropriate given prevailing constraints on skills and materials at the <i>suco</i> -level ?
14	Is project planning and budgeting conducted according to principles of transparency as prescribed by PNDS?
15	Is procurement of labor for projects administered according to principles of fairness and transparency as prescribed by PNDS?
16	Do villagers express any concerns about construction quality, leakage, or other forms mismanagement pertaining to projects?
17	Are projects constructed according to plans? Are projects fully-functional at time of completion? Are there any concerns as to the quality of the projects?
Specific Research Questions – <i>Accountability Meetings and O&M</i>	
18	What is the level and nature of participation by villagers in accountability meetings? What issues are discussed? Do villagers harbor any concerns (whether voiced or not) about the quality of the project and integrity of project implementation? Is there a consensus as to project priorities for the next cycle?
19	Has a satisfactory O&M plan been developed? Do villagers contribute – in an equal or otherwise fair manner – to the O&M fund? Is the fund appropriately managed and utilized?
20	Are projects sustainable over the medium-term?

Sample

The qualitative (QualPM) and quantitative (QuanPM) components of the MMPM have separate sampling procedures but partially overlapping samples. The QualPM covers the 16 P3 *suco* sampled by the QualFS plus eight additional P2 *suco*.¹¹¹ The quantitative component covers these 24 *suco* plus an additional 24 villages randomly sampled from the 125 P3 *suco* surveyed by the QuanFS.¹¹² Table 10 summarizes the MMPM sample.

Table 9: MMPM Sample by Roll-Out Phase and Activity

	QualPM + QuanPM	QuanPM Only	Suco Monitored
P2 Suco	8	0	16
P3 Suco	16	24	32
Total	24	24	48

Data Collection and Management

Stages or processes in PNDS implementation that are considered to be of particular importance to the impact of PNDS-funded projects and of the program generally will be monitored by the QualPM, with stages that also involve significant community participation (such as elections, prioritization, and accountability meetings) subject to QuanPM monitoring.¹¹³ Current plans for QuanPM and/or QualPM activities and the associated duration are outlined in Table 11.

Table 10: Overview of Planned MMPM Activities

Event	Summary	Duration	
		QualPM	QuanPM
<i>Suco & Aldeia</i> Socialization	Introduction of PNDS to villagers, with explanation of villagers' role expected in PNDS processes. MMPM will directly observe meetings and conduct related interviews.	2 Days	N/A
Elections	Candidates for SMT and SF positions are nominated by <i>aldeia</i> and SCs and PNDS facilitating elections for SFs and the SMT. MMPM will directly observe meetings and elections and conduct related interviews.	2 Days	2 Days
SMT Training	Sub-district facilitators provide 11 administrative and technical training modules to SMTs and SFs over the course of 3 months. MMPM will directly observe trainings and interview participants.	1 Day	N/A
Prioritization	Meetings are held for women and all villagers first in <i>aldeia</i> , which produced a ranked list of three priority projects. Meetings are then held for female KPA and the full KPA to produce 3 ranked priorities for the <i>suco</i> . MMPM will directly observe meetings and conduct related interviews with villagers.	2 Days	2 Days
Project Design	Project designs, budgets, implementation schedules, and O&M plans are finalized by EIPs and SFs, in coordination with sub-district facilitators and line ministries. MMPM will review completeness of plans.	1 Day	N/A
Construction	Project construction managed by EIP with oversight from the KPA and sub-district facilitators. MMPM will observe projects and conduct related interviews with SMT, SFs, workers, and villagers.	1 Day	N/A
First Accountability Meeting	The 1 st accountability meeting is organized by the EIP after 50% of SGs have been exhausted. The meeting reports on progress and expenditure. MMPM will observe meeting and conduct related interviews.	1 Day	N/A
Final Accountability Meeting	The final accountability meeting is organized by the EIP when the project is complete and reviews expenditure, project progress, female participation, team and staff performance, and future needs. MMPM will directly observe meeting, project, and conduct related interviews with SMT, SFs, and villagers.	2 Days	2 Days

The QuanPM will pose structured questions to two samples of respondents in each *suco*.¹¹⁴ a random sample of villagers who participated in the respective PNDS process;¹¹⁵ and respondents surveyed in the random sample of households covered by the QuanFS. Distinct survey instruments will be developed both for each of the two samples and for each activity that is monitored. Instruments will focus mainly on ascertaining respondents' satisfaction with

¹¹¹ The P2 *suco* are added to the sample to provide for quicker feedback on challenges experienced with PNDS implementation. The overlap in the QualFS and QualPM samples facilitates investigation of how specific characteristics of *suco* (and, specifically, social cohesion, presence of veterans, and remoteness) conditions interactions between villagers and PNDS processes.

¹¹² The benefits of overlapping samples for the QualFS and QualPM also apply to the QuanFS and QuanPM.

¹¹³ See Section 0 for a listing of all 12 PNDS 'steps'.

¹¹⁴ The samples are envisaged as being separate, but will inevitably partially overlap. Given differences in the instruments deployed to the two samples, this is not something that is viewed as a particular problem.

¹¹⁵ Interviews will be conducted after the conclusion of the process (e.g., election, prioritization meeting) in a manner similar to an exit poll.

process and identifying any background characteristics and/or pre- or in-process activity that may distort the outcome of the procedure from that which is consistent with the interests of villagers and/or marginalized groups. Data will be collected by tablet interface, with data management practices otherwise following those of the QuanFS, as outlined in Section 0.

The QualPM collects data on the general effectiveness and reception of key stages of PNDS implementation by direct observation and semi-structured interviews with participating and non-participating villagers,¹¹⁶ PNDS facilitators and SMT members, *de facto* and *de jure* local leaders, and members of civil society. QualPM activities will generate analytical narratives of key PNDS processes, with a specific focus on identifying PNDS design elements or implementation practices which – whether generally or in interaction with specific economic, institutional, or social features – constrain the equity, efficiency, and/or overall impact of PNDS. Data management practices will otherwise follow those of the QualFS, as outlined in Section 0 above.

Analysis and Reporting

Where applicable, the REP team will analyze correlations between background characteristics of *suco* and *aldeia* as identified by QQFS baseline surveys and the quality of interactions between villagers and monitored processes (e.g., attendance, participation, satisfaction etc.), as measured by MMPM data. Where such correlations exist, this will facilitate identification of factors that enable or constrain the equity, efficiency, and overall impact of PNDS activities and, in turn, help the development of alternative policies to enhance the effectiveness of PNDS.

Reports will be prepared following each MMPM round and associated analysis of qualitative and quantitative data. Where applicable, the report will also develop recommendations for enhancements to PNDS processes, which in turn may be piloted and tested by EDVs. Following the completion of a full cycle of MMPM activities, a Comprehensive MMPM Report will be prepared summarizing and synthesizing observations from each round and associated analyses.

Timeline

MMPM activities are scheduled to occur in 8 P2 *suco*, which are scheduled to undertake socialization and SMT formation between February and March; SMT training in April and May; project prioritization in April and May; project design and planning in June and July; project construction between September and December. In addition to the 8 sampled P2 *suco*, the REP team may also attend PNDS events in other *suco* to develop, refine, and pilot MMPM instruments. Drafts of the QuanPM instruments are expected by May, with final instruments by June. Recruitment of MMPM researchers and enumerators will be completed by June, with training completed training in July. MMPM activities for P3 *suco* will commence in August, when socialization events are scheduled, followed by SMT training between October and December.

¹¹⁶ Respondents will include men, women, youth, elderly, veterans (where applicable), and members of marginalized groups.

Annex VII: Methodology of EDVs

The following sections provide details pertaining to the EDVs, including [potential DVs](#); [hypotheses and data collection](#); and [methodological considerations](#).

Potential DVs

As described in Section 2.3.3, DVs will present innovative solutions – informed by other REP activities, cross-country learning, suggestions by stakeholders, and best practice – to address issues identified by the MMPM, analysis of QQFS data, the PNDS Secretariat and/or other stakeholders. EDVs will then follow the four-stage development cycle that concludes with an evidence-based recommendation to the PNDS Secretariat on whether to scale-up the evaluated DV. Given that EDVs are intended to respond specifically to observed programmatic experience, proposed DVs have not yet been finalized. However, discussions with the PNDS Secretariat,¹¹⁷ other stakeholders, and learning from CDD programs in other contexts suggest a number of potential DVs. A few examples are described below:

Information Provision – Information asymmetries in development programs can reduce the accountability of local leaders and/or service providers. Evidence indicates that information on program processes and outputs provided to villagers can increase program effectiveness.¹¹⁸ Similarly, the effectiveness of PNDS – and, specifically, the ability of *suco* to prioritize projects that maximize marginal impact – may be enhanced by the provision to villagers of information on *suco* characteristics in comparative perspective; estimated impacts of specific project types; and/or national or local infrastructure plans.

SMT Election Method – PNDS prescribes the election of non-SC members of the KPA separately by each *aldeia*. The results of a recent study indicates, however, that the capacity of elected local bodies and project effectiveness increased when members are elected not by districts (i.e., *aldeia*), but on an at-large basis (i.e., by the whole *suco*).¹¹⁹

SMT Consolidation – Recent research indicates that project effectiveness can be inhibited by governance structures which create overlapping mandates and thereby inhibit assignment of accountability.¹²⁰ This is a particular concern for PNDS given the overlapping roles in project implementation of pre-existing local governance structures such as the *Xefe Suco*, *Xefe Aldeia*, and SCs; new PNDS-specific local structures such as the KPA, EIP, and EOP, and SFs; as well as sub-district and district officials, facilitators, and associated bodies (KDSD and KDD).¹²¹ A potential DV could consolidate PNDS-specific agents into a single body, and/or incorporate it into formal local governance structures, while also clarifying the division of authority with sub-district, district, and national agencies.

Project Prioritization Processes – While participatory, PNDS prioritization processes grant the KPA the final role in prioritization and project selection. Evidence indicates that secret-ballot referenda – as opposed to consultation meetings or representative decision-making – can enhance community satisfaction with CDD programs and reduce elite influence over selection outcomes.¹²² A DV might evaluate whether referenda-based prioritization processes improve alignment of project selection with community preferences and improve community satisfaction with PNDS.

‘Voucherized’ SGs – Research on CDD has observed limited positive impacts on collective action and local governance, but have raised concerns about elite capture.¹²³ Such outcomes may potentially arise due to a failure of CDD programs to create a perception of ownership among villagers of block grants, which in turn reduces participation in project prioritization and/or monitoring. To enhance ownership, SGs may be directly channeled to households as vouchers (rather than through SMTs), which be either pooled to fund projects or individually redeemed (at a discount) for private goods.¹²⁴ If effective, ‘voucherized’ SGs could: (i) ensure equity in project prioritization

¹¹⁷ To date, PNDS staff have expressed interests in: assisting communities make more informed sub-project selections; improving facilitator training and socialization of the program; and reducing leakage and other inefficiencies.

¹¹⁸ See, for instance, Björkman and Svensson (2009)

¹¹⁹ See Beath et al. (2013)

¹²⁰ See Beath, Christia & Enikolopov (2013)

¹²¹ The glossary can be found [here](#). Section 0 provides a description of the composition and functions of the different institutions.

¹²² See Beath, Christia & Enikolopov (2013b) and Olken (2010)

¹²³ See Casey et. al. (2012); Humphreys et. al. (2012); Labonne & Chase (2007); and Labonne & Chase (2008)

¹²⁴ By explicating the private opportunity cost of public sub-projects, this ‘voucher-enhanced CDD’ modality replicates the ‘fiscal social contract’ that arguably underpinned the development of fiscal accountability in western democracies.

and/or increase incentives for SMTs to prioritize projects of broad benefit to communities; and (ii) increase participation prioritization and monitoring, thereby resulting in higher quality projects and increased social capital.¹²⁵

Project Audits – Evidence from Indonesia indicates that intensive auditing of projects can reduce leakage in CDD projects.¹²⁶ By varying the intensity and/or method of auditing, it would be possible to identify the most cost-effective form of auditing for PNDS. A related DV could deploy technical quality audits that compare projects against proposed designs and with other similar projects in Timor-Leste, with results displayed on community noticeboards.

Multi-Year Planning – Current PNDS modalities envisage prioritization of projects on yearly basis, which may potentially skew distributions of projects across *aldeia* and/or community groups. A DV could thereby pilot the introduction of multi-year prioritization processes.

Hypotheses and Data Collection

DVs will be evaluated against a set of hypotheses and constituent indicators that are pre-specified in a registered PAP. Potential hypotheses for the example DVs above include:

Table 11: Potential Hypotheses for DVs

Information Provision	(i) DV increases alignment of selected projects with ex-ante community preferences; (ii) DV increases coordination of PNDS projects with district and national infrastructure; (iii) DV increases engagement between SMTs and regional and national government officials; (iv) DV increase satisfaction with PNDS; (v) DV increases PNDS impact on economic outcomes.
SMT Election Method	(i) DV increases capacity of elected SMT members; (ii) DV reduces leakage in PNDS projects; (iii) DV improves quality of projects; (iv) DV increases satisfaction with SMT; (v) DV increases satisfaction with PNDS; (vi) DV increases PNDS impact on economic outcomes.
SMT Consolidation	(i) DV increases satisfaction with SMT; (ii) DV reduces leakage in projects; (iii) DV increases satisfaction with PNDS; (iv) DV increases PNDS impact on economic outcomes.
Project Prioritization Processes	(i) DV increases alignment of selected projects with ex-ante community preferences; (ii) DV increases satisfaction with prioritization processes; (iii) DV increases participation in monitoring of PNDS projects; (iv) DV improves quality of projects; (v) DV increases satisfaction with PNDS; (vi) DV increases PNDS impact on economic outcomes.
'Voucherized' SGs	(i) DV increases participation in and knowledge of prioritization processes; (ii) DV increases alignment of selected projects with ex-ante community preferences; (iii) DV increases participation in monitoring of PNDS projects; (iv) DV improves quality of projects; (v) DV reduces leakage in projects; (vi) DV increases satisfaction with PNDS; (vii) DV increases satisfaction with projects; (viii) DV increases PNDS impact on economic outcomes; (ix) DV increases PNDS impact on quality of local governance; (x) DV increases PNDS impact on social capital.
Project Audits	(i) DV improves quality of projects; (ii) DV reduces leakage in projects; (iii) DV increases satisfaction with PNDS; (iv) DV increases satisfaction with projects; (v) DV increases PNDS impact on economic outcomes.
Multi-Year Planning	(i) DV improves distribution of SG utilization across <i>aldeia</i> ; (ii) DV increases connectivity of projects across hamlets; (iii) DV increases selection of projects with longer duration of construction; (iv) DV increases connectivity of projects with regional and national infrastructure; (v) DV increase PNDS impact on economic outcomes.

Data for EDVs will be provided by various sources, including the QuanFS, MPPM, PNDS MIS, as well as DV-specific data collection. Indicators and data sources corresponding to DVs will be specified in the respective PAPs.

Methodological Considerations

As noted in Section 2.3.3 and in order to facilitate reliable estimation of the relative impacts of the alternative modality, a DV under evaluation will be randomly assigned across a sample of PNDS *suco* (or, if appropriate, *aldeia*). Considerations pertaining to the method of randomization are outlined below.

Matched Pairs versus Pooled Treatment-Control Assignment - Conventional (or “pooled”) randomization simply randomly selects half of the villages in the pool to receive the particular DV.¹²⁷ An alternative method creates “matched pairs” of villages using pre-intervention data and then randomly selects one of each pair to receive the DV. This method increases statistical power and can facilitate improved analysis of the effects of within sample heterogeneity.¹²⁸

¹²⁵ Potential disadvantages of the modality may include: (i) an increase in disputes over project prioritization; and (ii) low or no provision of projects due to high rates of voucher redemption.

¹²⁶ See [Olken \(2005\)](#)

¹²⁷ For example, of 125 villages, 63 villages are randomly selected to receive the alternative modality, while the remaining 62 receive the status quo modality.

¹²⁸ [Imai, King, and Nall \(2009\)](#)

Interactive Treatments - When DVs are independently randomized across the same sample, interaction effects between the two DVs can be estimated, which in turn enables a determination of the relative marginal value of different combinations of DVs.¹²⁹

Spillovers – The effects of particular interventions may have a tendency to spillover to neighboring villages, which can lead to underestimates of the (positive or negative) impact of the intervention. One method of minimizing the adverse inferential effects of spillovers is to implement an hierarchical randomization design.¹³⁰

¹²⁹ For example, information DVs may only be effective when combined with referenda-based prioritization.

¹³⁰ [Duflo and Saez \(2003\)](#)

Glossary

Aldeia	Hamlet
CDD	Community Driven Development
DFAT	Department of Foreign Affairs and Trade (of Australian Government)
DV	Design Variation (of PNDS-REP)
EDVs	Evaluation of Design Variations (of PNDS-REP)
EIP	Community Implementation Team (<i>Suco</i> -Level – of PNDS)
EOM	Operations & Management Team (<i>Suco</i> -Level – of PNDS)
EVAS	District Verification, Assessment and Supervision Team (pre-existing)
FSs	Field Surveys (of PNDS-REP)
GoTL	Government of Timor-Leste
HHS	Household Survey (of PNDS-REP QuanFS)
KDD	District Development Commission (pre-existing)
KDSD	Sub-District Development Committee (pre-existing)
KPA	PNDS Planning & Accountability Commission (<i>Suco</i> -Level)
LLS	Local Leader Survey (of PNDS-REP QuanFS)
M&E	Monitoring & Evaluation
MAE	Ministry of State Administration
MIS	Monitoring and Information System (of PNDS)
MMPM	Multi-Method Process Monitoring (of PNDS-REP)
O&M	Operations & Maintenance
P1	<i>Suco</i> included in first phase of PNDS roll-out, which covers 149 <i>suco</i> and began in October 2013
P2	<i>Suco</i> included in second phase of PNDS roll-out, which covers 94 <i>suco</i> and began in February 2014
P3	<i>Suco</i> included in third phase of PNDS roll-out, which covers 199 <i>suco</i> and begins in September 2014
PAP	Pre-Analysis Plan (of PNDS-REP)
PIA	Project Implementation Agreement (of PNDS)
PNDS	Programa Nacional de Desenvolvimento dos Sukos (National <i>Suco</i> Development Program)
PNDS-REP	PNDS Research and Evaluation Program
PNDS-SP	PNDS Support Program (of DFAT)
POM	Project Operations Manual (of PNDS)
QQFS	Qualitative-Quantitative Field Surveys (of PNDS-REP)
QualFS	Qualitative Field Surveys (of PNDS-REP QQFS)
QualPM	Qualitative Process Monitoring (of PNDS-REP MMPM)
QuanFS	Quantitative Field Surveys (of PNDS-REP QQFS)
QuanPM	Quantitative Process Monitoring (of PNDS-REP MMPM)
REP	PNDS Research and Evaluation Program
Suco	Village
SDFF	Sub-District Financial Facilitator (of PNDS)
SDSF	Sub-District Social Facilitator (of PNDS)
SDTF	Sub-District Technical Facilitator (of PNDS)
SC	<i>Suco</i> Council (pre-existing)
SF	<i>Suco</i> Facilitator (of PNDS)
SG	<i>Suco</i> Grant (of PNDS)
SMT	<i>Suco</i> Management Team (KPA, EIP, and EOM – of PNDS)
TWG	Inter-Ministerial Technical Working Group (of GoTL, for PNDS)
Xefe Suco	Head of Village (pre-existing)
Xefe Aldeia	Head of Hamlet (pre-existing)

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