

**Enhancing Participation in Country Strategy
and Program Planning**

Alan Fowler

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FOREWORD

This is the second volume in a series of Social Development Papers intended to promote discussion of social development issues that influence development and poverty reduction. It focuses on the role of participation by the government and other stakeholders of a borrowing country in planning the Asian Development Bank (ADB) operational strategy in that country. It also discusses broader issues relating to mainstreaming participation in ADB.

ADB has recently revised its business processes to facilitate achievement of its fundamental goal of poverty reduction through coordinated efforts in economic growth, social development, and governance. The country strategy and program (CSP) refers to the new form of operational strategy with a developing member country (DMC). It establishes the framework and profile of assistance that ADB proposes to provide to the DMC over the succeeding three to five years and outlines policy and sector priorities for the period. The CSP is also important for a DMC government and other interested parties because their ownership of and commitment to the intentions spelled out in the CSP are critical for making external assistance effective.

This paper was prepared as an input to the business process review. It covers prior ADB experience and examines challenges in supporting DMC participation in a CSP. It explains how enhancing participation by DMC stakeholders can strengthen local ownership and commitment, and improve the quality of a CSP to increase the impact of ADB lending. It also contains practical suggestions for ADB staff responsible for designing and implementing a participatory CSP.

The author has been working for more than 20 years with international nongovernment organizations (NGOs) in Africa, Asia, and the United States. He is co-founder of the International NGO Training and Research Centre, and a director of the International Society for Third Sector Research.

Rolf Zelius

Chief, Office of Environment and Social Development

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EXECUTIVE SUMMARY

Participation will improve country strategy and program (CSP)* planning by increasing developing member country (DMC) ownership of and commitment to this multiyear program agreement with the Asian Development Bank (ADB). Enhanced participation can come about in the five following ways.

- First, engaging with and listening to local stakeholders shows respect for their views, promoting local interest and involvement.
- Second, involving a wide array of participants generates a clearer understanding of the complexities of the context. This enables strategies to be more closely tailored to the specific features of the DMC.
- Third, wide participation increases the diversity and availability of information, improving the foundations on which strategic decisions will be made while strengthening their link to the subsequent programming decisions.
- Fourth, participation makes the interest of other actors more transparent, allowing them to be taken into account early on. This is particularly important with respect to ADB coordination with other donors.
- Fifth, enhanced participation promotes social learning. The ADB's CSP will always have to be translated into action by local people, organizations, and institutions. Their capacity to do so will be higher if they already know about and

* 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.

understand other stakeholders, their thinking, ways of working, constraints, and capabilities.

Enhanced DMC participation in a CSP also lets ADB know what diverse DMC stakeholders find important; it enables an assessment of the likelihood of their taking action; and it identifies the intentions and comparative advantages of others. Each contributes to an improved strategic selection of ADB products. Consequently, decisions related to the profile of ADB assistance will be better informed and better focused on poverty reduction. ADB cannot lend for something that a DMC is unwilling to borrow for, so improving the match between borrowers' demands and ADB services may well contribute to higher rates of lending.

Depth and Breadth of Participation

Participation has two key dimensions, depth and breadth. Depth is a measure of stakeholders' influence and power in relation to decisions that affect them and can run from simple information gathering/sharing, through consultation, to shared influence, to joint control over CSP decision making. True participation begins with shared decision making. Breadth is a measure of the range of stakeholders involved and can be visualized as expanding circles containing individuals and organizations that are important to, are influenced by, or are capable of influencing, ADB. These are composed of citizens, civil society, the private sector, and government, at local, regional, and national levels.

DMC participation in a CSP exercise has usually been limited to information gathering and (in)formal consultation. CSP formulation by ADB has typically been mainly with a DMC's ministries of finance or planning, or central bank. Contemporary aid policies and regional trends in economics, governance, and public administration now require ADB to look beyond these 'traditional' DMC partners. Specifically, for a more participatory CSP there is a need to disaggregate, identify, and engage with other central ministries or departments; with decentralized and subnational entities, including local governments; with the political opposition

where this legally exists; with the business community; and with civil society organizations.

Designing Participation in a CSP

Designing participation in a CSP requires careful assessment of the environment for participation in the DMC, identification and enlistment of appropriate stakeholders, hopefully arranging for voices of the poor and vulnerable to be heard, and establishment of flexible but minimum ADB requirements.

Five factors condition the participation environment in a DMC:

- the government's capacity to engage strategically with ADB;
- the government's stance toward nonstate participation;
- the capacity of nonstate actors to participate;
- the relationship between the government and nonstate actors; and
- the proportionality of ADB's assistance to the DMC nationally and by sector.

Getting the right stakeholders involved in participation in a CSP requires their identification and enlistment. Unlike many projects, elements of a CSP may well embrace all groups in society, including those directly affected, among them the poor and other vulnerable groups whose voices should be brought into the strategy. The CSP team must make the first attempt to identify potential key stakeholders, giving special attention to those with representational significance. Staff of a Resident Mission (RM) can help in this activity, as can government counterparts and other donors, ADB's existing portfolio of assistance, contacts made in any previous poverty assessments or economic, thematic, and sector work, and a focus derived from ADB's strategic objectives.

Important incentives for stakeholders are their influencing the outcome; gaining recognition and assistance; learning from the process; and assurance of feedback. In some circumstances, it may be necessary to introduce capacity building or other measures early

on to enable voiceless, weaker, or disorganized stakeholders to become meaningful participants.

Several types of participatory methods are available to ADB staff, including participatory research methods, qualitative and quantitative surveys, focus groups, seminars, search conferences, strategy forums, round-table meetings, conferences and workshops, and joint missions and teams. These should be mixed and matched to suit different types of stakeholders and depths of participation suitable for each DMC.

Minimum Requirements for Participation in a CSP

The report outlines minimum requirements for participation in a CSP. These include

- (a) stakeholder identification and capacity analysis;
- (b) examination of the social and institutional contexts;
- (c) preparation of a participation plan; and
- (d) allocation of time and budgetary resources by management for carrying out the plans properly.

It also recommends that documentation of each stage of CSP preparation include a record of stakeholder inputs and perspectives, evaluation of compliance with the participation plan, and evaluation of the quality of participation being achieved. Recommendations for follow-up or improvement of participation in the CSP process in the country and throughout the ADB might also be recorded.

In reviewing participation in the CSPs, ADB management and the Board should look for maximum depth, breadth, and relevance of participation, within identified constraints. Questions to guide their assessment could be: Is the level of participation above minimum requirements? If not, why? Are the reasons reasonable? What evidence is there of DMC ownership and commitment and from whom? The capacity of the ADB's managers to play a more intense role regarding participation during the review process may need

to be enhanced or supplemented through exposure, supporting guidelines, or specialist appraisal.

Mainstreaming CSP Participation in ADB

Enhanced participation, while it can increase the impact of a project, does not slow down the speed of execution of the project or rate of disbursement. Time required for and costs of enhanced DMC participation are modest: on average an additional 5.5 staff weeks to manage and participate in the consultation process and extra expenditure of US\$25,000, mainly to pay for workshop costs, travel, and related consulting services. Overall, the additional, but minimal, front-end costs appear to be more than offset by ensuing benefits across many other aspects of ADB operations, i.e. the CSP must not be treated in isolation.

Constraints and their Removal

There are both internal and external constraints to mainstreaming participation at ADB. They include

- allocation of staff time, availability of necessary competencies, and access to up-front finance; resolution of these limitations rests with management;
- ADB's information disclosure policy and practice—public information documents highlighting major aspects of CSP content may be needed for the general public during different stages of CSP processing;
- linkages between strategies and project selection, which have been a problem in the past; the CSP and annual updates may help reduce this problem; and
- external constraints to participation, which are largely set by DMC governments; ADB staff should explore which aspects of a CSP can be approached in a participatory way.

Some risks of participation can be reduced by ADB efforts. Specifically, the risk of excluding influential stakeholders can be minimized by careful investigation, capitalizing, among other things, on the local information available to RMs. The risk of the participatory process falling apart because of major differences and conflicts between stakeholders can be reduced by using skilled facilitators, smaller or more homogenous groups, and starting the process early on and in an open-ended manner. Recommendations are offered for ADB staff to minimize unrealistic expectations.

Accelerating Progress

The issue for ADB is how to accelerate and systematize progress that is already being made in improving participation in a CSP. Three actions can be recommended:

- *Financing enhanced participation in a CSP.* To gain effective DMC participation in a CSP requires up-front financing.
- *Investing in staff competencies and incentives.* An additional motivation for staff to adopt participation as a normal way of doing business would be to invest in their skills through training and exposure. Revision of the performance appraisal system to recognize merit in this area would be very positive.
- *Action-learning.* Enhanced participation in country strategy formulation is relatively new for all MDBs. An investigative approach, supported by the Operations Evaluation Office, could assist ADB to explore and understand participation in CSP through case examples and analyses of participation costs and benefits over a whole CSP programming cycle for a number of countries.