

**Building a Framework for
Consultation and Public Participation**

DISCUSSION PAPER

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Washington, D.C.,
March 7, 2000

EXECUTIVE SUMMARY

From the mid-eighties to the late nineties a growing movement towards democratization in the Americas has been evident at the national level and complemented by the decentralization of political and fiscal decisions in most countries in the region. This trend has been accompanied by growing consensus at the domestic and international levels regarding the need to engage affected populations, and civil society in general, in the decision-making process of all phases of development policies and projects. At the Santa Cruz Summit on Sustainable Development in 1996, LAC governments issued a Declaration pledging to support and encourage, as a basic prerequisite for sustainable development, broad participation by civil society in the decision-making process, including policies and programs and their design, implementation and evaluation. In the Plan of Action, heads of state instructed the Organization of American States to formulate “an Inter-American strategy for the promotion of public participation in decision-making for sustainable development” (ISP). At the Summit of the Americas in April of 1998, LAC Governments called upon the IDB to “develop and implement...hemispheric financial mechanisms especially devoted to the implementation of programs oriented toward strengthening civil society and public participation. They also committed themselves to developing measures that “facilitate the inclusion of all inhabitants, without exception, in the economic and democratic transformation of the Hemisphere.”

The ISP defines “Public Participation” as *...a process by which the government and civil society open dialogue, establish partnerships, share information and otherwise interact to design, implement, and evaluate development policies, projects and programs...that require the involvement and commitment of all interested parties, including among others the poor and traditionally marginalized groups, especially disadvantaged racial and ethnic minorities.*¹ In operational terms, the process of public participation includes progressive stages with different functions and scope that can be summarized as information sharing, consultation, negotiation or collaboration, and delegation. These stages are part of a continuum defined by differences in the extent to which control and responsibility is decentralized to the primary stakeholders.

Data and evidence derived from the evaluation of development projects demonstrate that public participation is not only a key ingredient in project quality and sustainability, but that it also has an overall effect on governance and development performance that must be kept in mind in evaluating its costs and benefits. In this context international development agencies have begun to treat participation as a key factor in achieving long-term sustainability.

The policy foundation of the Bank’s current approach to participation issues is the enunciation in the 1994 *Report on the Eighth General Increase in the Resources of the Inter-American Development Bank (IDB-8)* of the reasons for a participatory approach to Bank operations, as follows: “[T]he IDB is directly accountable to its member governments and indirectly

¹ The World Bank and the Asian Development Bank define “participation” as *a process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them.* The IDB incorporated this definition in its Participation Sourcebook in 1997.

accountable to their parliaments and citizens; disclosure of information and transparency of operations is an important element in ensuring this accountability. Moreover, there is a growing realization that the Bank's work can be strengthened by disclosure of information to the public which would ensure interest and participation by affected populations and local NGOs, whose contributions may help ensure that the Bank's projects are better designed...." [IDB-8: 47-8]. The bank has begun to implement this policy direction by improving consultation in the context of its specific projects, undertaking specific efforts to strengthen civil society directly, and to a lesser extent establishing dialogues with civil society in the areas of strategy and policy formulation.

The Bank's approach to public participation needs to be systematized and updated to take advantage of new techniques and technology, and of the greater capacity and need for collaboration between the government, civil society and the Bank at the local level. This renewed approach needs to take account of what the Bank can learn from its past experiences and from those of other development agencies, so that it supports the Bank's substantive interest in participatory project development, both as a means to improve the Bank's products and as an additional contribution to the development process and its sustainability. This new approach also needs to incorporate the mandates the Bank receives from its shareholders, the legitimate interests and demands of civil society; and operational constraints, such as limited funds and human resources, and the demands of project sponsors for expeditious actions, confidentiality and competitive terms.

In order to consolidate its efforts and assure the quality of public participation in its activities, the Bank needs to adopt a specific *Strategy for Public Participation*. The *Strategy* should establish the basic principles of effective participation within the context of the institutional constraints facing the Bank, project sponsors and civil society. The *Strategy* should also include an Action Plan for implementation, including staff training, operations review, resource allocation and program initiatives that support expanded public participation. The key principles that should be addressed in the *Strategy* include:

- (a) **inclusive participation** by all concerned stakeholders, especially traditionally excluded groups;
- (b) **comprehensive scope** of participation in all types of initiatives and from identification and design to monitoring and evaluation;
- (c) early timing to allow for decisions that are responsive to the views of stakeholders;
- (d) **quality provision of information** designed and disseminated in ways that are socio-culturally appropriate to effectively reach stakeholders;
- (e) **appropriate participation strategies** that elicit the interest and active participation of stakeholders, and promote equitable access and legitimate outcomes;
- (f) **accountability mechanisms** that assure the quality, transparency and legitimacy of the participation process;
- (g) **improved coordination** to optimize costs and benefits to all actors involved; and
- (h) **overall operational efficiency**.

The actual implementation of each of these principles presents a number of challenges and opportunities that need to be recognized and addressed in the *Strategy*, so that participation is a cost-effective source of added value and not merely a set of formal requirements.

Although the principles of participation need to be mainstreamed into the various areas of Bank activities, the venue, leadership, content, methodology, topics and goals of consultation and participation exercises need to reflect the diverse characteristics of the three main spheres of Bank activity. As a provider of funds for development projects, the Bank needs to include stakeholder participation in its due diligence process. As a proponent of development policies and strategies, the Bank needs to include local experts and stakeholders as sources of knowledge and barometers of support. As a partner in development programming, the Bank has an interest in assisting national governments in developing priorities that reflect a multiplicity of views, including those of marginalized groups, and promote good governance and broad based support for the Bank's program in each country.

Internalizing public participation in its operational routines will require the Bank to revisit the balance between its commitment and disbursement goals and the qualitative objectives of project sustainability and ownership. The need to reconcile these goals is a major factor in determining the Bank's ability to take advantage of lessons learned in the areas of consultation and participation on a more systematic basis. Not addressing this issue may result in an ad-hoc and reactive approaches to public participation processes that would risk inconsistency in policy application and leave Bank staff vulnerable to pressure and criticism, and Bank projects vulnerable to underachievement. What is needed instead is a strategic framework that is shared by the Bank community, and supported by readily available guidance and by institutional mechanisms that assure flexible, skilled and reasonably consistent application.

This discussion paper provides a brief analysis of the issues surrounding public participation in Bank activities and operations, and proposes a work program to develop and implement a systematic, Board endorsed *Strategy for Public Participation* in Bank activities. The *Strategy* should include:

- ◆ Agreed **definitions** of public participation and its stages and elements, and enunciation of **principles**;
- ◆ A **framework for operational guidelines** in specific operations;
- ◆ **Options** for public participation in the formulation of Bank **policies and strategies at the sector level**;
- ◆ Recommendations to enhance Bank support for **strengthening Civil Society and Government capacity** to internalize local participatory processes;
- ◆ Institutional mechanisms for **quality assurance**, internal and external **accountability**; and
- ◆ An implementation Action Plan.

I. Public Participation Trends in Latin America and the Caribbean (LAC)

From the mid-eighties to the late nineties a growing movement towards democratization in the Americas has been evident at the national level and complemented by the decentralization of political and fiscal decisions in most countries in the region.² This trend has been accompanied by growing consensus at the domestic and international levels regarding the need to engage affected populations, and civil society in general, in the decision-making process of all phases of development policies and projects. The growing commitment of LAC governments to this principle has been demonstrated at the domestic level through national mechanisms created to strengthen democratic institutions.³ At the international level, the commitment to participation has been articulated in a number of hemispheric agreements, declarations and plans of action, starting with Principle 10 of the 1992 Rio Declaration which states that “environmental issues are best handled with the participation of all concerned citizens at the relevant level.” In Agenda 21, the plan of action accompanying the Rio Declaration, governments pledged to pursue broader public participation in decision-making processes and policy formulation for sustainable development.⁴ The commitment of regional governments to participation was reaffirmed and broadened in 1994, at the Miami Summit of the Americas, where the participants agreed that “[a] strong and diverse civil society, organized in various ways and sectors, including individuals, the private sector, labor, political parties, academics, and other non-governmental actors and organizations, gives depth and durability to democracy [and] a vigorous democracy requires broad participation in public issues.”⁵

At the Santa Cruz Summit on Sustainable Development in 1996, LAC governments issued a Declaration pledging to support and encourage, as a basic prerequisite for sustainable development, broad participation by civil society in the decision-making process, including policies and programs and their design, implementation and evaluation. In the Plan of Action, heads of state instructed the Organization of American States to formulate “an Inter-American strategy for the promotion of public participation in decision-making for sustainable development” (ISP), to “promote the exchange of experiences and information . . . regarding the formulation, implementation, and improvement of policies and programs, legal and institutional mechanisms . . . training programs, and consultation processes” at the national and regional levels.⁶ At the Summit of the Americas in April of 1998, LAC Governments called upon the IDB to “develop and implement . . . hemispheric financial mechanisms especially devoted to the implementation of programs oriented toward strengthening civil society and public participation.”⁷ They also committed themselves to developing measures that “facilitate the inclusion of all inhabitants, without exception, in the economic and democratic transformation of the Hemisphere.”⁸

2 “Local Government Development, A Strategy Profile,” Inter-American Development Bank, 1998.

3 **Draft** of the *Inter-American Strategy for the Promotion of Public Participation in Decision-Making in Sustainable Development--Recommendations for Action*, July 1999, pp. 18, 28, 36.

4 **Draft** of the *Inter-American Strategy for the Promotion of Public Participation in Decision-Making in Sustainable Development--Policy Framework*, Organization of American States, July 1999, p. 4.

5 *Id.*, at p. 5.

6 *Recommendations for Action*, *supra* at note 2, p.2.

7 “Action Plan II of the Summit of the Americas,” as quoted in “*Citizen Participation in the Context of the Summit of the Americas.*” Santiago, Chile, 1999.

8 *Id.*

This technical and political consensus as to the fundamental role of participation in assuring the quality and sustainability of development efforts is only slowly materializing as the incorporation of participatory mechanisms in decision-making processes by national governments and development institutions, including the Bank. This is partly due to a natural resistance to change and to the need to mobilize an adequate level the political will. The practical challenges that must be met in order to ensure effective participation include, among other things:

- (a) identifying socio-culturally appropriate approaches at the local level;
- (b) avoiding manipulation of participatory processes by entrenched elites;
- (c) defining pragmatic minimal standards and realistic goals for participatory practices;
- (d) establishing enabling legal and institutional frameworks for civil society participation at the national and local levels;
- (e) facilitating horizontal cooperation through government-civil society partnerships at the central and local levels;
- (f) building capacity through education and technical assistance to enable citizens and organizations to play their roles in the process;
- (g) working with Civil Society Organizations (CSOs) to establish consultative mechanisms that are both manageable and accountable;⁹ and
- (h) specifically within the context of the Bank, finding an appropriate balance between the costs and benefits of consultation and participation and their effects on the project approval cycle.

This discussion paper provides a brief analysis of the issues surrounding public participation in Bank activities and operations, and proposes a participatory work program to develop and implement a *Strategy on Public Participation*. The *Strategy* would capitalize upon the Bank's experiences to date and on good practices in LAC development activities. When completed, the *Strategy* should assess Bank experience in participation, encompass principles to expand public participation in Bank activities, and outline specific steps to enhance participation.

II. Defining "Participation"

The ISP defines "Public Participation" as *...a process by which the government and civil society open dialogue, establish partnerships, share information and otherwise interact to design, implement, and evaluate development policies, projects and programs...that require the involvement and commitment of all interested parties, including among others the poor and traditionally marginalized groups, especially disadvantaged racial and ethnic minorities*.¹⁰ The World Bank and the Asian Development Bank define it as *a process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them*.¹¹ The IDB incorporated this definition in its *Participation Sourcebook* in 1997.¹²

9 Some of these issues were highlighted in background papers for the ISP, reflecting a dialogue with the responsible coordinators of the civil society initiative of the Summit of the Americas held in Washington, D.C., in September of 1998.

10 ISP draft *Policy Framework*, as approved by the CIDS Working Group, Washington D.C., November 11-12, 1999.

11 *The World Bank Participation Sourcebook*. The World Bank. Washington, D.C., 1996; *Mainstreaming Participatory Development Processes*. Asian Development Bank. Manila, 1996.

12 Navia, Olga and Landivar, Jorge, Eds. *Inter-American Development Bank: Resource Book on Participation*. IADB: Strategic Planning and Operations department, Social Programs and Sustainable development Department, and Staff

The process of public participation includes progressive stages with different functions and scope that can be summarized as information sharing, consultation, negotiation or collaboration, and delegation.¹³ (See Figure 1). These stages are part of a continuum defined by differences in the extent to which control and responsibility is decentralized to the primary stakeholders.¹⁴ Although information sharing is the first step in the participatory process, the obligation or commitment to **inform** does not necessarily include a commitment or obligation to accept feedback and to alter the decision-making process or its outcome. It does, however provide the basis for such feedback and often raises concerns and expectations. **Consultation** goes beyond the simple provision of information. It implies that the opinions of different sectors of the public are deliberately sought, and that these opinions should, at the very least, be taken into consideration in the design or execution of the operation or initiative in question. This requires that: (a) the issues raised be of a kind that can be subject to modification, and (b) sufficient political will and institutional capacity exist to allow changes to be introduced. The final decision still rests with the sponsors and regulatory agencies. **Negotiation/Collaboration** is a stage reached when the sponsor and the beneficiaries find some common ground and work together to solve problems and allocate resources and benefits through consensus building and/or bargaining. **Delegation** implies shared decision making, where full power or at least certain key decisions are fully devolved to beneficiaries and/or stakeholders.

FIGURE 1—DEFINITIONS			
Information	Consultation	Negotiation	Delegation
Sponsor provides information on ongoing activities	Interchange of information, inputs requested, concerns addressed at option of sponsor	Joint problem solving, evaluation of alternatives	Decision-making power shared or transferred to beneficiaries
No systematic feedback	Responsive feedback and accountability	Consensus building, bargaining, collaboration	Power sharing/transfer, veto power
Participant as beneficiary, impact recipient	Participant as client	Participant as partner	Participant as manager
Passive Role	Discussion of options and risks	Influence	Shared control
PIC, web site, publications, public hearings	EIA process, policy workshops, consultative groups	Co-management plans and other agreements (investment, credit, etc.)	Water boards, other community councils

III. Reasons to enhance participatory approaches

A. Relevant data and experience

By analyzing the results of non-participatory projects, comparative studies are providing

13 Development Section, Washington, D. C., January, 1997.
See, generally, Aycrigg, Maria. "Participation and the World Bank: Successes, Constraints and Responses" (Draft for Discussion, Paper No. 29). The World Bank. Washington, D.C., 1998.

14 See *IADB Resource Book on Participation*, at n. 11 *supra*.

mounting evidence of the need to rely on local participation to take into account socio-cultural factors affecting project design, planning, and implementation. These studies also show that programs designed to be compatible with local socio-economic conditions average a rate of return of 18.3% compared to only 8% for other projects.¹⁵ *Assessing Aid: What Works, What Doesn't, and Why*,¹⁶ describes an evaluation of 121 rural water supply projects financed in 49 countries which concludes that among the projects with a high level of participation, 68 % were highly successful, while of those projects in which there was little beneficiary involvement, only 12 % were highly effective. Another study found that investment projects have been more effective in countries where citizens enjoy civil liberties including freedom to express their views: free press, freedom of association and assembly, freedom to petition governments. Even highly technical projects had a 50 % higher chance of failure (defined as ERR lower than 10%) in countries with fewer civil liberties.¹⁷ The study indicated that the key variables related to the impact of citizen voice on government performance rather than electoral democracy, and that the presence of civil strife did not alter the findings.¹⁸ This evidence suggests that in addition to its effects on the quality of individual projects, participation has an overall effect on governance and development performance that must be kept in mind in evaluating its costs and benefits.

B. The Bank, its Roles, and the Mandate for Participation

In the early 1990's, in response to growing public interest in Bank activities and the attending decision-making process, the Board of Governors and the Board of Executive Directors adopted policy language regarding direct public access to information on many aspects of Bank projects and policies, and a more participatory approach, in general, to decision-making with respect to Bank activities. These rules also establish certain safeguards for the confidentiality of information and processes considered necessary to maintain the integrity of Bank operations and to protect its business relationships. The policy foundation of the Bank's current approach to participation issues is the enunciation in the 1994 *Report on the Eighth General Increase in the Resources of the Inter-American Development Bank (IDB-8)* of the reasons for a participatory approach to Bank operations, as follows:

There can be no economic growth without a stable society. The sweeping economic reforms being implemented in Latin America will achieve the desired results only if they take place within a more integrated society in which factors of exclusion are being reduced so that all groups can be involved in and benefit from modernization of the productive sectors. A more integrated society can only enrich this process through the creativity and support of a large number of economic agents concerned with its success, leading ultimately to the greater social cohesion which is essential to sustained accelerated economic growth in the future. The essential prerequisite for overcoming marginalization and poverty is for society as a whole to support a process of political participation which leads to consensus building, and stable responsive and transparent government. This will strengthen social cohesion, promote the participation of all in the productive process and help to achieve agreements which favor a more equitable distribution of the benefits of economic growth. [IDB-8:7].

15 Zazueta, Aaron. *Policy Hits the Ground: Participation and Equity in Environmental Policy -Making*. World Resources Institute, September 1995. A sample of 164 World Bank projects showed that failure to consult communities from the start regarding transfer to them of any aspects of program implementation led to a failure rate of 40 % and to some unworkable project proposals.

16 *Assessing Aid: What Works, What Doesn't, and Why*. Oxford University Press. Oxford, Toronto, New York. 1998.

17 The sample covered 761 World Bank projects from 1974 to 1987 in Latin America, the Caribbean, Europe, the Middle East and Africa.

18 *Assessing Aid*, at n. 15, *supra*.

IDB-8 goes on to provide for more specific accountability mechanisms. In the area of public access to information the report states that:

“[T]he IDB is directly accountable to its member governments and indirectly accountable to their parliaments and citizens; disclosure of information and transparency of operations is an important element in ensuring this accountability. Moreover, there is a growing realization that the Bank’s work can be strengthened by disclosure of information to the public which would ensure interest and participation by affected populations and local NGOs, whose contributions may help ensure that the Bank’s projects are better designed....” [IDB-8: 47-8].

In the area of environmental impacts, it states that:

“[T]he Bank expects borrowers to conduct consultation processes, for all projects which may have a significant negative impact, that are designed to elicit informed opinions from affected communities and other local parties having a legitimate interest in an operation, as part of the environmental assessment of environmentally significant operations....”[IDB-8:35].

The Bank began implementing IDB-8 by adopting an Information Access Policy¹⁹, enhancing of consultation procedures in the context of social and environmental impact assessments, ²⁰ establishing an independent review mechanism, and sponsoring a number of papers and seminars on the issue of consultation and participation. Among the latter, the monograph entitled *Community Consultation, Sustainable Development and the Inter-American Development Bank: A Concept Paper* ²¹ deserves special mention as an effort to bring together a number of concepts and experiences that can help define a working relationship among the Bank, its shareholders, its borrowers (public and private), and the various communities that have a stake in the outcome of Bank activities (other “stakeholders”).

The Bank also adopted and began to implement a strategy to develop and strengthen the capabilities of civil society, and to further the decentralization and privatization efforts of its borrowing member country governments. In 1996, the Board of Directors approved the document titled “A Framework for Action by the Bank in Modernization of the State and Strengthening Civil Society Programs” (GN-1883-5) which states that “*There can be neither an efficient State, effective democracy, nor sustainable and equitable development without a strong civil society,*” and proposed a number of ways in which the Bank could apply the principles of consultation and civil society participation. Within this framework, the Bank has provided support for justice and parliamentary reform, assessments of the non-profit sector, development of legislation proposals to promote NGO development and municipal development, among others. Furthermore, many Bank projects include participation requirements during preparation, especially in the context of environmental and social impact assessments. Likewise, community participation in project execution is a necessary element of Social Investment Funds and other demand driven programmatic loans. (Refer to Annex I for an annotated list of operations).

19 OP-102 (December 1994). See also, PR-207 (February, 1995).

20 Refer to *Procedures of the Committee on Environment and Social Impact*. Washington, D.C., January 1997. See also, PR-204 (April 1997).

21 Schwarz, Norman and Deruyttere Anne. *Community Consultation, Sustainable Development and the Inter-American Development Bank: a Concept Paper*. IADB: Social Programs and Sustainable Development Department--Indigenous Peoples and Community Development Unit. March 1996.

These activities are consistent with the principles enunciated in IDB-8 and with current trends in development know-how. Taken together, they can be said to constitute a “de facto” participation policy on the part of the Bank. The absence of a positive policy statement and instruments for its systematic implementation, including continuous evaluation and feedback, however, leave the Bank vulnerable in a number of areas, as follows:

- (a) Stakeholders do not know what to expect and may make unreasonable demands or fail to participate effectively when needed;
- (b) Staff and project sponsors (public and private) lack consistent guidance and training on the proper scope and methodology of application of the Bank’s policy;
- (c) The Bank is placed in a reactive position, susceptible to manipulation by more organized interests that may or may not reflect a representative cross-section of stakeholders;
- (d) The Bank may make decisions that do not reflect all of the material information reasonably available, especially with respect to local know-how, community priorities, and local commitment to the sustainability of its projects and programs.

Given the importance of the mandates and issues outlined above, it is critical that the Bank: (a) assess its institutional needs, goals and capabilities with respect to participation, in light of current development best practices and taking into account the legitimate interests of stakeholders, including its members; and (b) establish a *Strategy for Public Participation* that includes policy principles, a framework for operational guidelines, institutional mechanisms and resources to improve the management of this aspect of Bank performance.

IV. The scope of participation and consultation regarding each sphere of Bank activity

The Bank’s approach to public participation must take into account: (a) the Bank’s substantive interest in participatory project development as a means to improve its products and their effectiveness and as a goal of the development process; (b) the mandates the Bank receives from its shareholders; (c) the legitimate interests and demands of civil society; and (d) the operational constraints it must manage, such as limited funds and human resources, and the demands of project sponsors for expeditious actions, confidentiality and competitive terms. Any such approach must also internalize the differences in the various roles played by the Bank, and reflect them in the scope and the mechanisms for consultation and participation in each of three spheres of activities: the provision of development finance, the promotion of development policies and strategies, and the development of work programs at the country level.

1. The Bank as a Source of Development Finance for Specific Operations

Venue: primarily local (*i.e.*, in the area of influence of each operation).

Leadership in the process: local decision-makers.

Bank's roles: (1) ascertain viability of the project including fair treatment of stakeholders, acceptance by the community, compliance with local requirements for public participation, acceptable level of unresolved conflicts in resource allocation, and community commitment to maintenance and sustainability; (2) provide support, resources and facilitation for the consultation process where needed; (3) ensure compliance with agreed solutions; (4) include direct participation as appropriate.

Instruments: Operational guidelines, methodologies, staff training and incentives, PIC, Internet, participation plans, independent monitoring arrangements.

Topic: specific projects and programs.

As a source of funds for specific projects and programs, the Bank's scope of accountability includes the obligation to ascertain, in conjunction with the project sponsor, the long-term sustainability of the investments it helps finance. This includes the socio-political viability of the project in terms of its acceptance by the community, and of the local availability of human, natural and financial resources to sustain the project in the long run. Community acceptance depends first on a consensus that the changes engendered by the operation are needed, and secondly on a project design that incorporates local approaches to problems identified by stakeholders. This requires that consultations be undertaken early enough to allow for changes (before investments or commitments to other parties have been made), and that the project sponsor and the technical team enter the process with a sincere commitment to respond to the concerns of the community.

Large development projects or policy reform programs entail changes in life style, relative reallocations of resources, and temporary or permanent costs or "losses" to limited groups in the interest of greater overall benefits to a larger group. Sponsors must acknowledge this and work with the community to draw on community expertise to identify preferable alternatives and find viable ways to compensate the recipients of negative impacts. In this process, it is also important for the project proponents to identify larger groups that will receive benefits and to promote dialogue between them and those who may have objections to the operation. The ultimate goal should be for all affected parties to have a fuller understanding of the trade-off involved so that informed decisions can be made and, if appropriate, compromises can be achieved.²² While the project sponsor and local regulators are primarily responsible for the process of establishing the socio-political viability of projects and programs, the Bank is responsible for verifying this aspect to the same extent that it must verify economic and technical feasibility. The Bank also finances participatory projects at the local level that support the provision of infrastructure and productive activities, and foster local capacity for decision making. However, this power sharing arrangement

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Connor, Desmond M. *Public Participation: A Manual--How to Prevent and Resolve Public Controversy*. Connor Development Services Ltd., Victoria, BC, 1997.

is not necessarily required or even appropriate in every Bank operation.

Each operation presents a unique set of issues and contextual characteristics that may require different approaches for effective participation. In view of that, the Bank could achieve effective participation in the sphere of operations development by adopting guidelines for the design of project specific consultation and/or participation activities tailored to the characteristics of each operation, and to the socio-cultural profile of the affected community. These guidelines should take into account the nature of the issues involved, the relative power of the affected parties, the availability of alternative solutions, and local systems for consensus building, dispute resolution, and assessment of compensation or remedies for damages. The resulting process should be designed to identify all stakeholders and to inform them as well as to learn from them about the resource shifts, the opportunities and the possible undesirable impacts of each operation, and to incorporate the views and possible contributions of stakeholders in the analysis of the costs and benefits, the design and the mitigatory actions proposed. Currently, the political sensitivity of this issue is compounded by the practical difficulties of defining objective criteria to evaluate socio-political viability. This leaves the project evaluation process exposed to information and resource gaps as well as political maneuvering and creates uncertainty for project sponsors, shareholders, Bank staff and stakeholders.

2. The Bank as a proponent of development policies and strategies:

Venue: international, regional, national, local (multilevel).

Leadership in the consultation process: Bank technical staff (in consultation with all levels of management).

Bank's roles: (1) obtain input to evaluate proposals and identify state of the art approaches to development problems; (2) initiate and support consultations at the regional and sub-regional levels with a broad spectrum of stakeholders in the public and private sectors; (3) adopt, disseminate and implement the best feasible policy or strategy.

Instruments: Bank-NGO consultations on proposed strategies; ad-hoc consultative meetings, permanent national or sub-regional advisory groups, expert workshops, focus groups, Internet

Topic: proposed policies and strategies.

As a source of technical information on development strategies and best practices, the Bank has an obligation to utilize all practical means to obtain state-of-the-art information to improve the quality of these products. This technical due diligence encompasses consultation with regional experts and groups with knowledge of local needs and conditions. The challenges for the Bank in this context are to avoid excessive influence by well-organized groups and to find practical ways to include the views of excluded groups in view of cultural, social and geographic barriers.

The Administration has begun to implement basic guideposts for consultation on sector strategies. A recent example is the broad-based consultation on the profile of the Bank's Strategy for Local Government Development that sought comments and suggestions from CSOs in the LAC region

and utilized the Internet, as well as local communications channels and focal groups.²³ This experience demonstrated that a cost-effective process could reach a broad group of stakeholders who can contribute constructively to the development and validation of proposed initiatives.

3. The Bank as a partner in governance and planning at the national level:

Venue of consultation: national, state, municipal, watershed, ecological zones, etc.

Leadership in the process: national and local decision-makers.

Bank's roles: (1) encourage and support planning efforts as pre-investment for specific projects and as a joint priority setting exercise; (2) contribute to planning with expertise and strategic inputs, where possible, and by fostering consensus-building mechanisms; (3) ascertain the viability of the plans, including rationality of resource allocation, fair consideration of the interests of affected groups, and potential for implementation; (4) contribute to implementation through specific operations; (4) strengthen governance institutions and capacity.

Instruments: Best practices dissemination, state reform and civil society development operations, pre-investment programs, facilitation services, use of advisory groups as resources.

Through its programming cycle, the Bank engages in a dialogue with borrowing member countries (BMCs) on development priorities, sector policies and overall planning and governance issues. In this sphere, it is important to distinguish between the Bank's own policy development and programming processes and local decision-making processes. As a provider of funds the Bank has a fiduciary responsibility to make sure that these funds support sustainable programs whose returns are sufficient to cover the obligations of future generations to pay back the loans. This sustainability depends on the soundness of projects and policies as well as on the willingness and capacity of those affected to withstand the costs, sustain the implementation and distribute and/or invest the benefits. This commitment in turn depends to a great extent on the understanding of tradeoffs among policies and on the consensus among winners with different stakes and losers.²⁴ Therefore, the Bank needs to seek ways to ensure that its programs and policy initiatives are viable and sustainable. The broad nature of the issues and the large number of stakeholders involved call for proactive and creative solutions that create opportunities for diverse groups to be part of the Bank decisions that influence their lives. In this context the Bank has been supporting sector policy dialogue processes at the local level,²⁵ and is also experimenting with the

23 The consultation was carried out with support from Inter-Action, an umbrella group of NGOs, along with Partners of the Americas and the Esquel Group Foundation. More than 125 CSOs from 14 countries in LAC participated.

24 If funds support failed policies or end up financing capital flight at overvalued exchange rates, over-exploitation of natural resources, or other outcomes with higher costs than benefits, borrowing today will impoverish rather than enrich future generations. (See Stiglitz, Joseph E. "The Role of Participation in Development." *Development Outreach*. The World Bank Institute, Volume One, Number One, Summer 1999. pp. 10-13.)

25 These initiatives include: Citizen Security in Rio de Janeiro, Chile, Colombia, Uruguay and Central America; HIPIC; social dialogue in Argentina and Brazil in the context of structural adjustment programs; meetings focused on the participation of civil society organizations in Bank financed projects and programs; civil society capacity building projects in the Dominican Republic, Jamaica, Mexico and on a regional level; and a series of innovative projects in Brazil, Argentina, Guatemala, Venezuela and Bolivia designed to put into practice the complementarity and reciprocity between the efforts of the State and civil society and a regional dialogue on "Development for All."

establishment of civil society advisory groups at some country offices as a means to maintain an ongoing dialogue on policy, program and project issues with local stakeholder groups.²⁶

As far as participatory planning processes at the local level are concerned, the Bank should continue to support initiatives that support these processes in the context of its projects (such as municipal development, neighborhood improvement, watershed management, Social Investment Funds, etc.). This would include continued support for government initiated efforts to achieve participatory reforms at the national or local level, as a reflection of the commitment to accountability and openness by governments that recognize the value of participation as a means to build credibility, seek broader support and promote political stability. At the request of BMCs the Bank, as it has begun to do, should work with local institutions in all branches of government to enhance the capabilities of public entities and civil society to engage in participatory decision-making, and to support transparency and accountability in public administration. The Bank should also continue to disseminate best practices on the development of institutions of horizontal and vertical accountability that support BMC efforts to consolidate democratic governments and the rule of law and to support CSOs directly under the terms of programs approved by its shareholders.

V. Principles of Participation in Bank Operations and related issues²⁷

In order to consolidate its efforts and assure the quality of public participation as part of its due diligence process, the Bank needs to explicitly adopt basic principles of effective participation and consultation and to consider the institutional and operational constraints facing the Bank itself, project sponsors and civil society. The *Strategy for Public Participation* eventually implemented by the Bank must be designed as a source of added value and not merely a set of formal requirements. The key principles and associated issues are discussed below.

A. Inclusiveness

Full participation by those affected by development issues is essential to achieve development solutions that are equitable, lasting and sustainable. A sound participatory exercise starts with the identification of stakeholders-- those directly and indirectly affected by an initiative, as well as others who have the ability to influence the outcome of the project or policy, in a positive or negative way. It is important to make a special effort to include women, indigenous people, youth, racial and ethnic minorities, low-income groups and other traditionally marginalized groups, and also to engage the for-profit sector.

The issue of representativeness often arises in this context, especially with respect to large and diverse groups. **The challenge consists in reaching a cross-section of all types of stakeholders, particularly those that tend to be excluded, in order to ensure that participants in the process adequately reflect the full spectrum of interests in the affected communities.** This

26 CS Advisory Groups were informally established in the Country Offices in Argentina, Colombia, Guatemala, Mexico and the Dominican Republic. Their experience is being studied to enhance a proposed framework for the establishment and functioning of these groups in each Country Office.

27 This section includes inputs received from specialists Jonathan Renshaw and Maria Augusta Espinoza.

may require going beyond vested authority of political office, and strict “legal representation,” in order to avoid excluding less organized groups of stakeholders from the consultation process, as these tend to be the most vulnerable sector of the affected communities.

Practical solutions to these issues might include the preparation of **socio-cultural profiles** of the affected communities in order to identify key relationships and structures, so that spokespeople can be identified and conflictive interests, if they exist, can be discovered early enough to allow for the identification of alternatives, common ground, and acceptable and cost-effective compensatory measures. This task is more difficult in the program and policy context where the affected groups are geographically disperse and can be even more diverse. But because policies generally imply a change in behavior of several affected actors, policy proponents also have a higher stake in obtaining full information, and in promoting ownership among stakeholders.

Direct public participation initiatives complement, without replacing, political and technocratic decision-making, providing a fuller and more balanced sense of all implications of a development initiative that enables planners and decision-makers to understand the different values of specific groups and potential conflicts between them, and to reflect these values in making plans and decisions.²⁸ In this process, the Bank and the Government would act as partners, with the Government (along with private project sponsors) taking the lead, and the Bank acting as a facilitator and providing support. Under this process of “sanctioned participation,” program sponsors engage the stakeholders in a dialogue to identify objectives and set rules, processes and discussion themes, in order to reduce conflict and identify consensus for action. Sanctioned participation processes in Bank operations and in other development activities would make project sponsors less vulnerable to hidden risks and confrontational attitudes and create opportunities to expand the realm of available solutions. Public consultation processes, when conducted in this manner, operate within the context of local and national politics, and support that process by providing objective information, strengthening the capacity of civil society to engage in reasoned debate and encouraging the participation of marginal or minority groups.²⁹

B. Scope

Democratic principles as well as the data regarding the effects of participation on development efforts support the need for individuals to have the right to influence the decisions that affect their lives. Broadly participatory processes (such as voice, openness and transparency--in addition to electoral processes, and rights of redress through adjudication) play a key role in the promotion of truly successful long-term development and economic growth by enhancing the likelihood of support for long-term maintenance.³⁰ Therefore, it is appropriate for the scope of participation by stakeholders to be comprehensive, covering the design, implementation and evaluation of projects, policies and programs, as appropriate for the particular circumstances of each case.

28 *Manual on Public Participation*. The European Bank for Reconstruction and Development, Environmental Resources Management, London, December, 1995. p. 77.

29 See Zazueta, *supra*, at n.14.

30 See Stiglitz, *supra*, at n. 24.

Consultation is needed and participation may be required when a project, policy or program will generate significant changes in the life of a community or groups within it. Programs whose success is based on institutional or behavioral changes, and/or significant changes in policy, require extensive consultations at the local, regional and often national level, and collaborative decision-making with those who will be responsible for designing and implementing the proposed changes, and parties that will be affected by their implementation.³¹ This is particularly important when: (a) an operation is likely to produce a significant reform in country policies (e.g., agricultural and land reform, water rights, funding for the private sector, natural resources management, health and social security, tax reforms, subsidy reforms); (b) an operation has potentially significant environmental and/or social impacts; (c) affected groups are diverse, and/or include low income groups, indigenous populations, or marginal, vulnerable or excluded groups with limited bargaining power; and/or (d) local access to information and means of redress--- through economic compensation, legal recourse, or other peaceful and legitimate means-- are limited.

One challenge consists in separating the participatory process from local party politics. This is especially difficult in the case of policies, strategies and sector loans that are conditioned on legislative or other reforms. In these cases, a possible approach would be to provide an objective, non-partisan analysis of the costs, benefits and risks associated with the proposed changes, that can be used to inform but not directly to influence, the parallel political debate. Consultation would focus on the technical discussion of the policy reforms, fiscal tightening or other adjustments. The analysis and technical issues should be made accessible to the public and explicitly address the social costs as well as the wider benefits that are expected from the reforms.

Another challenge is to define the appropriate process and scope of stakeholder participation in each phase--design, implementation and evaluation, including monitoring-- in light of the capacity of different groups to share responsibilities, the need to monitor and adjust results, and other operational concerns including those discussed below. As a result, guidelines for participation due diligence in Bank projects should include differentiated approaches that take into account a typology of projects and socio-cultural contexts as they relate to the need and feasibility for different participation processes.

C. Timing

Participatory processes need to take place when civil society input can still make a difference in the design and/or on the decision to implement a project or policy, or at a minimum, when that input can be incorporated in the proposal directly or as a complementary or compensatory action. For the Bank this translates into the early stages of policy, strategy or project preparation.

The key is the inherent tension between the need to have enough information for a meaningful discussion and the need to start early while options are still available and parties are less invested financially or emotionally in any particular outcome. There is also

31 Forster, Reiner. "GTZ's Experience with Mainstreaming Primary Stakeholder Participation." Contribution to the International Conference on Mainstreaming and Upscaling Primary Stakeholder Participation--Lessons Learned and Ways Forward. The World Bank. Washington, D.C., November, 1998

a concern that early consultation may raise expectations or encourage opposition. A sound participation plan based on a preliminary stakeholder analysis can identify these issues and address them in the design of the material to be distributed and of the participation process itself. Starting early promotes trust and allows for potential problems to be placed on the agenda and analyzed more fully. While this may imply costs and delays in project preparation, it should lead to projects that are easier to execute, because they are based on better information and have community acceptance and support.

D. Quality of Information³²

Public access to information is a pre-condition for an effective consultation or participation process. Support documents for meetings need to be available in advance, so that participants can prepare sound advice and comments in response. These documents need to include a project description with sufficient detail to enable stakeholders to identify issues and impacts, as well as the proposed agenda for any meetings and a list of invitees.

The challenges in this area consist in presenting information in appropriate form and content and through effective channels, so that it is accessible to all stakeholder groups. When disseminating information, levels of literacy, local languages, and local methods of inter- and intra-community communication need to be considered. In addition to language and location issues, it is important to consider the use of visual aids and lay language to explain technical concepts, and to choose socio-culturally appropriate means to impart information to the various groups of stakeholders. This may be addressed by engaging communications experts as well as local leaders who understand how to elicit responsive feedback from the community. IDB in-country offices, local NGOs and government agencies can assist with this task.

E. Process appropriateness

The participatory process needs to be designed in a manner that ensures that affected parties can receive and provide information and feedback, as well as engage in bargaining, negotiating or sharing control of decision-making, according to the circumstances of each case. Meaningful feedback depends on the capacity of local communities and NGOs to formulate constructive responses, and on community perception of the importance of the issue at stake, and confidence in the regard being given to its input. **The challenge in this area is to establish a process that engenders confidence in its fairness and in the legitimacy of the results. Additionally, where a multiplicity of views is expected, it is important to set clear guidelines for decision-making from the outset,** such as consensus mechanisms and/or deference to the authority of the project sponsors or of the targeted beneficiaries.

At the operational level, the goal is to represent different perspectives in a balanced manner by taking into account the relative mobility, resources, technical capacity and power relationships among participants, and enabling different actors to participate. The best way to address these

issues is through the identification of existing local organizations and networks that are familiar with the substantive aspects of the program, and, more importantly, are able to mobilize the community. Longer time frames may also be needed to broaden participation and allow for iterative consensus building processes.

Ways to accomplish these goals include holding consultations *in situ* (visits to communities and stakeholders, such as farmers, fishermen, etc.; small community meetings, including formal and traditional leaders). It is important to acknowledge the interests expressed by participants, and to encourage vigorous participation by all, including project proponents and Government agencies.³³ Meetings should be designed so that the different issues raised by stakeholders can be addressed or referred to an appropriate channel, as they might include items as diverse as environmental issues (flooding, drought), social items (resettlement, indigenous land rights, health, education, gender), economic issues (community development programs, job opportunities for locals), etc. If conflicts arise or are expected, mediation, facilitation and other appropriate services can be made available if the parties agree to be flexible and are committed to seek agreements.³⁴ This could include the services of a third party neutral, or more open negotiations where the parties would discuss the difficult issues until they reach consensus or form alliances toward more balanced results. Alternative channels and outcomes may need to be included to address unresolved conflicts.

F. Accountability³⁵

The consultation or participation process must be transparent and require the responsible decision-makers to take the opinions and inputs of participants into account. **The challenge here is to establish and implement cost-effective procedures that facilitate the processing and internalization of inputs and create accessible records and adequate independent review processes.**

There are several ways to implement accountability mechanisms. The sponsor, the Government and/or the Bank, can assign a focal point to be responsible for coordinating the consultation activities, keeping records and reporting on the results of the participation process. Sometimes service providers (individual consultants or firms) can be hired to carry out this task, but care needs to be taken to ensure that the personnel in charge of the process is able to work effectively within the social or cultural context. To avoid civil society dissatisfaction with the process, the Terms of Reference to carry it out need to be carefully prepared with input from citizens and social experts who are familiar with the stakeholder communities.

In complex cases, inputs need to be organized, classified and made available to the public in writing. It is advisable to prepare and distribute a final report on the participation and consultation activities that: (a) describes the issues identified, (b) summarizes the positions of each group of stakeholders, (c) describes how each issue was resolved, including the process and the reasons for the decisions taken; (d) includes a list of the organizations and stakeholders consulted; (e) documents any agreements made by Government officials, the Bank, NGOs and other civil society

33 Connor, at n. 22 *supra*. (General reference).

34 *Id.*

35 *Id.*

sectors during the process; and (f) articulates any arrangements for independent monitoring of implementation. This allows civil society to evaluate the results and the responsiveness of the sponsors and builds the credibility of the participation process over time.

G. Coordination

In order to improve the consultation or participation process, the Bank and civil society must find ways to overcome the limited level of coordination between civil society actors and between civil society, the Bank and eventually other donors. **The issues to be overcome in this area relate to the challenge of ensuring representativeness and providing inputs in a timely manner, as discussed earlier. This is even more difficult in the context of a broader discussion of policies and programs at the national level.**

In this area, it would be useful to establish or consolidate in-country civil society advisory groups and networks. The main goals of these advisory groups, especially in the beginning, would be to improve communications between CSOs, the Government and the Bank, ensure interest, ownership and commitment by civil society (NGOs and CBOs), and develop a relationship of mutual trust. Additionally a rotation system could be devised to widen representation, and advisory groups could function as networks to mobilize local experts and stakeholder groups to discuss specific issues on a case by case basis, or to coordinate the actions of local level groups.

H. Efficiency

Participatory processes may add time to decision-making processes and require skills and resources that add costs to operational and policy initiatives. Although these costs are an investment that yields better and more sustainable results, it is important to balance the need for participation with the need for efficient allocation of resources and competitiveness of Bank products in the market place. **The challenge is to achieve this balance in a manner that ensures that the basic principles of socio-culturally appropriate, meaningful and inclusive participation are upheld.**

The Bank needs to adopt guidelines that help staff and borrowing member countries determine the cost-effective level and methodology for consultation or participation in each case. In addition, the Bank needs to establish criteria for allocating responsibilities for the costs of these activities and consider how project, technical cooperation, PPF or administrative budget resources can be applied to fund these efforts.

VI. CONCLUSIONS

To fulfill the mandate of its shareholders and to adhere to best practices in public participation, the Bank needs to adopt a clear set of public participation principles as part of a *Strategy for Public Participation*. The *Strategy* should include an Action Plan for implementation, including staff training, operations review, resource allocation and program initiatives that expand public participation. This will require the Bank to revisit the balance between its commitment and disbursement goals and the qualitative objectives of project sustainability and ownership. The need to reconcile these goals is a major factor in determining the Bank's ability to take advantage of lessons learned in the areas of consultation and participation on a more systematic basis. Not addressing this issue may result in ad-hoc and reactive approaches to public participation processes that would risk inconsistency in policy application and leave Bank staff vulnerable to pressure and criticism, and Bank projects vulnerable to underachievement. What is needed instead is a strategic framework that is shared by the Bank community, and supported by readily available guidance and by institutional mechanisms that assure flexible, skilled and reasonably consistent application.

To be successful this application will have to take account of the tradeoffs between the costs of consultation and/or participation, such as budget, time, and human resources, and its potential benefits, such as better information, conflict avoidance, fair treatment of affected communities, and ultimately commitment, ownership and sustainability. In determining the appropriate balance, Bank staff needs to take into account the characteristics of each situation, such as: the significance of the intended and unintended impacts, the complexity of the socio-cultural composition of the affected communities, the availability of development alternatives, and the existence of local mechanisms that ensure access to information and to participation and accountability processes. This determination must be informed by process safeguards that ensure the adequate consideration of the relevant factors, and by substantive principles that establish acceptable limits and promote the ultimate objectives of equitable treatment of stakeholders and supportive environments for development interventions in the short and long runs. To operationalize these objectives the following steps are proposed:

- (a) Establishment of an inter-departmental working group headed by SDS to:
- Review the Bank's experiences in public participation in order to: (1) identify lessons learned; (2) gather the views of internal and external stakeholders; and (3) assess the capacity building needs for Bank staff, executive agencies and Civil Society. This process should include workshops and the preparation of systematic data that can be updated as well as case studies on participatory activities;
 - Draft proposed policy principles in a *Strategy for Public Participation* in Bank activities;
 - Identify additional opportunities to support the strengthening of civil society, governance, accountability and public participation in local planning;

- Prepare an action plan for the gradual and full implementation of approved participation principles, guidelines and mechanisms, including developing or enhancing institutional mechanisms and installed capacity, such as focal points, CS advisory groups at the country level, good practices dissemination, etc.;
 - Support and oversee implementation of the action plan, particularly with regard to staff training and quality assurance.
- (b) Establishment of a consultative group, with the participation of CS, to:
- Review, discuss and provide inputs on proposed participation principles and recommendations for guidelines;
 - Through a consultation process, promote consensus regarding the scope and means for participation in each sphere of Bank activity;
 - Build capacity and support for the enhanced consultation/participation process;
 - Agree on mutual accountability mechanisms.
- (c) Development and approval of a *Strategy for Public Participation* in Bank activities that provides:
- Agreed definitions of public participation and its stages and elements, and enunciation of policy principles;
 - A framework for operational guidelines regarding public participation in specific operations;
 - Options for public participation in the formulation of Bank policies and strategies at the sector level;
 - Recommendations for enhancing Bank support to Civil Society and Government in expanding their own capacities to internalize local participatory processes; and
 - Institutional mechanisms for quality assurance, including staff incentives, support and information systems, capacity building, internal and external accountability mechanisms, information disclosure, reporting, monitoring and evaluation.
 - An action plan to implement the above.

ANNEX I—EXAMPLES OF PUBLIC PARTICIPATION IN BANK ACTIVITIES

I. PROJECTS: The Bank as a source of project financing

The Bank has adopted a number of consultation and participation measures in the context of specific operations with differing degrees of success. Examples of these include:

1. **Comprehensive consultation and participation strategies in the context of dynamic transportation corridors.**

The project for the development of the road corridor between Santa Cruz and Puerto Suarez (BO-0036), currently under preparation, includes, as part of the environmental impact assessment and related processes at the strategic and more specific levels, an ample multicultural consultation process. The process takes into account the cultural and ethnic diversity of the stakeholders, their levels of education and the need to provide logistical support to enable isolated and vulnerable groups to participate. The Government of Bolivia has established a special *Participation and Consultation Committee* integrated by representatives of indigenous and small farmers' organizations, municipal governments, civic committees, local organizations and national and international NGOs. The Committee meets monthly to discuss the program and is chaired by the Vice-minister of the Environment. The work of the Committee is part of the Preparation of an action plan that includes the following programs as components: permanent participation and consultation, land tenure regularization and titling, development plan for indigenous peoples, management of protected areas, program of incentives to sustainable development, community development, institutional strengthening, environmental education, and a regional system of institutional socio-environmental management. The execution phase will include a stakeholders' *Ombudsman* within the project execution unit, as well as independent auditing.

This latest effort builds and improves upon prior experiences in the context of other transportation corridor projects, such as: the Project for the Protection of the Environment and Indigenous People (PMACI) in the context of the construction of the Rio Branco-Porto Velho Highway project, the Southern Highway in Belize and the related regional development plan, the regional development program for the Darien in Panama, and the construction of the Bolivia-Brazil gas pipeline.

2. The employment of participatory approaches in projects designed to support local development initiatives.

There are many recent examples of this approach that has become almost institutionalized in the context of projects designed to support investments at the sub-national level. In addition to the inclusion of participatory community planning in second and third

generation Funds for Social Development, specific examples include:

- (a) The Zona da Mata Development Program in Pernambuco (BR-0246) and the Agrarian Reform Settlements Consolidation (BR-0274), both currently under preparation in Brazil. These programs, finance the execution of investments supported by the local population as identified and prioritized through participatory planning exercises in which citizens and municipal authorities take part.

- (b) Programs aimed at fostering entrepreneurial opportunities for local communities, while balancing competing interests and promoting sustainable management of natural and cultural resources. In the Program for Sustainable Tourism Development (BO-0174), currently under preparation, participatory, multidisciplinary and gender focused workshops in three pilot areas were carried out to facilitate the definition by direct and indirect beneficiaries of the type of tourism activities the communities are interested in developing under the program. In the Sustainable Development Project for the Pantanal (BR-0249), also under preparation, advisory panels at the federal ministerial, state and sub-project levels have been established, with the participation of representatives of stakeholders according to their areas of interest in each subproject. These committees are designed to provide specific guidance during program execution and to function as oversight and follow-up mechanisms. In addition to the committees, the project preparation included several civil society participation events (at least 20 with the participation of more than 800 persons) and the execution will also include focused consultation with indigenous peoples, as well as ample dissemination of information on the project including budget execution. A pioneering project in this area was the Coastal Resources Management Program (EC-0037 approved in 1993—913/SF-EC) which supported the pilot implementation of local plans for coastal zone management in 5 selected strategic Area Management Zones, where residents had been involved in participatory development processes for several years. The Program also sought to establish the basis to expand this model through environmental research and monitoring and institutional strengthening.

II. STRATEGIES: The Bank as a proponent of development policies and strategies ³⁶

36 Mandiburu, Marcos. *Consultation with Civil Society on the Inter-American Development Bank's Strategy regarding Local Government Development--A Review Report*, prepared for The Esquel Group Foundation for consideration by the Civil Society Forum on the IDB and the Social Programs and Sustainable Development Department of the Inter-American Development Bank, September 1999.

In 1996, several US-based non-governmental organizations formed an NGO Working Group on the IDB, which later became the Civil Society Forum on the IDB. After the Bank's annual meeting in Buenos Aires, the working group initiated a dialogue with the Social Programs and Sustainable Development Department (SDS) through which an agreement was reached to develop a process for the consultation of Sector Strategy documents. This agreement permitted civil society organizations (CSOs) to make comments on Profiles and the Strategy Papers. The consultation process started with the Energy Strategy, closely followed by the Labor Strategy in the second semester of 1997, and the Local Government Development and Rural Finance Strategies during the second half of 1998. As stated in the final report on the consultation, the Local Government Development Strategy marked the "first time that the Bank...actively sought a wide spectrum of views concerning its policy or strategy positions at such an early stage of their formulation."

The process was coordinated by the Esquel Group Foundation and Partners of the Americas, and although the response rate is not known, over 100 participants in more than 14 countries provided comments. An evaluation of the consultation process carried out for EGF found that the consultation process was successful in that it was transparent, relevant and made effective use of existing networks. Important factors in this success included: (a) SDS and the Civil Society Forum on the IDB agreed at the outset on a general framework of the consultation process; (b) the self-selection criteria for participants was determined by the coordinating CSOs; (c) there was substantial CSO commitment of financial and in-kind resources, and (d) the consultation process was decentralized and involved in-country coordinators and local meetings where rich exchanges of points of views took place. Areas noted for improvement included the need for the IDB to mainstream participation in order to involve its several units, especially the country offices, in an ongoing dialogue that would help CSOs, NGOs and civil society in general to understand the nature and flow of Bank documents, to remain motivated and committed to participate actively and to establish mutual support and follow-up mechanisms.

III. COUNTRY PROGRAM AND RELATED DIALOGUES: The Bank as a partner in governance and local development planning.

The Bank has undertaken several initiatives to include Social Policy Dialogues in its country programming exercises, in order to: (a) integrate economic and social considerations and generate a long term social investment agenda; (b) promote cooperation between civil society and government in the management and implementation of policies; (c) generate knowledge, consensus and ownership with respect to policy formulation and implementation; and (d) improve the quantity and quality of information available as the basis for the design and evaluation of local policies as well as IDB country programs. Efforts in this area have included: social policy dialogues in Costa Rica, Guatemala, Honduras, Ecuador and the Dominican Republic; national poverty dialogues in Mexico and Brazil; and citizen safety dialogues in Rio de Janeiro, Brazil and in Chile.

Additional dialogues on the intergenerational transmission of poverty in Honduras and Costa Rica and on citizen safety in Nicaragua and Peru were under consideration at the end of 1999.