

Participatory Approaches to Rural Development

- New participatory approaches to rural development include beneficiary consultation and participatory planning, community development support, engagement of nongovernment organizations, local government involvement, and private sector participation. Do they offer an effective solution to the conventional problems of project relevance and sustainability?

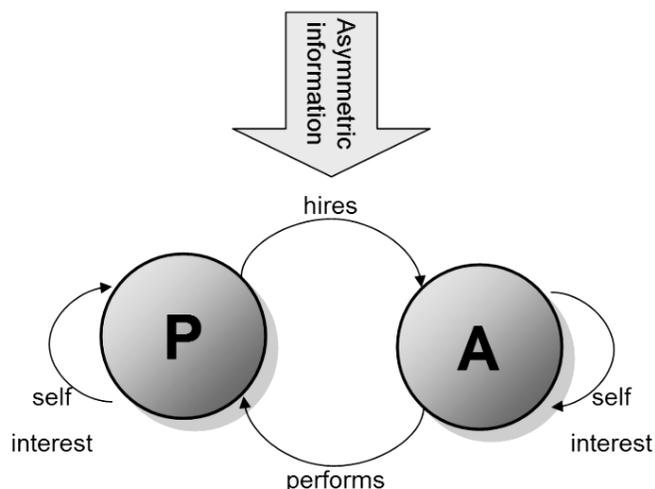
Background

In 1996, the Asian Development Bank (ADB) introduced a framework for **Mainstreaming Participatory Development Processes** in its operations. The framework was prepared in response to the findings and recommendations of the **Report of the Task Force on Improving Project Quality** (1994), which emphasized the need for ADB to enhance country ownership of projects and beneficiary participation throughout the project cycle.

In rural development projects, the approaches developed have included (i) beneficiary consultation and participatory planning, (ii) community development support, (iii) engagement of nongovernment organizations, (iv) local government involvement, and (v) private sector participation.

Considering the scaling up of participatory approaches, the Operations Evaluation Department conducted a **Special Evaluation Study on Effectiveness of Participatory Approaches** in 2004.¹ The units of observation were six rural development projects that applied participatory or bottom-up approaches. The study employed the **principal-agent approach** to analyze the roles and relationships of major players in the five central elements of service delivery—resources, information, decision making, delivery mechanisms, and accountability.

Citizens as a whole are the principal, represented by governments elected to serve it. Governments provide a budget to organizational providers and hold them accountable. The latter manage frontline providers and hold them accountable. Aid organizations are entrusted by governments to use funds contributed by taxpayers. They also finance projects and provide policy advice. Thus, aid agencies and governments are "proxy principals". Agents include organizational providers (executing agencies) and frontline providers (e.g., local offices of executing agencies, field staffs, and contractors) who are in close contact with beneficiaries.



P = Principal, A = Agent.
Source: [Wikipedia](#).

Summary of Findings

The study examined beneficiary ownership and project sustainability, mechanisms of downward accountability, the real value of beneficiary consultation and participatory planning, poverty reduction through efforts of the nonpoor, deviation from the standard credit union model, project monitoring and data requirements, and fieldwork at the project design stage.

- The participatory or bottom-up approaches examined did not alter the principal-agent

relationships among policymakers, project providers, and beneficiaries.

- The conventional problems of project relevance and sustainability were persistent, prevailing not only in past projects but also in the new generation of rural development projects examined.
- Of the five central elements of service delivery—resources, information, decision making, delivery mechanisms, and accountability—control of resources was the most critical since it determines power in decision making and authority to hold providers accountable.
- Information flow and delivery mechanisms seemed to be less important in the cases studied. Information was powerful under certain conditions, such as when beneficiaries had multiple choices of providers.

Where ADB's operations have been successful, it was not the application of a standard package of participatory approaches that made them more relevant or sustainable.

Recommendations

Participation is not a goal but a means to an end. Depending on specific conditions, alternative forms of participation could be explored such as those focusing on establishment and strengthening of direct relationships between providers and beneficiaries by making the former more accountable to the latter. Where direct approaches are not practical, incentives should be designed so that the interests of principals and agents lie in achieving the objectives of beneficiaries. The study proposed that the framework for mainstreaming participatory processes be revisited.

- Give purchasing power to beneficiaries by distributing available project budgets to targeted beneficiaries in the form of "development coupons"; beneficiaries would use the coupons to "pay" providers and hold them accountable.
- Promote competition among providers by allowing beneficiaries to choose providers from multiple choices—government agencies, private companies, local contractors, and nongovernment organizations.
- Make providers respond downwardly to beneficiaries by evaluating providers based on

beneficiary feedback by, for example, assessing beneficiary satisfaction prior to paying contractors.

- Align incentives for project designers in ADB to work for the best interests of the public instead by rewarding the quality of project design.
- Align incentives for executing agencies and frontline providers by linking budgetary allocations to the realization of project objectives instead of activities or outputs.
- Contract out employment generation or poverty reduction to agents and provide them project assistance (such as project funds, access to credit, or other investments that release their key constraints) conditional on the number of jobs created, or the number of poor households exiting from poverty through the efforts of these agents.
- Provide incentives for beneficiaries to treat project funds as their own funds and motivate them to demand least-cost subproject design, monitor subproject construction, and maintain the infrastructure after construction.

Feedback

ADB Management's Response observed that the 1996 framework defines participation as "a process through which stakeholder influence and share control over development initiatives, and over the decision and resources that affect themselves." By equating its definition to a "standard package", the study dismissed the significance of participation when the "package" did not yield greater project relevance and sustainability. Nevertheless, Management saw the need to improve incentives that promote project quality and welcomed the proposal to revisit the 1996 framework. The **Chair's Summary of the Development Effectiveness Committee Discussions** affirmed the continuing importance of participatory approaches to managing for development results. The discussions also brought out a potential for confusion or differences in perceptions of participation. A review of the 1996 framework should aim to promote understanding of the opportunities provided by participatory approaches to optimize the benefits of participation.

¹ 2004. ADB. *Special Evaluation Study on Effectiveness of Participatory Approaches*. Manila. Available: <http://www.adb.org/Documents/Reports/Evaluation/sst-reg-2005-01/ses-effectiveness.pdf>