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## I. INTRODUCTION

The President of the Asian Development Bank (ADB), Mr. Tadao Chino, has declared that ADB's primary goal is the reduction of poverty.<sup>2</sup> This policy encompasses economic growth, social development, and governance initiatives. Other ADB goals of supporting human development, improving the status of women, and protecting the environment are seen as supporting the unified vision of this overarching aim. ADB is thus increasingly focused on generating greater development impact from its lending and other services. Adoption of the poverty reduction goal reinforces a recent pattern of increasing emphasis on policy dialogue, capacity building, regional cooperation between developing member countries (DMCs), the facilitation of wider resource mobilization, and better collaboration within the aid system in recent years.

As part of an ongoing reform process related to making ADB a more broad-based development organization in the 1990s, ADB began in 1997 a review of how it operates.<sup>3</sup> Within this study, enhancing the quality of country programming was recognized as vital in making ADB's business practices, products, and services more client-centered.<sup>4</sup> Country programming is a system of investigation, negotiation, and decision making about supplying ADB services to DMCs. The system includes a multiyear country strategy and programming exercise, plus design and implementation of loan projects and technical assistance (TA). As part of the country programming, the country strategy and program (CSP) is a fundamental element in shaping and directing ADB's relationships with DMCs.<sup>†</sup> A CSP is particularly important because it establishes the profile of assistance ADB wishes to provide to a DMC in the medium term, typically the next three to five years, and sets priorities for programming during that period; and in doing

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<sup>†</sup> Prior to 1 January 2001, a country operational strategy (COS) was prepared by ADB for each developing member country approximately every five years. This was complemented by an annually-revised country assistance program (CAP), in which specific projects were identified for development. With initiation of ADB's revised business practices, these documents have been replaced by a single country strategy and program (CSP). To avoid confusion, CSP has been used throughout the present text, including references to earlier COS material, except where the two processes are being directly compared. Note that the World Bank uses the term country assistance strategy (CAS), also cited in the text.

so, advances ADB toward its own strategic goal of poverty reduction.

While ADB is responsible for initiation and production of a CSP, it is also a significant document for DMC governments and other interested in-country groups because their ownership of and commitment to the intentions spelled out in ADB's strategy are critical for making ADB's assistance effective. Meaningful in-country participation is one, very significant, factor in achieving the necessary DMC ownership of and commitment to a CSP.

The primary objective of this discussion paper is to review ADB experience to date of using participatory approaches in country strategy planning and to highlight future challenges and opportunities. Also, suggestions are provided to help design effective participatory CSP processes that enhance ownership and commitment within DMCs, and increase the relevance, value, and quality of a CSP for all parties. The paper is not intended to provide detailed 'how to' guidelines.

ADB has relatively little, but growing, experience in enhancing participation in CSP formulation. This paper complements ADB's experience with illustrations and case material from other multilateral development banks (MDBs), especially the World Bank, which has gathered the most comparative experience in this field and offers one example of country strategic planning by a bilateral donor (the United States Agency for International Development). Enhancing DMC participation has seldom been attempted in all facets and stages of preparing an MDB's country strategy. Thus, this paper analyses what has been achieved in participatory processes elsewhere to identify what may or may not work.<sup>5</sup> In addition, it highlights effective approaches and common pitfalls. It is important to remember that what may succeed in one geographic region or country may not in another. The basic approach to a more participatory CSP must be one of 'situational appropriateness', strongly informed by local insight and knowledge.<sup>6</sup>

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The following chapters (i) detail the benefits that enhanced participation can bring to a CSP and associated ADB operations; (ii) explain participation in both concept and practice; (iii) provide practical advice for teams charged with preparing a CSP; and (iv), identify typical constraints to participation and suggest how they can be addressed. The concluding chapter identifies institutional reforms and processes of internal change necessary for enhancing participation in CSP formulation.<sup>7</sup>