

CITIZEN PARTICIPATION IN THE ACTIVITIES OF THE INTER-AMERICAN DEVELOPMENT BANK

DOCUMENT FOR DISCUSSION

OCTOBER 27, 2000

The present document sets forth the basic concepts and guidelines that would be incorporated into the Strategic Framework on Participation. It is based on the preliminary study done in the Sustainable Development Department (SDS): "Towards a Conceptual Framework for Public Consultation and Participation" (March 2000), which was submitted to many organizations of civil society (OCSs) for consideration and consultation, and placed on the Bank's web page. The contributions received include the document "Putting Participation into Practice at the Inter-American Development Bank," prepared by the Bank Information Center (BIC) in consultation with a network of OCSs in the region; the comments of a network consisting of the Instituto Internacional para el Ambiente y el Desarrollo (International Institute for Environment and Development, or IIED-AL) of Argentina, DESCO of Peru, and FUPROVI of Costa Rica, and inputs from the discussion with representatives of Latin-American civil Society Organizations in Cartagena de Indias, Colombia, during the V Ibero-American Meeting of the Third Sector.

Contents

I.	THE IDB AND CITIZEN PARTICIPATION	1
II.	GUIDELINES FOR THE BROADENING OF CITIZEN PARTICIPATION.....	5
A.	The spheres of priority activity.....	5
1.	Bank's contributions to the definition of LAC Countries' development agendas.....	5
2.	Formulation of the Bank's strategies	6
3.	The Bank's operations	6
B.	Responsibilities and principles	7
1.	Responsibilities	7
2.	Principles of responsible management in participation in the context of the Bank's activities	7
C.	Instruments for participation	8
1.	Early identification of opportunities for and needs of participation and of the groups to be involved	8
2.	Mechanisms for effective inclusion	9
3.	Access to information.....	9
4.	Reinforcement of capabilities	10
5.	The Bank's internal processes.....	10

ANNEX I

ANNEX II

I. THE IDB AND CITIZEN PARTICIPATION

The far-reaching changes taking place in the countries of Latin America –democratization, economic reform, redefinition of their international role, decentralization, and the impact of the new information technologies and globalization– have entailed a substantial revision of the roles of government and of the different sectors of society. Another factor contributing to this process, has been the emergence of a broad consensus on the importance of certain issues on the development agenda such as the environment, gender, ethnicity and social structures that are a basis for exclusion.

The countries of the region are making great efforts to strengthen their democratic systems while at the same time promoting economic and social development. These efforts follow different paths and proceed at different paces, and are not exempt from obstacles and difficulties; on the whole, however, the countries' development models recognize the inseparability of democracy and economic and social development. This bond was clearly established by the Bank's member countries in the basic document of the Eighth Replenishment, and subsequently in the principle that "there is a direct relationship between economic development and the quality of the government process."¹

In this context, citizen participation is of growing importance, both in respect to ideas about how it can contribute to the strengthening of democracy, and about the processes and mechanisms that can be used to achieve development goals in the region. Indeed, participation enhances the quality of development policies, which in turn contributes to the consolidation of the democratic system. In consolidated democracies public policies are more sensitive to the demands, aspirations, interests and opinions of citizens, and hence development policies and projects are more responsive to those demands and interests, especially to those who have traditionally been the victims of economic, social or cultural marginalization. For this reason, the Bank attaches great importance to programs and projects that support the consolidation of democratic systems.

From a different perspective, there is a clear connection between citizen participation and the Bank's activities and objectives, participation being defined as the set of processes by which the stakeholders exert influence on the decision-making process related to those activities and on their implementation.

- As established in the Eighth Replenishment document, it is essential that the public policies of countries be the product of a dialogue among national actors and be grounded in a broad and durable consensus. This ties in to a line of thinking in which democracy is conceived as a product of the connection between political representation mechanisms and citizen participation. Indeed, citizen participation contributes to the ongoing renewal of the legitimacy of democratic institutions: the processes of strengthening citizen participation complement those aimed at strengthening democratic institutions.
- The incorporation of participatory processes in development projects offers advantages and benefits in terms of efficiency, effectiveness, equity and sustainability that have been extensively documented. (see Annex I).

- Restrictions on participation are exclusionary in their effects because they make it impossible for sizable segments of the population to influence policies, programs and projects that affect them.
- International organizations are bound by principles of openness and accountability to the institutions and citizens of their member countries similar to those that apply to the governments. As indicated in the document of the Eighth Replenishment, “the Bank is directly responsible to its member governments and indirectly to their parliaments and citizens.”²
- Lastly, modernization of the State, one of the priority areas of the Bank’s institutional strategy, entails “a complementary and reciprocal process of strengthening civil society.”³ Indeed, inherent in the concept of civil society is the idea of citizenship, and citizens act both individually and through community groups and other organizations, some of them with little or no formal structure. From this perspective, the concept of civil society denotes more than the set of organizations comprising it; but it includes non-governmental organizations (NGOs), labor unions, political parties, employers’ associations, churches, community organizations, academic institutions, etc.

Moreover, a cooperative and complementary approach between the State and civil society in regard to participation is particularly relevant given the political conditions in previous decades, in which relations between the two were characterized by limited cooperation, and in some cases by mistrust and lack of understanding. The weaker the democracy, the greater the potential for open conflicts to erupt between social actors and, generally, the mechanisms for resolving them will be more imperfect. In the long run, participation helps narrow the range of unresolved conflicts.

Citizen participation in the Bank’s activities must take into account that its shareholders and principal clients are the governments of its member countries. In each country the dialogue with the government, which is the primary interlocutor, provides the basis for its activity. It is no less true, however, that as an effect of the changes referred to at the beginning of this document, other actors, including a variety of organizations of civil society, have emerged as frequent interlocutors of the Bank in different ways both in the framing of its sectoral strategies and in the definition and implementation of its activities in each country.

There are different ways of channeling participation and they are applied in different combinations and degrees in different situations. For example:

- The availability of information can contribute to a better understanding and acceptance of activities by affected populations, and also invites the citizens, both individually and through their organizations, to express their views and make recommendations, thereby giving those activities the benefit of additional viewpoints. The importance of this information must be emphasized because it is this that opens the door to participation.⁴
- Consultation makes it possible to identify and take into account the preferences of the concerned groups in the stage of preparation of the diverse activities;
- Participation during implementation and evaluation can help to ensure that the benefits actually reach groups that are usually excluded, and to strengthen the capacity of stakeholders, reduce costs, heighten the sense of ownership by the participants in the activities, and lay a foundation for better evaluation which can benefit future activities.

- Participative mechanisms for the settlement of disputes can help minimize their impact on the groups involved and in general on the attainment of the objectives of the activities.

Participation is based on dialogue with and among the stakeholders, and is most effective when they are brought in early and involved continually. When the persons and entities concerned take part in the process from the beginning and feel that their inputs affect the results, they are more willing to invest economic and human resources, and in so doing help to improve the quality and sustainability of the operations generally. Moreover, it is widely accepted that when the parties concerned participate the decisions are generally perceived as more legitimate and encounter less opposition.⁵

Because of the foregoing the Bank has long been employing several mechanisms with participatory features, which has enabled it to “learn by doing” and to build up valuable experience. Among these mechanisms the following can be mentioned (see Appendix II):

- Procedures for consultation on projects with environmental or social impacts as well as those involving population resettlement.
- Guidelines on the participation by stakeholders in social investment funds, as well as directives in numerous projects that require the participation of stakeholders and/or diverse civil society organizations (CSOs) in their implementation.
- Other loan operations and technical cooperation that include innovative mechanisms to explicitly promote citizen participation.
- Consultations in respect to sectoral strategies.
- Many initiatives of dialogue about public policies.
- Numerous meetings with civil society, government and the private sector, several of which resulted in the setting up of standing arrangements for contact between the Bank and the CSOs.

It may be concluded from the Bank’s experience that participation is an important and valuable component of its activities. The Bank then faces an opportunity to capitalize on its experience and that of other international institutions in regard to participatory mechanisms in order to contribute to the strengthening of democracy and development in the countries of the region. Of course, greater participation means the involvement of larger numbers of actors in each activity throughout its various phases. This must be carefully balanced with the Bank’s responsibility to respond in a timely fashion to the needs of its member countries and to efficiently use the resources entrusted to it. Both of these points are underscored in the Bank’s Institutional Strategy which was approved in 1999.⁶

The adoption of a Strategic Framework on Participation will make it possible to expand, strengthen and systematize citizen participation in the Bank’s activities. Various participatory arrangements are already in use, the great majority of which have proved useful in certain cases. Therefore, what is proposed is primarily to strengthen and adapt the use of the existing mechanisms while leaving open the possibility of incorporating new ones in response to changing situations. This requires flexibility and innovation since participatory processes can entail costs in respect to time and resources for all participants, and are conditioned by institutional, cultural and political factors that differ from one country to another (See Appendix I). Hence it is a matter of

systematizing the concepts, criteria and procedures applicable to the different activities in order to:

- Move forward from successful, but isolated experiences, to the establishment of practices that systematically incorporate an appropriate form of participation in each activity.
- Make the Bank's activities and the procedures adopted more effective and efficient.
- Promote feedback from experiences.
- Ensure the necessary degree of transparency in making of decisions.

The Strategic Framework will also guide the Bank in its support of initiatives taken by the governments, institutions and citizens of countries in the region aimed at increasing citizen participation in light of the aforementioned objective of deepening the relationship between democracy and economic and social development.

This document considers how citizen participation influences the attainment of the Bank's institutional objectives, which requires, on the one hand, compliance with its mandates and, on **the** other, ensuring that the benefits and advantages of participation are realized. On the basis of those objectives it identifies the different spheres of the Bank's activity that can be improved by participation. These spheres, which are examined in detail in the next section, are as follows:

- The Bank's contributions to the definition of the development agendas of the countries of Latin America and the Caribbean (LAC).
- The formulation of its sectoral strategies.
- Its operations (loans and technical cooperation).

II. GUIDELINES FOR THE BROADENING OF CITIZEN PARTICIPATION

As previously noted, conditions in the region are such that the Bank, armed with the experience it has acquired, could now move to expand, deepen and systematize citizen participation in its activities in support of country efforts to strengthen their democracies and development processes. It is important to stress that the Bank's primary interlocutors are the governments, and, therefore, the use of participatory mechanisms is a complex matter that must be coordinated with the political will of each member country. Projects, dialogue with the countries, technical cooperation, and other forms of support are provided by the Bank to assist and complement the efforts of the countries and their governments to broaden their democratic processes and to accelerate the process of economic and social development.

Participation in these activities can take different forms, such as opening up access to information, consultation, and collaboration during the execution and evaluation of activities. These forms of participation, which are applied in various combinations and degrees in different situations, constitute a "tool box" of high versatility.

Considering the diverse and changing circumstances in the region, the Bank's Strategic Framework on Participation will define the spheres of action in which participation is to be promoted and will set forth clear principles and defined responsibilities to ensure the integrity of the process. Moreover, the Strategic Framework will be sufficiently flexible to permit the incorporation of achievements, lessons learned and capabilities developed. These elements are essential if the Bank is to act coherently and to be seen to do so by its interlocutors despite the diversity of the participatory mechanisms employed.

A. The spheres of priority activity

The Bank's support for the strengthening of citizen participation must be appropriate to each sphere of its activity, since different spheres have different characteristics in respect their effects, the populations affected, the types of stakeholders, and responsibilities. Hence the methods and instruments for generating participation will vary from one sphere to another. The three major spheres of the Bank's activity, whose scope and complexity call for different approaches to citizen participation, are the definition of the development agendas of the countries, sectoral strategies, and lending operations and technical cooperation.

1. Bank's contributions to the definition of LAC Countries' development agendas

The Bank supports the efforts of the governments to define their development agendas through such instruments as policy dialogue, technical cooperation, and thematic workshops and seminars. The right macroeconomic policies, a prime requisite for growth, will work better if accompanied by a broad national dialogue that leads to a program of social reform grounded in a solid political consensus. These reforms must be geared to the broadening of social programs and to guaranteeing full participation by all segments of the population, especially those that have been traditionally excluded. The Bank realizes that social policy reform is a complex undertaking that must emerge out of the political will of each member country⁷ and depends on the conditions in each. In addition, as previously noted, in recent years the Bank has supported dialogues on social policy in other countries.

Hence the Bank now has a significant amount of experience on which to draw for more clearly defining its own set of methodological concepts and instruments for the strengthening of democratic processes appropriate to each country, involving the largest possible number of actors and contributing to a broad internal political and social consensus. Without an inclusive process it is difficult to undertake transformation and development policies, which by their nature demand great stability over time and strong support from the different social actors. It is necessary, therefore, to review that experience in order to identify its strengths, weaknesses, and possible contributions.

In this way the Bank seeks to strengthen the democratic processes of the countries as such; moreover, development agendas with clear priorities arrived at through consensus will enable the Bank to more clearly identify the areas in which it can support the development of each country through the programming process, which is the coordination instrument between a country's development agenda and the Bank's lending and technical assistance operations in support of that agenda. To the degree that participation is channeled by the means indicated, in the definition of national development agendas and in the formulation of the Bank's sectoral strategies, the programming process with each country is at the same time affected. That is to say, the activities described help make the Bank's primary dialogue with the governments compatible with the need to involve the largest number of social actors in the formulation of the Bank's operational program in each country.

2. Formulation of the Bank's strategies

Strategies are sets of specific activities organized on thematic or sectoral lines. They define objectives for action, outline approaches to a subject, and set priorities. When strategies are explicit they are set forth in documents drawn up by the Management and approved by the Board of Executive Directors of the Bank.⁸ As previously mentioned, the Bank has already used citizen participation mechanisms to support the framing of strategies, such as technical seminars concurrent with the annual meetings of the Board of Governors, and consultations on several sectoral strategies adopted in recent years. In this area citizen participation has been a fruitful source of contributions and provides a solid base of experiences on which the Bank may draw for the consultations it conducts in framing new strategies. Modern information technology and collaboration with other organizations have improved the feasibility of consultations on and participation in the formulation of strategies and policies.

3. The Bank's operations

The Bank makes loans and grants technical cooperation in a broad range of activities, which can include investments for the building of infrastructure, institutional strengthening, setting up credit and social investment funds, the improvement of public services, etc. The work of identifying and preparing those operations is generally shared between the Bank's project teams and the borrowers and applicants/executing entities, and the latter bear ultimate responsibility for the projects and their execution. Recognizing the benefits of participation also noted above, there is a clear general trend to consult increasingly with stakeholders in operations of the Bank. As previously indicated, this is the sphere of the Bank's action in which several forms of participation, such as the availability of information, consultation, and collaboration in the execution and evaluation of activities, have been developed and are in use. Different ways are used to promote participation in recognition of the diversity of local situations confronting the projects.

However, these consultations have hitherto been conducted on a case-by-case basis. In future the Bank will have to extend this practice and adopt criteria for the identification of projects that can benefit from the opinions, comments and recommendations of the stakeholders, and hence will require greater participation and guidelines for decisions on who is to participate, when and how.⁹ A more rigorous “stakeholder analysis” should be introduced in operations.

The foregoing would complement the existing procedures, which for some types of projects require consultation with and participation by stakeholders in different stages of the project, compliance with which is monitored by the Committee on Environmental and Social Impact (CESI). The mandates of the CESI could be broadened so that where appropriate, along with matters of environmental and social impact, it may evaluate whether sufficient consideration has been given in operations to the views of stakeholders.

B. Responsibilities and principles

1. Responsibilities

These spheres of activity differ in regard to the modalities, types of actors, breadth of opportunities and the scope of participation. In each the primary responsibility for the conduct of participatory operations is exercised differently. In operations primary responsibility lies with the borrowers and executing agencies, and the role of the Bank is to encourage and promote the adoption of those participatory processes and to provide technical support. In its strategies participatory processes are a responsibility of the Bank itself. And in regard to development agendas, the responsibilities are generally shared, though in the specific case of policy formulation in the countries the responsibility rests, of course, with the competent authorities. Meanwhile, the Bank for its part will stimulate and promote the adoption of participatory processes. It will also endeavor, in conjunction with the borrowers and executing entities of projects, to identify and support actions that permit the adoption of efficient participation practices appropriate to the given institutional and political situation. The Bank will advise borrowers and executing agencies on effective and efficient ways to generate participation.

Regarding its operations specifically, the Bank is adopting participation as a suitable way to promote dialogue and cooperation among stakeholders in the search for agreements and courses of action that are equitable, efficient and effective. In this way the Bank, the governments and other entities executing activities supported by the Bank are called upon to conduct participatory processes of integrity, in accordance with the principles set forth below and, to the extent possible, to incorporate the results of these processes in the operations. Similarly, stakeholders who participate take on the responsibility to respect the integrity of the process, abide by its standards, and participate in an informed manner, listening to the contributions from other parties to the dialogue and recognizing their needs, resources and limitations.

2. Principles of responsible management in participation in the context of the Bank's activities

In the effort to promote participatory processes in its activities, the Bank will encourage adherence to the following principles:

- **Inclusiveness.** Participation will include the parties that would be affected directly or indirectly by the activity, those who have or can provide relevant information, and those who have the capacity to influence or have an interest in the results of the given activity. They will also include, when appropriate, regional and local governmental authorities and the various

groups, both formally and informally organized, that form a part of civil society. The Bank is cognizant that groups that have been traditionally “marginalized” or “excluded” will on occasion find themselves at a disadvantage for participation. Without taking sides, and respecting the integrity of the processes, the Bank will, when necessary, endeavor to strengthen the capacities for dialogue of these sectors.

- **Pluralism.** The activities supported by the Bank can have diverse effects on different persons, populations and entities. Therefore, the participatory processes of the Bank will seek ways to incorporate the information supplied from the different perspectives and at the same time will promote respect for the views of the different parties and the taking of decisions in the context of democratic institutions of government.
- **Timeliness.** It is contemplated that participation will take place in the different phases of the Bank’s activities, so that the contributions can exert an influence on the design or decisions related to future projects. Special attention will be given to encourage participation early in the design phase and at other key points in the execution and evaluation stage.
- **Openness.** Information provided in the context of the Bank’s participation processes, whether by the Bank, the borrowers, the sponsors of projects or any other of the parties involved shall be distributed proactively and will have “the purpose of permitting and fostering dialogue, be available in a timely fashion and in a form that permits substantive evaluation of the project and its discussion at the appropriate moment.”¹⁰ In any case, under current policy the Bank may not give access to information classified as confidential or sensitive.
- **Efficiency.** To ensure that time and economic resources are put to best use, the modalities, methods and extent of participatory processes must correspond to the scope, sensitivity and complexity of the activity. Thus, the more extensive and complex participatory processes will take place in activities with a higher probability of impact and that affect wider and more diverse populations.
- **Cultural sensitivity.** Participatory processes related to Bank activities will take account of the cultural characteristics of the parties, including, among others, such aspects as systems of social organization, language and gender and will be efficient and suitable to each case.

C. Instruments for participation

To strengthen and facilitate processes for citizen participation in the Bank’s activities, criteria must be defined and methods adopted that make it possible to conduct them efficiently, coherently and systematically. The following five aspects of participation relevant to the identified spheres of action of the Bank merit special attention:

1. Early identification of opportunities for and needs of participation and of the groups to be involved

Different activities call for different forms and degrees of participation, which requires that they be identified early on. The time and resources needed for adequately incorporating citizen participation in the process can then be anticipated, which ensures that funds and time will be allocated efficiently among operations and within each operation.¹¹

The next step will be to identify the stakeholders, the entities or populations whose participation is of greatest importance for the activity. The Stakeholder Analysis is a frequently used instrument in the Bank in the identification phase; methods habitually used in the Bank, such as the logical framework, call for this type of analysis. Hence in many operations this critical element for participation will be available without any significant additional cost in resources or time. Identification is the phase of a project in which objectives are defined, possible problems identified, and capabilities for carrying out the activity are evaluated. In this stage it is necessary to identify the entities, groups or populations who should participate because they are knowingly or unknowingly affected by the project, or may influence it either by lending their support or contributing to its success, or by opposing it.

When the participation requirements and the entities and populations of importance to the activity have been analyzed, the forms that the participation will take can then be defined. To this end it is proposed that an Outline Guide to Participation (of which the Participation Plan used in some projects is an example) be framed for each activity, which would determine when, how and in what degree the different sectors involved would participate. For each phase of the project cycle the guide would indicate how to involve the relevant parties in the project in regard to access to information, consultations, coordination and proactive participation (collaboration). In every case special attention must be given to the particular cultural and social features of each situation so that the methods applied shall be compatible with local practices. It is expected that in most operations the outline guide would result in participation measures that are relatively simple, while the remaining could require a more elaborate participation plan.

2. Mechanisms for effective inclusion

There are different means for involving the different parties that may be grouped in two classes. One class refers to *processes and methods*, such as making information accessible, consultation, and participatory evaluation. The second class refers to *structures*, such as ad hoc committees, consultative groups, and executing agencies and other mechanisms for liaison and consultation. The two classes are complementary and, in general, will both be necessary. For example, it will be advisable to set up a consultative group when it is anticipated that participation will be needed for a long period of time. When identifying structures for participation it will be important to start with an examination of the existing forms of social organization so as to identify sources of support to participatory processes. In any case, the Bank will look for many appropriate arrangements for dialogue and avoid taking on certain groups and organizations as the sole representatives of those involved.

3. Access to information

Participation allows the distinct social actors, with different levels of power, to compete openly and legitimately so that decisions taken will be responsive to their interests. To arrive at processes that provide equitable opportunities for participation, it is important that all participants have access to information that is correct, sufficient and useful, which on occasion may require special efforts on behalf of traditionally excluded groups. Access to information on the subjects under discussion is crucial for all parties involved. Of particular relevance is information on the benefits and costs of a given activity, project or strategy and how these benefits and costs are distributed among the population and relevant social groups.

In the document OP-102 Availability of Information (Disponibilidad de Información) the Bank recognizes that information raises the level of understanding of the Bank's mission and enhances openness and accountability. It also establishes the presumption that the information will be

released to the public, which documents are of a public nature, and the criteria for the implementation of that policy.

Beyond information on the documents that the Bank produces and on its own procedures, participatory processes also require current information on the subjects under discussion and on the different alternatives proposed. In addition, to be seen as legitimate and hence as useful in the participatory process, the information must be presented in a comprehensible manner through effective channels of communication (which on occasion may include the use of local languages) that are credible to the different parties. And when the subjects are controversial, the information is better accepted as legitimate when it includes the views of the different interests represented in the process. Channeling information by already existing means such as assemblies, town councils, public hearings, or mass media can contribute to rapid incorporation of the information into the public debate. The expansion that the Internet has undergone in recent years also offers fresh opportunities for generating, distributing and obtaining information.

4. Reinforcement of capabilities

The effectiveness and efficiency of participation will increase to the extent that the institutional frameworks supporting it improve and to the extent that the executing agencies develop the capacity to produce and divulge information and to conduct participatory processes. Of equal importance is the development of skills for responsible participation by stakeholders. The abilities of stakeholders to identify interests and translate them into proposals, to obtain and assimilate information, to discuss, negotiate, and search for points of agreement are skills that are reinforced gradually by practice, but can also be cultivated by training and instruction, publications, sharing of experiences and seminars. Another way to contribute to the strengthening of capabilities in the countries is to identify and actively use local sources of technical support.

If opportunities for participation are to be equitable, the Bank will have to give special attention on occasion to the development and reinforcement of the skills of populations that lacking participatory capabilities may be affected by its activities. These include indigenous groups, poor campesinos, and low income-earning women and others often referred to as “marginalized” or “excluded.” To the same end consideration will also have to be given to the need for technical support to strengthen the skills of these populations as partners in negotiation and dialogue, and to strengthen their organizational and managerial skills when required for the success of the Bank’s activities.

5. The Bank's internal processes

Granted the principle that participation contributes to the effectiveness of the Bank’s activities and to the consolidation of democracy in its member countries, it is important that the Bank define mechanisms to ensure that its activities take account of and include citizen participation in keeping with the criteria and guidelines established in the present document. To this end a Plan for the Execution of this Strategic Framework will be drawn up. A critical aspect of the plan is that the criteria agreed upon shall be embodied in a set of operational guidelines specific for each sphere of participation.

With specific regard to the Bank’s activities, the participatory processes should be conceptually and operationally reconciled with the Bank’s processes and their several phases. In its operations participatory processes should be reconciled with the “project cycle”, the phases of which include programming and the identification, preparation, analysis, approval, execution and supervision of projects.

Based on the Strategic Framework the Management of the Bank will identify the actions required for their execution and their respective timetable. The plan of execution will tentatively include the following components:

- The drawing up of operational guides, one for each of the three spheres of participation. The guidelines will be advisory by definition, and will be adaptable to each situation and adjusted with experience. The guides will establish the procedures to be followed, the issues for decision and the responsible authorities. In general, a suitable “outline guide to participation” will be considered and adopted at the earliest possible stage of each project or activity. For some projects the outline guide could be a “participation plan” of wider scope.
- Review and adaptation of some existing procedures such as those established by the CESI and, in general, the procedures for operation planning, supervision and evaluation. In addition, the CESI or some other unit will have to be given the responsibility of ensuring that activities are carried out in accordance with the criteria and guidelines established herein.
- Review of the capabilities existing in different units to identify the methodologies available and the aspects that need to be developed or completed, as well as the additional support required in both the central and regional departments.
- The establishment of networks and other channels of communication to permit and stimulate a flow of information on good practices and lessons learned among responsible authorities and stakeholders both inside and outside the Bank.
- Training, instruction and incentives for the IDB personnel involved.
- An estimation of the additional costs, particularly for the preparation of operations.

In determining the different requirements for participation in its activities, the Bank will program its personnel and other resources needed to ensure that the processes are properly conducted. The Regional Departments, project teams, country offices, and executing agencies will need to progressively improve their capacity to put participation into practice.

BENEFITS AND COSTS OF PARTICIPATION

When carried through the phases of an activity, participation improves the design of projects and policies, builds social capital, fosters stakeholder support, and mobilizes additional resources (in money, kind, or labor). Indeed, several experiences have shown that participation can become an important non-financial activity that often makes it possible to undertake ventures, projects and programs of greater magnitude that are possible with the initially available resources alone. There is also ample proof that participative activities are generally more efficient, and more effective in meeting the needs of the targeted populations.

Analyses have also concluded that participation improves governance and democracy at the local level (see Box 1).

Participation also improves the capacities for project execution and contributes to the sustainability of projects, generating benefits beyond completion of the investments. Thus participation contributes to overcome two of the conditions, that have repeatedly been cited as affecting the success of the Bank's projects

Properly carried out participation builds social capital [“enduring unofficial rules and relationships that facilitate coordinated action, allow citizens to undertake ventures cooperatively and for their mutual benefit.”¹²]. As illustrated in box 2, social capital is an important factor leading to sustainability, that is, the generation of lasting benefits.¹³ While sustainability is hard to measure during execution because it relates to conditions in the future, it has been established that factors such as the presence or absence of participation and the consideration of socio-cultural aspects during the formulation and implementation of a project correlate directly with the durability of benefits after its execution has been completed.¹⁴

The benefits of citizen participation are by now widely accepted among the international development community. This acceptance has prompted the Organization for Economic Cooperation and Development (OECD), and multilateral banks such as the World Bank, the Asian Development Bank, and the European Development Bank, to include participation stakeholders in their activities. Additionally, several of these agencies are drawing important lessons and have

Box 1
Participation, Governance and Equity
in Porto Alegre, Brazil

In Porto Alegre, Brazil, a city with a population of 1,300,000, a participative municipal budget decision-making processes, in which all interested sectors are included, is promoting greater equity as well as greater effectiveness and efficiency. In 1989 the new mayor found that the lion's share of the budget was committed for personnel remunerations, whereas there was a high citizen demand for social investments. To address this situation the mayor set up a decentralized pyramidal system based on neighborhood committees which gave the public access to information on the budget and its utilization and at the same time allowed groups of neighbors to take decisions on how funds were to be used. By 1995 this participative budget process was so successful that more than 100,000 persons were involved in it. In addition to its transparency, mass participation in formulation and execution of the budget proved highly efficient in redirecting municipal resources to meet priorities of the population, and this, coupled with the adoption of tax reforms, that insured a constant tax revenue to the municipal government, allowed improved responses to basic needs of the citizens. Thus, between 1989 and 1995, even in times of hyperinflation in Brazil, Porto Alegre was able to extend access to drinking water from 80% to 98% of the population and access to sewer services from 46% to 76%. Open and participative formulation and supervision of the municipal budget have also reduced secret deals among government officials, contractors and neighborhood leaders, which in practice has resulted in municipal resources being devoted in their entirety to meeting the development priorities agreed upon with the citizens.

Zander Navarro, “La Democracia Afirmativa y el Desarrollo Redistributivo: El caso del presupuesto participativo de Porto Alegre, Brasil,” in Edmundo Jarquín and Andrés Caldera (Editors), *Programas Sociales, Pobreza y Participación Ciudadana*, Inter-American Development Bank (Washington, D.C., 2000)

reinforced their capacity to incorporate OCSs into their activities by drawing up operating guidelines, developing methodologies, training personnel, and opening channels for ongoing and regular communication with OCSs and the public.¹⁵

Box 2
Social capital formation and sustainability
EDUCO in El Salvador

In El Salvador the EDUCO program, launched in 1991 to meet the needs of preschool and primary education for low-income populations, is taking place in the context of government's decentralization policies and includes community participation as a key component. The resources of EDUCO, including teacher hiring, are administered by the parents' associations. The program has been highly successful, extending education services to almost all the municipalities in the country. In addition, it has enabled communities to take ownership so the schools a, which has broadened social integration and strengthened this process and community organization, and in so doing has augmented social capital and improved local managerial capacity and self-sustainability.

Ana Evelyn Hacir de Lovo, "Participación Comunitaria en Proyectos Sociales. El Caso de EDUCO en El Salvador," in Jarquín and Caldera (Editors).

Costs, risks of and constraints on participation¹⁶

Participation generates important benefits for many activities, but not necessarily for every type of activity or project, and is no substitute for technical competence at any stage of the project cycle. Moreover, participation generally requires more time and increased costs, particularly in the stages of project identification and design. High requirements in time and resources are strong disincentives to participation for executing agencies, stakeholders and the Bank itself. Of particular importance is the opportunity cost that participation imposes on the poor for whom time is a valuable resource. To contain costs and avoid lengthy processes, the appropriate requirements for participation in an activity, key stakeholders and the most effective ways of involving them must be identified early on.

There is, moreover, the risk that participation itself will raise expectations that the project or activity might not be able to address. Executing agencies, can prevent excessive expectations, by ensuring timely and sufficient communication and discussion of goals with stakeholders. As execution proceeds, there must be constant and open communication between the decision-makers and those representing the sectors involved.

Owing to the diversity of interests in the groups involved, in participative processes latent conflicts can flare up into overt disputes. Participation makes room for people who have traditionally been barred from decision-making, but this new latitude can alter the existing power relationships: hitherto privileged groups may resist yielding ground. Also, previously excluded populations may see an opportunity for voicing demands that go beyond the scope of the project. Thus, to prevent conflicts from sharpening or hindering the given activity, in some cases mechanisms for their resolution will have to be set up.

Another risk stems from the fact that, as it is the case with any population, diverse interests are at work within traditionally marginalized groups. When there are no accountability mechanisms between the people and their leaders, is a risk that the voices most heeded will be those of the people closest to the leadership. Hence it will be necessary to prevent exclusion from within these sectors, and on occasion strengthen local organizations, channels of communication and accountability structures in some of the groups involved.

ANNEX II

THE PRACTICE OF CITIZEN PARTICIPATION IN THE BANK: EXPERIENCES

Citizen participation is not only a matter for decisions and mandates of the member countries (and could hence be regarded as inevitable or obligatory), but is based on the Bank's own experience. The Bank has long been using a variety of mechanisms with participative features; it has thus "learned by doing" and built up valuable experience in the field, which it must now expand and systematize.

The Bank's formal opening to civil society organizations (CSOs) has a fairly long history, including a dialogue in 1972 with the national development foundations of several countries in Latin America and similar organizations. A major milestone was the setting up of the Small Projects Program in 1978, through which for twenty years the Bank channeled funds directly and on highly favorable terms to private nonprofit institutions; the program was reorganized in 1998 into the Social Entrepreneurship Program.

In the last fifteen years the Bank's measures for participation have grown in importance in keeping with the transformations going forward in the region. These measures can be appreciated in several complementary spheres: the framing of the development agendas of the borrower countries, formulation of the Bank's sectoral strategies, design and execution of its operations, mechanisms for its relations with civil society, and its organization, internal procedures and methods. The following paragraphs illustrates some of the actions undertaken under the various spheres.

A. Development agendas of the borrower countries

The Bank has set in motion several initiatives that by nature incorporate participation in the framing of the development agendas of the countries. These initiatives include seminars, workshops and conferences on a wide range of subjects. These events disseminate experiences, promote thinking on development strategies and policies, facilitate discussion on matters that often have been deferred, and they thereby make important contributions to the determination of the development strategies, policies and programs of the countries. These initiatives bring together public officials, academicians, political and CSO leaders, and representatives of diverse interest groups, and hence are clearly participatory.

Other devices that have important effects on the setting of development agendas are the "policy dialogue initiatives," which include the Group on Social Policy Agendas (1993-1996), the Social Dialogue project headed by ex-president Aylwin of Chile, the Dialogues on Poverty and those on Social Policies in the Region 2 countries. These initiatives follow different modalities and involve citizen in varying degrees, and generally seek to contribute to the setting of shared and stable country agendas and policy priorities. The Bank has also sponsored meetings between civil society, government and the private sector in several countries to foster dialogue.

All this activities articulate with programming exercises that the Bank engages with borrower countries. Programming exercises seek to structure the Bank's loan and technical assistance operations in support of the recipient country development agenda. Fostering participation in the formulation of the national development agendas is a way to influence the Bank's programming with the given country. That is, the activities described help harmonize the Bank's primary dialogue with the governments, with the demands and aspirations of the citizens.

B. The Bank's sectoral strategies

In recent years the Bank has endeavored to extend its dialogue to include the views of CSOs in the formulation of its policies and strategies. The recent strategies and policies that were widely consulted include (a) the resettlement policy (OP-710), approved in July 1998; (b) the energy sector strategy,,

ANNEX II

approved in March 2000, which included a consultation with governments, other regional agencies and several sectors of civil society in the hemisphere¹⁷ and resulted in important contributions in environmental and social aspects; (c) the Subnational Development Strategy, which included consultations with many CSOs in the region; (d) the strategy for sustainable agricultural development, which included three subregional consultations and one in Washington, in all of which government, academic and CSOs agencies participated, and (e) the sustainable development department is conducting several workshops in Panama, Bolivia, Peru and Guatemala as inputs for a proposed strategy for the development of indigenous peoples.

C. The Bank's operations

The Bank's formal opening to civil society organizations began in 1972 with a dialogue with the national development foundations and similar organizations of several countries in Latin America, this gradually led in 1978 to the Small Projects Program, through which the Bank channeled funds directly and on highly favorable terms, to private nonprofit institutions. In 1987 the Bank added to its operational structure the Social Investment Funds (FISs) to meet the basic needs of the poorest in the region. Many FISs incorporate CSO's participation in all stages of the project. In 1990, for example, more than two thirds of the projects under the Ecuador FIS were project requested by community organizations.

Many Bank loans have included participation by NGOs, community groups, other CSOs and/or direct beneficiaries in the selection, execution and operation of projects. Some unusually innovative operations in the field of participation may be cited, such as the Community Development for Peace Program (DECOPAZ) in Guatemala, the Support for Vulnerable Groups Program (PAGV) in Argentina, the Community Solidarity Program in Brazil, the Social Initiatives Support Program (PAIS) in Venezuela, and the Program for Access to Justice and Civil Society in Bolivia. In Mexico the Small Projects Facility makes loans to small entrepreneurs through a mechanism that includes an advisory group of civil society leaders in project selection. Operations in preparation include a program to strengthen civil society-government alliances in Chile, expected to be approved by the end of the current year.

Of particular significance are some operations—such as the Program for the Sustainable Development of the Darien, in Panama—which not only represent a valuable experience of participation in complex projects, but have enabled the Bank to learn in this field through the development of participation methods.

In addition, the Bank has approved several technical-cooperation operations specifically to strengthen the capabilities of CSOs to forge and implement alliances with government and the private sector for development projects at the local level. A more general objective of these operations has been to foster conditions for dialogue and cooperation among the principal social actors. In the Dominican Republic, for example, a program to strengthen civil society, on its way, has the principal purpose of strengthening the relations between CSOs and the government. Similar examples can be cited in Jamaica and Paraguay, and a regional technical-cooperation operation is in preparation for execution by a network of NGOs in the region. Two MIF-funded operations, one regional and the other for Mexico, are also strengthening the managerial capabilities of NGOs for more efficient participation in the development process.

D. Internal organization and procedures

The Environmental Division was set up in 1989 and, together with the Environmental Committee, was directly involved in much of the Bank's initial efforts in this area.

More recently, in the reorganization of 1994, the Bank added several units that are directly concerned with participation matters.

ANNEX II

- The Modernization of the State and Civil Society Unit, in the Strategic Planning and Operational Policy Department (DPP), which in 1997 became the State and Civil Society Division and moved to SDS in 1999.
- The Indigenous Peoples and Community Development Unit in SDS.
- The Women in Development Program Unit in SDS, based on the advisory unit that had been in the Project Analysis Department (PRA) since 1987.

The end of the same year saw the establishment in EXR (Office of the External Relations Advisor), at the Bank's headquarters, of the Public Information Center, which has gradually been extending its activities to all the country offices.

The State and Civil Society Division was set up in Regional Operations Department 1 in 1999, and the establishment of similar divisions in Regions 2 and 3 is currently under consideration by the Board of Executive Directors. The establishment of these divisions in the Operations Departments underscores the practical importance attached to the subject of civil society.

In regard to internal procedures, the CMA was set up in 1990 and then, in 1997, replaced by the Committee on Environment and Social Impact (CESI). This is an important unit through which the Bank sees that its operations are designed to provide opportunities and options for the promotion of positive social environmental impacts and to minimize negative ones. The CESI also ensures that the Bank's analytical and decision-making processes regarding potential impacts are open and participative. In this way the CESI lays down procedures for consultation and public information on environmental and social aspects in different phases of the Bank's activities.¹⁸ Also, in the different phases of the approval of activities, the Programming Committee and the Loan Committee consider how projects take into account the opinions of the different groups involved in them.

The Bank has recently made considerable progress in improving the internal allocation of responsibilities in relation to civil society by appointing liaison officers in EVP (the Office of the Executive Vice President), SDS, EXR, PRI (Private Sector Department), LRN (Office of Learning), the three Regional Departments, and the 26 Country Offices. In addition, a coordinating group of delegates from Management and all divisions has been set up in Region 1.

Finally, in June 1999 the Coordinating Committee gave its approval to the formation of the Interdepartmental Working Group on Participation and Civil Society (GIPSC), to provide internal coordination and ensure coherence among the Bank's activities.¹⁹

E. Mechanisms for relations with the CSOs

The Bank is also setting up mechanisms for relations with civil society in each of the countries in the region: since 1995 several Country Offices have started assembling civil society advisory groups. The group provides channels for communication and advisory services through which the Bank maintains a dialogue with sectors interested in its activities and acts as an "information-discussion panel" for both the Bank and the CSOs.²⁰ As instructed in the President's memorandum of November 1999,²¹ the Country Offices are currently developing and implementing their own mechanisms to interact and consult with CSOs. Because of the diversity of the settings and situations already referred to, Country Offices need sufficient latitude to determine the mechanism it will establish.

F. Methods

The Bank has employed several participatory methodological tools, and also other useful instruments which were not originally designed for these for these purpose. Accordingly, there are several known and tested tools which, though they need to be integrated and completed, provide a basis to build on.

One of these tools is the consultation method, that the Bank devised and applied in 1997-98 for formulation of the *Darien Sustainable Development Program*. This method uses mapping and workshops to locate the different populations in the region, determine land uses and identify interests and options for promoting sustainable development in the region. The same basic methodology is being used in five other projects that the Bank is designing in other countries of Latin America.²²

Stakeholders analysis, which as noted elsewhere in this document, is a critical element of any participation process, is a component of several methods for project formulation and evaluation, among them the logical framework, which are used fairly widely in both loans and technical-cooperation operations.

The Indigenous Peoples and Community Development Unit of SDS has come up with a tool called the *participation matrix*, which could be used to examine participation requirements in each activity. The matrix establishes a scale of risks and the sustainability of activities based on their complexity and the proportion and type of population affected: the more diverse and the larger the number of the affected population, the greater the need to include citizen participation.

Among the other mechanisms available to the Bank, the recently approved Flexible Lending Instruments, have some features that make them highly suitable to support of participation processes. Loans for innovation operations, for example, may be used to lay the foundations for important nationwide debates on policy reforms, peace processes, public administration reform, etc. These instruments will allow the Bank to increase its contributions to the strengthening of democracy and build capacities for dialogue among the diverse stakeholders and governments. The specific subjects and modalities of action will vary widely according to the needs and opportunities in each country.

¹ IDB, GN-1883-5, Frame of Reference for Action by the Bank under Programs for the Modernization of Government and the Strengthening of Civil Society.

² IDB, AB-1704, Report on the Eighth Replenishment of the Capital of the Inter-American Development Bank, August 1994, number 2.95.

³ IDB, GN-1883-5.

⁴ Experience has shown that in a high proportion of cases the timely availability of information can itself induce participation. Making information available not only complies with basic principles of openness, but prevents many situations of dissatisfaction among stakeholders stemming not from the projects themselves but from lack of timely information.

⁵ Chan Kim and Renée Mauborgne, "Fair Process: Managing in the Knowledge Economy," *Harvard Business Review* (July-August 1997), p. 65 *et seq.*

⁶ IDB, GN-2077-1. Renewing the Commitment to Development. Report of the Working Group on the Institutional Strategy.

⁸ IDB/OVE, RE-244-1, "Mandates, Mission and Medium-Term Work Program for Remainder of 2000," (July, 2000), p. 5.

⁹ For example, the Bank will have to evaluate the appropriateness of requiring a participation plan for projects in which participation by those involved is regarded as key to their success.

¹⁰ IDB, OP-102 *Disponibilidad de Información*.

¹¹ The *Participation Matrix (Matriz de Participación)*, developed by the Indigenous People and Community Development Unit of SDS, could be used for this purpose. It establishes a scale of risks to the impact and sustainability of activities based on their complexity and on the proportion and type of population affected: the greater the complexity and the larger the population, the greater the need for citizen participation. While the matrix was designed to evaluate participation requirements only in projects, it could be adapted for evaluation of the participation requirements in the Bank's other spheres of activity.

¹² *Informe sobre Desarrollo Mundial: El Estado en un Mundo en Transformación*. World Bank (Washington, D.C., 1997), p. 130.

¹³ Alberto Hirshman, *Getting Ahead Collectively: Grassroots Experiences in Latin America* (New York: Pergamon Press, 1985).

¹⁴ Michael A. Cernea, "Farmer Organizations and Institution Building for Sustainable Development," *Regional Development Dialogue*, No. 2 (1988). Kottak, in Cernea (Ed), p. 457. reports finding that "defects of a social nature in the design of thirty-six (53%) of the sixty-eight projects examined caused them to fail or to accomplish much less than was expected of them.

¹⁵ *Libro de Consulta sobre Participación*, IDB (Washington D.C. 1997) documents how the World Bank, the OECD, the UNDP, the OAS, and other bilateral and multilateral agencies have incorporated citizen participation into their activities.

¹⁶ For a more complete discussion of the costs and risks of participation and of how to minimize them, see Aarón Zazueta, *Cuestión de Intereses: Participación y Equidad en la Formulación de Políticas Ambientales*. (Quito, Ecuador; World Resources Institute / FES Foundation 1998), pp. 13-17.

¹⁷ The organizations that collaborated with the Bank in the consultations were the Regional Commission for Electric Power Integration, the Association of Oil Companies, and the Natural Resources Defence Council, which coordinated the consultation with the NGOs in the region.

¹⁸ IDB, PR-204, Environmental and Social Impact Aspects of Operations Processing.

¹⁹ The GIPSC is made up of representatives of the Offices of the President, Executive Vice President, and External Relations Advisor, the Training Office, the Sustainable Development Department, and Regional Operations Departments 1, 2 and 3.

²⁰ National and regional consultations in Mexico, Guatemala, Colombia, Argentina, the Dominican Republic and Brazil resulted in the initiative of setting up a civil society advisory group following a data survey (termed “mapping”) that could be carried out in Mexico, Brazil, Guatemala, Colombia and Argentina.

²¹ In compliance with instructions issued in a memorandum from the President of the Bank dated November 1999 and calling for the establishment of standard arrangements for relations with CSOs. The advisory group is one of those mechanisms. The specific instructions for the setting up and functioning of these groups are contained in a memorandum of the Manager of the Sustainable Development Department dated March 2000.

²² Carlos Peráfan, “Consulta Comunitaria: El Caso de Darién” (draft), Sustainable Development Department, IDB (2000).