

## II. BENEFITS OF PARTICIPATION

Studies by ADB and similar institutions<sup>8</sup> show that, under most conditions, substantive DMC participation in designing and implementing investment projects and other types of external assistance delivers better results for both borrower and lender.<sup>9</sup> But does the same hold true for framework-setting activities such as a CSP where, for example, it is more difficult to identify who should be involved?

One part of the answer is to be found in the principles underpinning participation: respect for others, situational specificity, information enhancement, operational transparency, and social learning. Another part of the answer is to be found in adequate local knowledge and contacts. Together, these principles generate incentives and the local conditions required to collaborate and to act, creating benefits from doing so.

### **Respect**

No matter how appropriate or well-meaning, the imposition of development agendas usually causes resentment and passive or active resistance. Soliciting participation can counter such a reaction because it demonstrates, first and foremost, respect for the position and perspectives of others. Participation properly pursued means that people are being respected in having equal human value, even though perhaps differentially informed, knowledgeable, or powerful. A perception or direct experience of disrespect and token involvement can breed distrust that can harm the relations needed to make development effective. Showing respect is beneficial to all types of development decision making.

In Vanuatu, for example, the timing of ADB's CSP process coincided with harsh economic difficulties that necessitated dialogue on a radical program of economic reform. The CSP initiative helped bring together government officials, politicians, other funders, employers, and workers organizations, nongovernment organizations (NGOs),

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the media, and other civic actors in a National Summit to discuss the severe economic problems facing the country (Box 1). Seeing that their views were respected and taken seriously, constituency leaders who participated in the conference became instrumental in creating a ground swell of public understanding and tolerance, if not full support, among the population at large for the comprehensive economic reform program.

Demonstrating respect through enhanced participation also generates wider understanding within the DMC for ADB's position, policies, constraints, priorities, and choices. In countries where a participatory exercise has taken place, there has been enhanced appreciation of the role and work of MDBs. Moreover, the need for public awareness of ADB's role and methods is likely to increase as greater attention is paid to sensitive 'sovereignty' issues of governance and corruption. However, care must be taken that governments do not see ADB's interest in broader participation in strategy formulation as a way of building public pressure for ADB's agenda.

### **Matching the Context**

No two development settings are the same, they all embody a historical specificity. Responses to external ideas and intentions will always be conditioned by the past. Those who live their history are well placed to have grounded opinions about the policies required in their setting. So, it is important to learn from people—be they government officials, women, traders, civic leaders, or poor citizens—what they consider to be suitable support, as well as what they anticipate from the changes intended from investments or other interventions.

Moreover, whatever the level and accuracy of their knowledge and experience, as citizens and tax payers these actors bear the consequences of strategic choices and hence need to be part of a CSP process, guiding it toward their priorities and needs. Gaining their insights will enhance the appropriateness of a CSP.

### **Box 1 Vanuatu Comprehensive Reform Program**

The comprehensive reform program (CRP) initiative began in February 1997 with the signing of a Memorandum of Understanding between the Government of the Republic of Vanuatu and ADB. This followed extensive policy dialogue between the Government and ADB whereby recognition among the country's leaders was heightened that, in several critical respects, Vanuatu was now at an economic and governance crossroad. The Government, therefore, broadly indicated the nature and scope of reforms that it was willing to pursue, and requested assistance from ADB and other donors for the formulation and implementation of a CRP.

The process adopted for the formulation of the CRP was highly consultative. The Council of Ministers set up a National Task Force for Reforms which was chaired by the Prime Minister and comprised several senior ministers and other senior government officials. The National Task Force's responsibility was to oversee the reform formulation process, undertake community consultations, and submit a CRP to the Council of Ministers within a specified timetable. In addition, the Government established two national-level Task Teams to formulate the details of the CRP: one team for financial and economic reforms; and the other for governance and public-sector reform. These teams, chaired by a senior Minister, included leaders representing the Council of Chiefs, youth and women's organizations, churches, NGOs, trade unions, and business associations. A small CRP technical secretariat was established in the Prime Minister's Office, and a highly experienced Vanuatu professional was appointed as full-time CRP coordinator.

In addition to ADB, other donors and agencies, notably Australia, New Zealand, France, United Kingdom, and the ESCAP Pacific Operations

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The resulting CSP saw a continued focus on ADB's previous areas of lending. But it also included unanticipated TAs on poverty monitoring and strategic human resource planning. Other proposals—in gender analysis and policy development, environment management, reform to labor legislation, education, and health—were funded by other donors. However, their funding arrangements were unclear and this required conscious attention during CSP implementation.

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**Box 1 (Cont.)**

Centre, responded readily and quickly by providing technical expertise. The approach adopted by ADB was that the role of donors and external advisors was essentially supportive and catalytic. A conscious effort was made to ensure that the external advisors maintained a low profile. It was important to ensure that the whole reform process was managed and led by Vanuatu people.

Nearly 60 policy and issues papers were produced and served as the basis for the formulation of the CRP. Moreover, the technical secretariat invited various interest groups to submit papers for consideration by the Task Teams. Particular attention was paid to developing ownership of the CRP by ensuring broad-based, bipartisan political participation. Leaders representing a broad cross-section of the wider Vanuatu society were actively involved throughout the process. Debate and discussion in the wider community were encouraged and information on the CRP regularly disseminated through the radio and the press. The process culminated in a two-day National Summit, at which the CRP was formally endorsed for implementation and the Port Vila Accord on the CRP was signed by more than 200 participants representing the community, business, and government sectors.

The CRP is viewed as a benchmark against which the country at large will assess government policies and actions. ADB's initial ideas were revised to support the CRP objectives. Formulating the CSP alongside the CRP allowed a better match with other funders' intentions. The National Task Force and the National Summit have been retained as ongoing mechanisms to facilitate and monitor CRP implementation and to act as a reference point for ADB discussions on CSP implementation.

In the case of Colombia, broad civic participation in a World Bank country assistance strategy (CAS, equivalent to ADB's former COS) exercise led to a modification of original priorities. After consultations in public forums with some 140 groups including government, religious organizations, business people, NGOs, women's leaders, academe, and the media, a distinct convergence of views emerged—namely, peace and coexistence were the main challenges for the country. Drug-related violence, which conditions so many aspects of Colombian life, needed to be recognized and

factored into strategic priorities. One consequence of enhanced participation for the final CAS was a wide consensus about targeting World Bank assistance to areas where conflict could be reduced through greater economic opportunity and creation of mediation capacity. Similarly, in Guinea, participation through multi-stakeholder workshops led governance to be identified as one priority area for World Bank support. Crafting strategies to fit

### **Box 2 Participation of Poor People in CAS Formulation in Uganda<sup>10</sup>**

On a pilot basis, the World Bank designed a CAS process in Uganda involving the participation of poor people. The purpose was to better inform its strategy toward poverty alleviation. The pilot's starting point was the Government of Uganda's (GoU) Poverty Eradication Action Plan (PEAP). In collaboration with the Department of Planning of the GoU, the British Department for International Development (DFID), and NGOs, two contrasting districts were selected as pilot locations. Criteria were that the districts should suffer from remoteness from Kampala; have a high proportion of poor people identified by previous studies; and be as different in as many ways as possible, for example in terms of climate, ecosystem, natural resource endowments and sociocultural characteristics. The cooperation of local authorities was also considered important for gaining local advice and insights. The final district selection was made by DENIVA, the NGOs national coordinating body.

Sampling of participants was purposive at district and community level. To disaggregate data, participants were grouped by age and gender. District level participants came from local councils, including youth and women councilors; church and opinion leaders and elders; chiefs, and government department heads. Community-level participants came from among Council members, and women's and youth groups.

Before the exercise, two visits were made to the districts to explain the purpose, answer questions, build up trust, and reduce any false hopes that resources would rapidly flow directly to the areas as a result of the study. To avoid creating wrong expectations, the NGOs involved did not carry out community dialogue in their own areas of operation.

In total, 52 focus-group meetings involving some 600 local residents were held, each lasting 4 to 6 hours, sufficient for information sharing but not for

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situational specificity is a necessary facet of achieving client focus in overall approach and policy advice.

By defining the context better, participation produces benefits in program selection and design, as the following examples from Uganda and Viet Nam show.

**Box 2 (Cont.)**

substantive dialogue. The main objectives of the focus-group discussions were to ascertain how closely the government's assessment of poverty issues and strategies for addressing them corresponded to the poor villagers' own priorities and with the experience of other rural stakeholders who work closely with the poor; and to identify appropriate strategies that should be reflected in the CAS.

Participants were guided through a needs analysis followed by a priority ranking and budget allocation exercise. Discussions also elicited information on the services to which people would prefer to contribute. There was broad endorsement of the PEAP as a basically appropriate strategy for poverty alleviation, and reasonable similarity between poor people and local institutions on views about poverty. There were significant differences between the priority concerns of government officials and villagers, and amongst local people from different areas. In general, the poor were more concerned about issues of security, with women being very interested in credit. There was considerable variation between districts in the livelihood priorities identified for assistance. These differences have direct implications for the type of agricultural programs required. The exercise both helped shape the poverty-reduction components of the CAS and led to a number of follow-up activities. In terms of the government, initiatives are underway to develop a more geographically differentiated approach to poverty strategies. This is directly translating into the adoption of participatory studies (assisted by DFID) in five more districts to generate district-level poverty reduction plans. In terms of the CAS, the findings have been incorporated in district-oriented finance for poverty reduction programs, gender-focused credit initiatives, and technical support to introduce better targeting of agricultural projects.

Finally, participants received periodic feedback on how the CAS reflected the findings of their participation.

Better CSP quality and realism occur by tapping local knowledge and opinions, which improves the information base, subsequent analysis, and trade-offs. This was the case with the World Bank CAS for Uganda (Box 2). Poverty assessment involving poor people showed a variable picture between regions, indicating that strategies for poverty alleviation would need to be highly differentiated; no single national approach was possible. Consequently, a technical assistance component was added to increase government flexibility in approaches to poverty reduction.

Clearer mapping of capabilities, interests, and institutional relations between state, business and civic organizations, which together determine the 'behavior' of a sector, becomes possible. In Viet Nam, sharing experience with other donors made it apparent to ADB that strengthening government capability would be necessary in order to achieve goals of its national plan and ADB's CSP. Consequently, institutional development and capacity building was included as a special annex and adopted as an important part of the final assistance. In addition, a systematic process for ongoing civic consultation was put in place.

## **Enhancing Information**

The quality of decisions depends significantly on the information used to create them. At a minimum, participation increases the range of information on which decisions will rest, be they for strategies or projects. Additional information gained through participation has an effect similar to increasing market efficiency through better information access and flow. For example, in preparing the 1997 ADB CSP for the Philippines, it became clear that local government units (LGUs) would be important actors in the provision of social services, but ADB staff knew too little about local governance.

The participatory innovation described in Box 3 was designed to fill gaps in ADB understanding. A conference was a vital part of the participation process because it was the moment to both share and generate new information for all interested parties. For example, it dispelled conventional wisdom within ADB that most

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LGUs are weak and lack capacity. Information about ADB also led LGUs to a more realistic expectation of what they could and could not expect in terms of finance and the requirements to access it. The quality of the final CSP improved because this process grounded it in local realities.

Participation, by expanding and deepening information sources, roots a CSP more firmly in the local institutional framework. This benefit has different dimensions, sketched below.

- *Better assessment of the potential for partnerships and strategic alliances within and between state and nonstate actors of potential relevance for ADB strategies.* In Kenya, consultation with NGOs about their collaboration with government in the expansion of preschool education provided practical examples of what partnership could entail. As a result, the education strategy in the World Bank's CAS more fully reflected the role and significance of NGOs and private provision of educational services.
- *Better differentiation between and inclusion of the concerns of priority subnational groups and institutions; for example poor and indigenous people, local government, and private investors.* A World Bank participatory CAS in India involving 600 participants in 16 consultative exercises produced a detailed information base about indigenous groups across the country. These new data were used in designing a better-targeted poverty reduction strategy.
- *Timely access to 'user' assessments of the effects of public policies, national strategies, investment choices, and sector trends.* Through the World Bank CAS exercise in Uganda, insights were gained on how different categories of poor people are responding to economic adjustment policies implemented by the government. The exercise also enabled a direct comparison between the government's assessment of poverty issues (and the utility of reduction strategies already adopted) with those of villagers.

## **Making Divergent Interests Transparent**

Participation illuminates the diversity of opinions and needs of stakeholders, including other donors, which often conflict. For example, the Government of Lao PDR (GoL) plans to exploit hydropower, the country's major natural resource, in order to export electricity and generate foreign exchange. The plan met with

### **Box 3 Participation of Local Government in the Philippine CSP Formulation<sup>11</sup>**

The Philippine CSP is an innovative example of expanding stakeholder participation by ADB, with a specific focus on local government units (LGUs). This initiative, started in late 1996, was prompted by the fact that the Local Government Code of 1991 had decentralized many responsibilities for public services and provision of local infrastructure to LGUs. Given ADB's envisaged shift to social-sector investments, it was essential to understand and engage with LGUs because of their significance as 'owners' of ADB-assisted strategies and projects.

In this case, the cornerstone of the participatory process was a multistakeholder conference, not a report. The conference focused on opportunities that working with LGUs would present for ADB. The sequence of stages and steps, with the conference as focal point, were as follows.

1. *Establish preconditions for success: funding, teamwork, and a supportive environment.* With senior management support and a champion in a Deputy Director of Programs, an ADB social economist responsible for the Philippines took advantage of a new RETA fund for supporting participation in projects and programs. He teamed up with the fund's manager to explore how to support participation in the Philippines CSP.
2. *Identify relevant 'intelligence' and form alliances.* The ADB team searched for external expertise to help identify stakeholder types and who should be enlisted. They found that the Ford Foundation had a long working association with LGUs. The Foundation agreed to join the team and cofinance the process. In addition, the team located relevant local academics who were respected by ADB staff, Government of the Philippines (GoP), and LGUs. They, in turn, assisted in identifying stakeholders and collected information on their different perspectives to be presented as the first part of the conference.

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significant disagreement from local and international NGOs on economic, strategic, and environmental grounds. International NGOs in Laos organized meetings to discuss the GoL plan as well as to lobby international funders.<sup>13</sup> The point is that democratic politics often produce median public policies that are less than optimum for any one group and sometimes invite opposition.

**Box 3 (Cont.)**

3. *Select stakeholders and document experiences.* Using inputs from allies, experts, and officials of the GoP, eight 'good practices' were chosen for deeper study; four were selected to be showcased at the conference. For each showcase LGU, key elected officials, technical officers, and representatives of civil society, usually NGOs, were invited to the conference. In addition, representatives were invited from GoP agencies, from national associations of LGUs, from national NGO coalitions, from the private sector, and from the media. With help from a local university, each showcase LGU prepared documentation and a presentation of their work. In addition, a video was prepared to highlight the successes of and challenges for LGUs.
4. *Design a 'tight-loose' conference.* The two-day conference, attended by some 150 people, was tightly designed in terms of structure, timing, and objectives; but loosely designed in terms of participants being able to select and join presentations and discussion groups that interested them. The first day comprised plenary presentations on stakeholder perceptions of LGUs, followed by self-selected groups of stakeholders who analyzed the good practice examples in terms of problem diagnosis, lessons learned, new goals and objectives, and change strategies. Day one was a plenary session in which senior officials from GoP, mayors, and governors shared a podium to give their views. The format then changed to groups organized around three crosscutting themes: financing, provision of capacity-building services, and division of labor between central agencies and LGUs. The groups developed specific recommendations for new actions on the part of all stakeholders, which were debated at a closing plenary session and generally endorsed by participants.

The participatory process influenced the eventual country strategy, which included a chapter on governance and the role of LGUs. Almost every section of the main text supported decentralization in some way. Moreover, as part of a strategy to strengthen LGUs, there are now three TA projects related to decentralization and local governments slotted into the CSP. Decentralization issues are now being included in new social-sector project designs and even in sectors that have not yet been formally delegated to LGUs.

When effective, internal opposition can divert the intended implementation. A participatory process can make the diversity of interests transparent. Such transparency may not lead to easier negotiation or reconciliation of views, but allows a better trade-off in policy choices and prediction of obstacles that are likely to lessen the impact of a policy and related investments. Discovering opposing forces later in the day is inefficient. Recognizing opponent stakeholders makes strategic sense because it (i) sets a benchmark of conviction that a CSP should aim for; and (ii) enables the inclusion of necessary countervailing strategies.

Another benefit of participation is an early identification of likely contention between interested parties that might otherwise negatively influence policy alternatives and downstream initiatives. In ADB's Philippines CSP process, problems with decentralization of social services highlighted mistrust and tension between the GoP and LGUs over issues of financing and subnational access to external lending. This provided a renewed stimulus for the GoP to finalize plans for a new system that would allow easier access of LGUs to internal revenue allocations and loan finance. It also led to a cluster of ADB-supported TAs focusing on LGU finance and capacity building.

The ADB has its own policies mandated by the Board. Participation by those in DMCs who must turn ADB policies into sustainable development permits a transparent negotiation of contending ideas. It improves identification of strategies that will foster joint ownership of and concordance in decisions eventually reached. A World Bank participatory CAS process in Cambodia led to major differences with NGOs over structural adjustment programs and conditionality that were not reconciled, but there was a better delineation of the constraints facing the Government and ways in which NGOs could influence policy implementation.

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## **Donor Coordination in Strategies and Participation**

The ADB works alongside other donors. Ensuring compatibility and complementarity with their strategies and investment profiles is vital for mutual effectiveness. In Viet Nam, ADB worked closely with the World Bank to produce a Public Sector Investment Plan. Here, sectors were assigned to different funders to assist the Government in donor coordination. In addition, donors collaborated to draft joint documents for Consultative Group meetings. In Niger, the World Bank teamed up with the Government, the European Union, and UNDP to finance and prepare a CAS. Such collaboration contributed to a lending framework that was less plagued with inconsistencies between donors and directly aided the Government in this respect.<sup>14</sup>

For many DMCs, coordination of external financing remains a serious problem. Ensuring that other financiers are included as stakeholders in a strategy process, as was done in Viet Nam, Vanuatu, and Niger, can help a government's coordination efforts. In each case, ongoing donor dialogue was strengthened by the participatory strategy process. This has led to complementary revisions or intentions for donor strategies and a stronger role for the governments' own coordination mechanisms. In some cases, it is also contributing to the drafting of a common national strategy framework to be required of all United Nations funds, programs, and agencies. However, in terms of donor coordination, a case can be made for extending the concept beyond assistance strategies to participation as well. Otherwise, the DMC government may be additionally burdened by external agencies' generating 'participatory CSPs' and local 'ownership' that are duplicative or different. Given their respective roles in the region, an obvious first step in fostering coordination in DMC participation would be for ADB and the World Bank to approach the problem of coordinated participation in a cooperative way.<sup>15</sup>

## Social Learning

Participation is informed by and simultaneously generates new learning. Box 4 summarizes major lessons learned from expanding participation in the Philippine CSP. In fact, in its essence, participation is a mutual learning process. Knowing about and comparing experiences, opinions, and insights lead to further insights and appreciation of the complex reality in which development takes place. Such exchanges contribute to the learning that is an integral part of capacity building, a benefit that can contribute to subsequent CSPs. Participation also creates capacity-building spin-offs: participants acquire and learn from new institutional relations and insights that are then applied in other situations.

New relations explored through and resulting from enhanced participation can lead to the creation and institutionalization of

### **Box 4 Lessons Learned from the Philippine CSP Formulation**

In terms of enhancing participation in CSP formulation, ADB staff learned the following:

- More time should have been spent 'educating' LGUs about ADB before the LGU conference. This would have helped prevent the disappointment that arose when, during the event, it became clear that ADB could not provide them with small loans or finance them directly. The TAs for LGU strengthening have, however, been an unexpected result valued by LGUs.
- New ADB partnerships with LGU apex bodies are likely to open up interesting avenues for future program development.
- It is preferable to have a skilled facilitator to manage small working-group sessions. ADB staff have a stake that is difficult to set aside if they are asked to take on such a role.
- An alliance with other institutions, in the Philippine case with the Ford Foundation and a local university, can be very enriching. ADB partnerships with bilateral agencies and NGOs like the Ford Foundation have a lot of potential.
- When tasks and support resulting from a CSP are agreed upon and divided among sister agencies, funding arrangements must be made clear.

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local multistakeholder forums. Some forums, initiated by expanded DMC involvement in MBD participatory strategy formulation, are being maintained to monitor progress on implementation. Examples can be found in Colombia, Kenya, Lao PDR, Madagascar, Uganda, Vanuatu, and Viet Nam. And, although not a direct product of a country strategy, a positive parallel can be drawn with the creation of national forums as multistakeholder platforms to guide programming for the International Desertification Convention.<sup>16</sup> This type of institutional mechanism is important because it systematizes and perpetuates a mutual learning process.

### **Strategic Selectivity**

The process and effects of participation help to make choices between strategic alternatives. Enhanced participation contributes to the selection of strategies within a CSP by (1) showing the importance stakeholders place on an issue, activity, or sector; (2) making more explicit the likelihood of a DMC acting on different types of ADB assistance; and (3) improving the position of ADB's array of services in relation to the intentions of others, ensuring that comparative advantages are maximized.<sup>17</sup> For example, in India, the World Bank's 1996 CAS set an example by selecting regions that chose to commit to sustainable reforms, like the state of Andhra Pradesh. In Lebanon, the existing strength of the private sector has relegated business development to a low priority in terms of MDB strategy. In Poland, the World Bank will exit from areas where other partners, such as the European Union (EU) and European Bank for Reconstruction and Development, have a comparative advantage (in ADB: privatization, gas, and telecommunications).<sup>18</sup>

Strategic selectivity is also necessary if ADB's poverty reduction goal and other aims are to be realized within individual DMCs and in terms of overall performance. Unfocused or overly broad strategies allow, if not encourage, lack of discipline in the actual selection of investment projects and other services ADB provides. Lack of sufficient focus on the three dimensions of poverty reduces the likelihood of ADB succeeding in its primary aim. Enhanced

**Box 5 Moving Toward a More Participatory CSP:  
the ADB Approach in Pakistan<sup>21</sup>**

Mainstreaming participation in ADB has often focused on improving projects. In Pakistan, it was anticipated that a more participatory CSP formulation would produce a more relevant strategic focus and project mix. In turn, ADB could use the wider input to select new sectors or to review its work in established sectors. A workshop approach was adopted, involving a broad range of stakeholders from both civil society and Government. This approach was considered to be the most practical and cost effective in such a large and diverse country. To ensure a focused and meaningful dialogue, the workshop was limited to ADB's human development strategy (HDS).

The first step was to identify civil society stakeholders in ADB's HDS. With the help of the RM, selection criteria were prepared and interviews were held. The purpose of the workshop was explained. This step revealed very poor knowledge of ADB amongst the potential participants. As a result, an information package on ADB's activities was sent to invitees. A presentation on ADB's funding and project cycle was included in the workshop. Stakeholders bore their travel and accommodation costs; the rationale was that, by bearing some costs, stakeholder commitment would be fostered, as would their internal decision making about engaging with ADB.

A keynote address by a senior member of the Planning Commission emphasized that building partnerships between government and civil society organizations was an important way to reduce poverty in the country. Presentations on building partnerships were made—on the need for Pakistani civil society to work together toward social and economic development, and on practical experiences of building partnerships in ADB-funded projects. Several related themes were discussed, such as the channels that ADB could use to support NGOs, the changes needed in government rules and regulations, and the need for ADB to evolve from a project financier to a broad-based development institution. A recurring

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DMC participation in a CSP can make a significant contribution to effectiveness of poverty reduction efforts and help ensure that ADB stays relevant to the needs and priorities of its clients. Put another way, enhanced DMC participation is a vital ingredient for operationalizing the new directions and development approach ADB wishes to pursue (Box 5).

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**Box 5 (Cont.)**

theme was the poor state of relations between all levels of government and civil society, especially NGOs. The need for institutional capacity building was repeatedly raised by representatives of all levels of government and of stakeholders.

On the second day, stakeholders identified important inputs into ADB's program and strategy. Workshop participants highlighted four key areas: employment and income, gender, human resource development (i.e., education, health, and reproductive health), and community development and empowerment. Small discussion groups formulated and presented specific recommendations for ADB, including recognition of the role of Islam in women's lives and hence in the design and implementation of projects; the need to address the weak curriculum in Pakistani schools; urgent issues in women's reproductive health; the importance of unemployment and underemployment and their relationship with high population growth and rural to urban migration; and the strong link between women's empowerment, community participation, and capacity building. It was noted that the strong interrelationships between these issues should be better recognized by ADB in the CSP.

The most important was input for the HDS from civil society actors in Pakistan that would not otherwise have been the case. As a result, new areas have been identified for ADB's interventions and different perspectives gained on existing areas. An unexpected outcome was that new contacts were facilitated, not only between the stakeholders and ADB but also amongst the stakeholders themselves. The stakeholders' workshop raised expectations in Pakistan for further, more focused interventions.

Several follow-up actions resulted. They include: sending a draft copy of the workshop report to all participants for correction and comments; requesting additional input from participants on the proposed human development strategy for Pakistan; and initiating work on a TA for capacity building for government and NGO personnel.

## **Matching Demand and Supply**

Lastly, perhaps the most compelling practical reason to enhance participation in a CSP is related to lending. Irrespective of what strategy a CSP defines, it will only become a reality if the DMC borrows for that for which ADB wishes to lend; in the words of an

ADB senior manager "ADB cannot lend for something the DMC is unwilling to borrow for." Participation has the potential to reduce significantly or prevent such a gap arising between borrower demands and lender's intentions. Such dovetailing is a fundamental feature of a client-centered business approach. The alternative, forcing investment agendas tied to conditions, or 'hunting out' a local entity that will simply endorse what ADB wants, is inconsistent with real DMC ownership. In addition, analysis shows such external pressure, or cooption into external agendas, is seldom effective in gaining the desired results.<sup>19</sup> The principles of participation outlined above can contribute to a better identification of a real client, i.e. of who should be the owner(s), together with a specification of their capabilities and requirements. In addition, participation fosters conditions in the DMC that make ADB's services both demand-led and used effectively. Similarly, participation increases ADB sensitivity to DMC desires.

The preceding paragraphs highlight why and how participation improves a CSP. A more participatory CSP can generate benefits in many aspects of ADB operations. There are also costs, risks, and constraints that must be taken into account, leading to trade-offs that CSP teams will need to make.<sup>20</sup> This chapter has identified potential benefits. Chapter VI examines costs, risks, and trade-offs, and makes suggestions on how to deal with them.

The many benefits from participation in country strategy formulation as described above are increasingly being realized. They do not occur as a matter of course but require dedication to the principles of participation and sound judgement. There is no blueprint, only growing insight about what factors contribute to effective 'strategic participation.'

While acknowledging the difficulties, ADB recognizes the potential merits of participation in supporting the client-centered direction it is taking. New policies,<sup>22</sup> investments in innovation, and learning about participation in ADB-funded projects,<sup>23</sup> as well as the inclusion of the present study in the recent revision of business

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practices, are tangible examples of this recognition. The following sections are intended to help ADB determine how participation in a CSP can be better understood and institutionalized.

### **III. DEPTH AND BREADTH OF PARTICIPATION**

Participation can be viewed from two main perspectives: depth and breadth. Depth is a measure of stakeholders' influence on decision making. Breadth is a measure of the range of stakeholders involved. The way that the two are approached and made to interact determines the intensity of DMC ownership and commitment. Inadequate depth can create frustration, better mobilized opposition, and charges of tokenism in ADB's stated participatory intentions. This outcome can be found in the World Bank's participatory approach to CAS processes in Mozambique, South Africa, and Brazil, where its reputation within civil society has suffered.<sup>24</sup> Inadequate breadth leads to fragility in the local institutional foundations required for later implementation. One effect may be delayed disbursement due to lack of sufficient local awareness, and conviction. Attaining sufficient depth and breadth points to a need to set criteria for participation and to define clear 'rules of the game' to establish DMC confidence in the merits of this approach.

Good practice in expanded participation in a CSP matches depth and breadth according to the possibilities of the local situation. The challenge, the skill, is to balance both aspects of participation. When depth outstrips breadth, the high motivations of individuals within DMCs who have helped define strategies are made vulnerable by narrow support and by their transfer. When breadth outstrips depth, wide understanding may not be complemented by commitment to implement strategies that are not seen as relevant to local conditions.

#### **Depth of Participation**

ADB's definition of participation recognizes full or deep participation as being achieved when there is shared influence and joint control over decision making between ADB and DMC stakeholders.<sup>25</sup> This is a challenging criterion. Realistically, this