Introduction

A comment on reference notes: To avoid interrupting the flow of this Guide, endnotes, rather than footnotes, are used for the numerous references incorporated into the document. These may be found beginning on page 55.

Purpose of this Guide

1. This Guide provides a succinct overview of consultation and participation (C&P) in the operations of the Asian Development Bank (ADB). Because it is an overview, staff are encouraged to also consult the more detailed resources made available in the C&P Toolkit,[1] and to confer with colleagues in operations departments and in the Regional and Sustainable Development Department (RSDD) who have experience in applying participatory practices.

2. The aim of this Guide is to provide practical tools and tips to make C&P more accessible and effective in improving the performance of ADB operations. The Guide also helps staff to fulfill ADB obligations and strategic objectives to consult or otherwise promote participation.[2] It supersedes *Mainstreaming Participatory Development Processes* (ADB, 1995).

Who is the Audience?

3. The Guide and Toolkit are intended for ADB mission teams and resident mission staff who engage stakeholders in the course of ADB operations. Their contents are also relevant for ADB consultants, as well as for executing agencies and implementing agencies in countries benefiting from ADB assistance. More generally, the Guide, and references included in it, can also be used to build up the capacity of ADB's developing member countries (DMCs) to improve their use of C&P, and not only in ADB-assisted activities.

Why Apply C&P?

4. C&P increases the level of support for an ADB-assisted activity from a range of stakeholders, which can speed up

processing and reduce challenges during implementation. More generally, C&P improves the effectiveness, relevance, and sustainability of development activities.[3] It contributes to good governance, economic growth, and the empowerment and social inclusion of disadvantaged groups. ADB is increasingly judged by its ability to deliver on project quality and development results.[4] C&P represents a critical set of quality criteria that ADB can control. C&P also supports donor coordination and harmonization, and ADB increasingly carries out stakeholder consultations in collaboration with other development agencies.

5. C&P is supported by virtually all of ADB's sector and thematic policies, its business processes, and staff instructions. ADB's Poverty Reduction Strategy states that "the reach and sustainability of social development is improved when all people, especially the poor and excluded, have an opportunity to participate in shaping public policies and programs." The PRS further notes that "ensuring that the voice of the poor is heard at all levels of decision making is central to the success of social development efforts."[5]

6. Several studies carried out by ADB's Operations Evaluation Department (OED) provide insight into the application of C&P in ADB-assisted activities (see page 57).

What is C&P?

7. C&P is a process through which stakeholders influence and share control over development initiatives, and the decisions and resources that affect them. ADB works on four different levels of C&P to engage groups that have an interest or stake in its operations:

- *Information sharing* is one-way communication often involving disseminating information about an intended ADB project, program, or strategy.
- *Consultation* means gaining stakeholder input on proposed or ongoing ADB activities.
- *Collaborative decision making* means that ADB engages groups to jointly make decisions about development activities and resources that affect them.

- *Empowerment*, a deeper level of participation, is where beneficiaries and other key groups initiate action and take control over development decisions and resources.

8. For example, a project that involves the creation of water user groups with tariff-setting or water-distribution responsibilities is designed to provide "empowerment" but also incorporates lower levels of participation. On the other hand, a cement plant financed by the Private Sector Operations Department may only feature "information sharing" and "consultation," such as the minimum required by national law and ADB's safeguard policies.[6]

9. In this Guide, the term "C&P" is used synonymously with "participation." Unless specified, it can refer to any or all of the four levels described above.

Where Does C&P Add Value?

10. Most projects stand to benefit from C&P. Projects aimed at poverty reduction through livelihoods development and improvements in educational and health outcomes—as well as projects targeting ethnic minorities, agriculture and rural development, local governance, and involuntary resettlement—are particularly well-suited for C&P. ADB's experience with projects in the infrastructure sector shows that actively involving communities avoids problems and brings to light improvements to design and implementation.

What is Adequate C&P?

11. Adequate C&P is based on an understanding of who are the groups with a stake in ADB-assisted activities (Tool 1) and systematic engagement of those groups through a C&P plan (Tool 2). Thus, adequate C&P requires conducting stakeholder analysis and developing a C&P plan following the checklist criteria suggested below. It is a good idea to record any C&P undertaken for future reference. In line with ADB's increasing emphasis on achieving measurable results, it is useful to specify the desired outputs of the C&P process used and target indicators.

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12. Projects with high social risks (e.g., involving restructuring of a state-owned enterprise), and those with central objectives to promote participation and empowerment, warrant deeper levels of C&P. Specific examples of projects where C&P may be particularly appropriate include those that aim to reduce at poverty through livelihoods development, improve educational and health outcomes, target ethnic minorities, take place in the agriculture and rural development sectors, and involve resettlement or other significant social impacts.

13. Keep in mind that the C&P plan is supposed to be a helpful planning and processing tool. It is very flexible and does not have the formal status of a resettlement plan or environmental assessment. This Guide can be used during interdepartmental review to determine whether the C&P plan is appropriate and whether adequate C&P has been carried out. Inclusion of the C&P plan in the project administration memorandum (PAM) and the Report and Recommendation of the President (RRP) provides a means to monitor and assess results.

What are the Risks of C&P?

14. If not done well, C&P can falsely raise expectations. Stakeholders can suffer from participation fatigue if they see no reflection of their concerns in ADB's or the government's actions.

15. Participation may threaten rigid governments, or exacerbate existing social conflicts or cleavages. Participation also means sharing in the design and implementation of a project, something that ADB and the government or private sector sponsor that owns the project, may be reluctant to do. Further, ADB may be concerned that operational interests are threatened by stakeholder demands. Where involuntary resettlement is involved, C&P may contribute to land purchases that drive up real estate prices, making it difficult for project-affected persons to buy replacement land.

16. In general, these risks can be managed through flexible and creative approaches tailored to the country context.

Who Should Participate?

One of the reasons some are skeptical of participatory development is that this type of development has come to be thought of as a fully democratic process. Thus, all stakeholders (e.g., farmers) should influence and to some degree control development and management. However, participatory development does not imply full and direct democracy. At one extreme, participatory development would not mean, for example, consulting all 200,000 farmers in the area around the ADB-financed Song Chu Irrigation System (south of Hanoi, Viet Nam) about design. This clearly would not be useful, possible, or affordable. At the other extreme, a process that only involved village leaders would not necessarily protect the rights of the poor or disadvantaged.

Between the two extremes lie a range of options that offer the potential for appropriate levels of participation for different purposes. For example, elected water users organization boards should be able to reflect the views of their irrigator members. For any scheme, the boards could be assisted to develop a hierarchical structure on a reasonably democratic basis to provide manageable representative institutions up to the whole system level. Each sector and project needs to define the optimal participatory structures that will allow adequate stakeholder representation (including the poor and disadvantaged), without becoming too unwieldy or expensive.

Poverty reduction is a primary objective of most ADB-financed projects in the natural resources management sector. However, poverty reduction needs to be tempered with pragmatism and reflect individual differences and capacities. Viable and sustainable development needs to be the primary objective of natural resources management projects. Inclusion of the poor (and other disadvantaged groups) is to be encouraged but not to the degree that it jeopardizes viability.

While positive discrimination is necessary to prevent widening inequality, ways need to be found to ensure that participation in project activities by the disadvantaged is effective. Each project needs to be assessed on this basis, to define the extent to which poverty reduction and viability and/or sustainability objectives mesh with and define the conditions and support the mechanisms needed to promote participation by the poor.

Source: OED. *Participatory Approaches in Forest and Water Resource Operations in Selected Developing Member Countries* (2003).

"The principle of participation derives from an acceptance that people are at the heart of development. They are not only the ultimate beneficiaries of development, but are also the agents of development"

—Governance Policy of the Asian Development Bank

How Much Does it Cost?

17. Adequate C&P also requires incremental time and financial resources to carry out the C&P plan. The exact amount varies substantially by the type of project. Mission teams often point to tight processing deadlines and shrinking technical assistance (TA) funds as serious constraints to actively involving stakeholders in lending operations. While this Guide does not address financial and staffing constraints, it does answer basic questions about C&P and identifies steps that one can take to make good use of limited resources. The numerous examples of good C&P practice in ADB-assisted activities show that while it may not always be easy to apply C&P, there are proven ways to approach the challenge.

18. Keep in mind that projects with relatively modest C&P plans will not require much additional time or cost. On the other hand, high-profile infrastructure projects and the review of certain ADB sectoral or thematic policies or strategies may demand a substantial budget for C&P and related communications. Systematic evaluations of the costs and benefits of participation indicate that the costs, in terms of time and money spent, tend to be relatively higher for participatory projects in their early phases, but that they payoff in terms of greater effectiveness and sustainability in later phases.[7]

19. No simple, general formula can determine the cost of applying C&P. In the case of projects, except for those that seek to institutionalize participation, the leading costs of applying C&P are likely to include the share of the project preparation and technical assistance (PPTA) budget needed to develop and begin implementation of a C&P plan (e.g., stakeholder workshops), and the portion of review missions and other follow-up activities that are dedicated to monitoring the plan.

How Does the C&P Guide Relate to Other ADB Strategies and Handbooks?

20. The C&P Guide is designed to reinforce and elaborate on C&P guidance in ADB's operational policies, sector strategies and other documents, including the *Handbook on Poverty and Social Analysis* and the *Guidelines for Preparing a Design and Monitoring Framework* (DMF Guidelines).[8]