

ASIAN DEVELOPMENT BANK

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SPECIAL EVALUATION STUDY

ON

PARTICIPATORY DEVELOPMENT PROCESSES

IN SELECTED ASIAN DEVELOPMENT BANK PROJECTS

IN AGRICULTURE, NATURAL RESOURCES,

AND SOCIAL INFRASTRUCTURE SECTORS

February 2001

ABBREVIATIONS

ADB	–	Asian Development Bank
CHARMP	–	Cordillera Highlands Agricultural Resource Management Project
DA	–	Department of Agriculture
DENR	–	Department of Environment and Natural Resources
DLS	–	Department of Livestock Services
DMC	–	developing member country
EA	–	executing agency
IA	–	implementing agency
IFAD	–	International Fund for Agricultural Development
KJDRP	–	Khulna-Jessore Drainage Rehabilitation Project
LGED	–	Local Government Engineering Department
LGU	–	local government unit
LIUCP	–	Low Income Upland Communities Project
NGO	–	nongovernment organization
PD	–	participatory development
PMO	–	project management office
PPTA	–	project preparatory technical assistance
PRA	–	participatory rural appraisal
PS	–	primary stakeholder
RM	–	resident mission
RMFP	–	Rural Microenterprise Finance Program
RRP	–	report and recommendation of the President
SODD	–	Social Development Division
SSWRDSP	–	Small-Scale Water Resources Development Sector Project
TA	–	technical assistance
TOR	–	terms of reference
TWSSSP	–	Third Water Supply and Sanitation Sector Project

NOTE

In this report, "\$" refers to US dollars.

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EXECUTIVE SUMMARY

Introduction

Participation is a process through which stakeholders influence and share control of development initiatives and of decisions and resources that affect them. The process enhances stakeholder ownership and commitment, and helps give a voice to the poor and disadvantaged. One aim of this special evaluation study was to assess the extent of adoption of participatory development (PD) processes in enhancing the effectiveness and benefit sustainability of Asian Development Bank (ADB) projects in sectors where such processes are most useful. Another aim was to attempt an assessment of the efficacy of such processes, and, to the extent feasible, derive from that suggestions on appropriate PD methodologies and institutional changes of stakeholder entities that could contribute to participation in preparing and implementing ADB-supported projects.

Three countries were selected—namely Bangladesh, Philippines, and Sri Lanka—where ADB-supported project preparatory technical assistance (PPTA) and loan projects in the agriculture, natural resources, and social infrastructure sectors had positive elements of PD processes. The study gave particular emphasis to an examination of the type, intensity, and extent of PD processes during project identification and preparation because they were viewed as critical success factors. To that effect, the study framework (i) classified stakeholders according to how they contributed to the development process (because projects are increasingly designed to reflect demand-driven processes), and (ii) reflected major criteria proposed in the 2000 *Report on the Redesign of ADB's Operational Business Processes*.

The study reviewed participation by various stakeholders such as primary stakeholders, nongovernment organizations (NGOs), local government units (LGUs), national government agencies, and ADB, at various stages of the project cycle. Recommendations are suggested along these same lines. Aspects relating to policy formulation and dialogue or sector studies have not been considered in much detail except to the extent that they influence PD processes in ensuing PPTAs and loan projects.

Study Findings

Major findings concern aspects of project identification and preparation. These relate to instances where commitment and ownership by stakeholders were less intense. This is mainly because of pressure associated with project processing deadlines and the limited opportunities of such key stakeholders to participate. Consultations during definition of the PPTA content have been generally limited as few stakeholder workshops have been conducted that enable consensus agreements on the project structure. Moreover, PPTA papers have often specified a rigid task definition for consultants that have further reduced opportunities of effectively relating with other stakeholders during project design. Participation of ADB mission leaders in the initial design steps under PPTAs is considered inadequate although mission leaders are responsible for subsequent design steps leading to loan approval.

Identification of stakeholders is made at the project formulation stage by national government agencies, generally leaving out other local stakeholders. While stakeholders' views are key design factors that determine mechanisms for delivering projects, PPTA terms of reference (TOR) do not always give importance to the analysis of stakeholder capacity to participate effectively. The process of stakeholder selection is rarely transparent and

stakeholder roles at later project stages are seldom revalidated. This is most apparent at the levels of lower government and primary stakeholders. The generally limited resources available in PPTAs, notably time and capacity, for PD processes are considered major constraints.

NGOs have been used mostly to mobilize primary stakeholders during project implementation but they have had little involvement during project preparation when they should more actively participate in the design process because of their often better knowledge of communities. Government agencies generally have a low regard for NGOs as partners in development. The NGOs themselves have generally not developed effective mechanisms for either consultation or sharing experiences among themselves. These drawbacks to collaborative learning among government agencies and NGOs have not helped much the adoption of effective PD strategies in projects that could contribute to reducing poverty.

LGUs are also important key stakeholders. However, during project implementation, changes in LGU staff and elected officials adversely affected continuity of project knowledge. Other factors were insufficient training opportunities for LGU staff and their low levels of motivation that result from lack of resources needed to function effectively.

Implementing agencies identified during the design process were seldom involved in implementing PD approaches due to their limited exposure and capability to carry out such approaches. Country planning and budget authorities also seldom participate early in project preparation. This has sometimes resulted in changes to the project design that local stakeholders had previously agreed on. Such occurrences would not have taken place had higher local authorities participated in initial stakeholder workshops.

The capacity of executing agencies (EAs) to formulate, prepare, and implement projects should be a major design consideration but such capacity is seldom comprehensively assessed. For example, EAs may have mandates and priorities that are not entirely in line with project objectives that drive them to influence projects accordingly. Lack of EA commitment to PPTA posed difficulties in promoting PD processes in several projects and resulted in inadequate counterpart support.

ADB plays the lead role in project identification and preparation. Because of current limited resources during these stages, PPTA consultants work largely unsupervised in spite of their crucial role in project design. Later, during project implementation, ADB missions interact with EAs but much less so with other local stakeholders. Moreover, physical accomplishments, covenant compliance, and loan disbursement are the major measures of implementation progress; little attention is generally paid to progress of PD processes and to reporting on them.

Proposed Recommendations

Key recommendations focus mostly on introduction of PD processes at project identification and preparation phases. For PD approaches to work, sufficient resources—time, expertise, funds, and mostly capacity building of stakeholder entities—must be provided. This is particularly true early in the project cycle. Specific remedies include the following:

- (i) PPTA fact-finding missions need more time and support if they are to facilitate PD processes, notably for workshops intended for identification of potential stakeholders. Stakeholder workshop outputs are: (a) local commitment and sense of PPTA ownership; (b) identification of PPTA milestones reflecting PD processes; (c) assessments of stakeholder institutional capacity; (d) definition of

PPTA consulting support including that for capacity building; and (e) preparation of a flexible project concept paper and TOR for the PPTA;

- (ii) EAs need to participate in the selection of PPTA consultants who have experience and aptitude to facilitate PD processes. Adequate mechanisms to that effect need to be developed; and
- (iii) during the PPTA there is a need to (a) maintain close participation of ADB mission leaders in initial stakeholder workshops, definition of PPTA strategy, and documentation of PD processes; (b) use, and further develop, consultative mechanisms to ensure real stakeholder participation starting at the project level up to the national level, notably through workshops. Of key importance are capacity assessment of stakeholder entities, building their awareness and orientation toward PD using LGUs and NGOs, mobilization of primary stakeholders plus stakeholder learning-by-doing leading to institutionalization of PD processes; and (c) facilitate the process of project framework development, with full stakeholder participation, to be used as a key mechanism for project monitoring, planning, and management. During PPTAs, it is necessary to precisely identify the nature and importance of the most plausible risks, opportunities, and assumptions regarding each stakeholder.

Between PPTA completion and loan effectiveness, local stakeholders are currently barely involved. To maintain momentum of PD activities, ADB support would include: (i) provision of mechanisms for continued information sharing on progress of loan processing; (ii) commencement of capacity-building training for LGUs and other government agencies; and (iii) meetings of consultative groups to maintain local stakeholder interest in the project and shortlisting of NGOs. Appraisal should include a workshop with stakeholders to reach consensus on the final project design.

The tasks and outcomes that are expected from stakeholders during project implementation should not be defined within rigid timeframes. Otherwise, PD processes and the resulting buildup in local ownership and commitment can be seriously undermined. NGOs often have comparative advantage over government agencies in terms of mobilizing primary stakeholder participation. Thus, reaching a common understanding on NGO roles and responsibilities and on criteria for selecting NGOs should be promoted. NGO apex organizations should participate in the design of selection procedures. Finally, a panel for NGO selection and evaluation should be formed and sustained throughout the project life as the mechanism for periodic NGO evaluation and documentation of such a process. NGOs should fully participate in consultations on project implementation policies and strategies, and on continuing activities after project completion. Substantial support for related institutional capacity building is indispensable.

Linkage of LGUs with line agencies should be firmly established to improve project service delivery. Significantly complex consultation mechanisms would be required for projects involving several government agencies. Lessons from experience suggest keeping the number of government agencies to a minimum. The weak mechanisms for collaboration between government agencies justify a more focused approach within projects that would result in smaller loans.

There are currently significant constraints within ADB that impede PD processes. Heavy workloads and limited numbers of professional staff commonly prevent their meaningful

participation with the majority of the stakeholders. Learning processes internal to ADB need improvement for staff to gain exposure to PD methodologies and practices—particularly as they relate to poverty reduction. The Social Development Division should take the lead in this regard by establishing internal forums and learning groups as well as an inventory and description of PD-based projects on the ADB Intranet. Guidelines for the preparation and conduct of PD-based projects need to be prepared, relating PD approaches in concrete ways to poverty reduction. Guidelines are also needed for institutional and organizational assessments and capacity building of institutions.

Participation, by engendering a sense of people's ownership of efforts that are undertaken to address poverty, is a crucial element of sustained development success. In that regard, ADB needs to further promote governance because governance facilitates adoption and application of participatory pro-poor policies. It should also be recognized that, in many societies, the level of social cohesion within communities may be weak. Strong proactive policies are required for groups of often seriously poor people that suffer from systematic social discrimination. Such policies should aim to reverse among discriminated poor people the feeling of social and psychological inferiority, seek opportunities for their empowerment, and create genuinely participatory institutions that can assist them.

Strengthening the social capital of the poor should be an important objective of ADB. This would imply increasing opportunities for the poor to truly participate in the workings of society. Provision of security of tenure over resources and legal recognition of user groups would be important in this regard. A primary concern should be the provision of mechanisms for ensuring that poor communities can effectively participate in enhancing social capital. For that to have a chance to happen, local stakeholder participation in projects needs to extend to giving them the power of effective decision-making.

Recommended Improvements in the Short Term

To immediately strengthen PD processes in ADB projects, a number of actions need to be initiated, and some even completed, in the short term. They include the following:

- (i) mission leaders should participate in the PPTA stakeholder workshops before drafting the project framework and final project design. This will also further increase mission leaders' commitment to proposed projects;
- (ii) resources for primary stakeholders to participate need to be incorporated into the budget of PPTAs with a view to start empowering them to fully participate throughout the process of project design. Mechanisms will be required to compensate them or even to simply make it possible for them to participate, notably in early project stages such as the PPTA fact-finding mission;
- (iii) extensive experience in the proposed PD approaches and in their implementation modalities should be key criteria in selecting consultants for PPTAs. TOR of PPTA consultants need to provide clear directives to apply participatory approaches;
- (iv) disillusionment about a project among stakeholders can be overcome through improved information processes that may be coursed through LGUs, NGOs, and other organized stakeholder groups. However, there should be a clear understanding that having an initial PD process does not guarantee that ADB will finance a project;

- (v) during implementation of PD-based projects assisting the poor and the disadvantaged, technical and disbursement concerns should be weighed against proper involvement of primary stakeholders in decision making;
- (vi) it is a matter of urgency for ADB to produce operational guidelines on PD and on institutional analysis because institutions are the indispensable mechanisms for delivering development assistance and PD is an effective people-centered approach to effect such assistance;
- (vii) operational guidelines for NGOs should be updated to reflect some of the major suggestions supporting PD that are contained in 1999's special evaluation study on NGOs.¹ The study included specific suggestions for improving NGO selection, recruitment modes, management and monitoring, and for making them full development partners of other development stakeholders; and
- (viii) the Social Development Division should take the lead in improving learning processes for PD at ADB. Staff need to gain more exposure to PD practices and to ways of incorporating them into the design and implementation of projects.

¹ SST: REG 99027: *Special Evaluation Study of the Role of Nongovernment Organizations and Community-Based Organizations in Asian Development Bank Projects*, December 1999.

I. INTRODUCTION

A. Background

1. The Framework for Mainstreaming Participatory Development (PD) Processes into Bank Operations (the Framework) of the Asian Development Bank (ADB) provides an overview of PD processes with a working definition as follows:¹

Participatory development is a process through which stakeholders influence and share control over development initiatives, and the decisions and resources that affect them. Not only does this process enhance the sense of ownership and commitment of governments and stakeholders, and improve project quality, effectiveness, and sustainability; but it is particularly effective in giving a voice to the poor and the disadvantaged.

2. The document provides an analysis of major operational implications for ADB of introducing PD processes, and it proposes a framework for mainstreaming these processes into ADB business practices. ADB has several mechanisms for incorporating them into its operations. The primary objective of PD processes is to promote learning and to lead ultimately to shared control over decision making. At the heart of PD processes are the two activities of listening and consulting with local stakeholders. The Framework classifies the depth of PD processes into six levels ranging from basic information sharing to full empowerment of local stakeholders (Appendix 1).

3. The Framework lists indicative options that provide guidelines for incorporation of PD activities into selected ADB-supported operational activities (Appendix 2). In addition, the Framework provides a categorization of stakeholders based on how they are affected by the outcome, positive or negative, of a development activity or program. In this approach, a spectrum of stakeholders emerges, ranging from directly affected parties to individuals or institutions with indirect interests.

4. In contrast to the Framework, this special evaluation study has adopted a different approach to stakeholder categorization. Stakeholders are classified based on how they contribute to the development process. This is a practical and convenient way to approach stakeholder involvement in ADB operations that are increasingly designed within the context of demand-driven operations (Appendix 3).

5. At present, ADB has around 250 loan projects under administration that involve PD processes at varying levels. The 1995 report *Project Quality: An Agenda for Action* indicates a significant increase in the proportion of loans incorporating a high degree of stakeholder participation.² However, other than the basic statistical data of ADB's Central Operations Services Office and the limited information from project documents that are contained in the Environment and Social Monitoring Information System, there is no functional database that reports on the extent and modalities of PD processes in ADB operations.

¹ ADB. December 1996. *Framework for Mainstreaming Participatory Development Processes into Bank Operations*. Manila.

² ADB. 1995. *Project Quality: An Agenda for Action*. Manila.

B. Redesign of ADB's Operational Business Processes

6. The recommendations of the *Report on the Redesign of ADB's Operational Business Processes* are to be adopted from early 2001.³ In view of this, the findings of the present study on participation have been discussed in the context of the proposed changes in business processes. While the former mainly focus to some detail on the early stage of the project cycle such as the country strategy formulation and programming, the latter is concerned with a broader range of activities that take place within the whole project cycle to determine whether stakeholder ownership through participation and empowerment has been effectively extended to the process of project identification, preparation, and implementation.

7. For the four or five years prior to publication of the *Redesign* (footnote 3), a staff working group conducted a review on operational business processes of ADB. The *Redesign* shows that current operational business processes do not result in the desired level of quality at entry for the following key products: country operational strategy, country assistance plan, technical assistance (TA) grants, and loans. This has reduced the potential development impact of ADB assistance.

8. The recommendations of the *Redesign* focus mainly on three issues: (i) the use of a team approach within ADB to oversee all country-related activities, specifically country planning and programming, with additional teams having responsibility for specific projects from project inception to loan approval; (ii) the need for greater developing member country (DMC) stakeholder participation to introduce increased DMC involvement at all stages of product preparation in order to enhance project ownership and sustainability; and (iii) the need to apply business processes and procedures flexibly in response to particular circumstances.

9. The *Redesign* points out that current business processes embedded in the existing corporate culture of ADB provide limited encouragement for building ownership and commitment on the part of DMC governments and other local stakeholders (Appendix 4). It further states that the pressure on ADB staff to meet processing deadlines and the mostly passive role assigned to DMC stakeholders are considered largely responsible for the lack of strong project ownership on stakeholders' part. The focus of the recommendations in the *Redesign* is on the need to strengthen the participation of these stakeholders in the process of country strategy formulation and programming.

10. To address the existing constraints, the steering committee has recommended the following measures to strengthen participation by DMC stakeholders:

- (i) ADB should ensure that its business processes accommodate those of the DMC government and other stakeholders, as applicable; and

³ ADB. February 2000. *Report on the Redesign of ADB's Operational Business Processes*. Manila.

- (ii) ADB will encourage DMCs to work toward broader levels of participation. However, in recognition of the diversity among DMCs, ADB will work with DMC governments to determine their approach to participation.

11. To support these broad principles and to contribute toward mainstreaming participatory processes in the development of country assistance strategies and programs as well as in designing specific interventions, the *Redesign* recommends the following:

- (i) ADB should develop minimum standards of participation, in terms of both breadth (range of stakeholders involved) and depth (level of participation), which it will encourage DMCs to adopt; and
- (ii) ADB will develop a set of good practices that document effective participatory mechanisms—applicable to the various phases of country strategy development and to the review of project design and implementation—to guide staff in assessing how far the participatory approaches proposed by DMCs meet ADB's minimum standards.

C. Poverty Alleviation and Participation

12. The most immediate dimension of the individual's experience of poverty is a sense of hopelessness and powerlessness to do anything to improve his or her situation. Participation directly addresses this feeling of despondency by engaging people and helping them build on the reality about which they know more than anyone else. Participation is a crucial element of development success because it engenders a sense of ownership for the efforts that are undertaken to address poverty and motivates people to take care of the facilities that are provided.

13. ADB's poverty reduction strategy has identified pro-poor, sustainable economic growth and social development as key elements for reducing poverty.⁴ However, the successful achievement of either requires sound macroeconomic management and good governance. The latter and the other two elements together are expected to result in socially inclusive development. By 2002, ADB intends to ensure that all its departments concerned will have acquired the skills needed for poverty reduction activities, including skills for facilitation of stakeholder consultations and participation.

D. Study Objectives

14. This special evaluation study was conceived within the context of ADB's objective of reducing poverty and of redesigning its operational business processes. The main objective of the study was to review, assess, and draw lessons from the adoption of PD processes in enhancing (i) the effectiveness of ADB project assistance in selected sectors, and (ii) the sustainability of project benefits.

⁴ ADB. November 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy*. Manila.

15. The study focused on a sample of relatively recent ADB-supported project preparatory technical assistance (PPTA) and loan projects in three countries. The PPTAs and projects were deliberately selected, in collaboration with operational staff, as good or innovative operations in which PD approaches to development and a focus on the poor featured strongly. Projects in the agriculture, natural resources, and social infrastructure sectors were selected because PD processes are considered to be most useful in these sectors. Policy formulation and dialogue or sector studies were studied in less detail, and mostly to the extent that they influenced PD processes in the selected PPTAs and loan projects. The study reviewed the approach, modality, and intensity of PD processes that featured within the selected PPTAs and projects.⁵ It follows that the study's conclusions and recommendations should be viewed in the light of the confines defined above.

16. Another study objective was to assess how and how far the various stakeholders had become involved in PD activities, and how they in turn affected the PD processes that were used. This assessment required an analysis of the capacity of stakeholder entities to support PD processes in development operations. Such entities included ADB, executing agencies (EAs), and other entities such as government agencies, local government units (LGUs), nongovernment organizations (NGOs), as well as primary stakeholder groups.

17. A final objective was to identify lessons and provide suggestions from experience (admittedly from limited evidence) for appropriate methodologies and needed institutional changes and arrangements of the various parties involved. These would help ensure adequate participation in the preparation and implementation of future similar ADB-supported projects.

E. Methodology and Analytical Approach

18. The study covered Bangladesh, Philippines, and Sri Lanka and lasted a little more than a year. Depending on the magnitude, geographic spread, and nature of components of the selected projects, the study involved detailed assessments of the projects or part(s) thereof as case studies. The PPTAs leading to the projects were also assessed. In addition, other PPTAs that had useful elements of PD processes were also examined. Overall, the study gave particular emphasis to an examination of the type, intensity, and extent of participation during project identification and preparation because these were viewed as particularly critical elements in the success of many development projects.

19. The selection of the study scope of countries, PPTAs, and loan projects followed a two-step approach (Appendix 5). Key elements of the study approach included

- (i) an initial desk review of the extent of participation within ADB-supported operations that was conducted through a study of recent appraisal reports, reports and recommendations of the President (RRPs), and project performance audit reports of 189 loan projects and of 40 PPTA papers. The survey was based on six countries, namely Bangladesh, Indonesia, Nepal, Philippines, Sri Lanka, and Thailand where participation in ADB operations was considered to be extensive or advanced (Appendix 6);

⁵ Because of the limited success of PD processes in study cases, little evidence was available to assess their efficacy in terms of what type and level of additional resources and approaches would actually be required from various stakeholders before PD processes could significantly improve project performance.

- (ii) close consultations were conducted with the operations departments of regions East and West of ADB to identify PPTAs and loan projects featuring strong elements of participation, prior to selection of a sample of loan projects and their preceding PPTAs in the three study countries (Appendix 7);
- (iii) the scope, approach, methodologies, specific terms of reference (TOR), and time schedule of the study were refined through consultation with experts in participation and with regional NGOs located in the Philippines;
- (iv) a regional NGO based in the Philippines was contracted to coordinate the fieldwork in each of the three study countries, with a local NGO subcontracted in Bangladesh and Sri Lanka to assist in the coordination. Under the supervision of ADB staff in charge of the study, the fieldwork was carried out in collaboration with a staff consultant and the regional NGO through visits to each of the three countries. This entailed visits to the selected projects and meetings with the EAs followed by consultations with representatives of each of the other main stakeholders (Appendix 5);
- (v) at the conclusion of the fieldwork in each country, a national workshop was conducted to share the findings with representatives of each of the stakeholders of each PPTA and project studied (Appendix 8); and
- (vi) the ADB staff and staff consultant concluded the study by meeting with concerned staff in programs and projects departments of ADB to assess the extent of their role in facilitating PD processes as well as their views on preliminary study findings, conclusions, and implications.

II. MAIN FINDINGS OF THE STUDY

20. Findings of field interviews and investigations of the case studies are analyzed and summarized in Appendix 9, which is based on the comprehensive and detailed findings provided in three Supplementary Appendixes on Bangladesh, Philippines, and Sri Lanka.⁶ These form the basis of this chapter. Even though the study deliberately selected PPTAs and projects that are successful or innovative, in terms of PD approaches and focus on the poor and women, the findings suggest that most of the cases that the study investigated in the field are mediocre.⁷ This has affected achievement of some of the study objectives, notably efficacy and effect of PD processes on the effectiveness, time requirement, and benefit-cost ratio of ADB operational assistance. This shortcoming reduces both the scope and depth of evidence on which to base an assessment of the impact of PD modalities and intensity of project performance. A number of study recommendations and lessons identified must be viewed in that context. Overall, while PD dimensions are generally difficult to measure and are inherently far more complex and uncertain than the technical aspects of development, awareness building, creativity, and persistence can significantly contribute toward the institutionalization of PD processes.

⁶ Supplementary appendixes could be provided on request.

⁷ Agriculture and Social Sectors Department (West) commented that "Most of the recommendations this report entails have actually been applied to those selected case studies." This is true as regards most project processing and approval reports but considerably less so in terms of actual implementation.

A. Project Identification and Preparation

1. Consultation Mechanisms

21. The following mechanisms were used in the case studies:

- (i) gathering information on various key stakeholders to establish their profiles;
- (ii) participatory rural appraisal (PRA) methods that applied various techniques, including visual mapping technology, and ranking and trend analysis, to enable illiterate people to participate;
- (iii) client consultation method, where social mobilizers assisted by field staff of the concerned government agency held meetings with local government officials and leaders, village people, and other primary stakeholders. These meetings were held to prepare for a subsequent wider consultation at the project design stage. The method was also used occasionally to provide feedback on other ongoing development activities;
- (iv) participatory planning workshops, to stimulate a wide base of stakeholder participation through discussions, information sharing, and gaining consensus on planned and ongoing project processes and outcomes;
- (v) focus group discussions, managed by facilitators who convened representatives selected from stakeholder groups. These discussions were intended to draw out the stakeholders' specific concerns, constraints, expectations, and opinions;
- (vi) community interviews—carried out through visits to village communities and critical project areas—to reach rural folk and vulnerable groups, and provide them with the opportunity to raise their concerns. This method was used when participation in community assemblies or workshops was not possible or when it was necessary to supplement the findings of other participatory consultation methods;
- (vii) rapid rural appraisals and surveys, conducted by field personnel based on a structured questionnaire. The results of these were analyzed and used as baseline data or as a source of information for stakeholder analysis; and
- (viii) key informant interviews, held only with persons involved in the project(s) that were earlier selected to provide inputs on key issues.

22. A general weakness observed in all the case studies is the lack of effective consultative mechanisms to enable community stakeholders to contribute to the process of project preparation. Prior to such preparation, it is important that communities organize themselves to form a representative body with common concerns. The study found, however, that it takes some time for communities to be fully convinced of the need to participate, organize themselves, and voice their concerns, and some more time to be able to contribute to project preparation (Box 1).

Box 1: Consultative Mechanisms and Stakeholder Involvement

In the case of the Cordillera Highlands Agricultural Resource Management Project,⁸ the project preparatory technical assistance took place over six months. This period provided opportunities for conducting consultations and joint assessments, including the use of participatory rural appraisals in several selected communities. It was particularly important to make provision for this additional time for consultation since the Project represented a significant strategic shift away from the previous Asian Development Bank-funded project in the area (Highland Agriculture Development Project).⁹ However, despite the attempt to involve local communities in these types of needs assessment techniques, attention to the involvement of local nongovernment organizations (NGOs) was lacking. Consultations would likely have provided an opportunity for assessing the capacity of the local NGOs as well as discussing the proposed project. During implementation, the Project experienced considerable delays, partly because of complex government contractual procedures, but also because the NGOs involved had limited capacity. More in-depth consultation during project preparation would have identified these deficiencies and developed the required implementation strategies. Further weaknesses in the consultative mechanisms emerged when the selection of municipalities was managed by the PPTA consultants and then finalized during the appraisal mission without full consultation with the LGUs. As a result of the lack of clearly defined selection criteria, some severely depressed areas were omitted.

Source: Participatory development study questionnaires, 1999.

23. An essential part of the preparation process is defining the stakeholder groups or individuals to participate in a project. In the case studies, the TA papers indicated broad guidelines on the types of consultation mechanisms that were to be established during the implementation of the PPTA. However, the papers provided specific details of only national government agencies to be represented in the consultations.

24. The need for enhanced participation by local stakeholders is a major concern. Local stakeholders include primary stakeholders and their representatives, civic leaders, local government officials, and local NGO representatives. Their increased participation in design preparation is presumed to create a greater sense of ownership of a project. Among stakeholder groups, it is important to make a selection of the groups to be included in a project, e.g., municipalities, villages, or other groupings. However, there was evidence in the case studies of a general lack of participation by local stakeholders in the selection process. As a consequence, the stakeholders had no clear understanding why some were chosen and others excluded. In Cordillera Highlands Agricultural Resource Management Project (CHARMP), the selection of municipalities to be covered by the Project was made during the PPTA. Since no defined criteria were set for the selection, some severely depressed areas were omitted. This was mainly because the PPTA consultants largely managed the process and did not seek the participation of the barangays (the smallest unit of local government in the Philippines), which could have also been an opportunity to identify other viable projects.

2. Primary Stakeholders

25. Consultations that take place with primary stakeholders provide opportunities for selected representatives, who will ultimately be a part of the proposed project, to contribute information. The manner in which the communities and the residents in the case studies were selected varied between projects, depending on the local situation. The limited availability of

⁸ Loan 1422-PHI(SF): *Cordillera Highland Agricultural Resource Management Project*, for \$9.5 million, approved on 11 January 1996.

⁹ Loan 802-PHI: *Highland Agriculture Development Project*, for \$18.8 million, approved on 25 November 1986.

resources for PPTAs, not only in time but also in the capacity of the EA and PPTA consultants to facilitate PD processes, was generally a constraint. The extent of consultation made with primary stakeholders varied considerably between projects although PD processes were rarely used for comprehensive needs identification. The PRA method was extensively used in CHARMP and in the Upper Watershed Management Project¹⁰ in Sri Lanka.

26. The consultations with primary stakeholders were generally for the purpose of gathering information and gaining consensus. However, they provided little opportunity for primary stakeholders to participate in the design of project interventions. They also failed to give sufficient attention to the analysis of the existing institutions' capacities and the extent of their commitment to the proposed interventions, in order to determine whether such institutions could be strengthened.

27. The effect of consultations, generally, was to create high expectations for the proposed project. However, during the long delays that subsequently occurred, stakeholders were often not kept abreast of progress of the proposed interventions. This was a serious weakness in the participatory approach that led to apathy toward participatory approaches in other planning activities. Some communities had already been through similar experiences where consultations produced little result (Box 2).

Box 2: Raising Expectations during Project Preparation

During the project preparatory technical assistance for the Third Water Supply and Sanitation (Sector) Project¹¹ in Sri Lanka, a few selected districts and small towns were used as the basis for the socioeconomic surveys and community planning workshops. They were selected through a random sampling procedure, unlike the comprehensive selection processes used to select the areas in which the Project was to operate.

The result of this random sampling was that expectations were raised in all the areas involved during the PPTA, even though some of these areas were later excluded because they did not qualify under the selection criteria. These false hopes might have been avoided if the decisions about the selection of the areas had been made during the PPTA. This, though, would have represented a considerable increase in work during project preparation. In addition, the same element of transparency that was achieved through the selection process, would have been unlikely after the PPTA and during project implementation.

Thus, the dilemma faced during any PPTA is the risk of raising stakeholder expectations and then of trying to ensure that these can be satisfied during implementation without compromising any subsequent processes for the identification of the areas or communities to be included.

Source: Participatory development study questionnaires, 2000.

28. Participatory workshops conducted in the case studies often had low attendance levels. Reasons included bad timing, budgetary constraints, and lack of interest on the part of the community. Many farmers found it difficult to leave their farms. For disadvantaged groups, fares to attend meetings were too high. In the case of the Pasig River Environmental Management and Rehabilitation,¹² the high profile venue for the workshop discouraged attendance by communities. Sometimes, the participants at the workshops did not represent the views of

¹⁰ Loan 1545-SRI(SF): *Upper Watershed Management Project*, for \$16.6 million, approved on 24 September 1997.

¹¹ Loan 1575-SRI(SF): *Third Water Supply and Sanitation (Sector) Project*, for \$75 million, approved on 6 November 1997.

¹² Loan 1745-PHI: *Pasig River Environmental Management Rehabilitation Sector Development Program*, for \$100 million, approved on 20 July 2000; and Loan 1746-PHI: *Pasig River Environmental Management Rehabilitation Sector Development Program-Project Loan*, for \$75 million, approved on 20 July 2000.

primary stakeholders. Under a pilot PRA activity initiated under the Upper Watershed Management Project (footnote 10), the sample group did not represent the demographic and sociocultural profile of the whole community. Such inadequacies in conducting participatory approaches resulted in limited meaningful consultations.

29. The difficulty of access to remote areas and security risks were other reasons why some stakeholders were left out. One serious limitation of the PPTA for the Low Income Upland Communities Project (LIUCP)¹³ in the Philippines was the lack of consideration given to winning the trust of the indigenous people through effective community contact and organizing. The TA also failed to note the experiences of these communities during past government initiatives, matters that could have been appropriately addressed during the formulation of the Project.

3. Nongovernment Organizations

30. Various processes were used to identify suitable NGOs to handle development activities. Given that local NGOs are probably the most reliable source of information on the process of primary stakeholder mobilization within their own area, NGOs had opportunities to more actively participate in the process of designing the projects. Such opportunities related to complexities in the mobilization process that NGOs could have recognized and help tailor accordingly the project design. This occurred most notably in the case of LIUCP where difficulties in organizing tribal communities were not recognized because of failure to identify suitable NGOs.

31. The project design teams did not invite NGOs to take part in the PRAs that involved primary stakeholders in assessing their needs. (This is another area where NGOs' expertise could have been most useful, given their familiarity with local situations.) On the contrary, in some case studies, government agencies regarded the NGOs as competitors, rather than as indispensable partners.

4. Local Government Units

32. Opportunities for local government staff and officials to participate during project preparation were limited under the case studies. Although some consultations with LGUs took place during project preparation, the project did not provide these LGUs with sufficient opportunity for them to participate effectively in the project design. This meant that activities were included within the project design of which local governments had limited awareness or may even have opposed. The few cases of participatory consultation processes with LGUs were through selected representatives or elected officials. In several instances, this approach had a significantly positive effect. Some LGUs were enabled to provide the lead in achieving better management of natural resources. However, the lack of continuity of counterpart LGU staff assigned to help in the process of project design was a serious impediment to effective LGU participation. Newly assigned staff, who had no previous knowledge of earlier meetings, joined the consultation process generally without being properly briefed on their specific role. The result was ineffectiveness, particularly when adoption of a participatory approach or a learning process strategy was attempted. The Rural Microenterprise Finance Program

¹³ Loan 999-PHI(SF): *Low Income Upland Communities Project*, for \$32 million, approved on 14 December 1989.

(RMFP)¹⁴ and the Pasig River Environmental Management Rehabilitation Project (footnote 12) in the Philippines are examples of this deficiency.

5. Executing Agencies

33. A component on reforestation was included in LIUCP, and the Department of Environment and Natural Resources (DENR) was assigned as the EA. However, NGOs and other stakeholders shared a consensus that DENR was not the suitable EA for the Project because of DENR's prioritization of reforestation over the other components of the Project and its failure to directly address the primary project objective of reducing poverty among indigenous tribal groups. Likewise, in Bangladesh, the Local Government Engineering Department became the EA for the PPTA on the Urban Poverty Reduction Project¹⁵ in preference to other agencies that were more involved with assistance to slum areas and that had experience of credit provision for livelihood support. This happened without consultation with most key stakeholders.

34. The role of project management office (PMO) staff needs to be carefully considered before project implementation begins. Such PMO staff actually constitute a separate and distinct group of stakeholders. This was generally not recognized in most case studies and thus not reflected in projects. PMOs provide key services to projects since they provide the staff who work with the technical advisory teams for at least part of the project implementation period. PMO staff need to be closely integrated with staff of EAs to prepare them to assume responsibility for project sustainability.

6. Participation of ADB Staff

35. During implementation of PPTAs, mission leaders commonly make three mission visits to the project: an inception mission for the PPTA, a review mission, and a tripartite meeting mission to discuss the draft final report of the consultants. In the case studies, seldom did mission leaders participate in workshops, and the few workshops that they actually took part in were mostly conducted at the national level rather than at the more local project level. In general, PPTA consultants worked largely unsupervised in the field, even though they had the crucial role of being the interface between ADB and the country stakeholders during the critical stage of project design. Consultants were guided by their TOR and the PPTA target milestone. EAs did not actively supervise the consultants' activities. Key reasons were that ADB funded the PPTA costs, and that ADB selected PPTA consultants who reported on the progress of the PPTA to ADB (their client by contract).

7. Documentation of the Design Process

36. A major deficiency in most of the PPTA reports produced by consultants was the lack of attention paid to documenting the design process. Reports generally contained information only about the final design. They did not provide means of verifying how the design was developed and the extent to which stakeholders participated in the process. This information should have

¹⁴ Loan 1435-PHI(SF): *Rural Microenterprise Finance Program*, for \$20 million, approved on 23 April 1996.

¹⁵ TA 2410-BAN: *Urban Poverty Reduction*, for \$600,000, approved on 28 September 1995.

been the foundation for validating the project design that the PPTA prepared using a PD approach. It would also have helped in monitoring PPTA progress and the outputs from stakeholder participation, and would have been useful in any subsequent evaluation of project success. Documentation of the design process should be an essential requirement given the frequently limited amount of interaction between mission leaders and the consultant team during PPTA implementation.

B. Project Implementation

1. Roles and Responsibilities of NGOs

37. In the case studies, the only opportunity for NGOs to participate in project implementation was through a contract with the EA. Sometimes, the tasks represented a new area of activity for NGOs. Occasionally, due to time constraints in the processing of a project, there was heavy reliance on information provided by NGOs without any significant effort made to validate the data with further lower levels of local consultations.

38. NGOs have become important stakeholders in ADB-supported projects. Within the selected study operations, the extent of their involvement was significantly higher in Bangladesh and the Philippines than in Sri Lanka. The tasks of NGOs were concerned essentially with supporting the mobilization of primary stakeholders. Project documents frequently mentioned NGOs' comparative advantage in this regard. It should be recognized, however, that NGOs are not confined to this activity as there are examples outside ADB operations of their being involved in various forms of service delivery.

39. Despite their opportunities to participate in project implementation, NGOs in the study projects did not develop effective mechanisms for consultation among themselves. The exception is CHARMP in the Philippines where a consortium was set up to provide such a mechanism to overcome poor local NGO capacity during the bidding process. In the case studies, NGOs had few, if any, opportunities for sharing their experiences; in addition, some NGOs worked in sectors in which they had little or no previous experience, including poultry production, drainage rehabilitation, coastal resource management, and reforestation. NGOs did not benefit from training for institutional-capacity building to the same extent as government agencies.

40. Examination of NGO achievements in the study operations shows that NGOs encountered serious difficulties. The relationship between the contracted NGOs and the EA was not necessarily as straightforward as initially expected. One of the main concerns was the lack of consultation with local government during NGOs' identification, and assessment of their eligibility and suitability for the projects. Examples included the Forestry Sector Program in the Philippines,¹⁶ the Participatory Livestock Development Project in Bangladesh,¹⁷ and the Third Water Supply and Sanitation (Sector) Project (TWSSSP) in Sri Lanka (footnote 11). Identification and selection of NGOs are critical steps in the initial stages of implementation. Since NGO tasks under the study projects were mostly concerned with mobilization of primary stakeholders, NGOs were meant to work in close collaboration with local government staff and

¹⁶ Loan 889(SF)/890-PHI: *Forestry Sector Program*, for \$60 million, approved on 28 June 1988.

¹⁷ Loan 1524-BAN(SF): *Participatory Livestock Development Project*, for \$19.7 million, approved on 19 June 1997.

elected officials. In such a situation, it was essential that local governments participated selecting NGOs, but they did not. The selection process was managed mostly at the national level without consultation with local authorities.

41. Within each of the study countries, apex NGOs represent the interests of member organizations. These apex bodies are a useful source of information that could help in selecting individual NGOs. However, under the study projects, NGO apex organizations took little part in the process of selecting NGOs. In the case of the Khulna-Jessore Drainage Rehabilitation Project (KJDRP) in Bangladesh,¹⁸ the (apparent) exclusion of an apex NGO during consideration of alternative approaches to drainage rehabilitation spawned considerable antipathy between that organization and project management. This seriously hindered project implementation.

42. NGOs undertook their tasks as contracted parties but did not participate in projects as development partners. Although consultations took place with different NGOs, there was little interaction among the NGOs involved in similar projects. In the interests of strengthening the capacity of local institutions within the areas of ADB-supported projects, enabling NGOs to benefit from training should have been an important consideration. The fact that this was largely overlooked was a direct reflection of the lack of assessment of local NGO capabilities during project preparation.

43. The EAs' capacity to manage NGO contracts was a further serious constraint to NGO participation and even effectiveness. This shortcoming was mainly confined to some of the projects examined in the Philippines. The lack of mutual trust that was demonstrated by EAs or local governments and NGOs was made worse by long delays in renewing NGO contracts. The whole situation had a serious impact on NGO performance.

44. Some of the EAs, as well as other government agency staff in Bangladesh, were adamant in their refusal to regard NGOs as partners in the development process. This was the case most particularly under KJDRP and the Small-Scale Water Resources Development Sector Project (SSWRDSP)¹⁹ where NGOs were rigidly described as mere "subcontractors."

2. Local Management Groups

45. Establishment of local management groups was an effective approach to water and other natural resources management in coastal and watershed areas. Examples include the Fisheries Sector Program,²⁰ LIUCP, SSWRDSP, and KJDRP. Local management groups provided an effective mechanism for gaining popular support during the planning and implementation of project interventions. Furthermore, they could have potentially provided a mechanism for primary stakeholders to participate in management decisions that affected them. In reality and despite these advantages, there was insufficient attention in the study projects to building the capacity of these groups and to ensuring that they could be institutionalized and sustained within existing local government structures. In the case of the Forestry Sector Program in the Philippines (footnote 16), local management groups were difficult to sustain

¹⁸ Loan 1289-BAN(SF): *Khulna-Jessore Drainage Rehabilitation Project*, for \$50 million, approved on 14 December 1993.

¹⁹ Loan 1381-BAN(SF): *Small-Scale Water Resources Development Sector Project*, for \$32 million, approved on 26 September 1995.

²⁰ Loan 971-PHI(SF): *Fisheries Sector Program*, for \$50 million, approved on 26 September 1989.

because of the high cost of organizing meetings involving large groups of people. In the case of RMFP in the Philippines (footnote 14), aside from the difficulty of convening meetings, consistent attendance of the same set of representatives was not achieved.

3. Commitment of Local Government Units

46. Sustainability of LGU activities in ADB operations under the study was commonly a reflection of their capacity in terms of both human and financial resources. Generally, an essential aspect of LGU participation must be to ensure that the activities they will be involved in are implemented in such a way that it will be feasible to institutionalize and sustain such activities in the future. It follows that a precondition at the time of project preparation is sound understanding of the local situation. This can be achieved only through active participation of local government representatives, which will engender a sense of ownership on the part of LGUs for the activities involved, thereby contributing to long-term sustainability.

47. The extent of LGU participation in implementation of the study projects varied considerably. In the Philippines, there was more significant involvement of stakeholders, a situation reflecting the greater progress that was achieved in devolution of powers to lower levels of government. RMFP was the exception. One of the most important impacts was in the introduction of various forms of consultative groups that brought together a range of local government representatives and other stakeholder groups to discuss issues relating to project implementation. This had the effect of achieving greater interaction among LGU officials and their staff, on the one hand, and NGOs, line agencies, and primary stakeholder representatives, on the other.

48. Difficulties faced in working with LGUs during project implementation often related to the frequent changes that occurred among the elected officials and staff working on a number of projects. This happened when an election resulted in changes in local executives and caused disruptive effects on the pace of project implementation. There were a few cases where credible elected officials realized that there were benefits to be gained from supporting the activities of projects strongly supported by the local population.

49. LGU staff generally had insufficient opportunity to train in capacity building to enable them to sustain PD-based project interventions, which represents a shift from their traditional mode of service delivery. One frequent observation about LGU staff was their generally low level of motivation; this was the direct result of the lack of resources available for them to function effectively. Where opportunities existed for LGU staff to participate and contribute more effectively in the identification of services and their delivery, levels of motivation and commitment significantly improved. This has been particularly apparent in the Fisheries Sector Program where, several years after project completion, LGU staff are still motivated to promote the concept of community-based coastal zone management.

4. Limitations on Stakeholder Participation

50. In Bangladesh, the water resource management groups were compelled to register as cooperatives because that is the only mechanism by which they can be recognized as a group and manage their own affairs. A less bureaucratic legal framework would have been advisable under SSWRDSP.

51. The adoption of physical achievement targets within a highly rigid timeframe was a serious impediment to the adoption of real stakeholder participation. In the Upper Watershed Management Project in Sri Lanka (footnote 10), critical areas within the watersheds were demarcated and used as annual targets for the projects. Local stakeholders did not participate in this decision and were forced to tailor their own resources to its accomplishment.

52. Stakeholders were sometimes left unaware of the criteria for their inclusion in a project, often because of a lack of transparency in stakeholder selection. CHARMP in the Philippines is a case in point, where the PPTA team itself selected villages during the early stages of project implementation. Districts and villages in TWSSSP in Sri Lanka were selected using criteria established without consultation with local communities. Broadly, there appear to have been insufficient mechanisms for bringing together different stakeholder groups for consultation to reach consensus on project implementation strategies, and to define their respective roles and responsibilities.

5. Community Mobilization Process

53. The effective community mobilization under TWSSSP was based on the achievement of a series of milestones to permit the organizing process to be closely monitored. The process relied generally on the formation of new groups within each community, based on the observation that existing groups seldom have the capacity to accomplish the tasks involved. The result was a remarkable empowerment of the group as demonstrated by a measurable commitment from the majority of residents. Another important fact that the Project highlighted was that focusing on a simple need of overriding importance to the community enables faster community mobilization.

54. The Urban Development and Low Income Housing Project in Sri Lanka²¹ successfully adopted an approach that relied on the use of existing organizations (rather than new ones) to provide the mechanism for identifying subprojects. The Project used the same organizations to encourage community participation in formulating project proposals and to supervise their implementation. In both cases, participation worked best in community areas where groups existed that could already help themselves.

6. Use of Financial Incentives

55. One of the interesting features of the Upper Watershed Management Project in Sri Lanka was the use of financial incentives to encourage farmers to participate in the improvement of soil conservation measures on their own farms. It seemed at that time that the farmers' acceptance of project interventions was due to the payment of these incentives and that, without them, they were unwilling to undertake the work. In fact, though, many terraces within the watersheds had been constructed and sustained by farmers from their own resources for decades prior to the Project. But because of the prevailing culture of induced dependence on government support, self-reliance among farmers had become difficult to achieve, especially as regards project terracing, which they felt they could not sustain by themselves. The

²¹ Loan 1632-SRI(SF): *Urban Development and Low Income Housing Project*, for \$70 million, approved on 24 September 1998.

Government resorted to various incentive strategies to make farmers “realize” that their terracing and farming practices were less efficient than those introduced under the Project.

7. Government Agencies

56. Project implementing agencies (IAs) were generally identified during PPTA fact-finding missions while (extensive) consultation with other project stakeholders did not necessarily take place. IAs had generally limited capacity to implement PD processes to facilitate effective stakeholder participation. This was particularly true for lower levels of government and primary stakeholder groups that often did not receive the attention they deserved during project preparation. Furthermore, IAs did not use the design process to introduce the concept of PD processes to IA staff who thus generally had limited awareness of these processes before, during, and after the projects.

57. Linkages between IAs and lower levels of local government were often tenuous. An important aspect of some projects was to improve the mechanisms for consultation and to establish partnerships between IAs and local government entities. Nonetheless, relationships between IAs and EAs often had weaknesses. Projects that involved many different government agencies required highly complex mechanisms for effective consultation. (This was particularly apparent for the Coastal Resource Management Project in Sri Lanka.)²² These mechanisms were a constraint to effective participation by the many agencies involved and generally resulted in less successful implementation. Projects that involved only one or two agencies generally performed better, as seen in the positive experiences under TWSSSP.

58. Other government agencies were not directly involved in the preparation and implementation of the study projects but were also stakeholders. Examples include national planning and budget authorities. Although they took part in the design of a number of study projects, there was a distinct tendency for them to be consulted relatively late in project preparation. This occasionally led to changes in the design that local stakeholders had already agreed to. Earlier consultation during preliminary discussions of the project concept could perhaps have overcome such problems. These authorities need to participate in initial stakeholder workshops that are conducted when a project is being conceived and prepared.

III. MAJOR ISSUES AND CONCLUSIONS

A. Identification of Stakeholders

59. The lack of emphasis on defining the stakeholders is an issue in many of ADB’s people-centered projects. It is most apparent for both the lower levels of government, and among primary stakeholders and their organizations. There is also a tendency to describe primary stakeholders as project beneficiaries. This is symptomatic of a supply-driven mentality and represents the traditional approach in which people are regarded as passive recipients of support and assistance. The alternative description of primary stakeholders as *customers* is more appropriate since it categorizes them as the source of the demand for the facilities or services provided through a project (paras. 63 and 64).

²² Loan 1716-SRI(SF): *Coastal Resource Management Project*, for \$40 million, approved on 7 December 1999.

60. When project proposals or concepts were identified and researched through PPTA fact-finding missions, time was generally limited for formulating a clear definition of the range of stakeholders that were to participate in the PPTA and the ensuing project. However, usually once project implementation begins some reassessment is required of the range of stakeholders who should be involved to ensure that each is provided with an opportunity to participate in the project. In this respect, the RRP generally provides a description of the consultation mechanisms that are to be established through the formation of national level steering committees. The composition of stakeholder groups may even be described within the RRP, but in the study projects there was little effort during implementation to amend the composition of these groups to ensure that all stakeholders had adequate representation.

61. Most initial stakeholder workshops conducted early in the projects did not give enough attention to revalidation of the range of stakeholders. Stakeholders were not always enabled to participate in these early consultations when their respective roles and responsibilities could have been reviewed. This sometimes had negative effects, particularly when considerable time had gone by since the completion of the PPTA (as occurs with many ADB projects).

B. Primary Stakeholders or Customers

62. The development process adopted under a project is generally conducted in a comparatively short time. NGOs or government agency staff frequently mobilize primary stakeholders, but with insufficient opportunity for primary stakeholders to ensure that their needs are served and that they are empowered for all the activities involved. Furthermore, there is a tendency for these planning activities themselves to become the main focus, rather than their results. It is the latter that enables primary stakeholders to acquire some sense of ownership of the output essential for the sustained success of the interventions as well as the achievement of objectives.

63. During project implementation, support should be provided in various ways to ensure that people living within the selected communities are enabled to participate in decision-making processes relating to activities that directly affect their livelihood. Mechanisms would involve establishment of various groups at different administrative levels that empower people to express their views and needs. It is important that primary stakeholders become *customers* in the sense that their needs can best be assessed and served, and that they can take an active part in the process.

C. Suppliers

1. Nongovernment Organizations

64. PD potentially represents an innovative approach to service delivery, particularly in sectors most amenable to reducing poverty. Organizations such as NGOs should play a key role in this regard. An ADB evaluation study in 1999 found that NGOs can make unique contributions in enlisting grassroots opinion, in highlighting particular community-based opportunities and constraints for project strategy formulation, and in acting as facilitators for

stakeholder analysis.²³ However, the study also found that NGO capacity assessment in the projects reviewed had been weak in 45 percent of cases. It would thus seem that the adoption of PD strategies constitutes a major challenge for future ADB operations if the needed mechanisms (or even opportunities) for collaborative learning processes between government agencies and NGOs are not put in place. Resolving this issue may be a precondition to mainstreaming PD in ADB operations.

2. Government and Executing Agency

65. In practice, government concerns during the project cycle are represented by the EAs. EA identification normally takes place at an early stage. In some cases, the EAs themselves propose a specific project for funding, as with the Fisheries Sector Program in the Philippines. Accordingly, EAs are charged with significant responsibilities during project preparation and have primary responsibility for project implementation. Their capacity to assume these responsibilities becomes an essential consideration when ADB formulates, prepares, and implements any project. This needs to be fully and explicitly recognized in all ADB operations.

66. Governments are generally required to cover some counterpart costs in support of PPTAs, mainly in the form of staff and logistics. There have been cases, however, where the provision of staff was little more than a token gesture, as inexperienced staff were assigned. In such cases, participatory processes were significantly constrained. Lack of local commitment to PD processes was also observed in the relatively frequent failure of consulting teams to function effectively in providing guidance and advice during PPTAs because of lack of seniority and continuity in the staff assigned. Major improvements in governments or EAs are required if PD approaches are to become more successful.

67. EAs were not very receptive to the concept of working in cooperation with other organizations—especially NGOs—and regarding them as equal partners in PD processes. EAs generally did not have the capacity to effectively manage NGO contracts. This can seriously disrupt project implementation, especially when PD processes entail a significant change to the way in which EAs operate. Assistance from ADB could improve the situation.

D. Asian Development Bank

68. It would seem that the most important opportunities for ADB to become involved in PD processes during the project cycle are in the upstream activities of identification and preparation. It is during these phases that ADB staff can strongly influence projects since, once implementation has commenced, their role is centered mainly on loan administration. It should also be taken as an opportunity in the early stages to establish effective linkages with stakeholder groups to develop deeper and longer-lasting relationships with them.

69. At present, because of the very limited resources available for PPTA fact-finding, mission leaders play a dominant role in the preparation of PPTA papers and TOR, as well as in the determination of the consultant team composition and the PPTA duration. Mission leaders also manage the whole process of PPTA consultant selection. Governments, through the EAs,

²³ IN.56-00: *Special Evaluation Study of the Role of Nongovernment Organizations and Community-Based Organizations in Asian Development Bank Projects*, para 60. December 1999.

often simply signify their agreement to the selection of the consultants. On completion of project design, mission leaders play a leading role in subsequent processing activities such as fact-finding and appraisal. On approval of the loan project, ADB has the strongest sense of project ownership rather than the EAs that will implement the project, operate the facilities, maintain the investments, and ensure the sustainability of benefits. Once a loan becomes effective, mission leaders fulfill a mostly administrative function in support of the loan. This includes periodic visits to the project site, normally at six-month intervals, to monitor the progress of project implementation. During these visits, they interact mainly with EA representatives, but they have too little time to consult with the other stakeholders.

70. As evidenced in most case studies, mission visits to project sites are arranged by the EA, making it very difficult to meet with other stakeholder groups away from the EA. Where language barriers exist, the situation is further aggravated by the use of translators who act as intermediaries between ADB mission members and stakeholders. In this situation, it is difficult to make an objective assessment of project achievements. Some issues are suppressed or not brought to the attention of the mission team, thereby compromising the effectiveness of the mission and ADB's role. Project monitoring and evaluation relevance is also hampered, reducing the quality of the EA's project management and ADB's operations evaluation. It should not be over difficult for ADB to obtain government (EA) concurrence for independent mission assessments.

71. During review missions, assessments of project performance predominantly focus on physical accomplishments, compliance with loan covenants, and monitoring the level of loan disbursement. In most cases, little attention is given to the process of project implementation and to the causes of any difficulties that have emerged. Reports on project progress provide updates on physical targets but generally fail to include PD concerns. The study observed that these reports were sometimes regarded as an administrative requirement rather than as a tool for evaluating and managing the project, including monitoring of PD processes. ADB can correct such shortcomings promptly.

E. Process-Based Approach

72. In many documents describing project implementation strategy, the process learning-based approach has been strongly recommended. The approach implies that flexibility should be built into project design so that there can be opportunities for learning. Inherent in this learning approach is the concept of participation becoming an iterative process throughout the project cycle.

73. The project performance report modality indicates that the assessment of project implementation progress is (still) being made predominantly against a background of physical targets and rates of loan disbursement. Even in cases where mission leaders have stressed the importance of allowing time for learning processes to occur and for project implementation to be influenced by stakeholders during early project stages, target achievements by specified deadlines remain. While there is a notable emergence of enlightened thinking on PD within ADB, this may not have permeated much into many EAs and significant efforts are urgently needed toward this end.

F. Costs and Benefits of Participation

74. The costs and benefits of participation are calculated differently by stakeholders. The hypothesis presented is that PD approaches that are promoted early in the project cycle may save time later by identifying and overcoming problems that would otherwise slow project implementation. But the costs for some stakeholders, notably EAs and ADB, may seem high, particularly the costs of longer project preparation and implementation arising from the need to consult and negotiate with a broader range of stakeholders. Participation can also prolong loan disbursement periods and may delay necessary short-term management interventions. It may also absorb scarce administrative resources with a possibly overextended participation process.

75. Notwithstanding these factors, longer-term benefits of participation must be assessed against short-term costs. A recent World Bank study on subjective assessments indicated that participatory approaches to project preparation correlated significantly with rapid loan disbursements.²⁴ In the absence of more quantitative assessments, the most prudent approach seems to be that, after an extensive stakeholder analysis and consultations during project preparation, participatory approaches should be carefully selected to consider their compatibility with local circumstances.

76. Promoting effective and sustainable participation requires investment in the process. Attitudes, skills, and behavior of government officials and technicians need to change as much, or even more than primary stakeholders. The need for attitudinal change means that people should invest time and effort in establishing new patterns of performance based on participation, which is a change of view to be supported within the whole organization.

77. The value of participatory approaches is in the mechanism they provide for achieving consensus among stakeholders on the activities undertaken. Such approaches also help create an enabling environment for deeper relationships with stakeholder groups, which goes beyond traditional linkages. The continuous consultation process can build trust and improve partnership initiatives. The costs of introducing participatory approaches in a project are only a fraction of those for infrastructure investment but the returns can be substantial and may emerge fairly quickly, even within large projects. Partly because of these returns, the benefits of consultative processes have generally far outweighed their additional costs.

G. Participation for Poverty Reduction

78. Participation, by engendering a sense of ownership of the efforts undertaken to address poverty, and by motivating people to take care of new facilities, is a crucial element of sustained development success. However, PD is more complex and uncertain than the technical aspects of development. One consideration is that governance is critical to poverty reduction because it facilitates participatory, pro-poor policies as well as sound macroeconomic management. ADB is promoting governance through the way it processes projects and through specific governance initiatives. Processes for identifying and designing projects are now intended to help empower the poor and dealings with public sector entities are to follow transparent, full-disclosure procedures. These procedures require effective stakeholder participation both to

²⁴ Jonathan Isham, Deepa Narayan, and Lant Pritchett. 1995. Does Participation Improve Project Performance: Establishing Causality with Subjective Data. *Policy Research Working Paper 1357*. World Bank.

establish poverty reduction priorities and targets that directly affect stakeholders, and to help direct project identification and design.

79. Besides these, it should also be recognized that, in many societies, the level of social cohesion within communities may be weak. Some groups suffer from systematic social discrimination. If a project is to target such disadvantaged groups of often seriously poor people, then strong, proactive policies are required to reverse the feelings of social and psychological inferiority, seek opportunities for empowerment, and create genuinely participatory institutions. An important step in this direction is the creation of community-based groups to undertake microfinance, health, and natural resource management.

80. Social capital, which is the fabric of society, strongly influences the rate of economic progress and the manner in which related benefits are distributed within society. Developing social capital should thus be an important objective of ADB's poverty-reduction projects. Strengthening the social capital of the poor in projects would imply increasing their opportunities for fully participating in the workings of society. Provision of security of tenure over resources and legal recognition of user groups would be important means of enhancing the social capital of the poor.

81. Primary concerns in project design and implementation should be the provision of mechanisms for ensuring that poor communities can participate and contribute effectively to enhancing social capital. Investing in building up capabilities at local levels has generally shown higher benefit ratios than conventional expenditure. Local stakeholders have more than labor and funds to contribute to projects. They also have experience and management skills that can be mobilized to achieve poverty-reduction objectives. Therefore, local stakeholder participation needs to extend to giving them the power of effective decision making.

IV. SUGGESTIONS AND RECOMMENDATIONS

A. Project Identification and Design

82. DMCs need to play a much more significant role in project identification and design as part of the partnership forged between DMCs and ADB. It is thus becoming increasingly important to ensure that the design of PPTAs is aligned with a DMC's development objective and to carefully assess the capacity of the potential EA and other stakeholders, the sector, and the relative complexity of the project itself. An integral objective of PPTAs, aside from the main task of producing a project design, must be the provision of an effective learning opportunity for the EA and other major stakeholders to strengthen their institutional capacities to be able to take on increasingly greater responsibilities in project preparation, implementation, and management.

83. However, one issue emerges from the study. EA commitment to PPTAs pursuing PD processes has been rather weak. Changing this situation will require further adjustments in the manner in which ADB approaches the process of identification and preparation of PD-based projects. Some of these changes have been made through the *Redesign* (footnote 3) that correctly identifies a sense of DMC ownership and commitment to projects as the fundamental issue to be addressed. The underlying reason behind the general lack of a sense of ownership seems to be insufficient attention to participatory approaches.

1. TA Fact-Finding

84. The first suggestion concerns the need for much greater levels of participation during PPTA fact-finding missions. A mission leader should spend more time in-country on such missions and should have additional support from resident mission (RM) staff or consultants in the initial identification of the main stakeholder groups. The mission leader should give these groups an opportunity to express their own views on the proposed project concept. Missions should prepare a preliminary participation matrix that categorizes stakeholders in terms of their likely involvement in the proposed projects (Appendix 3).

85. Outputs expected from the TA fact-finding mission should be as follows:

- (i) a strong sense of PPTA ownership established by the potential EA, with an understanding that it may not necessarily be the EA for the ensuing loan project;²⁵
- (ii) definition of the design process through identification of key milestones that particularly reflect the PD processes that need to be applied, and the detailed definition of planned participatory approaches as a means of judging the technical competence of the consultants' proposals;
- (iii) commitments from each of the main stakeholders, that are initially identified, sought, and jointly agreed upon, through a memorandum of understanding;
- (iv) preliminary assessment of the institutional capacity of stakeholder entities. This must be completed during the PPTA and should be reflected in the TOR of the PPTA;
- (v) a clear description in the TOR of the PPTA of consultant support required for the PPTA. This includes any expertise required in support of consultant roles in PD processes and institutional capacity building; and
- (vi) a clear definition in the TOR of the PPTA of the required process documentation.

86. Production of the project concept paper at the conclusion of the PPTA fact-finding mission is a recommendation of the *Redesign*. The intention is to ensure that there is some sense of ownership of the project by the DMC concerned so that the project concept paper can provide a firm basis and structure for the ensuing PPTA. It is important that, while the TOR make specific mention of items listed in para. 85, they do not necessarily provide a rigid definition of the PPTA design and methodology, as they could be refined further to provide for changes in project design as suggested by stakeholders.

2. Recruitment of Consultants

87. Recruitment of PPTA consultants is another area requiring increased EA involvement. Currently, mission leaders complete this activity in collaboration with a limited number of other ADB staff, while the EA has only a limited opportunity to contribute to the choice of consultants.

²⁵ This is so because determining the potential capacity of EA for the project is a key justification for having the PPTA study.

While ADB should still take the lead in advertising the business opportunity and shortlisting consultants, technical proposals submitted by shortlisted companies should be shared with the EA for review. EA comments on proposed methodologies and on the caliber and composition of the consultant team should be solicited to secure joint agreements between ADB and the EA on ranking and major aspects of consultant proposals. RMs would be well placed to play a constructive role in this process.

3. Conduct of PPTA

a. Inception Phase

88. Increased participation of the mission leader in the initial stages of a PPTA should be another important requirement in PD-based projects. Ideally the mission leader, with other members of the ADB project team, should go into the field at the start of PPTA work when the consultant team and local stakeholders' representatives are first mobilized. It is important that the mission leader be present during the initial discussions with the EA and during the conduct of the initial stakeholder workshop to discuss the detailed strategy for the implementation of the PPTA. A preliminary visit of sufficient duration would enable the mission leader to have some substantive input into the formulation of the inception report.

89. The detailed strategy developed during this initial PPTA phase should have a particular focus on the PD processes to be applied and on how they will be implemented. The strategy should also include an action plan on how the counterpart staff of the EA will contribute to these processes so that each person assigned to work on the design will have their own TOR and a clear understanding of their tasks. A clear description of the institutional capacity-building aspects of the PPTA should also be incorporated into these activities.

b. Consultative Mechanisms

90. The stakeholder workshops would help accomplish the objective of reaching agreements and common understandings on the commitments of each stakeholder group. The consultative groups would also serve as the medium for the EA to provide continued sharing of information on the proposed project among stakeholders.

91. Securing the support of local politicians during project design is sometimes advantageous. They should be given the opportunity to participate in the stakeholder workshops. Occasionally, their commitment to the project will be needed. The risks of change of political leaders in the wake of local elections will always be present. However, if the project is designed with the full participation of local stakeholders and if it has their support and commitment, it should be difficult for a newly elected official to create opposition.

c. Primary Stakeholder Participation

92. More effective mechanisms for consultation are required to ensure the full participation of concerned stakeholders. The initial task involves the selection of a sample of primary stakeholders from within the project area to be included in the consultation process. The

sample should represent the demographic and sociocultural profile of the concerned communities. The process would also entail the selection of stakeholder groups, which should be transparent and done in consultation with other local stakeholders (e.g., LGUs and NGOs) based on a simple set of criteria agreed on beforehand.

93. Ample time must be provided for the consultations to take place in a way that will ensure that all primary stakeholders at each sample site can express their views. The use of PRA techniques is appropriate for this but implies that the team conducting PRAs must spend some time in the selected communities, depending on the number of households involved. An important part of the process is the preliminary orientation that should be provided to the primary stakeholders to ensure that they fully understand the purpose of the work and the type of information sought.

94. During this process, there must be an assessment of the capacity of existing primary stakeholder organizations vis-à-vis the proposed project interventions. Local NGOs should be encouraged to participate in these activities either on a voluntary basis or, alternatively, through contract-based assistance. Obtaining their views is essential in order to develop a sound understanding of the requirements for the process of mobilizing primary stakeholders. Involvement of LGUs should also be sought to provide a mechanism for raising local awareness of the proposed project, and for giving local officials an opportunity to provide valuable inputs.

95. The EA and its counterpart staff assigned to the project may not always have the experience for this type of facilitation of primary stakeholder participation. The exercise should be used as an opportunity for them to learn by actively participating, rather than simply being present as observers.

96. Aside from such direct staff involvement in the conduct of PRA activities and stakeholder workshops, mechanisms to ensure that primary stakeholders are enabled to participate in the subsequent discussions on project design should be devised. Existing mechanisms that rely on the establishment of national level steering committees should be modified to include coordination with local management groups. Similarly, extra efforts should be taken to organize stakeholder workshops at locations most convenient to stakeholders.

d. Role of Nongovernment Organizations

97. NGOs, especially those that are active within the proposed project area, should be invited to assume a more active role in the design of project proposals. During PPTAs, NGOs can provide an opportunity for the consultants to gain a much better understanding of the local situation and assist in the task of primary stakeholder mobilization. Before the outset of the PPTA, an inventory of the local NGOs available in the area needs to be compiled and a rapid assessment made of their existing programs and capabilities. A preliminary meeting should be arranged with these local NGOs to inform them of the proposed project and to give them an opportunity to discuss possibilities for involvement. This could include the establishment of an NGO working group to assist in the design and conduct of PRAs in selected areas or communities. NGO representatives should be included in the consultative groups and should be participants of stakeholder workshops.

98. NGOs can play a particularly important role in devising indicative guidelines on how and why intended customers (primary stakeholders) can participate in a project. This would include

a determination of (i) incentives that could encourage customers to participate in different project components; (ii) the capability of existing primary stakeholder organizations in the area; (iii) the extent to which such capability can be built upon; (iv) the institutional capacity-building initiatives required to strengthen the decision-making, financial, and management capacity of primary stakeholder groups; (v) proposed involvement of the primary stakeholders in project decisions and resources provision that will affect them; and (vi) stakeholder willingness to contribute to and sustain different aspects of the project.

e. Use of the Project Framework

99. The project framework provides a valuable tool in undertaking a meaningful participation of all key stakeholders in project design and implementation. The “framework” for the project should be developed through a process involving full stakeholder participation. The use of the systematic dialogue that the process entails with all concerned stakeholders improves communication and dialogue between them about problems and stakeholders’ preferred solutions. This ensures achievement of consensual courses of action. Many of the stakeholders may be unfamiliar with the use of this approach. However, it is important to gain acceptance of the framework approach as a planning tool and, through involvement of project stakeholders in its preparation, develop a better understanding of its use.

100. The success of a project will depend partly on the validity of assumptions and knowledge about its various stakeholders, as well as associated project risks (Appendixes 3 and 9). Some risks derive from conflicting interests. Assessing the magnitude of influence and importance of key stakeholders using a participation matrix enables risks and opportunities to be more clearly identified. In general, risks will be evident from those stakeholders that have the highest influence yet that have interests that do not fully conform with project objectives.

f. PPTA Implementation Schedule

101. PPTA timetables should carefully consider allowances for adoption of meaningful PD processes such as stakeholder workshops and PRA exercises for primary stakeholders. Mobilizing and organizing workshops and consultative group meetings require time, particularly the preparatory activities involved that should be allocated sufficient time.

102. A PPTA involving PD processes should provide significant time in the field for the mission leader, the consultant, and the stakeholder team. Their presence would enable them to participate in (i) the initial planning activities for the PPTA and the preliminary stakeholder workshops during the first visit; (ii) the project framework workshops at both local and national or project levels during the midterm visit; and (iii) the final round of workshops at both local and national or project levels as well as the finalization of project documentation during the final visit.²⁶ This intensity of involvement will substantially reduce the need for subsequent inputs during project appraisal. It will also ensure that (i) there is a much better balance in the ownership of the project design among local stakeholders and ADB, and (ii) mission leaders have a deeper understanding of the project.

²⁶ This is equivalent to the current loan fact-finding mission.

103. An important issue concerns the extent to which subprojects should be identified and even planned during the course of a PPTA. Ideally, these activities should be done when project implementation commences. This will ensure that procedures for subproject selection can be undertaken in complete transparency while, at the same time, mobilization of primary stakeholders can be completed prior to actual subproject identification.

B. Activities During Loan Processing

104. One major weakness in current procedures is the lack of opportunity for local stakeholder participation between completion of project design (and appraisal) and loan effectiveness. It is essential for the momentum in participation by lower-level stakeholders to be maintained after the PPTA since this will provide a catalyst for successful initiation of project implementation.

105. Suggestions for actions that can be taken during this inception phase include (i) establishment of project offices, deployment of staff, and formation of steering committees and other management groups to provide a mechanism for continued information sharing on the progress of loan processing; (ii) start of institutional capacity-building training for LGUs and national government agencies, and definition of their roles and responsibilities in the project; (iii) conduct of consultative group meetings involving local stakeholders to maintain their interest in the project; and (iv) start of action for shortlisting NGOs based on tasks identified within the project design.

106. Some funding must be provided initially to enable the EA to support the cost of institutional capacity-building training. Consultant support and additional staff may also be needed. Alongside these, mission leaders should endeavor to maintain more contact during the inception phase by mounting at least one further in-country visit to review progress and meet with a range of stakeholders. While these additional inputs are being provided, all stakeholders must be kept fully aware that such inputs do not necessarily imply definite approval of the loan or selection of any particular stakeholder or EA. These inputs could be supported by additional PPTA funding that needs to be identified at the time of the initial TA fact-finding mission.

107. The appraisal mission should be conducted at an early stage during the inception phase. This will offer the opportunity for conducting a workshop with representatives of all stakeholders to ensure consensus on final project design. The success of this workshop will depend on the thoroughness of previous consultations and final workshops held during project preparation.

C. Project Implementation

1. Primary Stakeholders

108. In each project examined, the benefits of PD processes are most apparent among primary stakeholders. For them, these processes have provided the opportunity to have a voice in various stages of the project cycle, thereby catalyzing greater commitment to project activities and a responsibility for their successful outcome. Primary stakeholders should not only

be empowered to participate in project identification, design, and implementation but should also be prepared for future management of project facilities.

109. The successful initiatives of establishing new organizations within communities to manage interventions provided under a project have established pilot cases from which others can learn about PD processes and behavior. A more in-depth assessment of the capacity of existing local organizations, together with exploration of the possibility of building upon these organizations, has also proved to be a viable approach to enabling PD.

2. Role of Nongovernment Organizations

110. Close involvement of NGOs is needed in the process of implementation of PD-based projects. Stakeholders need to reach some common understanding about the roles and responsibilities of NGOs in such a process. An NGO selection panel should be established by the EA so that it includes representation from other organizations that the NGOs will be working with, notably LGUs, primary stakeholder groups, and NGO apex organizations. Furthermore, the NGO selection and evaluation panel should be sustained throughout the project life to provide a feedback mechanism for the EA to conduct periodic evaluations of NGO performance. Contracted NGOs should also be represented in steering committees and management groups established under the project to ensure that they can fully participate in discussions on project implementation policies and strategies.

3. Local Governments

111. Improving consultative mechanisms within projects for lower levels of government is an important requirement. Wherever possible, these mechanisms should be integrated into the existing administrative structures so that they can be sustained. Consultative mechanisms must also be designed to achieve better linkages with stakeholders other than local government, particularly with line agencies.

112. Where national governments are in the process of attempting to devolve increasing powers and responsibilities to local government, PD-based projects can provide useful support to such local activities through upgrading of institutional capacity which can be included in the project scope. In a broader sense, it is vital that local government entities understand and support PD processes. This may entail additional risks because greater transparency results in the disclosure of more information to various stakeholders that may use it for purposes other than that of the project. Nonetheless, the shift to greater participation should be viewed in a positive light by local governments since the objective of devolution is to develop structures that are more responsive to the needs of the local communities, who are after all the customers of government services.

4. Government Agencies

113. An important lesson from the study is that projects that involve coordination with several government agencies require complex consultation mechanisms that make adoption of PD processes considerably more difficult. The number of government agencies involved in projects

should be kept to a minimum because the generally weak coordination mechanisms that exist between government departments in most DMCs constrain effective collaboration.

114. Because of weak collaboration mechanisms, there are strong arguments for projects to have a much sharper focus. This may result in smaller loans in selected sectors. It may also require using local governments as IAs to a larger extent. Where devolutionary processes are adopted, there is a considerable need to strengthen linkages between LGUs and line agencies to improve service delivery.

5. Executing Agencies

115. In general, adequate resources can be secured for PD processes in project preparation by providing more time and fewer consultants, rather than the converse. Domestic consultants have an important role to play in facilitating PD processes. They usually have the advantage of a better knowledge and understanding of the local situation. Language ability can also be an important issue in some cultures, and it may be important to have project documents in local idioms or dialects. At the very minimum, project administration manuals should be translated.

116. Resources provided for establishing PMOs should also be carefully viewed in terms of the impact they will have on the EA's role in project implementation. For large projects, there is a tendency for PMOs to take over project management thereby leaving the EA with reduced project ownership. PMOs and their staff need to be closely integrated with the EA and they should be located near or within the project area. Various evaluation studies have raised the disadvantages of locating PMOs in capital cities since it immediately reduces the effectiveness of coordination between project managers and other stakeholders. Ideally, project management should be the responsibility of the local managers of the EA within the area rather than senior national-level personnel who may have little contact with the field.

117. EA participation during PPTAs needs to be strengthened to make them significant development partners with a strong sense of ownership of both the project design and its final outcome. The EA is normally selected during the TA fact-finding mission and there were no instances in the study of changes in EA during the PPTA even if the EA had not been very effective in project implementation. This is not to say that there should not be more flexibility in selecting EAs notably through a rational decision process carried out during project preparation. One solution for securing flexibility would be to have a national planning authority as the EA for the PPTA, thereby enabling the EA for project implementation to be selected during project preparation.

118. One issue concerns the responsibility for loan repayment and provision of counterpart funds. Since DMC governments have prime responsibility for these, an EA's sense of project ownership is often diminished and this often reflects in low levels of commitment to the project. A more focused lending program comprising smaller loans that would enable the EA to assume responsibility for repayment and revenue generation could be undertaken on a pilot basis.

6. ADB Participation

119. The ADB project cycle contains major constraints to achieving enhanced levels of participation by mission leaders and other ADB staff. Operations staff are generally tasked with

workloads that limit their capacity to interact extensively with consultant teams that are working in the field during both PPTAs and project implementation. Unless there can be an increase in the number of adequately skilled operations staff at ADB, only a more focused lending program would make available adequate time for desirable levels of direct participation. Staff movements also result in a lack of continuity on project operations. Staff may find themselves administering projects in which they had little involvement during the design stage.

120. The role of RMs could be enhanced toward the objective of improving participation levels in ADB projects. The RMs could supplement the supervisory activities of the mission leader, relating to PPTA implementation and coordination, with consultants. Further, the issue of funding constraints—should stakeholder workshops be conducted at the TA fact-finding stage—could effectively be coured through RM allocations.

121. While the Social Development Division (SOCDD) reviews project documents to ensure that adequate levels of stakeholder participation are incorporated, the primary responsibility of implementing participatory activities lies with the projects departments. SOCDD provides advisory support, particularly in response to specific requests. SOCDD could take the initiative in the formation of learning groups within ADB to provide further opportunities for sharing PD experience. Analysis of case studies in such groups can help develop a deeper appreciation of the benefits of PD processes, impart the value of incorporating these processes into the project cycle, and devise strategies for achieving greater participation in ADB development operations. The establishment of a database of PD-based projects with narrative descriptions through the ADB Intranet would provide easy access to PD information for mission leaders and other staff.

V. PROPOSED IMMEDIATE ACTION

122. The study suggests that there has been slightly greater use of PD approaches in PPTAs and in project implementation. However, such progress provides only limited knowledge because there have been rather few successes among PD practices in ADB PPTAs and projects. This indicates that significantly more effort is required in adopting PD processes in the agriculture, natural resources, and social infrastructure sectors where poverty is prevalent. Several actions on PD can be initiated in the short to medium term.

123. A first and immediate step is to build awareness that PD is far more complex and uncertain than the technical aspects of development. A pragmatic approach in the short term is to keep extending participation case by case while governments, EAs, ADB, and other key stakeholders develop awareness, capacity, and willingness to increasingly and effectively use PD approaches. In the process, related institutional, managerial, and administrative changes will be progressively effected that should translate into improved operational guidelines and instructions.

124. Other improvements in applying PD that can be introduced, at least on a pilot basis in projects and provided with necessary support, include the following:

- (i) focus needs to be shifted toward the early stages of the project cycle. Increased commitment of mission leaders to PD is required during project identification and formulation (notably during PPTA fact-finding) as well as early during PPTAs. Mission leaders should participate in the PPTA stakeholder workshops before drafting the project framework and final project design;

- (ii) resources for local stakeholder participation need to be incorporated into the PPTA budget to enable them to fully participate throughout the subsequent process of project design. It is critical that stakeholders are explicitly given scope for creative input at the inception of goal definition and strategic benchmarking. Apart from improved capacity, development partners require additional resources to properly implement PD processes. For example, mechanisms are required to compensate them or even to simply make it possible for them to participate, notably in early project stages starting with the PPTA fact-finding mission;
- (iii) TOR of PPTA consultants need to provide clear directives to apply participatory approaches. Extensive experience in the proposed PD approaches and their implementation modalities should be key criteria in selecting consultants for PPTAs. Full documentation of the PD process should be a key output from PPTA consultants which should also be reflected in back-to-office reports and project performance reports, and become an important feature of institutional capacity-building support to country stakeholders;
- (iv) disillusionment about a project among stakeholders should not be allowed to set in because participatory activities are brought to a halt in the interim period lasting about a year between completion of the PPTA and the start of a project. Such a major impediment to participation, in which continuity is essential for project success, can be overcome through improved information that may be sourced through LGUs, NGOs, or RMs. However, potential stakeholders should clearly understand that an initial PD process does not guarantee ADB financing;
- (v) during implementation of PD-based projects assisting the poor and disadvantaged, technical and disbursement concerns should not override proper involvement of primary stakeholders in decision making;
- (vi) it is a matter of urgency for ADB to produce operational guidelines on PD and on institutional analysis, because institutions are the indispensable mechanisms for delivering development assistance. This is particularly so for PD starting from the early stages of the project cycle. Staff and consultant team composition should reflect the importance of institutional concerns;
- (vii) operational guidelines for NGOs should be updated to reflect some of the major suggestions supporting PD that are contained in 1999's special evaluation study on NGOs (footnote 23). The study included specific suggestions for improving NGO selection, recruitment modes, management and monitoring, and for making them full development partners of other stakeholders. Provision of guidelines relevant to NGO apex organizations as part of the consultation process and/or of initial mechanisms for engaging NGOs in projects should also be considered; and
- (viii) SOCD could take the lead in improving learning processes for PD at ADB. Staff need to gain more exposure to PD practices and ways of incorporating them into the design and implementation of projects. SOCD could establish forums internal to ADB where learning and exchange on PD approaches, methodologies, and practices can take place. Emphasis should be placed on how these best apply to reducing poverty.

APPENDIXES

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SUPPLEMENTARY APPENDIXES

(available on request)

- A Philippines Country Report
- B Bangladesh Country Report
- C Sri Lanka Country Report

PARTICIPATORY MECHANISMS

1. Participation can be looked at from two important perspectives: depth and breadth. Depth is a measure of stakeholders' influence on decision making; breadth is a measure of the range of stakeholders involved.

A. Depth of Participation

2. The definition of participation of the Asian Development Bank (ADB) recognizes full or deep participation as being achieved when there is shared influence and joint control over decision making between ADB and all the stakeholders. The depth of participation is best regarded as a continuum ranging from zero or minimal levels of consultation to the transfer of full control or full empowerment.

3. The following mechanisms¹ are listed in increasing order from those in which stakeholders have least influence to those in which they have most influence, in other words in terms of increasing depth of participation.

Level 1: Information Sharing

- Translation into local languages and dissemination of written materials using various media; and
- informational seminars, presentations, and public meetings.

Level 2: Consultations

- Consultative meetings; and
- field visits and interviews (at various stages of the work).

Level 3 : Joint Assessments

- Participatory assessments and evaluations; and
- beneficiary assessment.

Level 4: Shared Decision Making

- Participatory planning techniques;
- workshops and retreats to discuss and determine positions, priorities, roles;
- meetings to help resolve conflicts, seek agreements, engender ownership; and
- (public) reviews of draft documents and subsequent revisions.

¹ Adapted from *The World Bank and Participation*. 1994. Washington, DC: World Bank.

Level 5: Collaboration

- Formation of joint committees with stakeholder representatives;
- formation of joint working groups, task forces;
- joint work with user groups, intermediary organizations, and other stakeholder groups; and
- stakeholder groups given principal responsibility for implementation.

Level 6: Empowerment

- Capacity-building of stakeholder organizations;
- strengthening the financial and legal status of stakeholder organizations;
- handover and self-management by stakeholders; and
- support for new, spontaneous initiatives by stakeholders.

B. Breadth of Participation

4. The breadth of participation refers to the range of stakeholders that are involved or whose views and actions must be taken into account. Within each project was a wide range of different stakeholder groups involved and it was important to develop some method of categorizing them at the outset of the study. This can be achieved in two ways. The existing definition adopted by ADB is based on the ways in which the project affects the stakeholders. The following groupings are identified:²

- **Directly Affected Groups** - those who may be expected to benefit or lose from a proposed development activity, particularly the poor and those who are vulnerable in terms of gender, age, race, ethnicity, cultural identity, and/or displacement;
- **Indirectly Affected Groups** - others with an interest in outcomes, like nongovernment organizations, private businesses and industries that may be affected, or entities that may have technical expertise;
- **Government** - elected officials, line agency staff, local government officials, and governments of the developing member countries (DMCs). These are ADB's most significant partners in that they are shareholders and clients, and are responsible for devising and implementing public policies and programs;
- **ADB** - its shareholders, management, and staff.

5. An alternative strategy was adopted during the study, based on categorizing stakeholders by the way in which they contribute to the project. This produces the following groups:

² ADB. December 1996. *Framework for Mainstreaming Participatory Development Processes into Bank Operations*. Manila.

- **Customers** - those who comprise the groups that are the source of the demand for the services and/or facilities that the project is designed to provide;
- **Suppliers** - those who comprise the groups (elected officials and staff of local government, line agency staff, nongovernment organizations, private sector, etc.) who are responsible for the delivery of the services and/or facilities in response to the demands or needs of the customers;
- **Borrower** - the Government of the DMC generally, and represented by the executing agency or agencies of the project;
- **Lender** - ADB and any other donor or donors that contribute additional funds alongside the ADB loan.

6. The study focused on the need for participation by all stakeholders to ensure that services are provided in response to the needs of the main beneficiaries who, in most cases, will be the community stakeholders. Among the projects studied there has been an increasing tendency to seek to establish demand-driven processes through which a project seeks to deliver services in response to these needs. It is in this context that the concept of customers and suppliers seems to be the most appropriate medium in which to discuss the levels of participation. The government of the DMCs takes on the role of the borrower of the loan proceeds while ADB, alongside the cofinancers of the project, is regarded as the lender.

MENU OF OPTIONS FOR INCORPORATING PARTICIPATORY DEVELOPMENT PROCESSES¹

Based on study findings, the following are suggestions for incorporating participatory development (PD) processes into Asian Development Bank (ADB) departments and offices in relation to operations explicitly based on such processes. Suggestions have been discussed with a sample of concerned staff and/or division managers.

Programs Departments

- Aid coordination dialogues with major funding agencies will include discussions of the potential of, and experiences with, the use of PD processes.
- Selected studies that are conducted to explore development priorities in a sector will incorporate provisions for the participation of stakeholders, and for reflecting the results of stakeholder participation in final reports. Such provisions should be incorporated into the economic and sector work that is included in country assistance programs in consultation with the departments or offices that undertake sector studies.
- During the preparation of selected country strategies and country assistance plans, the respective missions will incorporate dialogues with groups of stakeholders (e.g., meetings that may be organized by apex nongovernment organizations and/or civic groups) to enable their views to be reflected in the country strategy and/or country program. These consultations should be conducted on the basis of prior concurrence and support of the government concerned. The implementation and results of these dialogues will be reported in the back-to-office reports (BTORs) of the missions concerned and in the ensuing documents.
- The effectiveness of these practices will be examined, and lessons learned from the initial consultations will be applied in future dialogues and other countries.

Projects Departments

- Each projects division will continue and expand on ongoing practices for incorporating the use of PD processes into selected technical assistance (TA) projects. The implementation and outcome of these processes will be reported in the BTOR of the concerned mission.
- Each projects division will expand on ongoing practices for incorporating the use of PD processes into selected loan projects. In doing so, emphasis should be given to providing TA to help selected developing member country organizations build capabilities in applying PD processes. The implementation and outcome of these PD processes should be reported in the BTOR of the mission concerned.
- Each projects division will increasingly incorporate the use of stakeholder workshops and other PD processes during selected loan review missions. The implementation and outcome of these PD processes should be reported in the BTOR of the project administration or review mission concerned. Without restricting the application of PD

¹ ADB. December 1996. *Framework for Mainstreaming Participatory Development Processes into Bank Operations*. Manila.

processes during loan review missions, these processes should be applied to midterm reviews.

Strategy and Policy Department

- The Strategy and Policy Department will assess the extent to which ADB's program in capacity building may include a focus to build capacities in developing member countries for implementing development activities using PD processes, and should reflect these considerations in future revisions of the capacity-building program, as appropriate.
- The Strategy and Policy Department, through the working group on the review of ADB's business practices and the working group on the review of ADB's TA operations, will undertake a formal review of loan and TA policies and processing steps in order to identify possible constraints to PD processes as well as specific stages where the meaningful participation of stakeholders can be obtained or enhanced. Following this review, the working groups will recommend further revisions in ADB policies and business practices to improve the overall climate for mainstreaming PD processes in ADB operations. To accomplish this task, the working groups will work closely with staff from the Social Development Division.

Budget, Personnel and Management Systems Department

- The Budget, Personnel and Management Systems Department (BPMSD), in association with the Social Development Division, will continue to provide training to orient and sensitize staff and managers in operations departments and offices in regard to methods for incorporating PD processes into ADB operations. This training program should also help ADB strengthen its capacity to support PD processes by providing participation-related, field-based learning opportunities to interested staff.
- BPMSD will reflect the need for staff with relevant academic and experiential backgrounds to incorporate PD processes into ADB operations in the human resource development policies and criteria that are used for selecting staff for operations departments and offices concerned.

Economics and Development Resource Center

- The Economics and Development Resource Center will undertake sector-specific studies on the economic benefits of PD approaches.²

Central Operations Services Office

- The Central Operations Services Office will review ADB's experience with PD to analyze whether existing procurement and disbursement procedures need to be modified to support community-related procurement and disbursement.

² Staff at EDRC commented that they would be skeptical "about the feasibility of quantifying such benefits."

STAKEHOLDER ANALYSIS¹

A. Introduction

1. Stakeholder analysis comprises the identification of a project's key stakeholders. The analysis includes an assessment of their interests together with the ways in which these interests may increase the risks associated with a project. The analysis should be linked to both institutional appraisal and social analysis to provide a framework for combining all these data. Stakeholder analysis contributes to project design through the logical framework as well as providing a tool for determining appropriate forms of stakeholder participation within the stages of the project cycle.

2. Stakeholders are defined as persons, groups, or institutions with interests in a project or program. *Primary stakeholders* are those ultimately affected, either positively or negatively, and are referred to as the customers for the services provided under the project. *Secondary stakeholders* are the intermediaries responsible for the delivery or supply of services under the project. *Key stakeholders* are those that can significantly influence or are important to the success of the project.

3. Stakeholder analysis provides a means for mission leaders to assess a project environment. It informs the negotiating position of the Asian Development Bank (ADB) in any discussions of the proposed project. The primary objectives of the stakeholder analysis are as follows:

- (i) draw out the interests of stakeholders in relation to the problems which the project is seeking to address (at technical assistance [TA] fact-finding stage) or the purpose of the project (during the project preparatory TA);
- (ii) identify conflicts of interests between stakeholders, which may influence ADB's assessment of the risks inherent in the project;
- (iii) identify relations between stakeholders that can be built upon and may enable partnerships to be established; and
- (iv) provide indications of the type of participation by different stakeholders at successive stages of the project cycle.

4. A preliminary stakeholder analysis should always be attempted during TA fact-finding even though it may consist only of a preliminary list of stakeholders and their interests. This preliminary list may in fact provide an indication of the main assumptions that are needed if the project is to be viable as well as suggesting some of the main risks.

B. Procedure for Stakeholder Analysis

5. There are three basic steps in stakeholder analysis: (i) preparation of a stakeholder table, (ii) conduct of an assessment of each stakeholder's importance to project success and its power or influence, and (iii) identification of the risks and assumptions that will affect project design and success.

¹ This material is based upon preliminary guidelines that were prepared by the Centre for Development Studies, Swansea, United Kingdom.

1. Stakeholder Tables

6. In order to prepare a “stakeholder table,” there are four basic steps involved:
- (i) identify and list all potential stakeholders;
 - (ii) identify their interests in relation to the problems being addressed by a project and its objectives (taking account of the fact that each stakeholder may have several interests);
 - (iii) briefly assess the likely impact on each of these interests (positive, negative, or unknown); and
 - (iv) indicate the relative priority that the project should give to each stakeholder in meeting their interests.

7. Lists of potential stakeholders will include both primary stakeholders (customers) and secondary stakeholders (suppliers), but it is important to ensure that all potential supporters and opponents of the project have been identified. Gender analysis should also feature strongly in this process to ensure that different types of female stakeholders (at both primary and secondary level) have been identified. Primary stakeholders may be further subdivided into user or occupational groups or income groups. Also, the interests of vulnerable groups, notably the poor and disadvantaged sectors among the primary stakeholders, need to be clearly identified. A further point for consideration is whether there are any new primary or secondary stakeholders that may emerge as a result of the project.

8. This list of stakeholders can form the basis for the tabulation of each stakeholder’s interests in the project as well as the project’s likely impact on them. The interests of all types of stakeholders may be difficult to define in some cases, for example where they are hidden or perhaps in contradiction to the openly stated aims of the organizations or groups involved. Their interests can be drawn out by considering such factors as (i) what the stakeholder’s expectations of the project are; (ii) what benefits there are likely to be for the stakeholders; (iii) what resources the stakeholder will wish to commit to the project; (iv) what other interests the stakeholder has that may conflict with the project; and (v) how the stakeholder regards others in the list. An example of the construction of a stakeholder table is shown in Table A3.1, which draws on the experience of the Coastal Zone Management Component of the ADB-supported Fisheries Sector Program in the Philippines.

2. Assessing the Influence and Importance of Stakeholders

9. Key stakeholders are those who can significantly influence, or are important to the success of, the project. Influence refers to how powerful a stakeholder is. Importance refers to those stakeholders whose problems, needs, and interests are priorities for the project. If these key stakeholders are not assisted effectively, then the project cannot be deemed a success. Importance is distinct from influence. There will often be stakeholders, especially unorganized primary stakeholders, on whom the project places great priority but these stakeholders may have little capacity to participate in the project and limited power to influence key decisions.

Table A3.1: Stakeholder Table
(Coastal Zone Management Component, Fisheries Sector Program, Philippines)

Stakeholders	Interests	Potential Project Impact	Relative priorities of interest
Customers			
Fisherfolk,	- Improved catch	(+)	
Community-Based Organizations,	- Alternative livelihood activities	(+)	
Federations of Fisherfolk Associations	- Training opportunities	(+)	
	- Reduction in illegal fishing methods	(+/-)	=2
	- Establishment of artificial reefs and fish sanctuaries	(+/-)	
	- Patrolling of coastal waters	(+)	
	- Strengthening capacity of fisherfolk associations	(+)	
Suppliers			
Provincial Agricultural Offices	- Improvement in municipal fisheries ordinances and law enforcement	(+)	
Municipal Agricultural Offices	- Establishment of Bay Management Councils	(+)	=2
Municipal Planning and Development Offices	- Development of Coastal Zone Management Plan	(+/-)	
Provincial Governors	- Strengthening linkages with NGOs	(+/-)	
Municipal Mayors			
Land Bank of the Philippines	- Expansion of lending program for coastal fisherfolk	(+)	=3
Contracted National/ Local NGOs	- Opportunities for expanding scope of community organizing work in coastal areas	(+)	=1
External Stakeholders			
Commercial Fishermen	- Reduction of trawling in coastal waters	(-)	=4
Borrower			
Department of Agriculture/ Bureau of Fisheries and Aquatic Resources	- Provision of assistance to fisherfolk associations for income-generation projects	(+)	=1
	- Sustainable management of coastal fisheries	(+)	
Lender			
Asian Development Bank	- Promoting concept of community-based coastal zone management	(+)	=1

NGO = nongovernment organization.

10. By using a matrix diagram, the assessments of influence and importance can be combined and the stakeholders can be classified into different groups. This is a useful contribution to the identification of the assumptions and risks that need to be managed through the project design.

11. Influence is the power that stakeholders have over a project. It is a measure of their empowerment to (i) control decisions that are made, (ii) facilitate the implementation of the project, and (iii) exert pressure to affect the project positively or negatively. Influence can be described as the extent to which people, groups, or organizations are able to persuade or

coerce others into making decisions and following certain courses of action. Their power may derive from the nature of the stakeholder's organization or their position in relation to other stakeholders (e.g., executing agencies that control budgets) or it may be informal (e.g., through political patronage). The power and influence of some stakeholders may be increased because of the proposed interventions of the project.

12. The assessment of influence is difficult and involves the interpretation of a range of factors. In the case of influence between and within formal organizations, the factors that need to be considered include (i) the bureaucratic hierarchy and the command structure, (ii) the authority of formal and informal leadership, (iii) the control of strategic resources for the project, (iv) the possession of specialized knowledge, and (v) their negotiating position and strength in relation to other stakeholders.

13. For the assessment of influence for informal groups and primary stakeholders the factors will include (i) social, political, and economic status; (ii) the degree of organization, consensus, and leadership within the groups; (iii) the degree of control of strategic resources significant for the project; (iv) the informal influence through links with other stakeholders; and (v) the degree of dependence upon other stakeholders.

14. The importance of each stakeholder group is an indicator of the priority given to satisfying their needs and interests through the project. Thus, importance will be most obvious when stakeholder interests in a project converge closely with the objectives of the project that will emerge from the logical framework goal and purpose. This will emerge from the assessment of the problems that the project is seeking to address. The most important stakeholders will be those that the project places a priority on in terms of meeting their needs, interests, and expectations. Clearly, those stakeholders whose interests converge most closely with policy and project objectives will rank higher in importance.

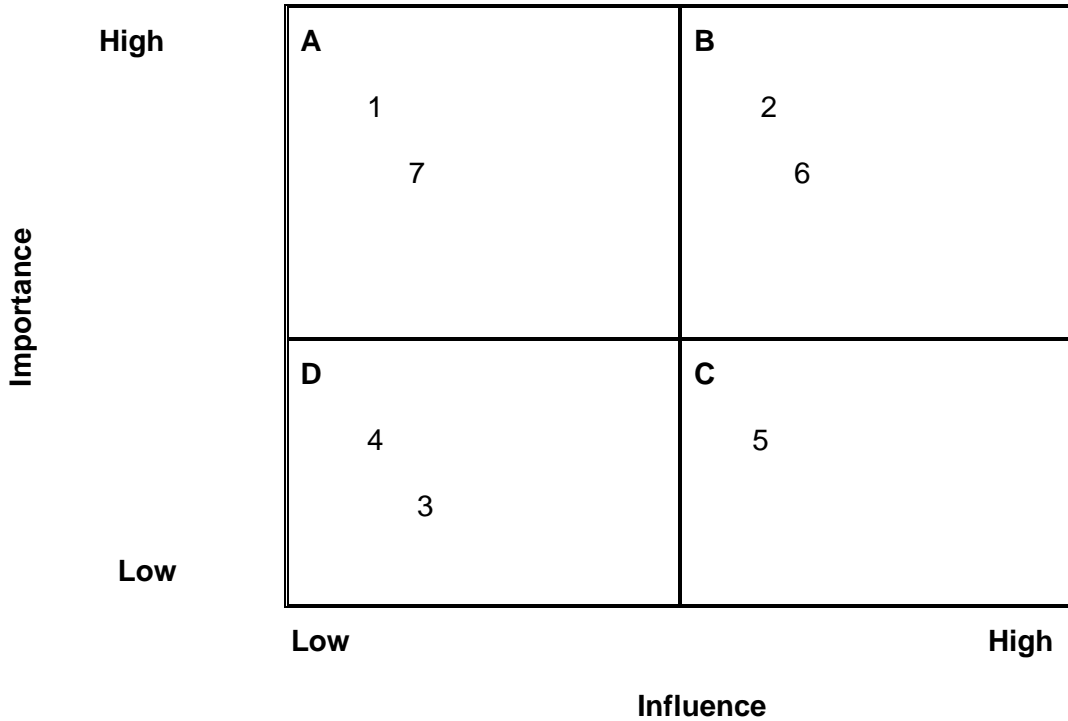
15. The combination of influence and importance in a matrix diagram can be achieved by positioning stakeholders in relative terms according to the broad criteria in a two-by-two matrix. This exercise in positioning will indicate relative risks posed by specific stakeholders and the potential coalition of support for the project. These findings will inform project negotiations and design (Figure A3.1).

16. Within the matrix the boxes A, B, and C are the key stakeholders of the project representing those that who can significantly influence the project or are most important if the project objectives are to be met. The implications of each box can be interpreted as follows:

- (i) Box A - Stakeholders of high importance but with low influence will require special initiatives if their interests are to be protected.
- (ii) Box B - Stakeholders appearing to have a high degree of influence on the project and who are also important for its success. For these stakeholders, there will be a need to develop good working relationships to ensure effective support for the project.
- (iii) Box C - Stakeholders with high influence but whose interests will not be benefited by the project. These stakeholders may be a source of significant risk and they will need careful monitoring and management.

- (iv) Box D - Stakeholders with low influence or importance to the project may require limited monitoring or evaluation. They are of low priority and are unlikely to be the subject of project activities or management.

Figure A3.1: Stakeholder Influence and Importance Matrix
 (Coastal Zone Management Component, Fisheries Sector Program, Philippines)



Stakeholders:

Customers: 1. Fisherfolk, community-based organizations

Suppliers: 2. Local government unit agricultural offices, and planning and development offices (provincial and municipal)
 3. Contracted local/national nongovernment organizations
 4. Land Bank of the Philippines

External: 5. Commercial fisherfolk

Borrower: 6. Government of the Philippines represented by Department of Agriculture/Bureau of Fisheries and Aquatic Resources (DA/BFAR)

Lender: 7. ADB

3. Identification of Assumptions and Risks Affecting Project Design and Participation

a. Identifying Assumptions and Risks About Stakeholders

17. In the project (logical) framework approach to planning, the success of the project depends partly on the validity of the assumptions made about the various stakeholders and the risks facing the project. Some of these risks may derive from conflicting interests between the various stakeholders. Process-based designs will be particularly affected by stakeholder interactions and their responses to project activities. It is therefore essential for project planners to identify, and assess the importance of, the most plausible assumptions about each key stakeholder. These are necessary if the project is to be successful. This implies that most key stakeholders should be mentioned in the fourth column of the project (logical) framework.

18. Through the use of the stakeholder influence and importance matrix, some of the risks facing the project can be identified. These will mainly come from the stakeholders in box C who have high influence but interests that may not be in line with the project objectives. These key stakeholders may be able to hinder the project implementation, and if this is probable, the risk may constitute a fatal assumption.

19. The assumptions and risks which need to be specified for each stakeholder should emerge from the following considerations: (i) define the role or response of the key stakeholder that must be assumed if the project is to be successful; (ii) assess whether these roles are plausible and realistic; (iii) determine whether there are negative responses that can be expected, given the interests of the stakeholder; (iv) if such responses should occur, assess what impact they would have on the project; and (v) estimate how probable these negative responses are and whether they represent major risks.

20. Once the risks and assumptions have been taken into account, stakeholder analysis may also contribute to the first column of the project (logical) framework, namely the hierarchy of objectives. Thus, the outputs and activities should reflect the expanded and refined analysis of the risks.

b. Identifying Appropriate Stakeholder Participation

21. The use of a "participation matrix" provides a very effective means of defining the roles that may be played by the key stakeholders at each stage of the project cycle. The matrix should be drafted at an early stage to provide essential input into the formulation of the project framework. It should be viewed as a dynamic tool that provides a means for identifying potential areas of disagreement between the various stakeholders (Table A3.2).

22. Stakeholders have varying degrees of power and access to information. Some will lack effective organizational structures for negotiation. At the time of project identification, some primary stakeholders will not even be aware that they are stakeholders in the project. The participation matrix should be used at this stage for negotiations between mission leaders and some of the concerned formal institutions on the part of the developing member country, with only informed guesswork about the possible type of participation from primary stakeholders and other institutions. But reaching agreement on how to include these other stakeholders so that they can be involved, as appropriate, in subsequent discussions during the design of the project and its implementation is essential.

Table A3.2: Participation Matrix
(Coastal Zone Management Component, Fisheries Sector Program, Philippines)

Level of Participation	Stage in Project Cycle			
	Identification	Preparation	Implementation	Monitoring and Evaluation
Information-Sharing Consultations	Fisherfolk, CBOs			ADB
	LGUs	Fisherfolk, CBOs	NGOs	Fisherfolk, CBOs
	LBP NGOs Commercial fisherfolk	LBP NGOs	Commercial fisherfolk	
Joint Assessments	Commercial fisherfolk	Commercial fisherfolk		
	LGUs	LGUs	LGUs	Fisherfolk, CBOs
	DA/BFAR	DA/BFAR	LBP	LBP
Shared Decision Making	ADB	ADB	NGOs	NGOs
	DA/BFAR	LGUs	Fisherfolk, CBOs	LGUs
	ADB	DA/BFAR	NGOs	NGOs
Collaboration	DA/BFAR	DA/BFAR	Fisherfolk, CBOs	DA/BFAR
	ADB	ADB	LGUs	LGUs
			NGOs	NGOs
Empowerment			Fisherfolk, CBOs	DA/BFAR
	DA/BFAR	DA/BFAR	LGUs	DA/BFAR
			DA/BFAR	

ADB = Asian Development Bank, BFAR = Bureau of Fisheries and Aquatic Resources, CBO = community-based organization, DA = Department of Agriculture, LBP = Land Bank of the Philippines, LGU = local government unit, NGO = nongovernment organization.

4. Using Stakeholder Analysis Findings

23. Stakeholder analysis findings need to be included, with differing levels of detail, into (i) the TA paper that emerges from the TA fact-finding mission; and (ii) the report and recommendation of the President (RRP) that provides a detailed description of the project design. It can also provide a useful contribution to the monitoring process as well as the periodic reviews of the project during implementation.

24. The main findings of the preliminary stakeholder analysis should be included in the TA paper. The summary needs to be brief since the analysis will be revised during the process of project preparation. Furthermore, interests of stakeholders may change and more information will become available. The main findings of the stakeholder analysis can be presented showing only key stakeholders and their interests.

25. After the completion of the project preparation, the project design as described in the RRP will include much greater detail on the key primary and secondary stakeholders including an analysis of their various interests, influence, and importance. This information should appear in summary form in the social assessment appendix to the RRP.

ADB BUSINESS PROCESS IN PROJECT IDENTIFICATION AND PREPARATION

The current processing of project identification and preparation within the Asian Development Bank (ADB) project cycle generally consists of seven steps. They are as follows:

- The initial technical assistance (TA) fact-finding mission to determine the scope of the TA to assist in the preparation of the project;
- the project preparatory TA normally funded through a grant for the provision of consultant support to design the project;
- the loan fact-finding mission to validate the design of the project as prepared by the design team during the course of the project preparatory TA;
- the management review meeting to provide an initial review of the draft project design prior to the conduct of the appraisal mission;
- the loan appraisal mission to reach final agreement on the project design and scope with the executing agency as well as other stakeholders;
- the staff review committee to provide a final review of the project design prior to the preparation of the draft report and recommendation of the President to the Board of Directors of ADB; and
- the loan negotiations between ADB and the developing member country government.

METHODOLOGY OF THE STUDY

1. The study was conducted over more than a year and adopted the following approach.

A. Selection of Case Studies

2. The selection of the case studies followed a two-step approach. First, an initial desk review of the extent of participation within operations supported by the Asian Development Bank (ADB) was conducted through a study of appraisal reports, reports and recommendation of the President (RRP), and project performance audit reports of 189 loan projects and 40 project preparatory technical assistance (PPTA) papers, respectively approved over the last 10 and 3 years prior to the end of September 1998. The survey was based on six countries, namely Bangladesh, Indonesia, Nepal, Philippines, Sri Lanka, and Thailand where participation in ADB operations was thought to be most frequent or advanced.

3. From among all the loan projects that were surveyed, 103 were selected that had some element of participation in evidence. They were classified into three categories based on the level of participation and the stages within the project cycle during which it had occurred. Among these projects, 74 featured major elements of participation referred to as including (i) participation within all stages of the project cycle; (ii) participation of stakeholders directly affected as well as the government and ADB; and (iii) project components that actually featured primary stakeholder (PS) participation.

4. Sector representation revealed that irrigation and rural development projects constituted about 40 percent of the total of projects featuring major elements of participation followed by projects in the urban development and housing sector, and in the water supply and sanitation sector that together constituted about 26 percent of projects. The resultant listing formed the basis for more detailed assessments and pre-selection of a sample of projects across each of the sectors within the six countries.

5. Close consultations were conducted with the operations departments of Regions East and West of ADB to identify PPTAs and loan projects featuring strong elements of participation. The list of such PPTAs and loan projects together with the listing prepared under the desk review then enabled the selection of ADB-supported operations in the three countries, among which between five and six case studies were chosen from within the loan projects for analysis under the study. In addition, the PPTAs preceding and leading to the loan projects within which case studies were selected have also been analyzed as well as other PPTAs listed which do not fall under that category.

6. Intensive discussions were also held with experts in participation and with international nongovernment organizations (NGOs) located in the Philippines in defining the objectives of the study as well as its scope, specific terms of reference, and time schedule. These discussions were essential in ensuring relevance, quality, and realism to the study, and in ultimately securing better performance and success in its implementation

B. Preparatory Work

7. The study was conducted with assistance from an international NGO based in the Philippines, which has a good network of local NGOs in the study countries. This NGO was selected on the basis of having the following characteristics: (i) a development orientation and a demonstrated track record in promoting participatory development; (ii) the capability to recruit

counterpart and experienced local NGOs in each of the study countries which were acceptable to ADB staff responsible for the study, and which would have overall responsibility for their performance under the study; and (iii) the capability to ensure efficacious and timely collaboration and coordination between local NGOs, the consultant hired for the study, and ADB staff. The International Institute of Rural Reconstruction (IIRR) was selected by ADB to fill this role. IIRR nominated the Bangladesh Rural Reconstruction Association (BARRA) as the local NGO in Bangladesh and the Initiative in Research and Education for Development in Asia (InAsia) as the local NGO in Sri Lanka.

8. The local NGOs were responsible for facilitating the field visits to the case study sites and the meetings with the representative stakeholder groups in the study countries. They also facilitated the in-country workshops to provide further opportunities for consultation with stakeholders at the end of each country visit, and independently evaluated the individual case studies. In the case of the Philippines, IIRR has fulfilled the role of the local NGO since they have an active presence in the country.

9. The local NGOs in each country, and in case of the Philippines the international NGO, were responsible for making arrangements for scheduling the assessments for each case study. They gathered baseline data concerning the case studies, identified the main stakeholder groups, and prepared a schedule for the subsequent assessment. In the case of selected PPTAs and loan projects, they established contact with the PPTA or project team with a view to identifying participatory activities that could be observed during the conduct of the case studies. This process was completed over a period of about three weeks.

10. In each country, the projects studied have enabled the identification of key issues as well as a much more detailed investigation of the extent of stakeholder participation during project identification and preparation in the case of PPTAs, and during implementation of the ensuing loan projects. The study has aimed to collect this information following a participatory mode through consultation with stakeholders for each selected case study or project. A process-oriented approach was adopted for the case studies or projects in a particular country. The international NGO, in collaboration with local NGOs, under the guidance and supervision of ADB staff and of the consultant, identified their own tools, approaches, and methodologies for the specific assessments they were involved in. This was a necessary provision given the different cultures within the countries and case study sites selected for the study.

C. Fieldwork

11. On average, a period of five to seven days was spent on each of the projects visited. In most cases this was a contiguous period except for the Rural Microenterprise Finance Program (RMFP)¹ that covered many sites throughout the country. In this case four representative sites were included that were visited during visits to other projects.

12. The procedure that was generally used during the fieldwork conformed with the following pattern:

1. Preliminary Meetings

13. On the first day of the visit, meetings were held with project management office (PMO) staff to clarify the arrangements for the conduct of the fieldwork, gather additional documents

¹ Loan 1435-PHI(SF): *Rural Microenterprise Finance Program*, for \$20 million, approved on 23 April 1996.

that were required, have initial discussions about the study, and solicit their views on the levels of participation within the project activities.

2. Stakeholder Group Meetings

14. Visits were made to representatives of each of the identified stakeholder groups for discussions about the extent of their involvement in the project and to gauge the levels of participation achieved. As the study progressed a further refinement to the procedure was made. PS groups (customers) were visited initially, and then meetings were held with secondary stakeholders (suppliers) progressively moving up through the hierarchy of the project structure.

15. During the conduct of the fieldwork, the approach varied mainly in the way in which the various consultations with the stakeholder groups were managed. The most effective approach was to use focus group discussions (FGDs) led by a series of guide topics that provided a structure. Questions were framed around the lists of activities that had been identified from a preliminary study of the project framework supplemented by other activities that emerged during the course of the discussions with the individual stakeholder groups. The process did not rely on questionnaires. The output from the discussions was documented by NGO staff and summarized at the conclusion of each day. By repeating this process with each of the stakeholder groups it was possible to progressively build a picture of the scope and extent of participation, and the degree to which empowerment had really taken place.

16. A representative of the local NGO facilitated each of the meetings. Each meeting began with an introduction of the team members and an outline of the purpose. This was followed by an introduction of the participants. The task then comprised an analysis of the extent and type of participation through each stage of the implementation that each group had been involved with. The most effective way of accomplishing this was by asking the participants to describe the scope of their involvement—the extent of their recollection being in itself a useful indicator of the level of participation and interest in what had taken place. The same approach was applied to each of the various stakeholder groups. Through this approach a picture emerged of (i) the ways in which participation occurred, (ii) how each of the stakeholder groups had been involved, (iii) how they interacted with each other, and (iv) how the interventions of the project had changed the ways in which this interaction occurred. Thus, the study became not just a mechanism for sharing expectations and experiences but also, through this reflection process, actually facilitated further learning and consultation among the stakeholders. An opportunity was also provided at the conclusion of the meeting for the participants to ask any questions they had about the study.

17. As far as possible the meetings were conducted with individual stakeholder groups in isolation, although this was not always possible. However, the study team found that it was only by conducting these individual meetings that stakeholders voiced their opinions freely without being unduly influenced by the presence of senior officials or supervisors.

18. In many meetings a translator was needed. It became apparent very early in the study that to conduct the discussions entirely in English could reduce the level of participation in the group. In the Philippines this was experienced during meetings with PS representatives and to some extent with municipal personnel and NGO community workers. Furthermore, it was sometimes necessary to hold the discussions in the local dialect. Whenever this type of translation support was required it was important that the person responsible for providing the English version of the discussion was not in any way connected to the project and also had some basic understanding of rural development. Using senior staff from the project to provide

translation was not a satisfactory solution since there were risks that the English version of the discussions might not have fully reflected the sentiments of the speaker. It was also important that the translator was not the facilitator of the discussions since if this was the case, the discussions became disjointed when the English version was relayed to the study team. A separate translator ensured that the discussions flowed more smoothly.

3. Final Meeting

19. At the conclusion of the series of meetings with individual stakeholder groups there was a need for a final meeting in which the representatives of these different groups were brought together and the overall findings could be shared among that larger forum. The local NGO was tasked with the identification of who should participate in these round-up discussions. Ideally, the stakeholders themselves selected their own representatives for the final meeting.

D. Country Workshop

20. At the conclusion of the work in each country, a workshop was conducted to bring together stakeholder representatives from each case study to present the overall findings and to provide a forum for the discussion of issues that emerged from the study in that country.

E. Analysis and Assessment

21. The supplementary appendixes to this report contain a full summary of the findings from each of the projects. The basic approach during the analysis was to use the information gathered from the FGDs to write a narrative summary of the extent of activities of each of the stakeholder groups for all of the project activities that they were involved with either directly or indirectly. The summary attempts to highlight major strengths and weaknesses of their participation.

F. Expected Outputs

22. The overall objective of the study was to provide an assessment of the extent to which participatory practices are being adopted in ADB-assisted operations. The results of the assessments of each case study across the three countries were synthesized into a series of conclusions that enabled this assessment to be made. In addition, the study was intended to produce a series of recommendations that would enable ADB staff—as well as executing agencies of recipient governments who facilitate the identification, preparation, and implementation of projects—to ensure that stakeholder participation in all stages of the project cycle can be assured.

**RESULTS OF PRELIMINARY SURVEY OF PPTAs AND LOAN PROJECTS:
ANALYSIS OF PARTICIPATORY DEVELOPMENT PROCESSES**
(based on November 1988 to September 1998 approved loans)

Sector	Bangladesh			Indonesia			Philippines			Nepal			Sri Lanka			Thailand			Total (by sector)
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	
Agriculture and Natural Resources																			
Agricultural Support Services	2		1	2		1	3			2	1								12
Fisheries				3			1						1						5
Forestry	3			1			1	1				1							8
Industrial Crops/Agroindustry														1					1
Irrigation and Rural Development	7			6	1	4	7			5	1		4						35
Livestock	1									1									2
Social Infrastructure																			
Social Sector																	1		1
Education			1	4					1					1					7
Health and Population				1		1			1										3
Urban Development and Housing	3			6	3	1	1		1	1			1						17
Water Supply and Sanitation	1			2				3	1	2			1		1	1	1		13
Total (by rank)	17	0	2	25	4	7	13	4	4	11	2	1	7	0	3	1	2	0	
Total (by country)		19			36			21			14			10		3			84

Note: Key to Ratings: Levels of Participation

1 = Involvement of direct beneficiaries in all stages of the project cycle: feasibility, design, implementation, and operation and maintenance. Involvement of those indirectly affected, such as the government and the Asian Development Bank. Project components include community/beneficiary participation.

2 = Involvement of direct beneficiaries in two stages of the project cycle. Involvement of those indirectly affected, such as the government and the Asian Development Bank.

3 = Involvement of direct beneficiaries in only one stage of the project cycle. Beneficiary participation was little mentioned in the appraisal report.

Source: Reports and recommendations of the President and project completion reports.

**LISTING OF CASE STUDY PROJECT PREPARATORY
TECHNICAL ASSISTANCE AND PROJECTS**

1. PHILIPPINES

1. Rural Microenterprise Finance Program (PPTA and Loan)
2. Fisheries Sector Program (PPTA and Loan)
3. Pasig River Environmental Management Rehabilitation Project (PPTA)
4. Cordillera Highland Agricultural Resource Management Project (PPTA and Loan)
5. Low Income Upland Communities Project (PPTA and Loan)
6. Integrated Pest Management for Highland Vegetables (PPTA)

2. BANGLADESH

7. Participatory Livestock Development Project (PPTA and Loan)
8. Khulna-Jessore Drainage Rehabilitation Project (PPTA and Loan)
9. Small-Scale Water Resources Development Sector Project (PPTA and Loan)
10. Urban Primary Health Care Project (PPTA and Loan)
11. Urban Poverty Reduction Project (PPTA)

3. SRI LANKA

12. Urban Development and Low Income Housing Project (PPTA and Loan)
13. Upper Watershed Management Project (PPTA and Loan)
14. Coastal Resource Management Project (PPTA)
15. Walawe Irrigation Improvement Project (PPTA and Loan)
16. Third Water Supply and Sanitation (Sector) Project (PPTA and Loan)

Strengthening Rural Microenterprise Finance Program
(TA 2558-PHI; Loan 1435-PHI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
<p>Customers:</p> <ul style="list-style-type: none"> - Women members of barangay-based self-help groups (SHGs) 	<p>No record of any barangay consultations during project preparatory technical assistance (PPTA) with information on community needs being derived from consultations with selected nongovernment organizations (NGOs).</p>	<p>Women who are extremely poor are enabled to participate in the formation of their own SHGs. The members of SHGs are empowered to manage a regular series of meetings and the approval of successive cycles of lending to their own members. All members of SHGs have collective responsibility to ensure full repayment of all loans. However, the rigidity of the Grameen Bank Approach (GBA) imposes some constraints to the adoption of fully participatory development (PD) processes and full empowerment of the community stakeholders.</p>	<p>Through their regular weekly meetings, SHGs actively participate in monitoring the repayment schedules of each of their co-members. Minutes of all meetings are recorded to enable loan officers of the branch offices to gather information on the progress.</p>	<p>The highly rigid framework of GBA does not provide flexibility in the compliance with rules and regulations. The task could be too emotionally demanding on staff as they work continuously in very disadvantaged and depressed areas. However, the approach resulted in high repayment rates, low dropout rates, and greater commitment among members, and provided an opportunity for learning and sharing of insights. The program made good progress in the participatory approach with the attainment of staff commitment that ensured continuity, which is an essential element in GBA.</p>
<p>Suppliers:</p> <ul style="list-style-type: none"> - Grameen Bank Replicators (GBRs) - Land Bank of the Philippines (LBP) - Regional GBR training centers - Technical assistance (TA) team 	<p>Detailed consultations with selected NGOs provided them with the opportunity to contribute significantly to the design of the program. Consultations with LBP took place and they were also represented in the special advisory committee.</p>	<p>NGOs, community-based organizations (CBOs) or federations are empowered to apply to the People's Credit and Finance Corporation (PCFC) for eligibility to receive loans as GBRs under the Program for onlending to SHG members. GBRs are fully empowered to identify the scope and area of coverage. LBP is represented on the Project Coordinating Council and participates in discussion of policy issues. GBRs are empowered to finance their own institutional capacity-building programs through supplementary loans. GBA has certain aspects that cannot be compromised and these may represent a constraint to adoption of fully participatory processes. TA support to the Program has been instrumental in facilitating the adoption of more participatory approaches.</p>	<p>Participating GBRs are required to submit regular reports to PCFC documenting progress. Reports submitted are based on information from SHGs' own reports. TA team prepared the monitoring and evaluation (M&E) procedures.</p>	<p>There is little involvement of local government units (LGUs) in the promotion of GBA and in the identification of GBRs. Barangay leaders and local politicians were included in SHGs and because of their influence, were also elected leaders of the groups.</p>

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Borrower: - Government of the Philippines represented by the Executing Agency (EA) (PCFC)	Not identified as the EA during the program preparation but the program design has been acceptable to them.	PCFC is fully empowered to identify new GBRs based on the criteria prepared during the program design supplemented by its own additional criteria. PCFC provides an enabling environment for active participation of GBRs. There is complete transparency in the assessment of eligibility. GBRs that do not qualify are provided with advice on capacity building.	PCFC has primary responsibility for M&E of lending activities of GBRs. Its staff make regular field visits to liaise with GBRs directly.	Exposure trips sponsored by PCFC for managers of potential GBRs provided these managers with the chance to observe first-hand the success of the program and assess the GBAs' applicability to their own organization. PCFC provides advice to ineligible replicators on areas of institutional and financial incapacity but does not provide training or capacity-building support.
Lenders: - Asian Development Bank (ADB) - International Fund for Agricultural Development (IFAD)	IFAD conducted an independent assessment of the rural credit situation. ADB staff had limited contact with the design team during fieldwork.	The Program has successfully built on p initiatives of GBA by other institutions and provided a useful learning experience for ADB and IFAD.	Both ADB and IFAD have conducted regular supervisory missions	ADB relied on the reporting mechanisms of PCFC to gather data and monitor accomplishments.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Fisheries Sector Program
(TA 927-PHI; Loan 971-PHI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
<p>Customers:</p> <ul style="list-style-type: none"> - Fisherfolk in coastal barangays - Commercial fishing operators 	<p>The consultations with fisherfolk took place mainly in the bays where community-based coastal resource management (CRM) had been piloted by NGOs.</p>	<p>Fisherfolk were enabled to establish their own associations to provide a mechanism for active participation in the management of coastal marine resources. The fisherfolk associations were not fully empowered to manage and maintain the facilities established by the Program and although they participated in the identification of income generating projects these did not materialize due to the failure of the credit arrangements.</p>	<p>Coastal communities had some involvement in monitoring the success of their fish sanctuaries and artificial reefs, and through the deputized fish wardens, contributed to monitoring law enforcement activities.</p>	<p>The Program placed great emphasis on increasing capacity of communities to manage the facilities provided but failed to get full commitment to the Program. The communities have not been able to sustain many of the activities concerned with protection of natural resources. Inability of the Program to provide support for alternative livelihood due to funding constraints.</p>
<p>Suppliers:</p> <ul style="list-style-type: none"> - Provincial & municipal LGUs - NGOs - Department of Environment and Natural Resources (DENR) - LBP 	<p>Few consultations with LGUs since at that time the Local Government Code had not been enacted and devolution had not taken place. NGOs that have piloted the approach of community-based CRM were extensively consulted during the PPTA.</p>	<p>Municipal staff and officials were enabled to participate in the preparation of improved municipal ordinances for more effective management of coastal resources. The ordinances were enacted through the participation of fisherfolk who were trained and deputized as fish wardens. The participation of NGOs was achieved by contracting them for the facilitation of community mobilization and formation of fisherfolk associations, and ultimately the establishment of cooperatives. The involvement of LBP in the provision of microcredit to the cooperatives was severely constrained by the lending criteria that few cooperatives were able to meet. The participation of NGOs in the Program was not clearly defined and there was insufficient interaction with LGUs in the contracting procedures. NGOs were also required to work under contracts that defined fixed targets to be achieved within a rigid time frame without any flexibility to adapt to the implementation experience.</p>	<p>Municipal LGUs participated in monitoring activities conducted by the NGOs within the coastal barangays. Consultative meetings with the Bureau of Fisheries and Aquatic Resources (BFAR) took place to discuss issues that arose. NGOs were required to submit regular reports as a part of their contracts and in addition some produced process documentation to record lessons learned.</p>	<p>Difficulties encountered in accessing loans from LBP were the primary reason for the lack of alternative livelihood projects. The participation of NGOs in the Program should have been more clearly defined. NGOs were involved in activities beyond their TOR. The strong support of local political leadership for community management of natural resources would be very helpful.</p>
<p>Borrower:</p> <ul style="list-style-type: none"> - Department of Agriculture (DA)/BFAR 	<p>EA had little involvement in the formulation of the Program. This was mainly handled by the</p>	<p>BFAR staff adapted to the participatory approach and became convinced of its relevance to community-based CRM.</p>	<p>The regional field management units of BFAR conducted periodic evaluations of the performance of NGOs.</p>	<p>The program design incorporated fixed targets within a rigid time frame with little flexibility that was</p>

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
representing the Government	consultants. EA was involved in the identification of local stakeholders and assessment of their capacities.	However, there was a lack of realization that a participatory approach is a longer process and required flexibility in the timing of the activities.		not compatible with the process-oriented approach adopted for the Program. The Program did not allow time for communities to be fully convinced of getting involved.
Lender: - ADB	ADB played a significant role in redirecting the Program toward the concept of community-based CRM.	Participation by ADB staff during implementation was limited to regular supervisory visits but there was no intermediation to address the weaknesses in the EA's capacity to manage NGO contracts that were adversely affecting their performance.	The Program was monitored only through the reports submitted by the EA.	Lack of attention to developing mechanisms that would contribute to ensuring greater sustainability of the Program. Joint planning/collaboration between LGUs and NGOs to develop further strategy for sustaining activities did not materialize due to serious difficulties that arose between the two entities.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Pasig River Environmental Management and Rehabilitation
(TA 2803-PHI)

Stakeholders	Project Preparation	Lessons Learned
Customers: - Urban communities along riverbanks	Limited consultations took place in some communities along riverbanks but no joint planning activities during the course of these consultations. There was little community participation in the workshops that were conducted during the course of the PPTA so communities had no opportunity to participate in the decision making in the final formulation of the design of the Project.	The workshops did not achieve sufficient impact due to disagreements on the role of stakeholders in the proposed Project, particularly from LGUs. The high profile venue for the workshop could have probably discouraged community participation or even attendance.
Suppliers: - City and municipal mayors - LGUs - NGOs - National Economic and Development Authority - Department of Finance (DOF) - Department of Public Works and Highways - Department of Interior and Local Government	LGUs participated in some of the workshops that took place but there was little continuity in the staff who were assigned to other working groups. NGOs were consulted and they participated in the workshops that took place during the PPTA but were not given very much subsequent information on the extent of their involvement in the proposed Project. Most of the agencies that participated in the PPTA had some involvement in the previous Danish International Development Assistance (DANIDA) activities on the Pasig River. They joined in a number of the working groups that were established.	Weaknesses within the concerned government agencies limited the effectiveness of the Project. Frequent changes in staff assigned to the Project disrupted the continuity of knowledge on the aims and objectives of the PPTA and meant that staff were unable to give commitments during discussions.
Borrower: - DENR	The design team worked in close coordination with DENR, which also provided counterpart staff. DENR was largely responsible for the establishment of the consultative mechanisms that were used during the course of the PPTA.	There was insufficient attention to involving communities in the decision making during the formulation of the Project and to identifying the roles that they might play.
Lender: - ADB	ADB staff participated in the workshops that took place during the PPTA.	There was no mechanism for the provision of further information on the proposed Project and potential involvement of the stakeholders after the completion of the PPTA.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Cordillera Highlands Agricultural Resources Management Project
(TA 1915-PHI; Loan 1421/1422-PHI/IFAD 397-PHI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Rural households	Participatory rural appraisals (PRAs) were conducted in about 20 barangays through which there were consultations with the local people as well as surveys along transects and the conduct of community assemblies.	The communities are being fully empowered to identify small-scale projects for themselves and, through assistance provided by the Project, are enabled to implement them. A strong sense of ownership of the projects will be achieved through the provision of counterpart contributions. However, there is a lack of transparency in the selection of the barangays with the task being mainly performed by the TA consultants.	The communities will be actively participating in the implementation of the projects and will play an active role in monitoring them. This can be achieved through the barangay management group meetings.	The core groups established within the barangays and sitios must be fully representative of the community in order to ensure full empowerment of all sectors, including the most disadvantaged.
Suppliers: - Contracted NGOs - Municipal LGUs - Provincial LGUs - National Economic and Development Authority - National Irrigation Administration - DENR - Department of Agrarian Reform - Cordillera Integrated Agricultural Research Center	Provincial LGUs were involved in preliminary consultations during the PPTA and there were discussions of priority infrastructure projects.	The contracted NGOs are fully participating as development partners alongside the municipal LGUs in facilitating community-based activities. However, the NGO selection process did not involve consultation and joint assessment with LGUs. The provincial and municipal LGUs are providing technical support to the communities in the design and implementation of small-scale projects. The Project will be providing additional support to the implementation of small-scale projects through the supervision of civil works as well as providing assistance to LGUs/Department of Agrarian Reform/DENR/National Irrigation Administration staff that are involved in supporting the implementation of the projects.	The local NGOs that are contracted will be required to provide regular reports to the Project. The sequence of management meetings that occurs at barangays, municipal and provincial level provides a very effective mechanism for monitoring all activities.	The process-oriented approach through the various management groups and steering committees established a mechanism for achieving good coordination and collaboration between various development partners, government agencies, LGUs, NGOs, and communities. The selection process for the NGOs did not involve consultation with and joint assessment by LGUs. A preliminary assessment of the capability of NGOs should have been identified at the design stage and a strategy developed to address this concern. Selection of municipalities were finalized during appraisal and may not have involved full consultation with LGUs as opposed to the PPTA where there was ample opportunity for joint decision making with the LGUs.
Borrower: - DA/Cordillera Administrative Region (CAR)	DA was closely involved with the PPTA and the staff worked closely with the design team.	DA and CAR have participated in the design and implementation of a project that builds upon the experience of previous experiences on the area and	DA received regular reports on progress from the project office and the steering committees as regional, provincial, and municipal levels also	

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
		introduces a process-based approach. The regional director of DA and CAR was appointed project director.	provide a mechanism for DA to receive additional feedback.	
Lender: - ADB - IFAD	ADB had provided an additional PPTA focusing on integrated pest management (IPM) of highland vegetables to act as a link between the previous Highlands Agricultural Development Project and the new Project.	ADB and IFAD are learning from the experience of participating in supporting a project that is attempting to ensure that the communities are fully empowered to identify their own needs and design small-scale projects in response.	ADB and IFAD receive information from DA in the form of regular reports and conduct supervisory visits normally every six months.	Lack of transparency in the selection of barangays during implementation with the process being managed largely by the TA consultants.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Low Income Upland Communities Project
(Loan 999-PHI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Upland farmers and tribal groups in Mindanao	Very brief consultations were conducted with some of the Mangyan tribal communities during the SSTA.	The upland communities, and with a particular focus on the Mangyan tribal groups, were provided with an opportunity to participate in the formulation of socioeconomic development plans. The peoples organizations (POs) that were established by the upland communities benefited primarily through the provision of improved rural infrastructure but few livelihood opportunities were supported.	No formal mechanisms for real participation in monitoring activities. Infrastructure projects were largely implemented by contractors with the local population having employment opportunities in some cases.	Project design, which calls for a process-oriented approach, should set targets within a more flexible time frame. This is in recognition of the need to adjust to the pace and capability of community members to fully participate and become fully empowered to become decision makers.
Suppliers: - Local NGOs - Municipal and provincial LGUs - Provincial Environment and Natural Resource Office (PENRO) - Community Environment and Natural Resource Office (CENRO)	Limited consultation with some local NGOs but insufficient to gather information on the task of mobilizing the tribal groups to participate in the project. Devolution had not occurred at the time of the design so consultations with LGUs did not receive much priority. PENRO and CENRO staff had little involvement in the design stage.	The locally contracted NGOs initially provided community organizing support and facilitated the establishment of watershed management units, site management units, and site service centers. However, the NGOs withdrew from the Project midway through implementation. The municipal and provincial LGUs worked in partnership with the NGOs in providing support to the POs during their planning activities. PENRO and CENRO provided the opportunities for contract reforestation and attempted to promote a better understanding of watershed management by the upland communities. The provincial project management office staff provided technical support to the implementation and in the later years of the Project handed over responsibility for implementation to the provincial government.	Provincial government played a more significant role in monitoring progress as a result of the gradual handover of responsibilities to them later in the life of the Project.	
Borrower: - DENR - Provincial governments	DENR Foreign Assisted Special Projects Office took the lead in the design of the Project.	The Government, represented by the EA, DENR, expanded its program of support and assistance for improved watershed management into a geographic area that had previously not received such assistance.	DENR at national level played the leading role in monitoring project activities.	
Lender: - ADB	Significant interaction between ADB and DENR in finalizing the design.	ADB has participated in a project that provided support to disadvantaged upland	Monitoring of the Project has taken place through regular supervisory	Experience of supporting partnerships between NGOs and

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
		tribal groups in Mindoro.	visits although there have been frequent changes of ADB staff providing support.	local government in the wake of devolution.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Integrated Pest Management For Highland Vegetables
(TA 2019-PHI)

Stakeholders	Project Preparation	Lessons Learned
Customers: - Vegetable producers	The IPM strategy is based on a highly participatory methodology for farmer-led extension. The vegetable farmers were enabled to participate in a regular series of training activities through the farmer field-school approach during a cropping cycle. The farmers had the opportunity to share their own knowledge of crop pests with the technicians and technical specialists as well as receiving recommendations from the latter.	The Program confirmed that participation could provide immense opportunities for interactive learning as against the extension approach where the extension worker is presumed to be more knowledgeable. Collaborative learning helped develop a sense of joint ownership of project activities. Lessons learned were applied to training modules being developed.
Suppliers: - LGUs - Benguet State University (BSU)	LGU technicians who participated in the activities were introduced to a new approach to extension that relied on sharing of knowledge with farmers through a two-way interactive learning process. The technical staff of DA and CAR as well as the technical specialists from BSU also participated in the activity providing the initial orientation to the LGU technicians on the extension approach. However, the sustainability of the farmer field-school approach needs to be urgently addressed by DA in consultation with LGUs. The IPM strategy at present excludes the private sector that is supplying the chemical pesticides to the farmers. It should be recognized as a stakeholder in this participatory approach.	The farmer field-school approach entailed costs which, if not supported by external sources, could not be sustained. Higher costs resulted from the longer implementation process. Opportunities for more stakeholder participation, such as the private sector, should be taken advantage of.
Borrower: - DA/CAR	DA and CAR fully participated through the provision of technical specialists and also to further refine the approach through the experience of the PPTA.	
Lender: - ADB	Through the provision of TA, ADB was able to take a constructive step toward not only providing a foundation for the extension methodology during the follow-on project (Cordillera Highlands Agricultural Resources Management Project—CHARMP) but also was able to maintain some of the momentum of the previous project prior to the conduct of the PPTA for the CHARMP.	The momentum created through stakeholder consultations should be sustained until the approval of the ensuing project.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Participatory Livestock Development Project
(TA 2426-BAN; Loan 1524-BAN)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
<p>Customers:</p> <ul style="list-style-type: none"> - Poor and/or landless women and farm families 	<p>Although there were baseline surveys conducted which included consultations with rural households, there was no participation by these stakeholders in the later workshops.</p>	<p>The women living in rural areas will be enabled ultimately to take charge of the whole process of the management and integration of the poultry production chain. They are participating in a microcredit program to finance these activities in the poultry production chain that can also be expanded to encompass other enterprises. However, these SHGs are not at present taking part in any broader development planning exercise for their community.</p>	<p>The women's groups monitor all of the activities through the records of the SHG meetings.</p>	<p>The inability of the farmers to attend the workshops in Dhaka resulted in less meaningful consultation and in the attendance of stakeholders that are not representative of the views of the primary stakeholders. The value of community-based workshops should be evaluated against central-level workshops. PPTA should be allocated with more funds for PD processes. Training of stakeholders improves empowerment.</p>
<p>Suppliers:</p> <ul style="list-style-type: none"> - Contracted NGOs - Department of Livestock Services (DLS) - Palli Karma-Sahayak Foundation (PKSF) - Project implementation team 	<p>One of the larger NGOs provided information on its existing livestock programs. This was used as part of the model for the project design. District and <i>thana</i> level livestock staff did not contribute greatly to the design and were not well represented in the workshops. PKSF was identified as the conduit for the credit funds and were involved in many of the consultations that took place.</p>	<p>The NGOs are participating as partners alongside DLS in providing both community organization as well as technical support to customers. The success of the Project is largely dependent on the capacity of the NGOs. There are few women facilitators deployed by the NGOs. The NGOs have not developed any mechanisms for collaboration among themselves to share experiences. The NGOs are the conduits for the provision of microcredit through a system of onlending that should be sustainable. The role of DLS is changing such that its field staff become the facilitators of livestock development rather than the direct providers of services. PKSF participates through the provision of overall administration and monitoring of the lending programs of the NGOs.</p>	<p>NGOs provide reports of all activities to the project implementation team. PKSF provides field staff to monitor the activities of each of the participating NGOs.</p>	<p>Staff continuity is an important factor in participatory processes. Frequent staff changes may translate to additional costs for training of staff. The capacity of women as effective community organizers should be recognized. Coordination committees should include an adequate number of women. NGOs should develop a mechanism for collaboration and not compete with each other to be able to reach a consensus on issues of operational importance. Transparency in the NGO selection process should be adopted. Unrealistic requirements of the EA can pose serious constraints to effective participation. The shift in role of agencies from service deliverers to facilitators should be accompanied with adequate training.</p>
<p>Borrower:</p> <ul style="list-style-type: none"> -DLS 	<p>DLS staff were involved at national level during the PPTA and worked closely with the</p>	<p>Management decision-making processes have not been fully devolved to the level of the project</p>	<p>NGOs provide reports of all activities to the project implementation team.</p>	<p>Management decisions made at the national level do not contribute to improved project ownership.</p>

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
	consultant team, participating extensively in the planning workshops that took place.	management unit and there is insufficient opportunity for consultation with other partners during the decision-making processes.	PKSF provides field staff to monitor the activities of each of the participating NGOs.	
Lender: - ADB - DANIDA	During the PPTA there was interaction between the design team and the mission leader, and extensive consultation with the participating NGOs as well as district and thana livestock staff during appraisal.	Both ADB and IFAD are enabled to participate in an innovative approach to the management of small-scale livestock development through a highly participatory pilot project.	Mission leaders make regular visits to review progress, normally twice a year.	

Source: Project documents and interviews with stakeholder groups during fieldwork.

Khulna-Jessore Drainage Rehabilitation Project
(TAs 1205-BAN, 1498-BAN; Loan 1289-BAN)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
<p>Customers:</p> <ul style="list-style-type: none"> - Rural households in project area 	<p>Social studies, which covered a sample of randomly selected villages, did not assess the social acceptability of the proposed interventions and failed to seek views of community level stakeholders of the impact on their livelihoods of the proposed interventions.</p>	<p>The rural communities are participating in discussion of proposed interventions to alleviate the drainage problems within their area with union councils facilitating the agreements.</p> <p>Through the formation of water management groups (WMGs), water management councils (WMCs), and water management associations, they are participating in the planning and implementation of the proposed projects and ultimately in the operation and maintenance (O&M) of infrastructure.</p> <p>The WMGs, WMCs, and water management associations are providing a mechanism for the delivery of appropriate agricultural support services in response to the needs of the people.</p>	<p>The community stakeholders are involved to some extent in the monitoring of project activities through their participation in the supervision of the physical works.</p>	<p>Lack of community consultation gives rise to opposition of proposed intervention.</p> <p>Propriety of community consultation being undertaken before design and infrastructure work commences.</p> <p>Educated community representatives made participation easier, especially women.</p>
<p>Suppliers:</p> <ul style="list-style-type: none"> - Contracted NGOs - Directorate of Land and Water Use (DLWU) - Department of Agricultural Extension (DAE) - Department of Fisheries (DOF) - TA team 	<p>There were relatively few consultations with the local NGOs during the preparatory studies and no consultations with ADB. DLWU local staff participated in the various studies that were completed and also contributed to their own design study.</p> <p>Thana-level agricultural staff had some involvement in the assessment of the agricultural systems and productivity within the area.</p>	<p>NGOs are participating in the provision of community organization services but only in the role of a subcontractor and are not regarded as development partners in the implementation process.</p> <p>Bangladesh Water and Development Board (BWDB) field staff are adapting to a participatory approach, thereby gaining the acceptance and support of rural households for proposed interventions.</p> <p>DAE and DOF have adopted a more responsive mode to the delivery of agricultural support services based on the needs of customers.</p> <p>Despite attempts to involve ADB teams during implementation it has proved difficult to secure local institutions' support perhaps because of the lack of mutual consultation during the earlier stages of the</p>	<p>Local NGOs participate in monitoring through the regular reports they are required to submit to BWDB offices. Similarly, DAE district offices submit monitoring reports to BWDB.</p>	<p>Lack of coordination between agencies tasked to mobilize communities. NGO services were proposed to undertake the services to supplement the functions of the agencies.</p> <p>NGOs should also endeavor to strengthen their own resources to be prepared for broader responsibilities brought about by PD.</p>

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
		Project.		

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Borrower: - BWDB	BWDB at national level had significant involvement in the conduct of the earlier studies.	The Government has responded to the need for much greater participation by potential customers in the identification and implementation of project activities in this area in response to local opposition to previous planned interventions. BWDB is adopting a new approach to solving local drainage problems by consulting to a much greater extent with local customers than has been the case in the past.	Through the meetings of the project steering committee (PSC), BWDB reviews the reports of implementation progress.	
Lender: - ADB	The appraisal mission did not detect the serious reservations of the local people to the proposed interventions and failed to interact with the NGO apex body, the Association of Development Agencies in Bangladesh.	ADB has responded to the difficulties that occurred with previous proposed project activities by supporting mechanisms that ensure that there is full participation by the customers when considering any interventions for drainage improvement. A continuing TA grant is assisting in this aim.	Regular supervisory visits to the project are the main mechanism for ADB staff to monitor the Project.	

Source: Project documents and interviews with stakeholder groups during fieldwork.

Small-Scale Water Resources Development Sector Development Project
(TA 1817-BAN; Loan 1381-BAN)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Marginal small-scale farmers, women, fisherfolk or landless	Consultations with potential community stakeholders took place mainly in core subproject areas that were the subject of more detailed planning.	The rural communities in consultation with union councils take the initiative in the identification of potential water resource development subprojects. They establish water management cooperative associations (WMCAs) in cases where identified subprojects are technically and economically feasible and socially acceptable. The WMCAs provide the vehicle for the active participation of rural communities in the whole process of detailed planning, implementation, and ultimately in the management of the infrastructure.	There is considerable opportunity for the community to be involved in monitoring the implementation of their subprojects through the First Management Committee and then the WMCA..	Progress of implementation should not be solely measured against physical targets; a provision for the learning process should also be made.
Suppliers: - Union Parisads - Local Government Engineering Department (LGED) Thana Engineers - DAE, DLS & Department of Cooperatives - Contracted NGOs - Project management office (PMO)	Limited consultations took place with Union Parisads although it was identified as having a role in the selection of subprojects. District staff of LGED had some involvement in the design of the selected core subprojects but not in the formulation of the overall project strategy. Limited consultations with NGOs that did not produce a satisfactory outcome for their involvement in the proposed project; DAE, DLS, and the Department of Cooperatives contributed to the study of existing agriculture systems within the area.	NGOs that are subcontracted by LGED provide additional community organizing support during the establishment of the WMCA and the implementation of the subproject but are not really participating as development partners. NGOs are contracted to facilitate the PRA conducted in the case of each potential subproject to study its social acceptability. The field-level engineers of LGED at thana and district level participate in the facilitation of the subproject planning and implementation. Field staff of DAE and DOF provide agricultural support services to the WMCAs in response to their needs.	Union Parisads will become involved in monitoring the activities through the Thana Development Coordination Committee. Thana and district staff of LGED closely monitor progress of implementation of subprojects. Contracted NGOs, as well as DAE and DOF, provide reports on progress of their own activities to LGED district offices.	Selection of subprojects was not done with community consultation. Establishment of WMGs should follow realistic time frames.
Borrower: - LGED	LGED played a significant role during the PPTA, providing counterpart staff.	The Government is learning from this Project that is a pilot in that it represents a participatory approach to the development of water resources in Bangladesh.	LGED has primary responsibility for the overall monitoring of the project through the PSC.	
Lender: - ADB - IFAD	ADB staff participated in meetings at the conclusion of the PPTA and	ADB and IFAD are also learning from this Project and ADB has expressed	Regular supervisory visits as well as a recent midterm review	

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
- Government of Netherlands	finalized design in consultation with LGED and other stakeholder groups.	interest in a possible expansion into other parts of the country using the same approach. The Government of Netherlands continues to provide substantial TA support in improving the level of participation by the customers.	provide the mechanisms for ADB monitoring of progress.	

Source: Project documents and interviews with stakeholder groups during fieldwork.

Urban Primary Health Care Project
(TA 2413-BAN; Loan 1538-BAN)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Slum and non-slum dwellers within urban areas	Community stakeholders within the slum areas of Dhaka were involved in consultations to assess their views on present delivery of health services and types of services they need.	The urban dwellers, both from slum and non-slum areas, are participating in consultations with the partnership service provider to ensure that the primary health care services provided are relevant.	The communities that are served by the health care centers will be enabled to monitor the provision of services and provide feedback to the ward committees.	Extensive consultation raises local expectations and inclusion in the study of an effective information mechanism that reflects the interest of stakeholders facilitates achievement of project objectives.
Suppliers: - NGO and private health providers - City corporations - Ministry of Health and Family Welfare (MHFW) - Directorate General Of Family Welfare (DGFW) - Directorate General of Health Services (DGHS) - Project implementation unit (PIU)	Consultations with NGOs organized by the Voluntary Health Services Society to discuss the concept of contracting out health services. City corporations were enabled to participate in workshops conducted in each of the four cities at which representatives from MHFW, DGFW, and DGHS also invited. Officials of MHFW, DGFW, and DGHS also attended a series of meetings during PPTA to share information on existing state of primary health care delivery.	The partner NGO/service providers will be enabled to manage all aspects of primary health care service delivery. The city corporations will increasingly participate in the overall management of the delivery of the primary health care services in the urban areas and in sustaining the partnership agreements. Research institutions are being chosen to participate in an expansion of the program of medical research addressing issues that are of particular relevance to primary health care in urban areas.	NGOs that are contracted under partnership agreements will be required to provide regular reports to the PIU. The adoption of the integrated survey instrument by the city corporations will provide the mechanism for the effective monitoring of service provision through the health centers. Design of a benefit monitoring evaluation system is the responsibility of PIU.	PD is not only a vehicle for learning. The Project was a pilot case of evolving roles of NGOs from contractors to facilitators.
Borrower: - Local government division (LGD)	LGD was involved in all the discussions that took place during the PPTA.	The Government has made a commitment to improve primary health care service delivery in the urban areas and MHFW is participating fully in facilitating the transition to this new mode of delivery.	Through its participation in the PSC, LGD will monitor the progress of the Project.	
Lender: - ADB	The concept of contracting out	ADB has promoted this new	Regular supervisory visits	

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
- United Nations Population Fund	health services originated from ADB staff who introduced the concept as the basis for the Project.	approach to primary health care service delivery to LGD.	during implementation will be particularly relevant in view of the pilot nature of the Project.	

Source: Project documents and interviews with stakeholder groups during fieldwork.

Urban Poverty Alleviation Project
(TA 2410-BAN)

Stakeholders	Project Preparation	Lessons Learned
Customers: - Slum dwellers	Slum consultative groups were established in a number of slum areas to provide the mechanism for consulting with the local people and gaining their views on their needs. Surveys were conducted including the use of PRA techniques to gather additional data.	Delays in the commencement of the ensuing project after the high expectations created by stakeholder consultation at the PPTA stage eroded the trust and confidence developed in earlier PD exercises.
Suppliers: - Local NGOs - DMDA - City corporation - Bangladesh Bank - Ministry of Housing and Welfare - Ministry of Labor - Ministry of Social Welfare - MHFW - TA team	Consultations took place with local NGOs and also with a wide range of other agencies but particularly LGED, Housing and Settlements Directorate (HSD). The city corporation participated as a potential implementing agency (IA) for the proposed project. Participatory planning workshops were conducted three times during the PPTA attended by a wide range of stakeholders.	The decision not to pursue the Project in the absence of a clear agreement on the security of tenure for slum dwellers is appropriate. This is an indication of the weakness in the policy environment.
Borrower: - LGED	LGED provided full support for the conduct of the PPTA and there were high caliber counterparts provided to participate in the study.	
Lender: - ADB	ADB staff participated in policy dialogues with the Government midway through the PPTA to consider a policy framework on poverty reduction.	

Source: Project documents and interviews with stakeholder groups during fieldwork.

Urban Development and Low-Income Housing Project
(TA 2791-SRI; Loan 1632-SRI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Urban communities	The urban dwellers experienced only limited consultations so the opportunity for participation was very restricted and where subprojects were identified there was no subsequent information provided.	The urban dwellers within the selected towns are to be empowered to identify subprojects to improve the urban infrastructure in response to their own identified needs.	The urban dwellers will be enabled to assist in the monitoring of the construction work.	Stakeholders should be well informed of the nature, implications, risks and opportunities that come with a proposed project. Delays in the commencement of the ensuing project after the high expectations created by stakeholder consultation at the PPTA stage may erode trust and confidence developed in earlier PD exercises.
Suppliers: - Urban local authorities (ULAs) - NGOs - Urban Development Authority (UDA) -Ministry of Local Councils and Local Government, National Water Supply and Drainage Board (NWSDB) - Road Development Authority, Local Loans and Development Fund - Ministry of Finance and Planning - participating credit institutions	ULAs identified potential subprojects within the eight towns identified for the inception phase of the Project. NGOs did not have any real opportunity to contribute to the design of the Project. UDA was actively involved in the PPTA, drawing upon its experience of the previous Project.	ULAs identify subprojects for the benefit of the wider community within their own areas as well as supporting those subprojects that have been identified by urban communities. ULAs are to be involved with the preparation and implementation of the subprojects as a means of enhancing their financial and management capability. UDA is to provide institutional support to the ULAs as a further contribution to enhancing their management, financial, and technical capacity to implement subprojects. PIUs are providing institutional support to ULAs to facilitate their new roles in subproject identification, preparation and implementation. The Local Loans and Development Fund will be able to provide greater opportunities to ULAs in the provision of loans for subproject implementation in the future. The Central Bank of Sri Lanka is participating through the provision of additional housing loans for urban dwellers with a particular focus on low-income borrowers.	ULAs will be responsible for supervision of the construction and will be required to report on achievements to the project office.	A more realistic timetable for PPTA implementation should be provided to enable meaningful PD processes. Process of selection of subprojects to be undertaken in the project should be transparent, within defined criteria, and should be fully participatory to ensure efficient implementation. NGO technical capabilities could provide useful resource to augment the activities under the ADB project.
	The Ministry of Housing and Urban Development (MHUD) as	The Government is demonstrating a continuing commitment to the need to	MHUD has responsibility for project monitoring and providing reports and	Pilot projects that experiment on an innovative approach should provide

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
	the EA participated fully in the design of the Project through its counterpart staff.	promote the concept of devolution and assist ULAs to more effectively perform their intended roles. MHUD is adopting a new approach to the provision of support to ULAs in its new role, rather than the provision of direct support for the implementation of urban projects that were identified without real community participation.	information to ADB.	flexibility in implementation schedules to provide adequate time for the learning process.
Lender: - ADB	ADB, through the project officer, managed the PPTA and played a significant role in the formulation of the final design of the Project.	ADB is supporting a project that has been designed to make a direct contribution to increasing the management and financial capability of ULAs as well as attempting to ensure that the urban communities have greater control over the types of projects that are implemented.	ADB will have a significant involvement in monitoring this Project through its role in the approval of subprojects as well as the conduct of routine supervisory missions.	Proposed projects should be coordinated with active NGOs to avoid overlapping of initiatives.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Upper Watershed Management Project
(TA 2619-SRI; Loan 1545-SRI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
<p>Customers:</p> <ul style="list-style-type: none"> - Rural communities living in watersheds 	<p>The upland farmers had only limited opportunities to participate in the formulation of the design of the Project.</p>	<p>The rural communities are enabled to participate in the identification of the needs, the implementation of interventions on their own farms aimed at reducing soil conservation and improving their productivity and income.</p> <p>Through their village-based organizations and societies they are building self-reliance as a means of empowering them to implement further projects aimed at improving their way of life.</p>	<p>There is no mechanism for the communities to be involved in monitoring the impact of the interventions.</p>	<p>PRAs, if initiated in a pilot area, should be representative of the demographic and sociocultural profile of the community.</p>
<p>Suppliers:</p> <ul style="list-style-type: none"> - Forestry Department (FD) - Department of Agriculture (DOA) - Ministry of Lands - Provincial councils - Department of Wildlife and Conservation - Mahaweli Authority of Sri Lanka (MASL) - Land Commissioners Department (LCD) - PMO and TA 	<p>FD, DOA, and DAPH at provincial level were consulted during the formulation of the design of the Project.</p> <p>Although NGOs were assessed for their capacity to contribute to the proposed Project they were provided with little opportunity to participate in the formulation of the design.</p> <p>The other IAs including MASL, the Survey Department (SD), and LCD were only involved in the provision of information into the design process.</p> <p>The TA consultants played a dominant role in the formulation of the design for the Project but did consult with the local authorities and the upland farmers in the area.</p>	<p>FD, DOA, and DAPH are participating in the Project by providing technical support within the limitations of their respective provincial and district offices to support the various activities.</p> <p>The other IAs including MASL, SD, and LCD are participating through the provision of institutional support to the Project.</p> <p>The provincial council leaders are enabled to coordinate the support from the IAs in the implementation process.</p> <p>The PMO is playing a leading role in the implementation of project activities and compensates for the limitations on participation by the other IAs, which is a reflection of their own limited capacity.</p>	<p>All the IAs are participating in the monitoring process through the provision of reports to the PMO and in turn to the EA and through attendance at the PSC and national steering committee (NSC) meetings.</p>	<p>The PPTA final report should provide adequate information on capacities of stakeholders and the presence of existing community organizations and how they would get involved in the Project. The costs should be carefully studied to provide a realistic assessment of the implications of the proposed Project.</p> <p>A phased approach to stakeholders' taking over implementation of plans should be considered to ensure their capacity and self-reliance in undertaking these responsibilities. Utilizing the assistance of NGOs and CBOs could have ensured management of natural resource areas after project completion.</p>
<p>Borrower:</p> <ul style="list-style-type: none"> - Ministry of Forest and Environment (MFE) 	<p>MFE participated fully in the design process and accepted a project that was more concerned with forestry than agricultural development.</p>	<p>Through the NSC, MFE as the EA is enabled to provide overall coordination of project activities.</p>	<p>MFE as the EA has overall responsibility through the PMO for the monitoring of the Project.</p>	<p>High levels of subsidies may indicate strong support for the Project but this is not founded upon real participation and empowerment</p>

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
				and may result in a dependency attitude.
Lender: - ADB	ADB may have influenced the design of the Project by insisting on a broader-based project that included reforestation as well as agricultural development.	ADB is participating in the support of a project that addresses the pressing needs of the country in achieving more effective management of the resources within the upper critical watersheds. However, the strategy that has been adopted under the project raises serious questions about the sustainability of the interventions.	ADB provides guidance on the implementation of the Project based on the reports received from the EA and through information gathered during regular supervisory visits.	The creation of WMCs that would provide a forum for all stakeholders should have been considered.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Coastal Resources Management Project
(TA 3034-SRI)

Stakeholders	Project Preparation	Lessons Learned
Customers: - Coastal fisherfolk	The coastal fisherfolk provided information on their local situation and their needs through limited consultations that took place within some of the villages. Selected representatives of these coastal communities were enabled to actively participate in both the regional and national level workshops that were conducted.	Language constraints need to be recognized to realize full participation benefits.
Suppliers: - Fisheries cooperatives (FCs) - Coast Conservation Department (CCD) - Ceylon Fisheries Harbours Corporation (CFHC) - National Aquatic Resources Research and Development Agency - FD - TA team	Local and national NGOs were consulted by the team and contributed to the workshops that were conducted. The various government agencies, notably FD, CCD, CFHC, and National Aquatic Resources Research and Development Agency participated in the workshops and worked in collaboration with the PPTA team in formulating the final design. The PPTA consultant team facilitated a participatory approach to the design of the Project and, within the limitations of the study, enabled many different stakeholder groups to contribute to the design.	Interim support should be considered to maintain momentum created by stakeholder consultation.
Borrower: - Ministry of Fisheries and Aquatic Resources Development	Ministry of Fisheries and Aquatic Resources Development fully supported the involvement of the stakeholders in the design of the Project and was actively involved in the workshops.	
Lender: - ADB	ADB provided opportunities for full stakeholder participation during the TA fact-finding mission and participated in the workshop discussions that took place during the design study.	Stakeholder participation in as early stage as the TA fact-finding mission ensures better coordination between ADB and stakeholders, particularly the EA. ADB should extend more support to the EA when piloting implementation strategy approaches.

Source: Project documents and interviews with stakeholder groups during fieldwork.

Walawe Irrigation Improvement Project
(TAs 512-SRI, 846-SRI, 1480-SRI; Loan 695-SRI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Farming households in command area	The farming households had little opportunity to participate in the design of the rehabilitation works since there were few if any consultations with them during project preparation.	The farming households did eventually take responsibility for the O&M of the field-level water distribution and for the maintenance of these structures as well as access roads. Through the establishment of the various coordination committees, farmer representatives interacted with project management at various levels to express their views and to influence the decision-making process.	The farmers are given the opportunity to participate in the M&E activities through their FOs and attendance of their representatives at the UCC, BCC, and PCC meetings.	Turnover of O&M responsibilities entailed a change in attitude on the part of the farmers and the governing agency from dependency to demand-driven advisory support to the more responsible farmers.
Suppliers: - Mahaweli Engineering and Construction Agency - Mahaweli Economic Agency (MEA) - Central Engineering Consultancy Bureau - SD - Irrigation Department - DOA - International Water Management Institute	MEA staff participated in the preparation of the technical design of the Project. The consultant design team was largely responsible for the production of the design with little participation of the other government agencies and the farmers.	The Mahaweli Engineering and Construction Agency and the Central Engineering Consultancy Bureau were subcontracted to undertake the civil works. The International Water Management Institute, through grants provided by ADB for additional TA during implementation, enabled the FOs to participate effectively in O&M activities at field level. Through their involvement with the Project, the staff of MEA participated in a change of approach to irrigation development that relied to a greater extent on farmer participation in O&M.	Regular reporting mechanisms by each of the IAs provides the main source of information on accomplishments. MEA adopted a system for benefit monitoring and evaluation that was prepared by the design consultants.	Irrigation service fees are not yet fully implemented. In the future, should there be sufficient financial resources generated, public accounting of funds may be considered which would add a new dimension to farmers' empowerment.
Borrower: - MASL	MASL coordinated the TA during the preparation stage.	MASL extended the concept of farmer participation in O&M that it had also introduced on other irrigation systems in response to government policies.	MASL has primary responsibility for M&E activities of the Project based on information compiled by MEA.	
Lender: - ADB - European Union	ADB stipulated the need for farmer participation through the introduction of water fees (although this was not implemented).	ADB provided flexibility in the terms of the loan to allow for the local disturbances due to insurgency that delayed implementation by several years.	ADB has provided significant support to M&E of the Project partly as a response to the major difficulties that were experienced during implementation.	

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
		ADB provided the additional TA grants for operational research on farmer participation in O&M of the system.		

Source: Project documents and interviews with stakeholder groups during fieldwork.

Third Water Supply and Sanitation Sector Project
(TA 2609-SRI; Loan 1575-SRI)

Stakeholders	Project Preparation	Project Implementation	Project Monitoring & Evaluation	Lessons Learned
Customers: - Rural households - CBOs	The rural households in a small number of <i>grama niladhari</i> divisions and small towns were enabled to fully participate in the identification of their own needs for water supply and sanitation subprojects.	The rural households, through their newly established or existing CBOs, are fully empowered to implement water supply and sanitation projects that they have themselves identified and planned.	The rural households through their CBOs and village coordinating committees will be enabled to participate in the whole process of monitoring the progress of the subprojects that they manage.	A project that focuses on one simple overriding need of the community is a more effective way of mobilizing communities than a broad-based rural development strategy. From these communities could evolve the identification of other demand-driven projects.
Suppliers: - NGOs/POs - Pradeshiya Sabhas (PS) & Divisional Secretary (DS) - Provincial councils - NWSDB district offices - Divisional implementation units & PIUs - Project management unit - TA team	Some local NGOs were consulted on their activities and their existing capacity to participate in a project of this nature, while selected national NGOs contributed to the national workshop. Some of the PS chairpersons and DSs attended the village planning workshops that were conducted in their area. Chief secretaries do not appear to have been involved to any extent in the conduct of the PPTA. NWSDB district offices assisted in the conduct of the socioeconomic surveys during the PPTA.	The local NGOs alongside some selected PSs are hired as POs by the Project to provide direct support to the villages within the selected grama niladhari divisions in the facilitation of the community development process. The PS chairpersons and the DSs are enabled to collaborate in decision making through their role in the divisional coordinating committees and district coordinating committees. Chief secretaries take part in shared decision making in chairing the PCC with particular respect to approval of the subprojects. NWSDB district office staff actively participate at all stages of the subproject cycle through providing technical support to the POs as well as the PSs.	The POs are the main contact point for the Project with the CBOs and participate fully in monitoring progress through their reports to the divisional implementation units and district offices of the NSWDB. The PS chairpersons and DSs receive complete information on the progress of implementation through the divisional coordinating committees and district coordinating committees and can contribute to the adoption of interventions where these are necessary. The chief secretaries are similarly involved in the monitoring process through the reports that are compiled by NWSDB district staff for submission to the PCC for endorsement to NSC.	Simple projects that involve only one or two government agencies have better coordination.
Borrower: - NWSDB	The EA, representing the Government, was closely involved during the PPTA and provided counterpart staff and logistical support and participated fully in the national workshop.	The EA, on behalf of the Government, is participating in an innovatory approach to the delivery of water supply and sanitation subprojects in a demand-driven mode.	NWSDB as EA has overall responsibility for monitoring the Project and for the submission of reports to ADB.	
Lender: - ADB - Government of France - Government of Norway	ADB played an important role during the preparation of the Project and participated in the conduct of the fieldwork as well as the national workshop.	ADB, alongside the Governments of France and Norway, is contributing to a project that is aiming to bring about significant policy reforms in the water supply sector.	ADB, alongside the other donors, provides overall administration of the loan.	

Source: Project documents and interviews with stakeholder groups during fieldwork.

SUMMARY OF PARTICIPATORY DEVELOPMENT PROCESSES IN CASE STUDIES

1. This appendix provides a summary of the findings on participatory development (PD) processes as they occurred and were reported or observed during the course of the study. Comprehensive supplementary appendixes for each of the countries selected for the study (Bangladesh, Philippines, and Sri Lanka) have been prepared separately which include detailed description of the framework and analysis of PD processes during project preparation, implementation, and evaluation after project completion. These supplementary appendixes are available on request.

2. In each case, findings are presented in a tabular form. In accordance with the study methodology, stakeholders have been identified and categorized as (i) customers or primary stakeholders (beneficiaries); (ii) suppliers of services, goods, equipment, and other facilities; (iii) borrower, generally the government of the borrowing country that is often represented by the project executing agency (EA); and (iv) lender(s), including the Asian Development Bank (ADB) or other donor agencies. In each case, PD processes are described and analyzed separately for the project identification, formulation, and preparation phase, and for the project implementation and operation phase, as applicable. Major modalities and tools for project monitoring and evaluation are also described.

BENEFITS AND RISKS OF PARTICIPATORY DEVELOPMENT PROCESSES

A. Benefits

- More appropriate development interventions that fit the needs of the community and users of the facility;
- better implementation and sustainability of development initiatives;
- more complete utilization and increased ownership of services provided;
- greater efficiency, understanding and better planning, based on the concerns and ideas of a wide range of participants;
- a better match between human capability and capital investments;
- improved institutional performance because of greater transparency and accountability;
- more efficient functioning of markets because of improved information flows;
- increased equity and empowerment through greater involvement of the poor, women, and other disadvantaged groups;
- strengthened capacity of stakeholders to initiate other development activities as a consequence of their involvement; and
- increased commitment for policies and projects, including a willingness to share costs and an interest in sustaining the benefits.

B. Risks

- Participation may be time and resource intensive;
- it can be organizationally and logistically troublesome;
- the groups that are consulted may not truly represent or express the views or interests of those whom they purport to represent;
- conflicts may be aggravated among groups with different priorities and interests;
- expectations may be raised that cannot be fulfilled;
- methodologies used may not be seen by some as “scientific”, thereby subjecting the outcomes to questioning by experts;
- co-optation of participatory processes by powerful and more articulate elites may occur to the exclusion of the poor and disadvantaged.