Enhancing Participation in Country Strategy

and Program Planning

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FOREWORD

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

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

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

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

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This discussion paper is the product of extensive consultation with and review by Asian Development Bank management and staff, interviews with personnel in sister institutions and nongovernment organizations, and a review of relevant literature. The study and writing took place from January to September 1998. The author acknowledges the insightful guidance from Bhuvan Bhatnagar and Anne Sweetser, the Task Managers for this study.
EXECUTIVE SUMMARY

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

- First, engaging with and listening to local stakeholders shows respect for their views, promoting local interest and involvement.

- Second, involving a wide array of participants generates a clearer understanding of the complexities of the context. This enables strategies to be more closely tailored to the specific features of the DMC.

- Third, wide participation increases the diversity and availability of information, improving the foundations on which strategic decisions will be made while strengthening their link to the subsequent programming decisions.

- Fourth, participation makes the interest of other actors more transparent, allowing them to be taken into account early on. This is particularly important with respect to ADB coordination with other donors.

- Fifth, enhanced participation promotes social learning. The ADB’s CSP will always have to be translated into action by local people, organizations, and institutions. Their capacity to do so will be higher if they already know about and

* Prior to 1 January 2001, a country operational strategy (COS) was prepared by ADB for each developing member country approximately every five years. This was complemented by an annually-revised country assistance program (CAP), in which specific projects were identified for development. With initiation of ADB’s revised business practices, these documents have been replaced by a single country strategy and program (CSP). To avoid confusion, CSP has been used throughout the present text, including references to earlier COS material, except where the two processes are being directly compared. Note that the World Bank uses the term country assistance strategy (CAS), also cited in the text.
understand other stakeholders, their thinking, ways of working, constraints, and capabilities.

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

**Depth and Breadth of Participation**

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

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

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

Five factors condition the participation environment in a DMC:

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

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

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

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

**Minimum Requirements for Participation in a CSP**

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

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

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

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

**Mainstreaming CSP Participation in ADB**

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

**Constraints and their Removal**

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

- allocation of staff time, availability of necessary competencies, and access to up-front finance; resolution of these limitations rests with management;

- ADB’s information disclosure policy and practice—public information documents highlighting major aspects of CSP content may be needed for the general public during different stages of CSP processing;

- linkages between strategies and project selection, which have been a problem in the past; the CSP and annual updates may help reduce this problem; and

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

**Accelerating Progress**

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

- *Financing enhanced participation in a CSP.* To gain effective DMC participation in a CSP requires up-front financing.

- *Investing in staff competencies and incentives.* An additional motivation for staff to adopt participation as a normal way of doing business would be to invest in their skills through training and exposure. Revision of the performance appraisal system to recognize merit in this area would be very positive.

- *Action-learning.* Enhanced participation in country strategy formulation is relatively new for all MDBs. An investigative approach, supported by the Operations Evaluation Office, could assist ADB to explore and understand participation in CSP through case examples and analyses of participation costs and benefits over a whole CSP programming cycle for a number of countries.
I. INTRODUCTION

The President of the Asian Development Bank (ADB), Mr. Tadao Chino, has declared that ADB's primary goal is the reduction of poverty. This policy encompasses economic growth, social development, and governance initiatives. Other ADB goals of supporting human development, improving the status of women, and protecting the environment are seen as supporting the unified vision of this overarching aim. ADB is thus increasingly focused on generating greater development impact from its lending and other services. Adoption of the poverty reduction goal reinforces a recent pattern of increasing emphasis on policy dialogue, capacity building, regional cooperation between developing member countries (DMCs), the facilitation of wider resource mobilization, and better collaboration within the aid system in recent years.

As part of an ongoing reform process related to making ADB a more broad-based development organization in the 1990s, ADB began in 1997 a review of how it operates. Within this study, enhancing the quality of country programming was recognized as vital in making ADB's business practices, products, and services more client-centered. Country programming is a system of investigation, negotiation, and decision making about supplying ADB services to DMCs. The system includes a multiyear country strategy and programming exercise, plus design and implementation of loan projects and technical assistance (TA). As part of the country programming, the country strategy and program (CSP) is a fundamental element in shaping and directing ADB's relationships with DMCs. A CSP is particularly important because it establishes the profile of assistance ADB wishes to provide to a DMC in the medium term, typically the next three to five years, and sets priorities for programming during that period; and in doing

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so, advances ADB toward its own strategic goal of poverty reduction.

While ADB is responsible for initiation and production of a CSP, it is also a significant document for DMC governments and other interested in-country groups because their ownership of and commitment to the intentions spelled out in ADB's strategy are critical for making ADB's assistance effective. Meaningful in-country participation is one, very significant, factor in achieving the necessary DMC ownership of and commitment to a CSP.

The primary objective of this discussion paper is to review ADB experience to date of using participatory approaches in country strategy planning and to highlight future challenges and opportunities. Also, suggestions are provided to help design effective participatory CSP processes that enhance ownership and commitment within DMCs, and increase the relevance, value, and quality of a CSP for all parties. The paper is not intended to provide detailed 'how to' guidelines.

ADB has relatively little, but growing, experience in enhancing participation in CSP formulation. This paper complements ADB's experience with illustrations and case material from other multilateral development banks (MDBs), especially the World Bank, which has gathered the most comparative experience in this field and offers one example of country strategic planning by a bilateral donor (the United States Agency for International Development). Enhancing DMC participation has seldom been attempted in all facets and stages of preparing an MDB's country strategy. Thus, this paper analyses what has been achieved in participatory processes elsewhere to identify what may or may not work. In addition, it highlights effective approaches and common pitfalls. It is important to remember that what may succeed in one geographic region or country may not in another. The basic approach to a more participatory CSP must be one of 'situational appropriateness', strongly informed by local insight and knowledge.
The following chapters (i) detail the benefits that enhanced participation can bring to a CSP and associated ADB operations; (ii) explain participation in both concept and practice; (iii) provide practical advice for teams charged with preparing a CSP; and (iv), identify typical constraints to participation and suggest how they can be addressed. The concluding chapter identifies institutional reforms and processes of internal change necessary for enhancing participation in CSP formulation.
ENHANCING PARTICIPATION IN COUNTRY STRATEGY AND PROGRAM PLANNING

II. BENEFITS OF PARTICIPATION

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

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

Respect

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

In Vanuatu, for example, the timing of ADB's CSP process coincided with harsh economic difficulties that necessitated dialogue on a radical program of economic reform. The CSP initiative helped bring together government officials, politicians, other funders, employers, and workers organizations, nongovernment organizations (NGOs),...
the media, and other civic actors in a National Summit to discuss the severe economic problems facing the country (Box 1). Seeing that their views were respected and taken seriously, constituency leaders who participated in the conference became instrumental in creating a ground swell of public understanding and tolerance, if not full support, among the population at large for the comprehensive economic reform program.

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

**Matching the Context**

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

Moreover, whatever the level and accuracy of their knowledge and experience, as citizens and tax payers these actors bear the consequences of strategic choices and hence need to be part of a CSP process, guiding it toward their priorities and needs. Gaining their insights will enhance the appropriateness of a CSP.
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The resulting CSP saw a continued focus on ADB’s previous areas of lending. But it also included unanticipated TAs on poverty monitoring and strategic human resource planning. Other proposals—in gender analysis and policy development, environment management, reform to labor legislation, education, and health—were funded by other donors. However, their funding arrangements were unclear and this required conscious attention during CSP implementation.
In the case of Colombia, broad civic participation in a World Bank country assistance strategy (CAS, equivalent to ADB's former COS) exercise led to a modification of original priorities. After consultations in public forums with some 140 groups including government, religious organizations, business people, NGOs, women’s leaders, academe, and the media, a distinct convergence of views emerged—namely, peace and coexistence were the main challenges for the country. Drug-related violence, which conditions so many aspects of Colombian life, needed to be recognized and led by Vanuatu people.

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

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

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

**Box 2  Participation of Poor People in CAS Formulation in Uganda**

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

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

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

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

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

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

Box 2 (Cont.)

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

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

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

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

Enhancing Information

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

The participatory innovation described in Box 3 was designed to fill gaps in ADB understanding. A conference was a vital part of the participation process because it was the moment to both share and generate new information for all interested parties. For example, it dispelled conventional wisdom within ADB that most
LGUs are weak and lack capacity. Information about ADB also led LGUs to a more realistic expectation of what they could and could not expect in terms of finance and the requirements to access it. The quality of the final CSP improved because this process grounded it in local realities.

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

- **Better assessment of the potential for partnerships and strategic alliances within and between state and nonstate actors of potential relevance for ADB strategies.** In Kenya, consultation with NGOs about their collaboration with government in the expansion of preschool education provided practical examples of what partnership could entail. As a result, the education strategy in the World Bank's CAS more fully reflected the role and significance of NGOs and private provision of educational services.

- **Better differentiation between and inclusion of the concerns of priority subnational groups and institutions, for example poor and indigenous people, local government, and private investors.** A World Bank participatory CAS in India involving 600 participants in 16 consultative exercises produced a detailed information base about indigenous groups across the country. These new data were used in designing a better-targeted poverty reduction strategy.

- **Timely access to 'user' assessments of the effects of public policies, national strategies, investment choices, and sector trends.** Through the World Bank CAS exercise in Uganda, insights were gained on how different categories of poor people are responding to economic adjustment policies implemented by the government. The exercise also enabled a direct comparison between the government's assessment of poverty issues (and the utility of reduction strategies already adopted) with those of villagers.
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Making Divergent Interests Transparent

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

Box 3 Participation of Local Government in the Philippine CSP Formulation

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

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

1. **Establish preconditions for success: funding, teamwork, and a supportive environment.** With senior management support and a champion in a Deputy Director of Programs, an ADB social economist responsible for the Philippines took advantage of a new RETA fund for supporting participation in projects and programs. He teamed up with the fund's manager to explore how to support participation in the Philippines CSP.

2. **Identify relevant 'intelligence' and form alliances.** The ADB team searched for external expertise to help identify stakeholder types and who should be enlisted. They found that the Ford Foundation had a long working association with LGUs. The Foundation agreed to join the team and cofinance the process. In addition, the team located relevant local academics who were respected by ADB staff, Government of the Philippines (GoP), and LGUs. They, in turn, assisted in identifying stakeholders and collected information on their different perspectives to be presented as the first part of the conference.

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

Box 3 (Cont.)

3. **Select stakeholders and document experiences.** Using inputs from allies, experts, and officials of the GoP, eight 'good practices' were chosen for deeper study; four were selected to be showcased at the conference. For each showcase LGU, key elected officials, technical officers, and representatives of civil society, usually NGOs, were invited to the conference. In addition, representatives were invited from GoP agencies, from national associations of LGUs, from national NGO coalitions, from the private sector, and from the media. With help from a local university, each showcase LGU prepared documentation and a presentation of their work. In addition, a video was prepared to highlight the successes and challenges for LGUs.

4. **Design a 'tight-loose' conference.** The two-day conference, attended by some 150 people, was tightly designed in terms of structure, timing, and objectives; but loosely designed in terms of participants being able to select and join presentations and discussion groups that interested them. The first day comprised plenary presentations on stakeholder perceptions of LGUs, followed by self-selected groups of stakeholders who analyzed the good practice examples in terms of problem diagnosis, lessons learned, new goals and objectives, and change strategies. Day one was a plenary session in which senior officials from GoP, mayors, and governors shared a podium to give their views. The format then changed to groups organized around three crosscutting themes: financing, provision of capacity-building services, and division of labor between central agencies and LGUs. The groups developed specific recommendations for new actions on the part of all stakeholders, which were debated at a closing plenary session and generally endorsed by participants.

The participatory process influenced the eventual country strategy, which included a chapter on governance and the role of LGUs. Almost every section of the main text supported decentralization in some way. Moreover, as part of a strategy to strengthen LGUs, there are now three TA projects related to decentralization and local governments slotted into the CSP. Decentralization issues are now being included in new social-sector project designs and even in sectors that have not yet been formally delegated to LGUs.
When effective, internal opposition can divert the intended implementation. A participatory process can make the diversity of interests transparent. Such transparency may not lead to easier negotiation or reconciliation of views, but allows a better trade-off in policy choices and prediction of obstacles that are likely to lessen the impact of a policy and related investments. Discovering opposing forces later in the day is inefficient. Recognizing opponent stakeholders makes strategic sense because it (i) sets a benchmark of conviction that a CSP should aim for; and (ii) enables the inclusion of necessary countervailing strategies.

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

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

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

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

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

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

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Box 4 Lessons Learned from the Philippine CSP Formulation

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

- More time should have been spent ‘educating’ LGUs about ADB before the LGU conference. This would have helped prevent the disappointment that arose when, during the event, it became clear that ADB could not provide them with small loans or finance them directly. The TAs for LGU strengthening have, however, been an unexpected result valued by LGUs.
- New ADB partnerships with LGU apex bodies are likely to open up interesting avenues for future program development.
- It is preferable to have a skilled facilitator to manage small working-group sessions. ADB staff have a stake that is difficult to set aside if they are asked to take on such a role.
- An alliance with other institutions, in the Philippine case with the Ford Foundation and a local university, can be very enriching. ADB partnerships with bilateral agencies and NGOs like the Ford Foundation have a lot of potential.
- When tasks and support resulting from a CSP are agreed upon and divided among sister agencies, funding arrangements must be made clear.
local multistakeholder forums. Some forums, initiated by expanded DMC involvement in MBD participatory strategy formulation, are being maintained to monitor progress on implementation. Examples can be found in Colombia, Kenya, Lao PDR, Madagascar, Uganda, Vanuatu, and Viet Nam. And, although not a direct product of a country strategy, a positive parallel can be drawn with the creation of national forums as multistakeholder platforms to guide programming for the International Desertification Convention. This type of institutional mechanism is important because it systematizes and perpetuates a mutual learning process.

**Strategic Selectivity**

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

Strategic selectivity is also necessary if ADB's poverty reduction goal and other aims are to be realized within individual DMCs and in terms of overall performance. Unfocused or overly broad strategies allow, if not encourage, lack of discipline in the actual selection of investment projects and other services ADB provides. Lack of sufficient focus on the three dimensions of poverty reduces the likelihood of ADB succeeding in its primary aim. Enhanced
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Box 5  Moving Toward a More Participatory CSP: the ADB Approach in Pakistan

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

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

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

(Continued on next page)

DMC participation in a CSP can make a significant contribution to effectiveness of poverty reduction efforts and help ensure that ADB stays relevant to the needs and priorities of its clients. Put another way, enhanced DMC participation is a vital ingredient for operationalizing the new directions and development approach ADB wishes to pursue (Box 5).
theme was the poor state of relations between all levels of government and civil society, especially NGOs. The need for institutional capacity building was repeatedly raised by representatives of all levels of government and of stakeholders.

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

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

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

**Matching Demand and Supply**

Lastly, perhaps the most compelling practical reason to enhance participation in a CSP is related to lending. Irrespective of what strategy a CSP defines, it will only become a reality if the DMC borrows for that for which ADB wishes to lend; in the words of an
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ADB senior manager "ADB cannot lend for something the DMC is unwilling to borrow for." Participation has the potential to reduce significantly or prevent such a gap arising between borrower demands and lender's intentions. Such dovetailing is a fundamental feature of a client-centered business approach. The alternative, forcing investment agendas tied to conditions, or 'hunting out' a local entity that will simply endorse what ADB wants, is inconsistent with real DMC ownership. In addition, analysis shows such external pressure, or cooption into external agendas, is seldom effective in gaining the desired results. The principles of participation outlined above can contribute to a better identification of a real client, i.e. of who should be the owner(s), together with a specification of their capabilities and requirements. In addition, participation fosters conditions in the DMC that make ADB's services both demand-led and used effectively. Similarly, participation increases ADB sensitivity to DMC desires.

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

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

While acknowledging the difficulties, ADB recognizes the potential merits of participation in supporting the client-centered direction it is taking. New policies, investments in innovation, and learning about participation in ADB-funded projects, as well as the inclusion of the present study in the recent revision of business
practices, are tangible examples of this recognition. The following sections are intended to help ADB determine how participation in a CSP can be better understood and institutionalized.
III. DEPTH AND BREADTH OF PARTICIPATION

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

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

Depth of Participation

ADB's definition of participation recognizes full or deep participation as being achieved when there is shared influence and joint control over decision making between ADB and DMC stakeholders. This is a challenging criterion. Realistically, this
condition is unlikely to be attained in the short term. Consequently, in actively striving toward this goal, CSP teams will need to explore, and when applicable argue, why 'deep' participation is not (yet) feasible.

Depth can be understood as a continuum of stakeholder involvement shown in Box 6. Depth of participation is shown as shallow to deep. These extremes correspond to the degree to which power over decisions about a CSP is totally concentrated in ADB or fairly shared with the categories of stakeholders described below. Different types or 'contents' of participation can be plotted along the depth continuum.

**Box 6  Depth of Participation is a Continuum**

<table>
<thead>
<tr>
<th>Depth of participation</th>
<th>Shallow</th>
<th>Deep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content of participation</td>
<td>Information</td>
<td>Consultation</td>
</tr>
<tr>
<td>Gathering/Sharing</td>
<td></td>
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*Information Sharing.* For effective participation in a CSP, information must be two-way, not simply ADB delivering information about itself and its ideas to others. The task is to create a level playing field where relevant parties are involved on the basis of mutual understanding. A common observation is that the degree of DMC understanding about MDBs and their country strategy processes decreases the further one moves away from ministries of finance and planning. Early effort must be made to redress this situation. Success in moving toward fuller participation requires all stakeholders to have sufficient knowledge about each other to make dialogue meaningful. Timely distribution of information is vital. However, questions of DMC sovereignty and ADB policies on information disclosure can prevent nonstate actors from gaining sufficient information about the country or the CSP to be worthy counterparts. In addition, withholding information can have a negative impact on the next level, consultation, and hence on the credibility of the whole exercise.
Before the CSP exercise in Pakistan, ADB provided an information packet about itself, devoted half a day to explaining ADB products, processes, and procedures, and a further period to discuss ADB social sectors. The World Bank's CAS process in Malawi sought to prevent a credibility problem by providing, over a six-month period, summaries and a synopsis of the CAS at different stages of processing.

In information gathering, a significant aspect of social learning is lost if various stakeholders do not have access to the information provided by other DMC stakeholders. As a guiding rule, therefore, a CSP participatory process should always contain activities that ensure that information is fed back, shared, and debated.

**Consultation.** Often, information gathering is based on consultation. Consultation needs to be tailored to the country setting and to the type and capabilities of stakeholders; generally it implies (only) the presentation of a predetermined plan for approval by DMC stakeholders. What is required depends partly on the information currently available. Wherever possible, methods of consultation should have a capacity-building character. Workshops involving government staff, academic institutions, and nonprofit 'think tanks' can generate social learning as participant information is shared, compared, and debated. The process can add value in terms of mutual learning that is not achieved when ADB staff simply visit each stakeholder or collect publications by mail.

Creative methods of consultation in poverty assessments have been employed to map and understand poverty through the eyes of the poor. In the World Bank CAS in Burkina Faso, for example, villagers—men, women, and children—were given cameras and asked to photograph what they saw that constituted poverty in their village. The results formed the basis of debate and discussion between villagers themselves, the assessment team, and senior government policymakers. Large-scale qualitative studies have generated results that corroborate household survey data while identifying, for inclusion in future surveys, variables of which
outsiders were unaware. Such studies have contributed significantly to amplification of the concept of poverty to include the important dimensions of powerlessness and hopelessness, inability to fight corruption, and the corrosive effects of social violence. Complimentary employment of qualitative research methods based on purposive sampling and less extensive quantitative studies lead to better information at lower overall costs.

Usually, consultation requires establishing mechanisms for structuring dialogue. They can take many forms and contain different implications in terms of raising (false) expectations. Introductory workshops as in ADB's CSP in Pakistan are one method. National and local conferences and seminars are others. However, feedback from civic actors previously involved in such dialogues may show signs of 'consultation fatigue'. In other words, too often the same developmental groups, especially NGOs and business associations, are being over-consulted by the large number of international organizations. The issue of 'fatigue' revolves around whether or not consultation leads to any follow-up. Examples of follow-up are providing drafts of the CSP to key stakeholders as it moves through the different stages of preparation and agreed periodic verbal briefings on progress. Again, the issue of disclosure arises. Consequently, it is important that CSP teams are clear about ADB policy on access to information and how the DMC government regards this. It is a conventional wisdom that for many civic groups, access to information about their country's policies is easier to obtain from various ADB information centers than from their own government. In such cases, ADB-DMC relations can be negatively affected, especially where joint formulation is the goal.

A common experience is that consultations progress better if external 'neutral' facilitation is used. The presence of a neutral facilitator can reduce the perception that one party is more privileged than others because they lead the event. This unfortunate perception arose in the Philippine CSP, where ADB staff had been asked to chair working group sessions at the LGU conference, and sometimes advocated ADB's agenda, instead of facilitating the small groups. A skilled facilitator can create a 'shared space' or a
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'commons' equally accessible to all, enhancing a sense of joint value and mutual respect. It mitigates against the creation of a feeling that one type of participant has a monopoly of knowledge or experience.

Creating national policy frameworks and funding strategies calls for interpretation of the information gathered, often introducing political and ideological considerations into the process. This cannot be avoided and must be constructively addressed. For example, the World Bank's policy advice to the South African Government with respect to macroeconomic, trade, and investment strategies is at variance with that of the United Nations Development Programme (UNDP), the International Labour Organisation (ILO), and the United Nations Commission on Trade and Development (UNCTAD). Consultation can be used as a way for advocates of contending positions to reinforce themselves and then claim local support. This rationale for consultation should be avoided. A more appropriate approach would be to organize a joint multi-agency consultation where contending positions are explained and explored.

Shared Influence. There is no evidence to date of DMC stakeholders being accorded a formal role in a participatory process when it comes to influencing the content of an MDB's strategy. Commonly, after in-country discussion, the MDB finalizes the strategy alone. The World Bank Operations Manual makes clear that a CAS, while to be prepared in a participatory way, is a non-negotiable, internal document. This is an important principle. It sets a precondition limiting the depth of participation of the DMC government and others. That this principle can work against local ownership and commitment is clear because formal participation in CAS processes currently ends after preliminary consultation. This is not to say that different DMC stakeholders have no (informal) input or influence, far from it. Given sole ownership of a CAS, the World Bank may, in fact, be at greater liberty to engage and use inputs from nonstate stakeholders even if the DMC government does not agree. But the World Bank's principal position limits everyone else's inputs to discretionary acceptance. Shared influence is not
a right of borrower or citizen, since the CAS is a non-negotiable internal World Bank document.

ADB's principle position on CSP ownership differs from that of the World Bank. Albeit initiated by and the responsibility of ADB to complete, the CSP is regarded as a document whose content and intentions are to be jointly owned with the DMC government. This may constrain ADB's ability to involve nonstate stakeholders if the DMC government disapproves. Moreover, the involvement of DMC stakeholders, including government, is neither a formal requirement when the CSP is reviewed by the Board nor is it an advisory recommendation for ADB staff. The implication is that the depth of participation required for joint ownership is optional. Formalizing the joint nature of a CSP in the Guidelines on Operational Procedures clarifies the principle. Without this step, the depth of participation achieved may be arbitrary and the assertion of joint ownership unconvincing.

Alternative policy positions toward deeper (or wider) DMC ownership of country strategies create different dilemmas. On the one hand, MDB ownership of a strategy should allow more room for greater participation, especially of marginalized groups. But this would probably be counterproductive in the long run because the DMC government (1) is less likely to feel a sense of ownership and (2) may seriously disapprove of the other stakeholders the MDB has consulted. Where (2) is not the case, implementation of the CSP may not be jeopardized but is potentially weakened by not fostering DMC commitment. Where (2) is the case, the CSP may be at risk of rejection or selective nonborrowing. On the other hand, joint formulation may give greater ownership by the DMC government but exclude some groups in which ADB is interested. One solution would be to enter a sustained dialogue with government on the principal and technical merits of greater participation, as set out in Chapter II. The topic can also form part of ADB discussions on governance as well as on the merits of domestic partnerships and capacity building. In the final analysis, the borrower will determine the assistance requested from an MDB. While continuing to argue the case for enhanced participation,
forcing assistance, especially through conditions on weaker DMCs, will probably be counterproductive and weaken the performance of the resulting portfolio.

Irrespective of the principle of CSP ownership adopted, it is important to ensure that there is feedback and discussion about the ideas and considerations in CSP decision making. The credibility of a CSP will be bolstered by sharing arguments for and against different options as ideas evolve. Systematic feedback is vital for ADB's transparency.

In sum, the attitude of the DMC government is a crucial factor in determining the depth of participation achieved by nonstate stakeholders. The government stance varies from country to country between active encouragement to active rejection of the idea. This calls for sound judgement on the part of ADB staff in each country setting with the respect to which nonstate stakeholders can be involved and to what extent. A guide to such an assessment is to be found in Chapter IV.

*Joint Control.* At present, MDBs do not formally share final approval or endorsement of their strategies with DMCs. This situation may be changing. Brazil might be an example of a trend associated with good governance and greater transparency. In this case, after prompting by an NGO network, the National Congress required access to the World Bank's CAS in order to approve it. Under Brazilian law, this request could not be refused by the Executive, bringing it into conflict with the World Bank. This created tensions because the document is 'owned' by the World Bank, not by the DMC, which, technically, is not at liberty to share it. This episode indicates the dilemma a CSP team may face. It also signals that MDB transparency, essentially the information disclosure policy, should not be more restrictive than that of the borrower. In fact, the opposite is the case. ADB disclosure should set an example of the transparency that it is promoting within DMCs. In the Brazil case, the World Bank's Executive Directors approved the public release of the document. The CAS is now being used by, amongst others, civic stakeholders to plan their collaboration in project
formulation and to monitor Bank investments and relations with the Brazilian Government.

Governments, businesses, and civic organizations in DMCs have, in fact, the last say about the proposals and decisions contained in a CSP (see Chapter III). If they do not attain a 'voice' through adequate participation, they can adopt an 'exit option' of not borrowing, not committing, not owning, not engaging, and delaying or even sabotaging policy implementation. The extent to which this occurs is difficult to judge; operational evaluations of subsequent implementation set against country strategies are not yet available. However, portfolio performance for project lending is a sign that this type of DMC response is real. In all probability, the likelihood of 'exit' behavior is correlated with the extent to which the priorities and competencies of ADB vis-à-vis the views and priorities of DMC stakeholders are reflected in the final document.

For a CSP team and the participation process to retain credibility, it is imperative that limits to depth of participation are clarified from the outset. If this does not occur, false expectations coupled with subsequent disappointment with the strategy could translate into damaging effects 'downstream'. There is no hard and fast rule about a minimum depth needed to foster commitment. The rule of thumb is to gain as much depth as possible and appropriate. Here, the skill and commitment of the CSP team to participation becomes a vital factor.

Along the depth continuum, there is no fixed line between gathering information and consultation. ADB staff commonly use consultation when gathering information, but this is not always the case; for example they may simply gather reports. When, after consultation, ADB staff adopt elements of stakeholders' perspectives, a degree of shared influence is indirectly achieved. However, this fact may not be very transparent. One important way of recognizing and demonstrating the depth of participation beyond formal, direct activities is to note in the CSP where stakeholders' inputs have had an influence, no matter where they
belong on the continuum. It is also important for the CSP team to recognize that adopting a DMC’s own national development plan is already a form of shared influence and should be considered a vital initial framework for a CSP. Shared influence is the level at which, according to ADB's definition, 'true' participation starts. Information gathering and consultation are only important preconditions for participation in the strict sense of sharing and controlling CSP decisions. However, influence and control are also not absolute. They will differ, for example, by type of stakeholder and type of decision. Civic and NGO stakeholders are unlikely to influence or share control over government budget ceilings or exchange rates, but they may well influence and jointly control education or health strategies. CSP teams need to be fully aware of the shift in the nature of 'depth' that arises when they embark on systems to share influence on and control over a CSP process. Attaining this depth needs to be done consciously and with care.

No matter what depth of participation is achieved, a participatory CSP should always generate joint learning for ADB and within the DMC. Without this outcome, the CSP team will not have created the conditions necessary for stakeholders within the DMC to want and know how to implement strategic choices. The team will also not fully understand DMC views, capabilities, and ways of working of others. Yet, it is stakeholders and the CSP team working together that makes a CSP real. Without joint learning, the CSP team will have monopolized information, becoming the center of the process. This result is not only a likely indicator of low DMC ownership and commitment, but also it increases the vulnerability of ADB staff if disagreements ensue in DMC endorsement of the CSP.

**Breadth of Participation**

Breadth means the range of interested parties, i.e. stakeholders who are involved or whose views and actions must be taken into account. ADB’s policy document *Mainstreaming Participatory*
Development Processes identifies different types of relevant stakeholders, including the government, those directly and indirectly affected, sister agencies, and ADB itself (Box 7). Each type of stakeholder has an interest in ADB's behavior, can affect or will be affected by what ADB intends or does, and will behave accordingly.

Recognizing Stakeholders. One practical problem faced by CSP teams in enhancing participation in a CSP, as opposed to more tightly focused projects, is that many aspects of a national strategy imply that everyone is a stakeholder. In addition, widening
stakeholder involvement makes the exercise less manageable and less easy to focus on concrete project-type goals. To the extent that national development plans are the product of participatory national processes it could be assumed that the views and interests of society are already included. But as pointed out previously, nationally aggregated policies will not satisfy everyone's interests. Hence, there is still a need to select stakeholders of particular relevance to ADB's concerns and strategic objectives.

Inevitably, therefore, the CSP team will have to start in a nonparticipatory way to delineate likely stakeholders within the framework set by ADB's strategic development objectives, with particular attention to those with a representative mandate. Obviously, this does not necessarily mean starting from scratch because a portfolio of ADB assistance is already in place. But where new types of support are envisaged, as in the Philippines to assist the relatively recent Local Government Code, CSP teams will need to find out which stakeholders are important and enjoy a mandate. Here, experience shows that the local knowledge of RMs is a highly valuable and a cost-effective asset in stakeholder identification.

The Government. Each CSP exercise will need to determine what breadth of participation is possible and desirable. A CSP team's challenge in initiating a more participatory CSP process is to analyze the different components of government and then assess the motivation and capacity of each for engagement. Two factors need to be taken into account: the allocation of previous aid and government strategic capabilities. Government motivation to participate substantively is likely to be correlated with the amount of funds involved compared to other external sources and their proportion in relation to national, sector, or local budgets. The more significant the amount in relation to national accounts, sector investments or finance available at the local level, the more likely will be a government's interest in participating and agreeing to in-depth involvement of other stakeholders, including local people and community groups.
Broadening ADB’s development approach will increasingly call for social-sector investments. Historically, in many countries, social service provision has been an endeavor shared with the private sector and nonprofit organizations, leading to complex institutional arrangements. It is becoming increasingly necessary to identify what these arrangements are and how they work. ADB must also respond to ongoing reform in DMC government structure and functioning. Typically, this revolves around decentralization of public functions to subnational administrative units and hybrid forms of public investment, such as joint ventures with commercial financing. These trends combine to increase the demand on ADB to recognize and deal with agencies outside the ‘traditional’ partners of ministries of finance and planning. In such cases, ADB must be careful not to substitute for or take over the DMCs management of aid where this is weak.

A good starting point in assessing DMC strategic capacity is the availability, comprehensiveness, and quality of its own national development plan. Where this exists, the CSP should be developed in a supportive, but not necessarily uncritical, way.

Where ADB’s aid is a small proportion of the national or sector budgets and inputs from other external resources, the government may not be interested in putting much time and energy into a CSP. Participation may, therefore, be a product of convention and considerations of maintaining good relations, international image, and influence. The national development plan may be accompanied by a list of ‘projects’ for aid financing, which effectively dictate the strategy. In countries with strong strategic capabilities and pre-prepared project requirements, such as India and the People’s Republic of China, entering strategic dialogue on policy with top policymakers is probably difficult. Participation is more likely to be filled in by midlevel officials from finance ministries with additional representation from line ministries with an interest in a particular (project) loan. Away from the capital, motivation to participate is likely to be greater if the proportion of ADB aid is locally significant.
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The situation is likely to be the reverse in DMCs that are highly aid dependent. A national plan enjoying broad support may or may not exist. Whatever the case, high-level government participation is a fair probability because of the significance of the funds involved. But the importance of external aid brings a danger of imposing external policy perspectives and priorities, the situation in much of sub-Saharan Africa and smaller Pacific and Asian countries. Where a plan exists, it is important to ensure participation of key policymakers so that any modifications have support at the highest level. Where the timing of a CSP can contribute to the formulation of a (new) national plan, the breadth of dialogue must be wide. In this way, local ownership will have a firm base, reducing susceptibility to changes in government staffing. Table 1 summarizes basic DMC participation scenarios that CSP teams are likely to face.

How can CSP teams proceed in the 'low-low' situation shown in Table 1? Experience suggests that officials are more inclined to be motivated and to put their skepticism about participation aside if the CSP team can refer to other positive experiences. This is especially true when these experiences include the enhanced status of government officials because of the new expertise they have acquired. Governments are not homogenous. There could always be the possibility of striking an alliance with someone interested in championing participation.

Also, if activities are focused on a few (sub)sectors, ADB’s finance and role may be significant and merit greater interest in collaboration. In addition, CSP teams can invest time in one-on-one consultations to address concerns that may not be voiced publicly, such as problems with low motivation or high turnover of staff, embarrassment about the validity of statistics, internal corruption, etc. Where ADB financial assistance is a low proportion of the whole and DMCs are not very interested in loan finance, CSP teams can place more emphasis on the other aspects of ADB’s services as points of entry for wider dialogue, such as fostering regional collaboration and capacity building. Creativity and flexibility are the key to identifying the types of ADB services that are most likely to stimulate government engagement.
**Directly Affected Groups.** The breadth of participation possible for directly affected stakeholders is conditioned by three major factors. First is the nature of relations between state and civil society. Second is the availability of such stakeholders with the capacity to contribute. Third is the degree to which each stakeholder expects to benefit. Further discussion on disaggregation of stakeholders into those directly affected and those less so is contained in Box 8.

Relations between state and (civil) society are pivotal in gaining the participation in policy or strategy formulation of the groups most likely to be directly affected. In some settings, relations between state and civil society are tense and any dealing with nonstate actors needs to be cautious and probably informal. The challenge in a CSP participation is to gain maximum breadth of civic participation within the limits set by the government, but pushing those limits wherever feasible. Major groups that are likely to directly feature in the intentions of a CSP and its implementation are poor people, women’s associations, social service suppliers, sections of the businesses community, trade unions, and environmental groups. The Uganda case (Box 2) illustrates, for example, that poor people can directly contribute to CSP design by showing how differences in poverty perceptions and causes call for flexible, adaptive investment strategies supported by appropriate technical assistance. Selection of directly affected stakeholders is a common problem and is addressed below.

### Table 1: Scenarios for Government Participation

<table>
<thead>
<tr>
<th>Government Interest and Capacity</th>
<th>Proportion of ADB Assistance in National Budgets and External Flows</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Motivation likely to be high with a national plan setting a strong framework for a CSP.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Motivation likely to be ambivalent with danger of external imposition.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Motivation likely to be low, with participation out of respect and image. CSP dialogue is limited.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Motivation indeterminate—likely to be depend on relations between the individuals involved.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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It is not a priori the case that all DMC stakeholders have the (spare) capacity or necessarily the interest to engage in strategic processes. A vital part of the CSP team's task is to judge the extent to which such capacity should be supported and participation encouraged as part of the process. Selective support of capacity building, as planned for LGUs and their Leagues in the Philippines through a cluster of three capacity-building TAs, is essential to ensure that voices are not lost because they are too weak or disorganized to be heard. What people have to say is potentially more significant than their skill in addressing formal audiences. Supporting stakeholder capacity can be through TAs, by organizing pre-CSP workshops to help stakeholders get to know each other and then organize themselves, by teaming up weak and strong stakeholders with sufficiently similar interests and points of view, etc. Here, local knowledge of the RM can play a crucial role. Again, the social learning value of this type of participatory investment should not

Box 8 Disaggregating DMC Stakeholders

Growing complexity and delegation in public management are calling for external funders to look beyond the ministries of finance and central banks to other central ministries that house strategic, policy, and technical expertise. Detailed dialogue with specialists is necessary to fully understand the nuances of policy choices in different settings and how to structure assistance accordingly. But for many aspects of the CSP, key discussions will be on the quality of resources to be made available in terms of transparency and good governance, regional cooperation, nonfinancial support, linkages to sector policies, and behavior, and through investment to subnational entities. To do this well, ADB will need to discriminate between, and develop more intensive relationships with, responsible national government agencies like health and education ministries and administrative coordinating structures, such as ministries of foreign and home affairs.

Expansion and consolidation of competitive market-based economies on a global scale are also altering the role of the State from direct owner of wealth-creating enterprise to a regulator and enforcer of market rules and arbiters of the public good. These phenomena are also stimulating reform of the state’s role in providing social welfare services and ensuring a minimum adequate livelihood for all citizens. Consequently, the actual

(Continued on next page)
be ignored. Also, there is a need to ensure that participation does not lead to influence as the sole motivating factor for stakeholder involvement.

Some donors have experimented with methods for systematically bringing the voices of citizens in diverse areas of nations where they work directly into the national strategic planning process. For example, USAID sponsored an innovative planning process in Senegal in 1996 (Box 9). Discussions about past changes and problems and about aspirations for the future were held in communities throughout the country. The results of were analyzed and offered to a workshop attended by representatives of government, NGOs, other civil society groups, and the private sector. They were asked to use this information to plan a national strategy that USAID would adopt for the next eight years. Rather than commenting on national strategy goals and plans previously

Box 8 (Cont.)

players in making policy work are increasingly outside the State. In addition, States are decentralizing themselves, allocating greater responsibilities, if not always authority, to more localized units. Increasingly, country strategies will have to be understood and endorsed by subunits of the total governance structure. ADB's understanding of how the total public service works will be vital for identifying the right stakeholders within the government. Relations with central government will no longer be enough to ensure DMC commitment to and ownership of aid initiatives.

In parallel, but not always in step with reform in government role and structure, nonstate actors in the private sector and civil society are growing in number and size and in their insistence to be heard. In part, this trend is fed by growing government expectations about role and responsibilities of all institutions for creating national wealth and addressing social and environmental problems. In part, it is fed by citizen's increasing appreciation and assertion of their rights as taxpayers: the ultimate source of loan repayments. In part, it is fed by the opening up of political space in which competing interests can express themselves and seek to influence policy outcomes. In part, it is fed by firmer demands for good governance through public accountability and transparency. Together, these factors require nonstate actors to be differentiated and factored into country strategies, but not as a residual. Getting country strategies to work will require active cooperation of nonstate actors; their acquiescence will not be enough.
Box 9  Bringing in the Voices of Citizens: USAID/Senegal

In 1996, USAID designed its strategic program in Senegal for the succeeding eight years. Initially, three workshops were held to gauge the views of the US and Senegalese governments, plus those of Senegalese NGOs, civic associations, and the private sector. USAID also assembled a team of Senegalese advisors. Typically, the work of the USAID staff in identifying strategic needs and suggesting programs would have been offered for review by the team of Senegalese advisors at this stage.

Instead, the mission director resolved to increase the 'P's: participation to build partnerships under a new development paradigm. She wanted to expand the process to include both USAID's 'customers' and partners. Others in the Senegal mission thought she was going to extremes, especially given the amount of work already scheduled. Senegal Government officials offered to provide any necessary information without the trouble of visiting all ten regions of the country. USAID/Washington was alarmed over possible political ramifications. Some worried that the Muslim month of fasting would make it especially difficult. Nevertheless, they went ahead.

A two-day seminar was held for 120 surveyors, including USAID, government, and NGO staff, in which they practiced listening and cross-cultural skills and also reached consensus on the content of a questionnaire. By virtue of designing the questions together they shared a belief in the importance of what they were asking. A second group, of facilitators, was then trained to visit villages and introduce the questions that the surveyors would be asking when they came a few days later. Villagers and residents of urban and peri-urban neighborhoods had a few days to think through the issues they raised about what had changed in the past few decades,

(Continued on next page)

determined by outsiders, participants worked directly with data from citizens and other information, formulated their own proposals, and developed a strong sense of ownership of and commitment to the resulting strategic plan as a result of the process.

The Indirectly Affected, Interested, and Capable. Included here are civil society, NGOs, academic resources, and opponents with imperative interests.

Civil society. Civil society is built up from an array of formal and informal groups and associations. Most of these groups
have nothing to do with the aid system as such. Religious organizations, employers' federations, associations of petty traders, trade unions, nonprofit service providers, consumers' associations, professional bodies, etc. have a rationale that is not premised on external resource flows. They are often more rooted in and responsive to their constituencies than the development NGOs discussed below. Their potential contribution to a strategy process is not always obvious. Yet, their participation can provide deep insights on how public policies and investments actually work—their members live them every day. Identifying which of this wide array of actors

Box 9 (Cont.)

where they felt they were heading, and what their priorities were for directing their own development.

Citizens clearly appreciated the sincerity with which their views were solicited. At first they thought they would be asked about some intended project that might bring money to their community. Government officials were amazed by some of the things they heard. Other donors were impressed. USAID staff whose work usually kept them in the office (those in finance, contracting, library, etc.) were very grateful for the opportunity to talk with people.

All responses were translated, correlated, and analyzed by a sociologist. The results were presented to a three-day workshop of about 200 Senegalese who had been invited in their own capacity because they knew the country, not because of their profession or office. Additional information was provided about the Government's Ninth Development Plan, about the health and population situation (from the point of view of outsiders), and about USAID's structure and constraints.

A local firm facilitated the meeting. Ten groups were formed; eight were charged with delivering a single product: a strategic objective for USAID's program for the next several years. The other two groups were assigned the task of commenting on the future role of USAID in Senegal.

Two strategic objectives were recommended by the workshop participants. The first focused on employment generation, the second on decentralization. Although USAID headquarters had some difficulty fitting the latter into the overall Agency program, both strategic objectives were adopted by USAID in its strategic plan.
can substantively contribute to CSP formulation is a difficult task requiring detailed local knowledge.

NGOs. By and large, NGOs involved in development work have been the civic actors most engaged with previous country strategy processes. The NGO community is highly diverse. NGOs seldom have an homogenous view on aid or on the role of MDBs. NGOs vary in type from organizations dedicated to public policy reform and lobbying to those with purely an operational interest. ADB’s recent Policy Paper on NGOs accords them a role in programming, country-level work, and in policy cooperation. This will counter the previous tendency—and complaint—that NGOs in some countries are used as instruments of policy implementation. Deciding which NGOs to involve is not straightforward. Chapter IV suggests how selection can be done. Experience indicates that self-selection by the NGO community for participation in a CSP process tends to work best. The specter of development banks or governments selecting whom they want to participate should be avoided wherever possible. Such an approach reduces credibility.

Academic resources. ‘Natural’ participants in a participatory CSP are academic institutions and think tanks. They are likely to have the capacity and knowledge to enrich dialogue. They may also have vested interests and agenda that are at variance with those of ADB. Government is often a guide to local institutions with a respected record in policy analysis.

Opponents with an imperative interest. Inevitably, there will be groups in society with a counter view to existing government policies or the role of foreign aid. Opposition parties are a clear example. Especially when well reasoned, there is no cause to assume, a priori, that opposing views do not have merit. Arguments put forward by opposition groups often reflect standards of criticism against which the quality of a CSP will be judged. Understanding and responding to alternative positions on strategic issues can therefore serve as a CSP quality benchmark. A concern for cooption makes the enlistment of
opposing groups difficult and unlikely. Where groups of opposing opinion have good access to the media, it makes sense for a CSP team to build-in strategies for dealing with adverse publicity; especially if the opposition is politically inspired or aligned.

Sister agencies. Incoherence and competition between donors place a serious coordination burden on DMCs. Strenuous efforts are currently being made to harmonize and bring better coherence to the aid system. For example, UN agencies are in the process of collaborating to formulate national framework agreements for their assistance. The CSP process must be linked to the intentions of other sources of foreign aid if it is to complement their efforts. Hence, as a matter of course, a CSP should include the participation of relevant funding and programming agencies of the UN system. In addition, as the Philippine CSP showed, other donors, including bilateral agencies and foundations, are likely to have relevant experience to share, for example in public and civic capacity building. Their inclusion is part of participatory good practice.

ADB. ADB has its own interests in a CSP. The Board wants a CSP that reflects ADB objectives, policies, and targets, and is not publicly contentious. Management wants a CSP that is jointly supported by the DMC, is qualitatively sound, and organizationally and financially viable. Staff want a CSP that, within the time and resources available, is professionally crafted in all its aspects and appropriate for effective downstream operations. A legitimate concern is that greater DMC participation may work against one or more of these interests. Applying good practices in participation cannot guarantee that all these concerns will be satisfied—stakeholders are likely to have different and potentially conflicting interests. But what is certain is that without proper DMC participation, a CSP is unlikely to meet many of them adequately. For example, without significant DMC participation and guidance, ADB may define local requirements to simply mirror what it has to offer. It may ignore strong interest groups that can impede project selection and implementation. ADB could also find itself competing with sister agencies.
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Recognizing the Political Process

The government of the day is the final party of concern to ADB. That government is not only the bureaucracy, but also the political regime in power. With a few exceptions, an elected body is mandated to be the instigators and arbiters of society’s development choices, and the policies and strategies that bring them about. Frequently, but not always, political leaders set out the main policy directions and leave the bureaucracy to fill in the operational details, including foreign aid. Brazil is one example where this is not the case because legislation requires congressional endorsement of all intended loans. There may be more such examples in the future as ADB supports governance reforms that make the public realm more transparent and accountable to citizens. In other words, ADB’s own policy directions will necessitate recognition of and respect for a DMC’s political processes. Because ADB has an apolitical mandate, dealing with governance creates a number of challenges and dilemmas.

Talking to 'the opposition' should be regarded as a necessary aspect of retaining political neutrality. This is a justification for ADB’s dialogue with opposition groups in Mongolia. Also, in Gujurat, ADB had discussions with the main opposition groups about power tariff reforms. If all recognized and organized political groupings understand ADB’s role and work, there will be fewer false starts and less vulnerability to effects of a subsequent change in regime. Such dialogue also shows that ADB’s perspective is one of national interest, not that of any political group.

One further 'political' challenge is to ensure that a more participatory CSP does not give rise to a perception that ADB is circumventing or undermining fairness in policymaking; more specifically, that the participation of local stakeholders in a CSP is not equated with their using ADB strategies to gain indirect leverage for policy choices they prefer. Some DMCs are making this case against (international) NGOs.35 Put another way, the process must ensure that some groups are not given an unfair advantage over others in policy options that should be the subject of public debate
and resolution through political mechanisms. Guidelines from ADB on this dimension of participation may be of benefit to CSP teams. Guidelines could include (1) criteria for talking with politicians from across the political spectrum; (2) requirements in relation to the representative mandate that nonstate actors should have in order to engage in a CSP; and (3) the weighting given to participation of local versus foreign organizations.
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IV. DESIGNING A PARTICIPATORY COUNTRY STRATEGY AND PROGRAM

Participation can be achieved in a variety of ways. This chapter describes practical options. It also highlights factors that contribute to good practice in design and implementation, including the creation of DMC scenarios that help to balance participation depth and breadth; identifying and selecting stakeholders; selecting participation methods; recognizing the importance of RMs; setting out the 'rules of the game'; and achieving minimum standards of participation in a CSP.

After an appraisal of the DMC scenario, participation design starts with the issue of stakeholder identification, subsequent selection, and enlisting. Here RMs can be very useful. Once an initial set of relevant stakeholders is drawn up, the country scenario will influence which methods can be best employed to get them involved and to what depth. Commonly, participation of different types of stakeholder requires different methods, as described below. Agreed rules and minimum standards are needed to ensure that participation does not create negative effects as well as assuring effectiveness in enhancing CSP quality.

Establishing a Positive Environment

Earlier, the importance of matching depth and breadth in stakeholder participation was stressed (Chapter II). The nature of governance and the capacities of government and other stakeholders in a DMC set critical conditions for achieving the required balance. These items can be brought together to facilitate the design of a participatory CSP.

Assessing the Environment for Participation. The environment for participation in a CSP can be assessed according to the following five factors.
- The government’s strategic capacity and motivation to engage substantively with ADB (the government or ‘G’ factor). This factor is an estimate of the human capabilities available within the bureaucracy and DMC interest in the CSP process.

- The government’s stance toward nonstate participation, e.g., openness, discomfort, or opposition (the participation or ‘P’ factor). This factor reflects the quality of state-society relations, particularly citizens’ trust in government reflected in the degree to which the regime enjoys popular legitimacy. Illegitimate regimes are more likely to oppose civic participation than those with a popular mandate.

- The presence and capacity of nonstate stakeholders to contribute to strategic debate (the civic or ‘C’ factor). This factor captures the ‘ecology’ of nonstate actors in terms of their diversity, density, and organized strength in relation to State and market. Countries with a dense and highly differentiated civic community are likely to possess capable policy analysts.

- The relationship between government and nonstate actors, specifically whether general development goals are shared, mixed, or in contention (the empathy or ‘E’ factor). This factor reflects the degree of antagonism or consensus in the country about policy choices and directions. In highly politically factious countries, the participation of nonstate actors is probably problematic.

- The diversity and proportionality of ADB’s program in relation to the number of sectors, the national budget, and other external flows, particularly aid (ADB or ‘B’ factor). This factor captures the (financial and) developmental significance of ADB as an actor for the DMC.
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To aid scenario building, each factor can be accorded a weight, say high, medium, or low. Any low score invites special attention. A high proportion of low scores suggests caution and initiatives to improve the participatory environment. As an aid to ADB staff, one practical follow-up to this study could be an exercise to establish the participation scenario of each DMC.

CSP Participation Scenarios. A best-case scenario is one where all scores are high. There should be little problem in gaining broad and deep participation with subsequent DMC ownership and commitment, and there should be few obstacles or resistance to the strategies chosen. This scenario is difficult to find in the Asia region, but occurs in parts of the Pacific. In a medium scenario, common in Asia, government is strong (high G factor); it views civic participation with unease (ambiguous or low P factor); civil society is well developed, capable but not influential (high to medium C factor); there is moderate consensus on development goals and methods (medium E factor); and ADB's proportion of funding is not very significant in terms of external flows or sector allocations (low B factor). In this type of setting, ADB is probably able to embark on enhanced participation in a CSP within prescribed limits. For example, a government may be happy to allow nonstate participation in areas it is interested in but knows relatively little about, such as renewable energy sources or water conservation. However, the ability of ADB to push hard on poverty reduction, good governance, anticorruption, or other objectives is probably constrained. Nevertheless, a CSP team should always be receptive to individuals in government who are interested in participation, perhaps on a technical level at first, and who can be nurtured and supported as in-house resources and champions for participation.

Low-rated scenarios present many difficulties as well as opportunities for positive action, such as capacity building as described earlier. While the G (government) factor may be high or low, low political and empathy factors make any engagement with nonstate actors a sensitive affair. Both business and civic actors
are regarded with suspicion, especially where the C (civic) factor is on the increase. Highly selective engagement in areas of least sensitivity may be a way forward, particularly where the B (ADB) factor is high. For example, engagement could start with a multistakeholder workshop involving nonstate service providers (rather than activists) on noncontentious or social issues, such as infant mortality and maternal health care. The drawback of pushing too hard for participation is the probability of fostering tension between ADB and the government and between government and civil society.

A CSP team's first judgement will be how to influence positively the participatory environment and design for the optimum CSP participation in relation to the country scenario. Similar institutions that have tried participation in the same country may be able to provide some guidance.

**Identifying, Selecting, and Enlisting Stakeholders**

In general, the principles of stakeholder identification and selection in participatory projects apply to CSPs as well. They can be formulated as a number of key questions (Box 10). Answering the questions well requires adequate and accurate situational knowledge. The importance of the answers depends on the type of stakeholder involved. Beyond government, the priority for participation must be given to those directly affected.

Stakeholder identification and selection is, of necessity, a question of informed judgement. It can be aided by any of the tools and methods already available, which can form an input to detailed practical guidelines to be further developed by ADB. There are no hard and fast rules of when, for example, to use academics as a proxy for local lobby groups, or NGOs as intermediaries for poor people. But some criteria can help a CSP team's decision making. In a typical order of stakeholder priority, participation in a CSP should always include
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1. the relevant parts of government, including central agencies beyond ministries of finance, local government units, parastatals, regulatory bodies, etc;

2. those intended to be directly affected (primary beneficiaries).

3. those responsible for operationalizing a CSP through projects, TA, and policy dialogue, which could include policy advisers and planners in line ministries, and representatives of the private sector and civil society; and

4. those whose input to and support for a CSP can be expected to improve it better, and those whose opposition to a CSP may impede subsequent DMC acceptance and/or implementation;

Within this prioritization, particular attention should be paid to representativeness, demonstrated constituency, competence and knowledge, legitimacy, reputation, and public credibility. In addition, statistical tools and analysis can be employed to delineate populations of particular relevance or importance. For example, using data from previous national household surveys, the World Bank was able to select a statistically relevant sample for a participatory poverty assessment (PPA) undertaken as part of the CAS process in Kenya. Major findings of the PPA, for example the overall level of poverty, were consistent with those of the national survey, but obtained at a fraction of the cost. Indeed, much greater sensitivity to poverty among women and women-headed households was found using PPAs than through the large-scale quantitative studies.

Similarly, the size of the constituency of a membership body, such as a federation of trade unions, a national association of women's groups, or chamber of commerce, may suggest the 'statistical' significance of their voice. Cost-effective and statistically meaningful ways of identifying representative stakeholders within a society are under development but difficult to find. This should not
discourage the use of well-informed common sense—initially informed by the likely areas of ADB's strategic interest—leading to cumulative learning and incremental improvement as the CSP process evolves.

An initial guide to stakeholder identification is ADB's existing portfolio. With advice from RMs, important NGOs and other civil society actors may also be chosen. In addition, if economic, thematic, and sector work (ETSW) has already been carried out in a participatory way, relevant stakeholders may already be in view. Whatever the case, participant selection in a CSP demands sound judgment on the part of CSP team as well as consultation with RMs.

**Box 10 Questions Aiding Stakeholder Identification**

1. Who are responsible for national development strategy formulation and implementation in the DMC?
2. Who are responsible for regional, i.e. multicountry collaboration?
3. How important are subnational and local bodies in contributing to government plans and strategies?
4. Who, within a DMC, are most related to or involved in activities related to ADB's own strategic goals and priorities?
5. Who in the DMC must jointly own and be committed to ADB's strategy for it to succeed?
6. Who are most likely to be affected (positively or negatively) by strategies within ADB's areas/sectors of interest? Who represent them?
7. Who of relevance have been excluded from providing strategic inputs in the past, for whom special efforts must be made? Women often fall into this category.
8. Who have a good overview of the country and regional situation?
9. Who are actively engaged in development activities (both macro and micro)? Who represent them?
10. Who have knowledge or experience that can make ADB's strategy more relevant?
11. Who can provide complementary expertise or resources?
12. Who have established or tested alternative development strategies?
13. Who have been part of previous strategic studies of ADB or others?
14. Who are likely to mobilize for or against ADB's intentions and why?
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Identifying stakeholders is not the same as getting them involved. Many are busy, disinterested, skeptical, or just can't see the benefits weighing up against their opportunity costs. What can a CSP team do to gain their involvement?

- Show commitment and enthusiasm for the learning process. Without a positive personal stance, why should stakeholders be convinced of the seriousness of the exercise or sure of what they will get out of it? While you may not be able to promise much in the way of concrete returns, you can certainly guarantee an opportunity for learning for all involved. This dimension and value of participation should be stressed.

- Have managerial backing, time, and resources set aside for conversations with prospective participants.

- Show awareness about and concern for fears that civic stakeholders may have about co-option and being simply used as instruments for ADB agendas.40

- Have a repertoire of participatory methods that fit with and appeal to different stakeholders.

- Have rules of the game that show participation is not tokenism or ritual.

- Show that stakeholders' opinions of ADB are important to you.

- Listen, listen, and listen again, and then adapt the process according to the advice of prospective stakeholders.

Choosing Participatory Methods

The challenge in CSP is to mix and match alternatives to suit the country setting, type of stakeholder(s), and the resources available. Although conditions vary, different participation modalities suit different depths of participation and different types of stakeholder
at different stages of the process. Table 2 summarizes commonly used methods.

**Table 2: Participation Mechanisms**

<table>
<thead>
<tr>
<th>Type of Participation and sharing</th>
<th>Modalities</th>
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<tbody>
<tr>
<td>Information gathering and sharing</td>
<td>Poverty and market surveys</td>
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<tr>
<td></td>
<td>Participatory poverty assessments</td>
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<td></td>
<td>Focus groups</td>
</tr>
<tr>
<td></td>
<td>(particularly for illiterate stakeholders)</td>
</tr>
<tr>
<td></td>
<td>Public information sharing</td>
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<tr>
<td></td>
<td>Stakeholder seminars</td>
</tr>
<tr>
<td>Consultation</td>
<td>Focus groups</td>
</tr>
<tr>
<td></td>
<td>Search conferences</td>
</tr>
<tr>
<td></td>
<td>Specialist advisory or working groups</td>
</tr>
<tr>
<td></td>
<td>Multistakeholder workshops</td>
</tr>
<tr>
<td></td>
<td>National conferences</td>
</tr>
<tr>
<td>Joint influence</td>
<td>Multistakeholder technical/sector committees and teams</td>
</tr>
<tr>
<td></td>
<td>Participatory learning and action</td>
</tr>
<tr>
<td></td>
<td>Standing strategy forums</td>
</tr>
<tr>
<td></td>
<td>Periodic round tables</td>
</tr>
<tr>
<td>Joint control</td>
<td>Joint ADB/DMC strategy formulation teams</td>
</tr>
<tr>
<td></td>
<td>Joint high-level missions</td>
</tr>
<tr>
<td></td>
<td>High-level national committees</td>
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<tr>
<td></td>
<td>Participatory monitoring and management</td>
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</tbody>
</table>

There are a number of 'toolkits' providing practical guidance on participatory methods, including assessment of their relative strengths and weaknesses. A general observation is that, when bringing stakeholders together, smaller groups work better than larger ones. Big groups are logistically more demanding and, unless very well structured, the process can be dominated by a few. To date, most practical MDB experience has been gained at the first two levels of strategy participation: information sharing and gathering, and consultation.

*Participatory research methods.* A range of methodologies is available for use with groups ranging from illiterate villagers to sophisticated planning committees. These include participatory learning and action, participatory rural appraisal, participatory action research, appreciative inquiry. These methods use visual or graphic aids and emphasize shared
learning among participants. An iterative learning process is supported by teamwork and comparing and contrasting both the perceptions of contrasting groups of people and the various methods and analytical approaches. Farmers can share very detailed information about their land and use of other resources, seasonal work, and economic patterns, plus their priority problems and aspirations. Communities can analyze their health or other social problems and decide upon actions to address them with appropriate outside assistance. Regional planning, decisions about the location of public utilities and prisons, and transforming a decommissioned military base are examples of use of such methods in North America by local residents, city and state officials, and members of technical private-sector firms. Participatory poverty assessments employ this approach. These methods can also be used to plan community monitoring and management, thus extending their usefulness into the domain of shared control over development initiatives.

Surveys. Surveys are crudely split into two types according to method: statistical and participatory. Statistical surveys, for example to assess poverty or find particularly vulnerable groups, can be costly and time consuming. They tend to be large scale and emphasize quantitative over qualitative data. It would probably be unrealistic to attempt a full-scale national survey as part of a CSP. However, rapid participatory assessments can usefully be applied. Comparison of the two methods does not indicate significant differences in terms of validity of findings.\textsuperscript{41} The expertise to carry out participatory surveys has become widespread, especially among NGOs.

Focus groups. These are usually designed to obtain qualitative information from specific groups in the population—the elderly, entrepreneurs, young women, ethnic minorities, etc. They can provide a quick alternative or complement to formal survey methods. They can also be time consuming. The World Bank CAS in Guinea used this method in the form of 122 community group meetings carried out nationwide in 25 of the country's 33 subregions over a two-month period. This was supplemented
by individual consultations with over 3,000 people including 1,000 women.

**Seminars.** In Kenya, a seminar was held to inform government and nonstate actors, mostly NGOs, about the World Bank CAS, the envisaged process, and its intentions. One result was to create greater local awareness about the World Bank, leading to the creation of a core group of concerned NGOs. Their objective was to provide inputs from their operational experience and resulting policy insights and concerns.

**Search conferences.** Conferences are particularly useful where a national plan is old, does not exist, is in preparation, or where it has been overtaken by events. This last condition exists in much of Asia. A search conference enables participants to envisage the future they want for their country. This type of exercise informed the formulation of a National Strategic Vision in Guinea, drawing on stakeholders from the private sector, NGOs, and other civil society groups.

**Specialist working groups and teams.** In ADB’s support in Vanuatu, two task teams were responsible for formulating policy proposals in economic management and in governance, respectively. They analyzed studies commissioned by them as well as unsolicited inputs and position papers from a wide range of stakeholders.

**Strategy forums.** These can serve as a testing ground and feedback opportunity for the ideas in a draft strategy and its subsequent revisions. The task of such a forum is to critique and offer supplementary and alternative policies, with the involvement of appropriate stakeholders. Timely distribution of a draft or summary highlights (in translation) of a CSP is a requirement for this method to generate substantive inputs.

**Periodic roundtable discussions.** These provide a prescheduled opportunity for stakeholders to evaluate progress in strategy formulation. They are moments for critical reflection. In Kenya,
the World Bank employed roundtable discussions with business leaders, the media, and civic organizations to gain feedback on its CAS process and draft findings. The initial gathering made clear that in the Kenyan context the process of CAS formulation could not be ‘business as usual’ and required involvement of opposition parties.42

National conferences and workshops. These events give high profile to a strategy process. The workshop to gain LGU input into ADB's Philippines CSP received significant media coverage and interest. Where a conference or workshop is organized to ensure a high level of political and government representation, it sends a strong signal of DMC concern and commitment.

Joint high-level missions and teams. These joint activities are a way of ironing out problems by showing the importance attached to the process by all parties. They would normally involve ADB's management, top government officials, and respected business and civic leaders. In Mozambique, contention over the World Bank's CAS conditions in relation to reform of the cashew nut industry led to a high-level mission that included the World Bank Vice President for Africa.

Stakeholder Conflicts and Improving Staff Competencies

Employing the above and other methods will make new demands on ADB staff and for which they must be prepared. Participation offers early exposure to the positions that stakeholders hold. Consequently, staff will probably encounter conflicting interests and opinions. Where significant differences appear and consensus cannot be reached, ADB staff face a number of options:

- The concerns can be accommodated by modifying or expanding elements of the strategy.
- The decision not to go ahead with a particular strategic choice can be made because this will save money and trouble downstream.
A stakeholder group can be left out to enable the process to move ahead.
A process for further negotiation can be put in place.

The option taken will depend on the issue at stake, the stakeholders involved, and their relative significance for CSP endorsement and downstream success. Investments in staff development, such as training programs and exposure to participatory methods—including role-play examples of managing conflict—will help staff attain the competencies required to deal with the complex conditions that are part and parcel of client-centered business practices.

The Importance of Resident Missions

What role can RMs play in enhancing DMC participation? In order to answer this question, one conclusion from a recent World Bank CAS Retrospective Study on country strategies merits citation:

"It is clear that the existence of established elations and on-going consultations with stakeholders at the Resident Mission level is a key factor in a well-organized and productive consultation process." 43

First, an investment in local staff at an RM is a cost-effective way of gaining and retaining the local knowledge and ongoing relationships needed to make participation less expensive. Their terms and conditions of service are less costly than internationals; they can be more effective because of their continuity; they possess local language skills; they have a cultural affinity; and they can bring with them investment in an existing network of useful contacts and informal as well as formal information sources in the country. However, given a common gender imbalance in staffing, they may not, for example, be aware of or have strong contact with women's associations or movements. Other areas of ADB interest may also not be fully covered. Advice from ADB's own Social Development staff is therefore a useful complement to RMs' knowledge.
Second, effective participation is iterative and will benefit from the buildup of trust in relationships. Iteration and trust are both served by a responsive in-country presence with a finger on the pulse of relationships and change. Local staff can provide 'interpretative intelligence' to staff in Manila, assessing new facts and feeding processed information in real time, allowing for adaptation and adjustment to CSP participation. The role of CSP teams in Manila is to give a clear preliminary indication of the types of stakeholders of interest, the rules of the game they have in mind, the resources allocated for participation, and the time frame.

Third, other donors are decentralizing functions and authorities. More and more donor decision making will be taking place in DMCs with the help, among others, of local staff and in-country collaborative bodies of which ADB will need to be part. Including RM staff in such in-country setups, and as part of a CSP participation team, can effectively link this important stakeholder group to the process.

Local RM staff also have potential drawbacks. There can be issues of personal bias and lack of openness, leading to accusations of favoritism and exclusion on the basis of individual preferences. Here, management skill of the Resident Representative is called for to ensure transparency by routine checks and balances on staff behavior, along with backstopping by concerned headquarters staff.

ADB has already recognized the significance of RM staff by assigning a staff member with responsibility for NGO liaison in each one. From this base, RM staff will need to actively explore beyond NGOs toward other stakeholder groups.

**Establishing the Rules of the Game**

*Clarity of Process.* Experience indicates that MDB engagement with any type of nongovernment stakeholder needs to be guided by clear rules. Drafts of such rules need to be made available from the outset to all concerned stakeholders and negotiated as early as
possible. For example, on what grounds can discussions with stakeholders be taken as approvals? Can minutes of meetings only be released after agreement with all participants? Does a chat on the telephone qualify as consultation? Agreement on answers to these types of questions is important. In a number of instances, NGOs have seen that their interaction, no matter how informal, was subsequently publicized as 'consultation' or 'approval' when no such agreement existed. In Mozambique and South Africa, contention has arisen over the extent to which NGOs have really endorsed conclusions about the outcome of participation in a World Bank CAS. A degree of mistrust has now arisen among some participants about the Bank's methods and intentions.45

Information Use and Sharing. Criteria for providing information to stakeholders and incorporating their inputs need to be spelled out at all stages of the process. This applies to all stakeholders. Governments must be clear, for example, on the extent to which their inputs will co-determine strategies, and that the process will take national development plans and policies as the starting point. They also need to be aware of and agree to where their opinions and endorsement will be included prior to CSP completion. Some stakeholders will need assurance of the significance attached to their involvement by, for instance, an agreement on timely access to information at various stages. In a World Bank CAS in Poland, disagreement and dissent arose because there were no ground rules about how NGO comments and inputs would be used.

Balancing Voices. It cannot be assumed that all relevant stakeholders with something useful to say will necessarily be able to say it. Lack of organizational capacity, finance, and literacy may act to exclude weaker, marginalized groups or introduce significant imbalance between stakeholders in terms of power or prestige. One rule of the game is therefore to minimize disparity between the strength of different stakeholders' voices. In extreme cases, an initial investment may be warranted to establish relationships between the relatively weak organizations and intermediary organizations such as NGOs to help them express their views effectively.
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**ADB’s Role.** ADB’s role needs to be agreed upon with stakeholders. In Mozambique, the World Bank insisted on being an intermediary between nonstate participants and the government, a role that civil society participants did not want. Minutes to this effect were not accepted by NGOs and remained a stumbling block to participation.⁴⁶

**Proposals for Minimum Requirements**

CSP guidelines allow staff to match participation in CSP to specific country scenarios and ensure that participation is pursued without tokenism. In other words, while encouraging staff to make participation as deep and broad as possible, the flexible guidelines are to be minimally prescriptive but must safeguard professionalism.

The minimum requirements are to be complemented in an active way by ADB management, Board, and the DMC in assessing and validating the processes adopted, that is, the minimum is not regarded as the standard. How can this be done?

**The Initiating Paper.** Minimum requirements can be specified for the various stages of a CSP process (see list, p.61). At its commencement, a CSP should establish the relevance, or otherwise, of DMC participation. At the beginning of this chapter, five factors in a DMC which co-determine the participatory environment (the G,P,C,E, and B factors) were listed. They can be used to assess and describe the participation scenario in terms of (i) indications of constraints to greater DMC participation in a CSP and plans to overcome them; and (ii) specifications of relevant stakeholders in each category or type, indicating which will not be included, and why, as appropriate. The explanation should be a standard part of the CSP-initiating memorandum. This section should be followed by an indicative proposal for how participation will take place at all significant stages, together with an outline of the proposed rules of the game. The selection of participatory methods should be explained and any budgetary or time allocation, including that of RMs or other local resources, calculated and approval sought.
The CSP Process. The various drafting stages of the CSP should indicate the progress made in participation, comparing achievements with what was intended. Potential sources of resistance encountered en route, and why, should be signaled. Wherever possible, inputs from stakeholder participation, whether taken up or not, should be highlighted. Specific actions to provide feedback to stakeholders and any results should be summarized.

The CSP Document. In terms of DMC participation, the CSP document should enable confirmation by DMC and ADB management of what participation has been tried, highlight its consequences for CSP quality, and contribute to ADB's own learning. While burdensome and having the potential for ritual treatment, this information could be brought together in a Participation Annex which would

- summarize and evaluate the participation process, especially in terms of methods, depth, breadth, and lessons learned;
- specify areas in which stakeholder inputs are reflected in the CSP and where they have not been accommodated, explaining why;
- show evidence, such as events, institutional changes (e.g. stakeholder forums), follow-up activities or written commitments, to indicate the level of DMC ownership and commitment;
- highlight the link between actual DMC participation and ADB's five strategic development objectives; and
- explain follow-up actions, which retain participation as an iterative process as well as linking it to subsequent country programming.

Management review. ADB's management and Board should be looking for completeness and relevance of participation by category of participant and type of engagement set against participatory preconditions prevailing in the country. Does the strategic process demonstrate best efforts within existing constraints? Is the level of
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participation above minimum requirements? If not, why? Is the explanation reasonable? What evidence is there of DMC ownership and commitment? Who 'owns' the strategy locally? How relevant and broad is this ownership? The capacity of ADB management to play a more intense role needs to be considered and enhanced or supplemented. This could be facilitated through a checklist of basic questions, by immersion in a participatory CSP exercise, and by a separate advisory note from in-house specialists.
V. ADVICE FOR ADB STAFF

The information and experience currently available about making country strategies more participatory and better owned within DMCs provide a set of principles, processes, steps, methods, and caveats that CSP teams can apply. Following is a series of steps that summarize the information on designing and implementing a participatory CSP process given in the previous chapters.47

- In consultation with the Resident Mission, create a DMC participation scenario. How can participation be optimized, given the constraints in the ADB and DMC?
- Discuss the scenarios with manager, country desk, CSP team, government, other donors, and other stakeholders.
- Prepare an information plan and package about ADB and its way of designing country strategies and carrying out business in general.
- Include a discussion on the DMC environment for participation, participation strategy, stakeholder identification, enlistment, and proposed participatory mechanisms.
- Obtain preliminary approval from ADB management for necessary resources.
- Clarify disclosure policy and any limitations on information.
- Explain CSP process, participatory strategy, and rules of the game.
- Seek revisions and endorsement.
- Create joint participation plan and local counterpart institutions.
- Test participation plan against the intentions of the Initiating Paper.
- Allocate necessary resources.
- Implement participation strategy and plan, with revision as necessary.
- Identify points of stakeholder influence as they arise.
- Prepare CSP synopsis for stakeholder briefing.
- Evaluate stakeholder participation for any necessary adjustment.
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- Compare CSP participation against minimum standards.
- Explain any variance between ADB and stakeholder-preferred strategies.
- Highlight DMC stakeholders' impact on CSP.
- Evaluate the participation process, summarizing lessons learned.
- Show indicators of DMC commitment and ownership.
- Detail follow-up action for stakeholder involvement in CSP implementation.

Two key factors make a CSP participation process effective: establishing appropriate preconditions and ensuring adequate follow through. In addition, there are a number of useful 'dos and don'ts' that can act as a shorthand guide to best practice. These are presented below.

Get the Preconditions Right

Initiation. The quality of a participatory CSP process is strongly determined by how it is initiated. While it is never too late to start participation, doing it properly from the start obviates any additional cost of making good the initial weaknesses. For example, superficial local knowledge and analysis may lead to the neglect of important and influential stakeholders. Such omissions can sour relationships. Remedying poor relations is time consuming and can negatively color the whole exercise. Participation is well initiated when

- the ADB's country desk officers and management fully support, rather than simply acquiesce to, enhanced participation in a CSP;
- the CSP team is convinced of the merits of participation and has the insights and competencies to oversee the process (this does not mean being a participation specialist, but knowing enough to ensure that it is done well; assistance in this task can be gained from other parts of ADB, like the Social Development Division and through recruiting staff consultants);
• identification of stakeholders and ways to enlist them are done early on, if for no other reason than the need to establish front-end resource needs;
• the necessary budget, time, and other resources are available for the whole exercise, not allocated bit by bit, which creates uncertainty and doubt about ADB commitment;
• a comprehensive (public) information strategy covering the whole participation process has been formulated;
• outsiders' pre- or misconceptions about ADB have been eradicated; early, easily accessible information to stakeholders about ADB is vital if the playing field is to be made level;
• limits to participation and disclosure are understood by key stakeholders, even if not fully accepted; and
• the ground-rules of participation and criteria for using stakeholder inputs are clear to everyone within and outside ADB.

Building-in Transparency through an Information Strategy. The quality and transparency of consultation are vital for preventing charges of misuse of stakeholder inputs and the mobilization of active lobbies against a CSP. This is why clarity about rules of the game can act as a preventive measure in terms of stakeholders' not overestimating what they can achieve. But, once embarked on the participation path, you can expect stakeholders to continue to press for greater depth. Negotiating rules of the game can help stem the tide, but not turn it away. Thus, be prepared for stakeholders to treat participation as their (taxpayers') right, not a discretionary privilege.

An important factor in dealing with stakeholder pressure is to make information available in an appropriate form and a timely manner, especially where stakeholders' representatives must consult with their constituencies. Inadequate and late information shows disrespect for stakeholders' own participatory processes, inviting accusations of hidden agendas and lack of transparency. It is
obviously essential to avoid creating this type of suspicion. Preplanned and careful investment in information sharing, including with the local media, is one way of doing so. Sound information strategies are a vital ingredient in successful participation in a CSP.

Planning to Create Local Institutions. A useful element in any CSP design is to establish, right from the start, a local multistakeholder ‘counterpart’. In other words, facilitate/co-create a recognized participatory structure to act as a CSP sounding board, to function as a resource for later programming, and to generate social learning as a matter of course, both for and after the CSP process. Success in this approach means that a concerned constituency has become part of the institutional landscape that co-owns and, depending on the extent to which its input has influenced the CSP, is committed to the follow through.

Following Through

At present, there is little systematic engagement of nonstate actors in the final decision-making process of an MDB’s strategy. Nevertheless, it behooves CSP teams to ensure that they provide periodic feedback on their thinking and prioritization. Progressively explain why a CSP takes a particular direction, even if at variance with what a DMC wants. This approach is far better than presenting stakeholders with only a finished document. Adopting such an iterative approach not only enhances trust, it supports local ownership and commitment, speeding up participation downstream and paving the way for the next CSP.

Dos and Don'ts

The Dos

- Start participation as early as feasible, but remember it is never too late.
Mobilize the financial resources and time allocations required for the whole process. Credibility drops if you cannot complete what you start, leaving stakeholders frustrated.

Do your best to create a level information playing field right from the beginning.

Try to get nonstate stakeholders, such as NGOs and the private sector, to identify their own participants and ensure that they have mandates. Be prepared for the fact that nonstate stakeholders will always criticize your initial selection. Thus, put the ball in their court where it belongs by asking them who should participate and why, with attention to representativeness.

Anticipate the likelihood of differences and conflict between stakeholders. Use 'neutral' facilitators wherever possible to make conflict constructive.

Ensure that there is an agreed sequence of feedback. Within the limits of disclosure policies, sharing the principal content and ideas in successive drafts or, for example, in a synopsis of the CSP, can be very effective.

The Don'ts

Do not promise a depth of participation you cannot deliver. Establish the limits. Recriminations and mistrust may result otherwise.

Do not treat every type of interaction with participants as a 'consultation'. You are not the only judge of when stakeholders consider that they have really 'participated'.

Do not forget to negotiate the rules of the game of stakeholder involvement. How will their inputs be used and
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when? What sanctions are there when people and organizations do not do as agreed?

• Do not neglect sister organizations that may have information and experience to share from a similar institutional perspective.
VI. MAINSTREAMING A PARTICIPATORY COUNTRY STRATEGY AND PROGRAM PROCESS IN ADB

Gaining effective national participation in a CSP cannot be the responsibility of a Country Team alone. Team members operate in ADB’s institutional framework that can encourage or discourage, enable or impede attempts to enhance participatory processes with a DMC. This concluding chapter reviews areas of ADB behavior relevant to integrating participation in the CSP process, not leaving it as an 'add-on' or 'extra'. There are three institutional issues: first, preconceptions about the trade-offs commonly associated with enhanced participation; second, typical internal and external constraints and how they can be addressed; and third, systemic steps needed to accelerate progress in introducing greater DMC participation in the CSP as a mainstream way of working in ADB.

Trade-offs

Disbursement versus Impact. It is commonly felt that enhancing participation will delay or reduce project lending and disbursement, and this influences institutional positions and perceived trade-offs. However, ADB’s basic mandate has always been to maximize development impact, not just to maximize lending volume.

When disbursement does take priority over development impact, the case for participation to enhance local ownership and commitment is often placed at a disadvantage. Nonetheless, there is no evidence so far to suggest that participation negatively influences the rate of CSP completion or later disbursement.48 However, 'seeing is believing'; a learning process approach to introducing participatory-oriented reform to the CSP is recommended.
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Costs versus Benefits. It is frequently assumed that enhanced participation is inevitably costly and time consuming. This has not proven to be the case for similar institutions, nor is it the case if all ADB operations—from strategy to implementation—are considered. The misconception arises from the fact that widening and deepening participation creates tangible 'front-end' costs. But less apparent is that these costs are subsequently made good by less tangible and long-term benefits in programming downstream and in DMC behavior. Evidence is accumulating that downstream benefits of greater DMC participation in a CSP accrue from 1) better delineation, i.e. selectivity, of ADB assistance enabling more focused annual programming; 2) savings in staff time due to more rapid and smoother project design due to prior engagement with key players in the DMC and reduced supervision; and 3) improved quality and sustained impact because of greater local ownership and commitment.49

Recent World Bank data show that for 22 CASs with a consultative process, the costs in time averaged 5.5 staff weeks (ranging from 2 to 8 weeks).50 This did not noticeably delay the duration of the CAS exercise as a significant proportion of the time required was for internal processing. ADB has official coefficients for CSP preparation to be used in departmental planning, but does not monitor or have hard data on the actual duration and costs of CSP exercises it has accomplished. However, assuming that these ceilings are not exceeded, enhancing participation suggests an average increase of some 12 percent in staff time, but not necessarily in the overall duration of the CSP.51

The direct financial cost of participation averaged US$25,000 (range of $5,000 to 50,000)52. This equates to an additional direct up-front cost of about 10 percent when set against existing budget ceilings.53 Where a MDBs' country strategy is perceived as the lender's affair, rather than a shared concern, the costs of participation are often more apparent to the lender than to the borrower. The DMC should be encouraged to provide joint finance, but without ignoring local contributions in terms of opportunity costs.
Another less recognized benefit accrues to ADB in terms of building internal capacity for client-centeredness through better understanding of country-specific needs and possibilities. Put another way, a significant beneficiary of CSP participation is the ADB itself. Benefits accrue through enhanced knowledge and expertise in appraising a DMC's situation, needs, and possibilities. This is apparent in the LGU exercise for the Philippine CSP, the affects of which are being fed into many ADB-LGU related products. Finally, ADB also benefits from a broader and deeper awareness within DMCs of its own limitations and constraints.

Overall, the emerging evidence assembled in this study shows that the additional, but minimal, front-end costs in CSP participation are more than offset by ensuing benefits across many aspects of ADB operations. In other words, it appears that well-designed participation in a CSP can generate and spread positive effects in terms of ADB's program quality, cost-effectiveness, and development impact.

**Constraints and How to Deal with Them**

Changing business practices toward enhancing CSP participation introduces new types of risks and a number of internal and external constraints. Some constraints are associated with the trade-offs described above. Others stem from sensitizing the borrower about a different way of working with and relating to ADB. Typical constraints and possible remedies are discussed below.

**Internal Constraints.** The following internal constraints are likely to be found as CSP practices are altered to make them more participatory:

1) tension between participation processes and disbursement pressures;
2) increase in ADB staff time to do a CSP;
3) uneven awareness among staff of the merits of participation in CSP;
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4) additional finance for information sharing, consultations, and other participatory activities;
5) insufficient front-end resources for initiating participatory processes;
6) uncertainty about the division of roles and responsibilities within ADB and with Resident Missions;
7) lack of competencies in stakeholder selection and insufficient staff capabilities to work with participatory methods;
8) uncertainty about criteria to assess the quality of participation;
9) limits posed by policies on the disclosure of ADB information; and
10) degree of conformity between CSP strategy and annual update of sector investments.

Resolution or reduction of these constraints presents different types of difficulty. The first constraint is a structural issue requiring strong management commitment to business reform. Unequivocal support for deeper and wider DMC participation in a CSP, for example through a normal budgetary provision, investment in staff competencies in participation, and factoring in the time required, should foster staff motivation. These steps will also help deal with constraints 2 to 5. A strong management signal of the importance of CSP participation suggested above could be reinforced by a systematic process of documenting and sharing lessons from participatory experience from within ADB and from elsewhere.

Constraint 6, uncertainty about role division, is already being addressed to some extent by an ADB decision to allocate an NGO liaison function to RMs. The factor to be stressed is the critical importance of local knowledge and extensive civic relationships that RMs can cost-effectively bring. Constraints 7 and 8 can be addressed through a dedicated program of capacity building for ADB staff, with the Human Resources Division playing a leading role.
Probably the biggest constraint to full DMC participation is the disclosure policy common to MDBs. These typically circumscribe access of DMC governments to internal deliberations and decision-making processes, and make limited or no provision for public disclosure. The MDB’s board and DMC government do not permit public access without joint approval. It is not common for such permission to be given. The joint ownership of a CSP that ADB wants with a DMC will be very difficult to achieve if these restrictions are not modified.54 Similarly, public understanding and confidence in ADB’s work and intentions will be undermined if information about final decisions is kept from them. To overcome this constraint, ADB could consider creating, as standard practice, a public information document highlighting major aspects of the CSP content. If steps are not taken in this direction, a seed of doubt will always remain about ADB’s commitment to both participation and transparency.

The most pertinent internal constraint to enhancing DMC participation in a CSP is the discipline with which strategies are applied to the annual updates when decisions are made concerning sector investments. In the past, ADB staff noted that the COS was often so general that it served poorly as a guiding framework for the annual update.55 The system linking CSP and annual updates is vital for making participation really meaningful in terms of downstream benefits.

External Constraints. External constraints and risks are less amenable to resolution by the ADB. They include

1) insufficient DMC capacity and/or motivation to engage in strategy and sector analysis;
2) risks associated with difficulties in stakeholder selection, e.g. the inclusion/exclusion of activists with alternative or opposition agendas;
3) reduced direct control over schedule, agenda, method, and quality;
4) the danger of inadequate management of conflicting or contending views and priorities;
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5) the receptivity of DMC governments to involvement of nonstate actors in intergovernmental relationships and negotiations;
6) disharmony and questionable accountability among civic actors who wish to be participants;
7) refusal/reticence of relevant stakeholders to engage, e.g. other aid agencies, due to staff time constraints or for institutional reasons;
8) local stakeholders using CSP participation as a way of pursuing other agendas, such as pressuring government, which actually belongs in the governance arena;
9) greater public exposure of the ADB, where inadequate information and incorrect understanding lead to false accusations and unrealistic expectations; and
10) raising expectations through increased participation in a CSP exercise.

The conditions within DMCs set the most important limitations on increased local participation in a CSP. However, governments are not homogenous and trends towards decentralization are opening up new opportunities. Where the whole CSP process within a DMC cannot be participatory, ADB staff should be encouraged to explore whether some elements can be approached in this way. Some policy areas, for example, may offer participatory opportunities: the Pakistan CSP started with social-sector policies, and the Philippines CSP with local-government-related issues.

Whatever the setting, creating greater public awareness of ADB’s work and role through the media is unlikely to solicit negative government reactions. Thus, strategies should be adopted that allow information to permeate through society and create a better understanding of what ADB has to offer, how it does business, and how it wants to listen and learn.

Accelerating Progress

CSP exercises already include some participatory elements. Commonly, participation in a CSP is driven predominantly by
information gathering. Such efforts may have involved wide consultation, as in Kazakhstan, where an ADB staff member spent a significant amount of time visiting a wide range of stakeholders, both inside and outside the Government. However, these initiatives are usually ‘add-ons’ to existing practice. Ad hoc participation in the past has not promoted as broad and deep a participation as possible to gain maximum benefit to ADB and borrower. Consequently, the quality of CSP participation has been largely determined by staff motivation, DMC circumstances, and selective management support in terms of time and modest additional finance. Following are three ways in which progress in this area could be improved.

**Financing Enhanced Participation in a CSP.** To integrate participation in a CSP calls for up-front financing. This requirement is not formalized or budgeted as a matter of course. But in addition to up-front finance, the preceding chapters indicate the need for ADB to undertake action-learning as a way of: (i) creating both experience and confidence among staff; (ii) generating in-house evidence on costs and benefits, including those further downstream; and which would (iii) provide relevant case-study material for internal capacity building. One incremental way of achieving these objectives is through a participation fund, described below. A more substantial route is to mainstream participation resources in the regular budget.

Enhanced participation in a CSP would accrue from systematic investment, for example through a RETA with a strong learning and sharing element. This might be structured in a manner similar to RETAs 5692 and 5894 established to enhance participation and capacity building within ADB work. These RETAs supported some early work on enhancing participation in CSPs.

**Investing in Staff Competencies and Incentives.** Another type of incentive to support participation is through the staff appraisal system. If participation is valued institutionally, this should be reflected in the way in which staff performance is assessed and rewarded. Modifying the current staff appraisal system would be an incentive with almost zero cost.
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A further incentive to change business behavior is by investing in staff competencies and capacities in participation. One useful method is to have staff attend participation exercises being carried out by others. This does not imply that everyone should become a participation specialist. Rather, it means that staff would have a basic understanding and the confidence to approach interactions with DMCs in a more participatory way. Here ADB’s social development specialists can play an active, supporting role drawing on real-life examples.

Action-learning. The Operations Evaluation Office could design a systematic ongoing review of DMC participation in CSPs. This would help answer questions and doubts that inform perceptions about affects of enhanced participation on disbursement, costs, and benefits. This exercise would track and monitor potential savings or additional (human and financial) costs over the planning period. It could contribute to building ADB confidence about new ways of working.

A typology of DMCs in terms of their potential for more CSP participation along the lines of the scenarios described in this paper (see Chapter IV, Establishing a Positive Environment) might be helpful for this study. It would require supportive connections with the DMCs and would, therefore, contribute to sustaining participation in the planning and review processes. For ADB’s own learning and making sound trade-offs, it is important that CSP innovations are examined for their downstream effects as part of the country programming system. Generally speaking, it is important to take a system view of innovation, not segregating CSP from country programming as a whole.
REFERENCES

ENHANCING PARTICIPATION IN COUNTRY STRATEGY AND PROGRAM PLANNING


ABBREVIATIONS

ADB     Asian Development Bank
CAS     country assistance strategy (World Bank)
CoM     Council of Ministers (Vanuatu)
COS     country operational strategy
CRP     comprehensive reform program
CSP     country strategy and program
DFID    Department for International Development, United Kingdom
DMC     developing member country
EU      European Union
GoL     Government of Lao PDR
GoU     Government of Uganda
ILO     International Labour Organisation
HDS     human development strategy
MDB     multilateral development bank
MoU     memorandum of understanding
NGO     nongovernment organization
ODA     Overseas Development Administration, United Kingdom (renamed DFID)
PEAP    Poverty Eradication Action Plan (Uganda)
PRA     participatory rural appraisal
RETA    regional technical assistance
RM      Resident Mission
SDO     strategic development objective
TA      technical assistance
UNCTAD  United Nations Commission on Trade and Development
UNDP    United Nations Development Programme
USAID   United States Agency for International Development
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ENDNOTES

3 An ADB-wide task force, the Staff Working Group for the Review of ADB Business Processes, undertook the review.
4 Sound country programming lies at the heart of ADB's business effectiveness. However, as a lending institution, final program selection and implementation, and hence attainment of its own strategic goals, lie in the hands of the borrower. Participation and negotiation are therefore crucial factors in sound country programming. This fact is born out by ADB's own study on project quality (ADB 1994).
5 The African Development Bank and the Inter-American Development Bank have yet to gain experience with enhanced participation in country strategy formulation. Some observers question whether both are serious about doing so (Hanlon 1997; Campodónico 1998). This skepticism is fed by the delays and problems in establishing structures for systematic consultation between these MDBs and NGOs or civil society organizations beyond what are experienced as token encounters at MDB annual meetings. By and large, enhanced participation in strategy formulation has not been in relation to the World Bank's complete strategy but to elements within it, such as poverty alleviation, provision of social services, etc. Experiments with enhanced participation are uncommon in other strategic considerations, such as the setting of 'trigger' thresholds for increasing the lending ceiling. Triggers act as incentives for DMC compliance with economic performance targets.
6 Note that, for the purposes of this paper, 'upstream' is used as a shorthand term for internal business processes that set out policies, strategies, and guiding priorities. 'Downstream' refers to business processes that focus on the selection, preparation, and implementation of development projects, as well as the provision of other ADB services, within the framework created by upstream activities and decisions.
7 This discussion paper is the product of extensive consultation with and review by ADB management and staff, interviews with personnel in sister institutions and NGOs, and a review of relevant literature. It was submitted to the Staff Working Group for the Review of ADB Business Practices.
8 ADB (1994).
10 I am grateful to Mary Bitekerezo Kasozi, the World Bank NGO Liaison Officer in Uganda, John Clark of the World Bank NGO unit, Ms. Bella Bird of DFID, Nairobi, and Zie Garilo, a Ugandan consultant, for information used in this case study.
11 Adapted from a working document "Philippines: Working with Local Governments", Dr. Armin Bauer, Social Economist, Programs Department (East), ADB.
12 Each one of the showcases corresponded to a sector grouping that guides the way ADB does business. The sectors are: (1) social sectors, (2) growth promoting infrastructure, (3) municipal infrastructure and environment, and (4) agriculture and rural development.
13 Personal communication from Kamal Malhotra, co-director FOCUS on the Global South, Bangkok, Thailand.
14 A review of a Joint CAS Pilot Program within the World Bank Group concluded "that the more intensive collaboration which comes with the preparation of joint CASs has benefits which, on balance, outweigh the costs of coordination." World Bank (1998, p. 26).
15 A reviewer of this manuscript, who emphasized the need for participatory cooperation, also pointed out that while each institution would continue to design its own strategy (or sector-level review), it would be on the basis of a common and 'tested' participatory feedback and participation. Project participation would remain within each institution's own approach.
16 I am grateful to Nessim Ahmad, Environment Specialist, ADB, for pointing out this parallel. He also noted that the prospect of 'capturing' a share of Convention resources is an incentive for participation in and maintenance of national forums.
20 The concept of a CSP team is not a standard part of ADB nomenclature or institutional practice. This fact notwithstanding, the term is used to avoid the impression that only the CSP mission leader and any consultants directly involved in the CSP are responsible for enhancing DMC participation. Enhanced DMC participation will only be effectively achieved if all involved in preparing the CSP in ADB—the CSP team—see this as a common responsibility.
21 Adapted from a draft from Miriam Pal, Social Economist, Programs Department (East), ADB.
22 Refer to endnote 2.
23 Regional technical assistance (Facilitating Capacity Building and Participation Activities: RETA 5692) provides small funds for innovations in participation in program and project design and implementation.
29 In fact, the World Bank Board requires that government approval is sought for participation of nonstate actors in a CAS process.
30 Vianna (1997).
31 In mid-1998, the Board of the World Bank altered its policy to allow public disclosure of the final CAS if the DMC government requested it. Drafts would still not be in the public domain. The Board also advised that the CAS frequency could be reduced and brought into closer alignment with a country’s electoral cycle. It is now anticipated that the essential features of a CAS will be shifted to more frequent CAS Progress Reports for which participatory guidelines have to be drafted (Bread for the World 1998).
32 One objective of the World Bank’s Strategic Compact is to reduce the level of projects rated as unsatisfactory from the current level of 33 percent to 25 percent (World Bank 1997, p.29).
33 ADB (1996).
35 Mohammed (1997).
36 This part of the discussion paper draws on the work of Dan Aronson of the World Bank.
40 A common misunderstanding is about the purpose of capacity building. Is it to make civic organizations more capable for themselves and their own ends or for ADB’s effectiveness? I am grateful to Helen McNaught for highlighting this point.
44 The UN House is one concept being employed to foster better collaboration within the UN family.
46 ibid, p.8-9.
47 I am also grateful to Mariam Pal of ADB for assistance with this list.
49 ibid.
50 ibid, p.5-6.
51 Planning coefficients for COS preparation (drawn up in 1995) were 32 weeks per annum for each Programs Department, with each Projects Department spending two weeks per COS. It was assumed that there would be one COS mission to the DMC and that related issues would be dealt with during other programming missions. There were no special provisions for COS-related consultants, e.g. a staff consultant budget. Nor were there provisions for participatory events. These need to be funded from special sources. Assuming the time allocations as maxima for one country per year, the total person-weeks available would be in the order of 45. Participation would increase this by some 12 percent.
52 All CAS costs, including participation, are funded from country budgets.
53 Gross cost of staff time is in the order of US$4,000 per week. Allowing an additional US$45,000 for travel and subsistence, the rough cost of a COS at the existing planning coefficients are US$225,000. Additional direct costs for enhanced participation are therefore in the order of 10 percent. However, without data on actual staff time and other expenditures, for example staff consultants (costing approximately US$20,000 per month), this estimate is likely to be too high rather than too low.
54 A ‘normal’ process was “...for the COS mission to share a detailed concept paper as part of the Aide Memoire. A draft is sent to the DMC government for review and concurrence and a mission fielded before it goes to Management and then for informal Board discussion.” I am grateful to R. Vokes for this clarification.
55 More pointedly, it was often remarked that there was a ‘perverse’ incentive to keep COS intentions as broad as possible. Doing so allowed ‘flexible’ interpretations of a COS and translations into the CAP, which ensured continuity of work for ADB’s existing staff and skill mix.