Organizing Participatory Processes in the PRSP

S. Tikare, D. Youssef, P. Donnelly-Roark and P. Shah

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Technical Notes

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1. Introduction

"Participation is a process, not an event" – Alan Whaites, World Vision

African countries can succeed only if they embark on homegrown visions, development strategies and programs with which the majority of their peoples can identify.

-- President Isais Afweki, Eritrea, quoted in "Who Shapes Your Country's Future"

"There is immense pressure to move quickly: the world is impatient. But we should recognize that there will often be a tradeoff between moving fast and the genuinely participatory approach that is central to the new approach. If we fail to allow the time to genuinely open the process to different development actors and to the poor themselves, in the design, implementation and monitoring of poverty reduction strategies we might win some immediate battles, but we'd lose the long-run war to develop the accountable institutions that are essential to poverty reduction. Drafting strategy papers in Washington that are subsequently signed off by governments in the name of the people should be a thing of the past."

-- James D. Wolfensohn, President, World Bank[1]

A. What is participation and what role can it play in the PRSP?

Participation is the process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services. There is no blueprint for participation because it plays a role in many different contexts, different projects and for different purposes. However, in whatever context or reason they are used, participatory processes or civic engagement in the poverty reduction strategy process allows countries to begin exchanging information with other stakeholders and thereby increase the ***transparency*** of their decision making. This in turn will improve government ***accountability*** to the people and, as a result, increase the overall ***governance and economic efficiency*** of development activities.

To date, most participatory processes have taken place at the micro or project level and have become increasingly innovative as methods become more established and sophisticated. However, to achieve participatory outcomes at the macro-level, it is necessary to use participatory approaches at the micro and macro level in a complementary manner for greatest effect. Together, both approaches require the following elements:

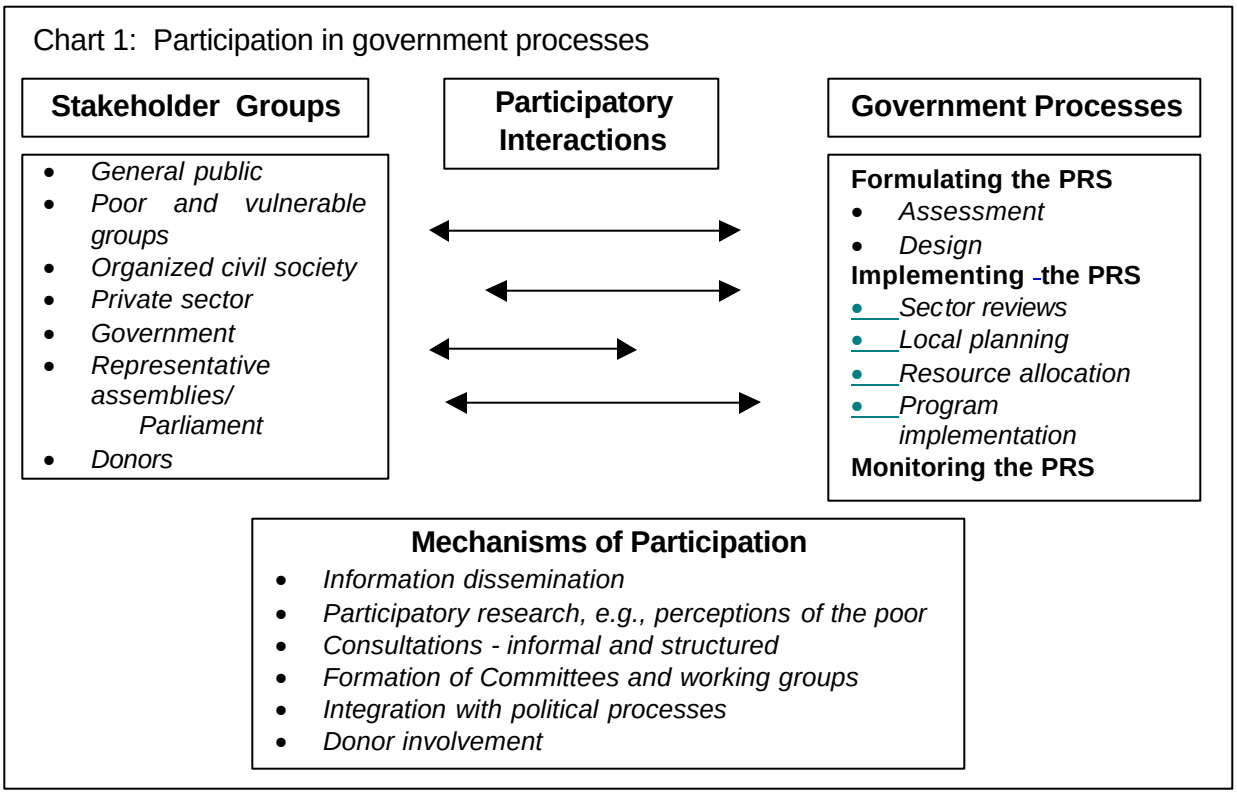
- An outcome-oriented participation action plan
- A public information strategy
- Multistakeholder institutional arrangements for governance, including civil society groups and government representatives from all branches and levels

By bringing participation together with these other elements of the strategy and by being outcome oriented, countries can institutionalize inclusive and equitable processes at the national level so that they lead to more sustainable poverty reduction outcomes. (See technical note 1 for a comparison of conventional vs. participatory approaches)

[1] Briefing Notes from Remarks to the Joint Interim Development Committee on the Enhanced Poverty Reduction Strategy.

The following chart illustrates how information dissemination, dialogue, collective analysis and collaboration can be developed between stakeholders to affect processes at the macro-level.

Figure 1:



B. An outcome-based approach to participatory processes

Participatory processes in PRSPs, such as information strategies, dialogue, joint analysis, collaboration in implementing programs and participatory monitoring and evaluation, are most effective when they are designed to be outcome-oriented. The ultimate outcome of a PRSP is not the paper, but the strategy to reduce poverty and its impact on improving people's livelihoods. Therefore, in planning a participatory process, it is important to keep in mind that the **outcome based approaches** which are initiated and the institutional arrangements that support them can have an enduring influence over policy making and implementation.

Outcome-based approaches to participation at the macro-level provide policy-makers with more concrete inputs to their decision making and policy implementation. Open-ended participatory processes risk being general, having vague recommendations and not leading to direct influence over anti-poverty policies. By contrast, outcome-based approaches allow participation to be planned in such a way that all stakeholders feel included, gain ownership and can become empowered to influence the process. Furthermore, they allow participation to be based on the content of the PRSP, on specific issues that affect each group of stakeholders most immediately.

The following table (table 1) offers a schematic for visualizing the process of designing a participatory process, moving from ***inputs*** to ***outputs*** to ***outcomes*** to ***impact***. It provides a range of options for both inputs and outputs given the desired outcomes of increased transparency and accountability, and the ultimate impact of effective development and poverty reduction policies and actions.

Table 1.

Final Impact:	ꕥ Effective Development and Poverty Reduction Strategies and Actions
Key Outcomes:	ꕥ Accountable, transparent and efficient processes for economic decision making, resource allocation, expenditures and service delivery ꕥ Increased equity in development policies, goals and outcomes ꕥ Shared long-term vision among all stakeholders for development
Key Outputs:	ꕥ Multi-stakeholder institutional arrangements for participation and consensus building in government decision making processes for macroeconomic policy formulation and implementation ꕥ Institutional capacity to demystify macroeconomic policies and budgets, analyse data and promote information exchange and public debates in parliaments, the media and civil society. ꕥ Development of mechanisms for negotiation and rules of engagement between key stakeholder groups ꕥ Citizen report cards which influence both the MTEF and the PRSP ꕥ Development of feedback mechanisms and participatory monitoring systems which enable citizens and key stakeholders within the government to monitor key poverty reduction initiatives, public actions and outcomes as a part of PRS formulation and implementation ꕥ Choice of poverty reduction actions based on a better understanding of the multi-dimensional aspects of poverty and its causes, including vulnerability, insecurity and governance
Inputs:	***Mechanisms and Methods*** ➢ Public information strategy (written and broadcast media, websites, etc) ➢ Participatory poverty assessments, integrating qualitative and quantitative indicators ➢ Stakeholder analysis ➢ Participatory choice of anti-poverty actions to address vulnerability, insecurity and governance ➢ National workshops ➢ Regional / local workshops ➢ Focus groups and interviews ➢ Building networks or coalitions of NGOs ➢ Participatory budget formulation and expenditure tracking ➢ Setting up a poverty monitoring or coordination unit ➢ Citizen surveys and report cards ➢ Preparation of alternative PRSPs or policy proposals ➢ Demystification of budgets through analysis ➢ Sector working groups with multi-stakeholder representation

Outcome based approaches to poverty reduction also look beyond the poverty reduction strategy *paper* to actually implementing poverty reduction policies and monitoring their poverty reducing impact. They promote a long-term view of the PRSP process, but can also be used to monitor short-term outputs.

This chapter offers a range of options for how participatory processes can be designed to yield specific poverty reducing outcomes. There is no blueprint for participation, especially at the macro-level. On the contrary, there are a variety of choices given a country's particular context, its starting point, what is considered feasible in that country and what outcomes it hopes to achieve. This chapter is a learning tool for participatory processes in PRSs, offering good practice examples from diverse contexts.

C. Guiding Principles for Participation in the Poverty Reduction Strategy

There are several guiding principles for participation which lead to more inclusive and equitable processes for formulating, implementing and monitoring poverty reduction strategies. Overtime, it has been found that processes which have the following characteristics can lead to effective participation.

- **Outcome orientation**: Participatory processes for the PRS can be designed and conducted with specific outcomes in mind (such as to fill critical information gaps, or to engage specific groups that have previously not been in a position to contribute). This will yield more focused information for planning and implementing poverty reduction strategies.
- **Inclusion**: The PRS process will be more effective if the knowledge and experience of a range of stakeholders, including the poor and vulnerable groups, especially women, is tapped and their perspectives systematically incorporated into the design and implementation of the country's poverty reduction strategy.
- **Feasibility:** Participatory processes ought to build as much as possible on existing governance and political systems.

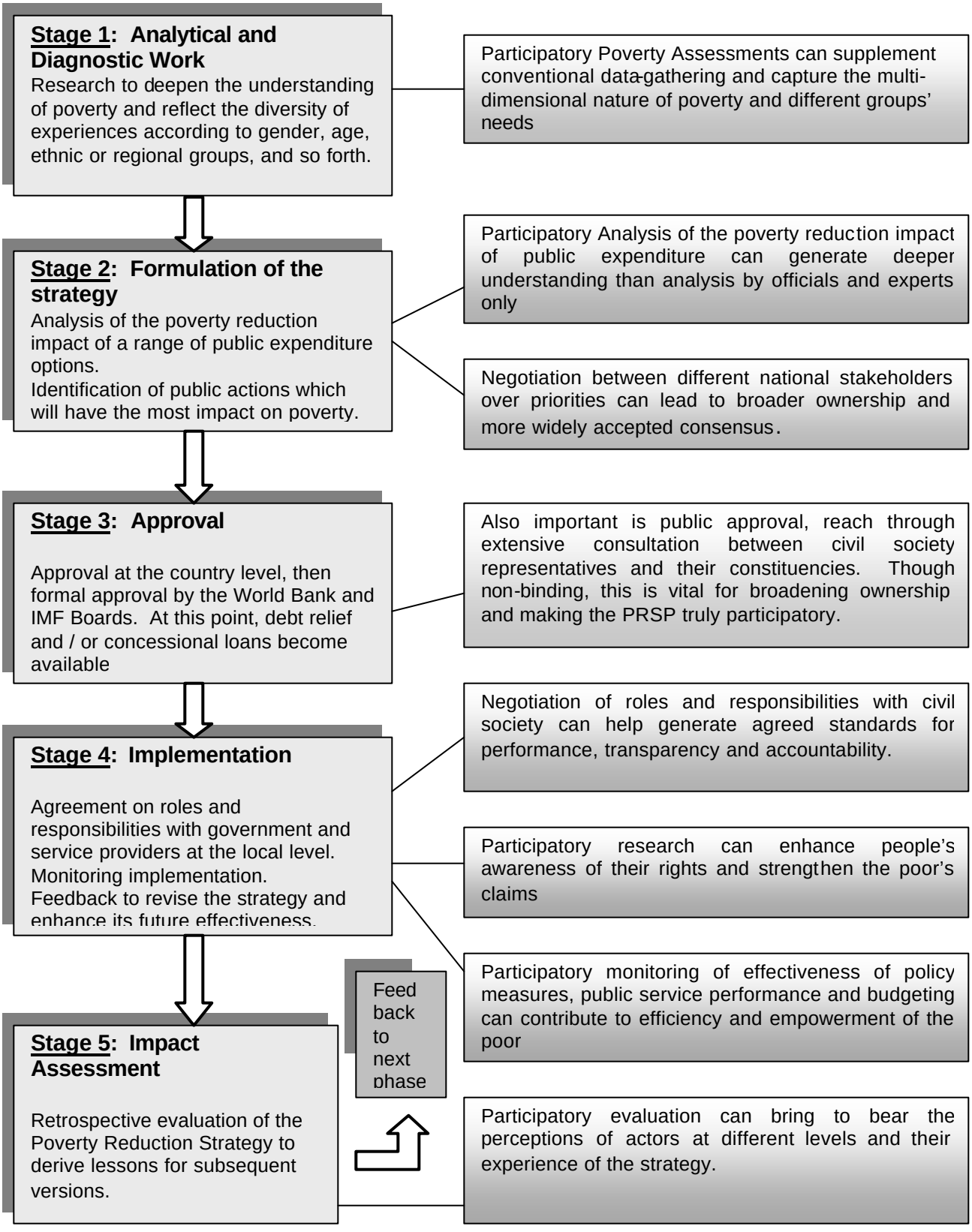
Effective and efficient participatory processes are those that can promote the following factors which can improve the efficacy of development initiatives, increase access of the poor to policy-making, resources and public goods and services, and improve the distribution of economic growth. Promoting the following characteristics in PRSPs can improve their impact on poverty reduction efforts.

- **Country Ownership**: Government commitment and leadership and broad country ownership are critical for effective formulation and implementation of poverty reduction strategies.
- **Transparency**: Transparency of participation and its outcomes at the national and local government levels builds trust, ownership, and support among all stakeholders
- **Sustainability**: Participatory processes that build on existing mechanisms are more likely to be institutionalized and sustained over time. Similarly, policy reforms are more likely to be adopted if they are informed by a widely shared understanding of poverty and its causes.
- **Continuous improvement**: The PRS process is an iterative process of participation, planning, implementing, assessing set targets and indicators, and feedback. Regular participation will play a key role in continuously improving poverty reduction strategies.

D. Role of Participation in PRSPs

The following diagram (Source: IDS Policy Briefing #13, April 2000) visualizes the iterative PRSP process and provides guidance on various entry points for participatory processes. It shows how participation at various stages of the overall process can help build ownership over the strategy, make it more equitable to and representative of various stakeholder interests, increase the transparency of the policy formulation process and ultimately, make the strategy more sustainable. (See technical note 2 for an example from Uganda)

Figure 2. Stages of the PRSP Process **How Participatory processes can help**



E. Structure of this Chapter

This chapter is structured to provide an operational guidance tool for planning and carrying out a participatory process in the PRSP. It offers a range of options available to designers and participants in planning and conducting macro-level participation. The first section introduces some basic concepts for participation and civil engagement, the guiding principles for civic engagement and an overview of this chapter of the PRSP sourcebook.

The second section deals with setting the initial framework for participation. The first step is the negotiation between the government, civil society and Bank and IMF staff to clarify and set the ground rules for what participation is and what role it can play in the poverty reduction strategy. The second step is to create an enabling environment through information sharing and by promoting a dialogue. The third step is promoting participatory processes in all major sectors of society, inside the government at all levels and establishing mechanisms to link the national and local levels, in civil society at the national level, and in civil society at the local level, paying particular attention to excluded and vulnerable groups, such as women, youth, the elderly and the disabled.

The third section helps designers of participatory processes link participation the content of poverty reduction strategies by providing an overview of the building blocks of a participatory process at the macro-level. This overview provides practitioners a guide for breaking down participatory processes at the macro-level into manageable chunks along the functional lines of the PRSP. These building blocks are poverty diagnostics, macroeconomic policy-making and reform, budgeting, public expenditure management and public service delivery monitoring, and monitoring and evaluating the impact of policies on poverty outcomes. This section also offers a summary of some limitations and constraints on participatory processes.

The fourth section, dealing with interim PRSPs, explains the role and nature of the participation action plan and describes some key steps for designing one. Because the interim PRSPs deal with a shorter time frame than full PRSPs and because many more countries have had experience in developing them, we are able to provide more examples and lessons learned regarding this part of the process. Based on this learning, this section offers a range of options to practitioners formulating both the PRSP and the participatory process for developing an inclusive, realistic, representative and equitable poverty reduction strategy process.

The fifth section provides detailed examples and pointers for how participatory processes can be incorporated into the four building blocks of the PRSP listed above over the longer time horizon of the full PRSP.

Finally, the technical notes provide case studies that illustrate emerging good practice for participatory processes and provides some tools for carrying out the participation action plan.

II. Frameworks for participation at the National level: An Overview of the Process

A. Options for formulating a PRSP

There are many different ways to plan a participatory process for poverty reduction strategy formulation. However, experiences in countries so far suggest some broad, common elements among PRSPs. There are four general steps that each country takes – poverty diagnostic, negotiation, interim PRSP formulation, and the full PRSP process – but there are many permutations and differences among countries within these steps.

1. Negotiations between Bank/IMF and in-country stakeholders to come to a common general understanding of the participatory process for a PRSP

First, stakeholders generally hold some form of negotiation, either formal or informal, to come to common understanding of the scope, extent and content of the participatory process. It is generally recognized that different stakeholders have differing perceptions of participation, ranging from a one-way flow of information from civil society to governments in the form of beneficiary assessments, to two-way flows of information with increased government dissemination of information to more cooperative and collaborative arrangements for making decisions and implementing programs. Countries choose their participatory process based on their starting point and their goals for the PRSP.

2. Initial review of poverty data / poverty diagnosis carried out

Second, in order to develop an effective poverty reduction strategy, it is necessary that policy makers and civil society understand the multi-dimensional nature of poverty in their country. Therefore, many countries use various methods to carry out initial poverty diagnoses, including both quantitative and quality approaches. A combined qualitative and quantitative approach allows policy makers and stakeholders to delve beyond the statistical data that is generally available in order to understand the causes and consequences of the non-income dimensions of poverty.

3. Interim PRSP

Third, the majority of PRSP countries have created interim PRSPs which are meant to provide a roadmap for formulating the full PRSP. They were envisioned to be a preliminary step in the PRSP process which would allow countries to outline their goals and objectives and describe the actions that they would take to address them. While many countries have kept to the original intentions of the I-PRSP, many have gone beyond a simple roadmap to conduct participatory processes for the I-PRSP itself and to begin the process of actually developing poverty reduction strategies. Again, this depends on the country's starting point and the level of participation feasible for the PRSP. The following are some general characteristics of an interim PRSP.

Formulation of a Participation Action Plan (PAP)

- Finding the starting point for a country
- Stakeholder Analysis to map stakeholders with specific concerns and capacities for the PAP
- Determining the feasible level for participation
- Creating a realistic PAP
  - Developing institutional arrangements for coordinating the process
  - Selecting from a range of participatory process options
  - Costing the PRSP
  - Setting a timeline

4. Full PRSP

Fourth and finally comes the actual formulation of the full PRSP. In this step, participatory processes are carried out, the strategy is formulated, programs are implemented and the poverty reduction impact of the PRSP process is evaluated.

It is critical to the PRSP process to identify both short and long term goals for the strategy. Long-term goals provide a framework for poverty reduction, while short term outcomes provide milestones for measuring progress and allowing course corrections during the PRSP cycle. As a result, determining the outcomes toward which the country is striving is as important as the process to reach these outcomes. Once the outcomes have been decided upon, the next step is setting up the institutional arrangements for participation in the implementation and monitoring of poverty reduction programs. Once participatory processes are institutionalized, they become less costly in time and resources and can provide effective channels for information exchange, dialogue and collaboration. Finally, it is essential to set up feedback mechanisms, which allow participatory inputs to be incorporated into the next round of policy making and make the PRSP an iterative process.

B. Initial negotiations among key stakeholders for participatory processes at the macro level

Embarking on the PRSP process involves an initial negotiation phase which is a key process in establishing commitment by all the stakeholders. It allows all parties to discuss what they believe a participatory process entails, how they define poverty and how they believe participation can influence poverty reduction. Perceptions of what poverty is are critical to the establishment of an effective roadmap that leads to a viable process.

Initial negotiations allow the stakeholders of the PRSP to define the scope of participation and their goals for using participatory methods. If this goal-setting is used as a basis for an outcome-oriented approach to the PRSP, it increases the effectiveness of the participatory process, especially if both short and longer-term goals are set. Given that previous participatory processes have focused on projects rather than policy, it is necessary that stakeholders come to a common understanding of participation at the macro level, in decision making and policy implementation, during preliminary PRSP meetings. It is also necessary for creating national ownership of the strategy.

NGOs and civil society groups tend to approach government led participatory processes with interest, colored heavily by skepticism. The initial negotiation can provide a forum for frank discussion about expectations, roles, responsibilities, and desired outcomes and can lend a starting level of credibility to the process. Paula Donnelly-Roark articulates this argument in more detail in her paper, “Mainstreaming Participation,” forthcoming.

C. Creating an enabling environment for participation: Information sharing

Once negotiations have taken place, an enabling environment can be fostered in most contexts by disseminating information and fostering a dialogue. Information sharing is a key component of the participatory process which can be used throughout the planning, implementation and monitoring stages of national and local level poverty reduction strategies. Sharing information allows transparency in governance, accountability in public actions and expenditure, and meaningful consultations for policy development.

Governments that inform a wide range of stakeholders as early as possible about the process and content of their policy-making and implementation tend to have greater credibility with their

constituencies. They are able to implement their programs more effectively by building trust between various stakeholders, both within and outside the government. The translation of documents into local languages and the production of simplified documents with key messages may be central to information dissemination, particularly at local levels. For example, in Uganda, a simplified version of the Poverty Eradication Action Plan, which contained many visuals, was translated into 5 languages and distributed through local authorities at regional workshops and key messages were delivered through the media.

Civil society sometimes has legal recourse in receiving access to information in many countries. The case example below demonstrates how citizens' movements can use these laws to improve transparency.

Box 1: Dissemination Strategy for the Filipines Citizen's Report Card

While a considerable effort has been made to develop the Filipino Citizen's Report Card as an instrument for ensuring improved governance and accountability, attention also needs to be paid to the form and modalities of the dissemination process. Discussions on the Filipines Report card have included comments that recognize the need for " different versions of the Report Card…depending on the target audience." In this regard, they indicates that " busy policymakers may require a short note summarizing the key…findings. On the other hand, sector specialists may require more in-depth analysis…. Ordinary citizens may value yet another form…perhaps a 'folksy version' which demystifies service provision and provides them with simple information based on which they could advocate for better performance from service providers." The Public Affairs Centre, Bangalore, India lists as part of its agenda, " information dissemination, through the website and publications, to share learning and experience." Its dissemination efforts include the following : a quarterly publication, publication of report cards, research studies and advocacy initiatives, papers in reputed journals, a video, its website, and "open house" discussion sessions.

A clear and well-articulated dissemination strategy obviously needs to be an integral part of the Report Card initiative. A budget would need to be formulated upstream so that the hard information from the exercise reaches its intended audiences in a timely, systematic and unambiguous manner. Thus, for example, while dissemination of the information represents a continuous, on-going process, it may be worthwhile considering more focused dissemination efforts at certain points of time – e.g. prior to elections, prior to budget formulation, etc. for maximum impact on these processes. Clear

Appropriate media vehicles would need to be considered for effective dissemination. Thus, the strategy would target both literate and non-literate audiences in both the urban and rural settings, and would use local languages. The strategy could consider a host of complementary, mutually reinforcing vehicles such as :

a. Newspaper articles
b. Posters/leaflets with graphics/cartoons
c. Folk drama/songs/puppet shows
d. Radio (interviews, etc.)
d. Television
e. Videos of the folk dramas, etc.
f. Websites (where telecenters are present)
g. Quarterly newsletters in local languages
h. More formal reports.

Source: Prasad C. Mohan, Communications Specialist, World Bank

In another example of how information can be a powerful tool for broadly owned policies, the case study below illustrates how the government of Andhra Pradesh, a state in India, was able to implement unpopular reforms successfully by building broad ownership for the overall agenda. It was able to do this by informing the public of the rationale and effects of these policies, asking for regular feedback and then mobilizing public support for the outcomes, such as improved educational systems and so forth.

Box 2. Case Example: Andhra Pradesh (India),

***Context*:** In the last three years, the political leadership in Andhra Pradesh State in India has taken many steps towards developing a vision for the State's development and has launched many participatory processes to consult, discuss priorities with citizens and disseminate information. These processes are an integral part of the political process and involves local government, people's elected representatives and community groups and organizations like women's groups promoted through various governmental and non governmental programs.

Sharing Information: The Chief Minister of the State, along with many of his political colleagues, has been involved in presenting Vision 2020 to a whole range of stakeholders including State assembly legislators, local body representatives, national government, private sector and a consortium of donors. This has ensured that within the State many citizens and political groups are aware of the issues being raised in Vision 2020.

However, the resources needed for achieving the outcomes envisaged in the Vision 2020 have been quite high and have required making tough economic choices leading to seemingly unpopular public action choices. At the same time, State Government launched major reforms in many sectors including power. In 1999, elections to the State Assembly and National parliament were held in Andhra Pradesh. **The Chief Minister toured the State extensively and explained the economic reforms to the people**. He warned them frankly that he was going to cut subsidies and redirect expenditures to education, health and infrastructure, and asked for their support. The people elected him with an overwhelming majority.

***Making tough choices*:** After the elections, targets were set, such as every school-age child in the State must be in a school by 2005, and plans drawn up to achieve these targets. Several intermediate goals have been drawn up and district collectors have been instructed to monitor the progress monthly. This is the first time **public action choices and trade-offs have been clearly articulated** in an election campaign.

The Government is asking for regular feedback to monitor the quality of public service delivery, from local government and community organizations, and is making adaptations in the development programs accordingly. An autonomous society, the Andhra Pradesh Society for Poverty Alleviation, has been established that will help implement community based poverty alleviation programs through community groups and organizations.

Through the information sharing strategy and by encouraging dialogue, Andhra Pradesh has been able to achieve **strong public support** for the State's development Vision, make **poverty-oriented public action choices** and **reallocate resources for social sectors**. It has also been able to **mobilize significant resources** from bi-lateral and multi-lateral donors and has also managed to persuade large information technology companies like Microsoft and Oracle to invest in Andhra Pradesh.

D. Participation among key stakeholder groups

1. Intra-governmental Participation

Intra-governmental participation, or participation within government at both local and national levels, particularly the involvement of representative assemblies, is a key component of participatory processes for poverty reduction. In many cases, most policy-level decisions, including budget allocation, are made by a core group of ministries, which exclude parliament, district and local governments, and sometimes even the line ministries.

Most countries have existing governance and political structures that extend from the local government structures to national parliaments. However, the extent of discussion and debate about development strategies and development plans within existing governance structures varies considerably across countries. It depends largely on the transparency of the governance process. Strategies developed through a participatory process involving different branches and levels of government tend to become institutionalized and lead to more sustainable poverty reduction.

The increasing role of regional and local governments in implementing national policies and ongoing processes of decentralization have made it necessary to include regional and bcal governments in policy making and monitoring as well. Intra-governmental participation helps to ensure that regional and local governments are committed to overall national goals of poverty reduction. This is especially important as local political leaders often have considerable experience working with civil society and have more regular contact with the community.

Therefore, **intra-governmental participation requires linking national level processes to local level processes**. Mechanisms for linking national local levels include:

- Involve parliamentarians and members of state legislatures to link the national government to the regional and local levels. Their position allows them to talk to their constituents and bring local level inputs into the national level formulation process.
- Regional and local government participation in regional workshops organized by central government can provide local level inputs to set priorities, determine public action choices and make the necessary trade-off decisions for the poverty reduction strategy.
- Distributing documents to local authorities and soliciting feedback in writing, as in the case of the revision of Uganda's Poverty Eradication Action Plan.
- Representation of local governments at a national forum may be done through representative umbrella organizations or networks.

Below is a good practice example from Vietnam in which the national government actively sought inputs from governments at the provincial, district and commune levels.

Box 3: Case Example: Vietnam.
The Vietnam poverty reduction strategy is being developed through active participation of the local government at the provincial, district and commune level. Their inputs have been incorporated into the national level Government strategy document by the Poverty Working Group and an active campaign of information dissemination has been initiated through the existing political process. This process has been powerful in demonstrating the value of opening up direct lines of communication with poor households in planning for poverty alleviation. Significantly, the process followed also means that research findings have an in-built link into Government programming for poverty reduction and into policy making.

At a national level, the task of coordinating the PPAs fell to the World Bank on behalf of the PWG - the coalition of seven government ministries and eight donor and non-governmental organizations which was established to guide the drafting of the Vietnam Development Report (*"Attacking Poverty")* for the Consultative Group meeting. While the Bank would like to only play a facilitating role in such instances, an exception was made in the case of Vietnam by mutual consent among several stakeholders. There were two upshots of this process. First, the PWG was actively involved and interested in the PPAs – the study agencies were members of the PWG and kept the PWG fully informed of progress. Government members of the PWG attended local-level PPA feedback sessions where findings were discussed and debated. At these workshops, it was clear to national Government officials that local leaders who had lived in these areas their whole lives were endorsing the PPAs as fully reflecting the lives of the poor. Secondly, because the PWG was responsible for producing *Attacking Poverty* for the Consultative Group meeting, the PPA findings were fully incorporated into the discussions tabled at the CG. This attracted attention from policymakers at the very highest level and Government requested donors at the CG to assist them in mainstreaming such techniques.

At a local level, each of the PPAs was carried out in partnership with local authorities. In some cases, this meant that local officials were trained in participatory techniques and took part in the training. In other areas, it meant that commune, district and provincial officials were closely involved in the planning and analysis stages, but not actually in conducting the field work. In all areas, however, it has meant that local authorities have been keenly interested in the PPA findings and have requested support in exploring ways of dealing with problems raised. At a local level, Government buy-in to the PPA findings meant that these studies have a real chance of influencing decisions relevant to poor households. As an example, local officials in one of the Provinces are now lobbying for improved and more sustainable financial sector interventions that could provide services adapted to the needs of the poor on a sustainable basis.

Source: Caroline Turk, World Bank Vietnam, prepared for 'Consultations with the Poor' synthesis document[2]. A further reference on the Vietnam PPA is World Bank 1999.

2. Civic engagement at the national level

In national processes, such as the design of the PRS, the government generally engages with organized civil society groups in the capital or major urban areas. However, national level civic engagement can also allows the government to reach a wider range of stakeholders and initiate a dialogue with smaller civil society organizations such as farmers associations, cooperatives, unions, chambers of commerce, women's groups and groups that represent the poor and vulnerable through umbrella organizations or networks of NGOs. These membership organizations can act as a conduit for reaching local level stakeholders. They can also provide a mechanism for increasing information exchange and building consensus on poverty reduction efforts.

In the Kenya PRSP, a network of NGOs was able to conduct a separate participatory PRSP process and formulate an alternative PRSP, as was a network in Honduras. Such actions show a well developed capacity to engage in national level policy making among civil society.

Building on existing political processes and institutional arrangements is a key factor in successful national level consultations. This includes building on parallel national development strategy processes such as the UNDAF, Vision 2020 and the CDF. By building on these processes, learning becomes cumulative and participatory processes can become more sustained and institutionalized. Furthermore, previously accumulated analysis, in the form of poverty diagnostics, policy implementation reviews, social assessments, impact analysis and so forth, can be brought into the current process to make it more robust.

An additional benefit of building on previous processes is the formation of more cooperative relationships with other donors. If they already own portion of the process, they will be much more willing to work with the government on other national level processes and might be willing to share the costs.

The following example of the Bolivia PRSP process (see table 2) illustrates that the national level process was able to bring in local level processes. They were able to build upon municipal and departmental (regional) round tables and build consensus on important economic, political and social issues in the PRSP. This also allowed key results to be achieved, including agreements on criteria for HIPC resource allocations and the administration of these funds.

Table 2. Bolivia PRSP Process

Outcomes of first National Dialogue

- CAS/CDF strengthens government-donor relations, Civil Society feels excluded
- Negotiation of Participation for the PRSP
- Government changes strategy Participatory Process
    - From Sectoral to Regional/Local Focus
    - National CS are suspicious
    - Therefore, 14 CS processes precede government dialogue

Second National Dialogue begins, July 2000

- Social Agenda (Municipal & Departmental Tables)
- Economic Agenda (sectoral and productive chains)
- Political Agenda (seminars in major cities)
- **National Table**: Results of individual agendas discussed and agreed.

Key results:

- Allocation of HIPC according to poverty indicators
- Establishment of mechanisms to oversee funds at all levels
- Institutionalization of Dialogue (every 3 yr)
- Plan to translate Dialogue into PRSP

3. Civic engagement at the local level, particularly excluded groups

Civic engagement at the local level improves the quality of data, especially from the poor and vulnerable. Because local level civic engagement can bring in the stakeholders who are most difficult to reach, it is vital that local participatory processes be publicized, with clear information on what will be the topic of discussion, when it will be held and where, and who is welcome. If organized well, local level processes offer several advantages:

- It provides a forum for those with community level stakeholders to voice their concerns, needs and demands, which will feed into poverty diagnostics
- It allows locally specific issues to be addressed by allowing local level stakeholders to identify their priorities, analyze the causes of poverty and propose solutions that are locally viable.
- It is less expensive than large-scale workshops, can be organized with less lead time and can provide more concrete inputs in setting priorities, selecting public actions and in designing a monitoring and evaluation strategy.
- Through a local level process, it allows a more diverse and representative collection of views to be presented. Informal grassroots groups, community based organizations, those without

the means to travel of larger venues to attend workshops, and those who are normally excluded from more formal discussions can all participate in these local level processes.

- Perhaps most importantly, local level civic engagement informs stakeholders about the process, the government's intentions, and the content of proposed policies, which allows them to participate more fully. It may also provide motivation to organize themselves and mobilize to represent their interests.

Gaining participation of the poor offers an excellent opportunity to get first-hand analyses of their quality of life, priorities, constraints and opportunities. It also provides concrete information on risk and vulnerability that is absent from much of the data on which policy making is based.

Consulting the poor can potentially contribute to a PRS in the following ways:

- It deepens understanding of the nature of poverty from the perspectives of the poor
- It increases understanding of the constraints the poor face and the areas where they need immediate support to alleviate their daily pressures
- Consulting the poor can create the space to build partnerships between policy makers, service providers and local peoples, such that the poor can increase their influence over decision-making which has an immediate impact on them.
- Finally, this type of articulation and analysis is the first step in empowering poor communities to initiate their own local processes to reduce poverty.

Local level civic engagement, especially with the poor can be carried out in groups or individually, but with the proviso that the process is representative of the community. Therefore, local processes should generally include a number of ***women, aged, youth, the disabled and socially excluded groups***. (See Gender Chapter for more specific information on women's issues). It is also crucial to have trusted facilitators not only leading the discussions, but also organizing meetings and personally inviting participants. The participatory poverty diagnostic findings in the box below provide examples of how civic engagement at local levels increases understanding of the multi-dimensional nature of poverty and improves the richness of poverty data.

Box 4. Key causes of vulnerability and insecurity in Mongolia brought to light through participatory approaches

- In Mongolia, the participatory living standards measurement survey (PLSA) found that the livelihoods of many families became vulnerable in the face of multiple, interlocking forms of insecurity: economic, social, environmental, and physical. Economic insecurity stemmed particularly from unemployment and remoteness from markets. Social safety nets persisted, and pensions and allowances became for many households the only source of regular cash income, but crisis in the banking sector meant that pensions, allowances and salaries were frequently late, forcing people to dispose of household assets and into a cycle of indebtedness. Public action and investment to reduce risk in livestock production and agriculture declined, and environmental insecurity – while never new in Mongolia – acquired new significance, particularly for those new to livestock production. The effects of natural hazards, such as drought, harsh winter weather conditions (dzud), steppe fires and rodent infestations, were exacerbated by a growing over-concentration of grazing pressure, as the numbers of herders and livestock increased while pastoral mobility declined. Conflict over pasture became endemic in many areas, particularly in central aimags and the Khangai region.
- Social insecurity derived from changes in kinship and other social networks. Support from relatives and friends was a vital, even primary source of livelihood for many households, and took diverse forms in urban and rural areas. But the 1990s saw a weakening of kinship networks, and a rise in semi-commercial forms of intra-household transfers. The most vulnerable of all were those excluded from kinship and other social networks. Many households were also prone to physical insecurities, particularly among poorer groups. Unemployment and economic insecurity led to widespread social malaise, alcohol abuse, rising crime (particularly theft), domestic violence and marital breakdown, which compounded problems of economic and social insecurity.

- These insecurities shape the context within which households could be afflicted by various shocks (e.g. loss of employment, loss of livestock owing to natural hazards, death or illness of a family member, theft of assets, costs of contingencies such as weddings and Tsagaan Sar) and stresses (e.g. indebtedness, shortage of cash, cost of schooling and health care, high ratio of dependents to economically active household members) likely to trigger a process of impoverishment. Over time, as household assets are liquidated to meet consumption needs and contingencies, vulnerable households become prone to impoverishment through minor yet progressive shocks and stresses.

Source: Mongolia Participatory Living Standards Assessment Project report, World Bank, 2000

III. Overview of Building Blocks for Participation: Managing the macro-level process

A. Poverty Diagnostics

The first building block in the PRSP process is poverty diagnostics, which provides an understanding of the multi-dimensional nature of poverty and its causes, which in turn, allows countries to formulate more effective poverty reduction strategies. Participation in poverty diagnostics allows for the collection and analysis of qualitative and quantitative data. Quantitative data provides both aggregated and disaggregated data on poverty which can help guide broad policy decisions. However, without qualitative data to explain certain issues and to fill in gaps that quantitative measures miss, governments and civil society will not be able to address specific issues for reducing poverty.

Without qualitative and participatory analysis, this information would not have been brought to light. (See poverty diagnostics chapter for more specific information on conventional quantitative poverty assessments)

B. Macroeconomic Policy Formulation and Reform

Once the poverty diagnosis is completed, the government will formulate policies that reflect the priorities identified and address poverty issues. Macroeconomic policies can be broadly divided into two categories: **monetary policy**, which deals with interest rates, inflation rates, foreign exchange rates and so forth; and **fiscal policy**, which deals with taxation policies and policies that deal with fiscal discipline (as opposed to actual budgeting and spending). There is a third policy area which can have a direct impact on the macroeconomic framework: **sectoral policies**, particularly those that deal with the financial system. Sectoral policies illustrate the effects of monetary and fiscal decision making, such as revenue collection and transfers on specific areas of concern to the PRSP.

Macroeconomic policies are generally viewed by governments, donors and even some CSOs and NGOs as being too technical for broad participation. However, recent experience has shown that participation in macroeconomic policy is feasible and that it helps to off-set some of the harsher side effects of these policies, which include cutting subsidies, imposing value-added taxes, wage setting and so forth. There are some representative groups in society who can actively engage in substantive dialogue with donors and government on policy alternatives, and there are other groups who can speak to issues such as sequencing of policy reforms and adopting measures to increase accountability and transparency.

C. Budgeting and Public Expenditure Management

Based on the macroeconomic policies that have been formulated, the government will then choose public actions to carry out the policies. These public actions are then put into the budget and are reflected in the public expenditure system. Participation in decisions regarding budget allocations, spending patterns and public service delivery is thus a key entry point for civil society engagement in choosing public actions. However, because of its highly technical nature, many civil society groups shy away from engaging in the budgeting, spending and public service delivery processes.

However, it is essential to keep in mind that enhanced participation in budgeting means a more powerful voice for the poor, improved public transparency, strengthened external checks on government and ultimately, greater efficiency and efficacy. Initiatives in participatory budgeting have been directed toward influencing the three different stages of public expenditure management (PEM):

(i) **Budget Formulation and Analysis**: Citizens participate in allocating budgets according to priorities they have identified in the participatory poverty diagnostics, formulate alternative budgets or they assess proposed allocations vis-à-vis the government's policy commitments and stated equity concerns.

(ii) **Expenditure Monitoring and Tracking**: Citizens track whether public spending is consistent with allocations made in the budget and they track the flow of funds to the agencies responsible for the delivery of basic goods and social services.

(iii) **Monitoring of Public Service Delivery:** Citizens monitor the quality of goods and services which are meant to have an impact on their lives, especially the poor. This monitoring is measured in relation to the amount of funds spent on such programs.

D. Monitoring and Evaluating Poverty Reduction

The final building block is participatory monitoring and evaluation (PM&E), in order to ensure that public actions, budgets, spending and public service delivery reflect not only poverty reduction priorities identified in the poverty diagnosis, but also policies formulated by the government. Participation in the process of monitoring and evaluation promotes transparency and accountability and increases ownership and acceptance of the progress toward poverty reduction goals. Participation in monitoring and evaluating the progress towards the poverty reduction goals can also add transparency and enhance country-ownership of the PRS.

IV. Preparing the Interim PRSP and Participation action Plan

A. What is a Participation Action Plan?

The participation action plan (PAP) helps countries set out a roadmap for the participatory processes which will be undertaken over the course of the PRS formulation process. Participation in macro-level planning and policy making involves three main elements: stakeholder groups, government processes and participatory approaches or methods. The PAP shows how these three elements will be linked in the PRS process. (See technical note 3 for examples of participation action plans from diverse contexts) The main objectives of the PAP are:

- To build upon existing processes of participation, including on-going political processes, in order to institutionalize processes that are inclusive, representative and equitable
- To involve key stakeholders in decision-making process to the extent feasible in that country
- To plan how poverty diagnostic data and stakeholder analyses will shape the participatory process
- To design a structured, results-oriented plan for participation, so that participatory inputs are not open-ended and difficult to manage

- To address how potential conflicts can be handled and trade-off decisions made

B. Key options in designing a PAP

Participation action plans have taken many different shapes and characteristics in the diverse contexts of PRSP countries. However, most PAPs have some common traits, such as a timeline and cost estimates. Key options for designing a participation action plan can include first, finding the starting point for participation by reviewing past and current participation in the country, as well as examining the level of government experience and civil society organization. Second, it can involve determining the feasible level of participation that is achievable given the starting point. The third step often requires planning a realistic participation action plan which takes into consideration the skills needed to carry out participatory process, the time available and how much the process will cost.

First Step: Finding the Starting Point: Review of past participatory processes

Participation will be **different in each country,** depending on the existing governance and political structures, the status of the national development strategies, the organization and participation of civil society and government, previous participatory approaches employed in government processes, and the capacity to organize such processes at both the national and local levels. (See technical note 4 for a guide to assessing the current status of participation)

In order to find a country's starting point, it has been useful to assess four factors: previously articulated national development processes, civil society organization, government's experience with participation and overall national capacity to conduct participatory processes. In the table below, we have created a typology with three categories into which many countries will fit. Category A describes the four factors for finding a starting point for a country that has well developed processes and substantial experience with participation. Category B describes a country with some experience with participatory approaches, but still requires some capacity building. Category C describes a country that has limited experience with participation and has accumulated very little knowledge of the processes in country. This type of country requires more capacity building and guidance, especially to build country ownership.

While these categories might not provide a perfect fit for a particular country, they will provide a general guide for helping countries determine their starting point and the level of participation feasible in their country.

Table 3	**Country type A**	**Country type B**	**Country type C**
1. National development processes	Country ownership of poverty reduction /national development strategies (PRS, National Vision for Development, CDF) for at least several years ,	Limited country ownership and /or limited development and /or implementation of national poverty-focused development strategy over the past 1-2 years	Limited development of a national, country- owned poverty or development strategy. Donor-driven processes may predominate
2. Civil society	Organized civil society and local government structures exist and participate in government processes and implementation	Some organized civil society groups exist, and participation in government processes is limited	Limited civil society organization
3. Participation	• Broad range of stakeholder participation	• Limited stakeholder groups participate in	• Little experience with participation between government and civil

4. Capacity for organizing participatory processes	at national level • Participation in national processes – E.g. strategy development, priority setting, budgeting and resource allocation • Possibly participation in poverty diagnostics/ monitoring system • National capacity exists • Some capacity at local levels but underutilized	national dialogue • National participation occurs in focused areas – E.g., some sectors or around national reconstruction • Limited participation in poverty diagnostics/ monitoring system with probable use of qualitative data • Capacity at national level exists but is not utilized • Limited local capacity	society • Limited participation in poverty diagnostics and monitoring / little qualitative data available or used • Limited national capacity

Second Step: Stakeholder Analysis

Another key step in defining the feasible level of participation is conducting a stakeholder analysis will not only identify key stakeholder that will be affected by the PRSP, but will also match stakeholders to the processes in which they can participate for more targeted participatory processes. Broadly speaking, a stakeholder analysis consists of four steps:

- identifying various stakeholders, including those who are normally excluded or under-represented
- determining which issues are affect them the most (water, joblessness, violence, etc)
- recommending which topics different stakeholders could address and in what format (workshops, focus groups, interviews)
- selecting a representative group of stakeholders for the participation action plan

(See Technical note 5 for guidance on conducting a stakeholder analysis)

Examples of key stakeholder groups includes:

- The **general public**, particularly the poor and vulnerable groups, such as youth groups, the disabled, women's groups (See **gender chapter**)
- The **Government** – civil servants and elected representative in central ministries, line ministries, local government bodies, Parliament, Cabinet and General Assemblies
- **Civil society organizations** (CSOs)– networks, non-government organizations (NGOs), community-based organizations (CBOs), trade unions and guilds, academic institutions and research groups
- **Private Sector** – umbrella groups representing groups within the private sector, professional associations
- **Donors** – donor participation in the PRS process is key to coordinating efforts, sharing costs, gaining joint ownership over the PRS and creating synergies between differing donor foci and skills.

Key issues for ensuring an effective stakeholder participation processes at the national level are:

- **Legitimacy:** the group is registered, is recognized by the public and has functioned according to its stated objectives effectively.
- **Representativeness**: the group reflects the interests and needs of its constituency
- **Capacity**: the group has the organizational and analytic capabilities necessary to carry out its objectives, it is able to articulate the group's demands and interests, and is able to represent its members at multi-stakeholder dialogues.

Box 5. Summary of a Stakeholder Analysis in Albania

The National Government. The government structure in Albania has been highly centralized and lacks a permanent civil service. All ministry employees are political appointees, as are employees at the local level. As a result, when the government changes, so do most of its staff. Given this structure, it is very important to obtain a wide range of support in the government to allow continuity in the process of the PRS. If a change occurs in one ministry, other government bodies can provide the stability for the process. Therefore, in terms of stakeholders within government, it is essential to gain wide spread support for the PRS process at all levels of government.

Local Governments. At the local and district levels of government, there is some difference of opinions among the Albanian about whether local governments are trusted by communities. Local governments currently do not have much autonomy but are at the front line in terms of dealing with the problems of the people. Therefore, they face the most direct criticism from the communities. The two key cross-local government associations which might contribute to the participatory process at the local level are the Association of Mayors and the Association of the Chiefs of Communes.

Organized Civil Society. In Albania, one of the most significant stakeholders in the country are the international actors, including bilateral and multilateral donors, charitable foundations such as the Soros foundation, international aid agencies such as the UN, and international NGOs, such as Oxfam and Care International.

Domestic NGOs play a growing role within the development context of Albania. While there are many reputable NGOs which do good work, there is reason for caution with others. NGOs are often viewed by the public in Albania as a way for influential or connected people to make a living, often at international levels of income which are much higher than domestic levels. To support this view, there are many former ministers and deputy ministers who now are directors of various NGOs. Also, most NGOs are centered in Tirana with a handful scattered in the secondary cities. To date, there appear to be few if any rural or village-based NGOs or known civil society organizations.

The Poor and Vulnerable. The four most vulnerable groups in Albania are women, the youth, the elderly and urban informal settlers. There is also some difference of opinion in the status of women in Albania. Under communism, women were given greater opportunities for education and for career advancement. However, since the transition, there has been some reversion to traditional forms of local governance, which would reduce the opportunities available to some women, especially in rural areas. There are two groups which seem to be at most risk: single mothers and women endangered by prostitution. Many women in rural areas have been found to be uneducated in simple contraception and are vulnerable to stigma created by child-bearing out of wedlock. Some married women are also at risk though, when their husbands emigrate to work abroad and leave them with no protection. In other cases, there is evidence that young women are being coerced into prostitution both in Albania and abroad. They are promised jobs or marriage and are lured into compromising and dangerous situations.

Youth seems to be at increasing risk of violence and drug use given estimate high drop out rates in schools, low income levels, reduced opportunities for employment and increasing social pressures from peers. There also seems to be a relatively high rate of child abandonment, especially of young children with health problems and physical disabilities. Given the poor condition of government social services, they have little chance of obtaining a decent education or future job opportunities.

Elderly people are also at increased risk of poverty. As internal migration and external emigration grows, elderly people are often left behind to fend for themselves in remote rural areas with inadequate

infrastructure and social services. As government funded social safety nets break down or fail to function properly, they are often also left with minimal incomes.

Informal settlements have sprung up partly because social assistance and safety nets function poorly in Albania and benefits often go to those who are not the most needy. Over the past decade, internal migration from the poor rural and mountain areas to the urban centers has had a major impact on the population as a whole. Many of these people have moved to informal settlements around cities. As a result, they do not have access to basic infrastructure such as water, sewage and electricity, thereby creating a health hazard in some areas. They do not have access to clinics or health care. Often the children have no access to schools. And, because these informal settlers live in shanties, they have no address to which social assistance benefits can be delivered.

The Private Sector. While small businesses are thriving in Albania, larger enterprises and foreign firms do not seem to have achieved a significant foothold in the economy. Much self-employment is through low-productivity agriculture. The director of one think tank felt that since the collapse of the pyramid schemes, many potential entrepreneurs have become very risk averse and do not take the initiative to expand their businesses for fear of failure. There is a Chamber of Commerce in Tirana with branch offices in the secondary cities. These are a good source of information on local businesses.

The Intellectual Community. There appear to be several reputable think tanks in Tirana, including the Institute for Contemporary Studies and the Albanian Center for Economic Research. However, the University does not seem to be a significant player in development research or activities. There were mixed opinions about the effectiveness of working with university faculty. However, many people suggested using students to conduct field work and research for the participatory process.

The Media. The people interviewed had mixed views of the Media. While there has been some good coverage of events in Albania, many of the media firms (TV stations, newspapers) seem to be owned either by the government or by foreign firms. As a result, many feel that the media will be a good avenue for distributing information, but they do not feel it represents the people of Albania.

Source: Seema Tikare, Stakeholder Analysis for the Albania interim-PRSP, March 2000.

Third Step: Determining the feasible level of participation for the PRS

Once a country's starting point has been determined, then the quality and depth of participatory processes can be assessed by answering the following questions and by conducting a stakeholder analysis to select representative stakeholders. This exercise will help the designers of the PAP to better distinguish the feasible level of participation that they can achieve in formulating the PRS. (See technical note 6 for illustrative answers to the following questions, depending on a country's level of development)

- **Information about the processes and content of the PRS:** To what extent and by what means are members of government and society informed of the government's poverty reduction strategies, related participatory process and proposed programs?
- **Participation in formulating poverty reduction strategies or national development strategies.** What is the extent, scope, level and quality of participatory processes involved in the formulation of previous poverty reduction or related development strategies?
- **Participation in Poverty Diagnostics**: Does collaboration exist in the collection and analysis of poverty data? Further, do the poor participate by giving their perceptions, and is this information used, in updating the poverty profile and in decision-making for poverty reduction strategy/efforts?

- **Participation in resource allocation / budget-making processes:** What is the extent of participation in priority setting, resource allocation and monitoring, both within government (national / local) and outside government (civil society, private sector, donors, the public)?
- **Participation in poverty monitoring:** Are participatory approaches used in poverty monitoring or in assessing the impact of poverty reduction strategies and/or related policies/programs?
- **Mainstreaming participation:** Are there mechanisms to institutionalize participation in policy development, program design and implementation and resource allocation, either at national or local levels?

The case example below shows how Ghana was able to determine its starting point and feasible level of participation for the PRSP by drawing on previous lessons learned in participation at the national level and by building on its existing processes.

Box 6. Case Example: Ghana brings together national development processes: CDF, Vision 2020, SAPRI and PRSP

Ghana has developed a long-term, comprehensive vision for the development of the Ghanaian economy, ***Vision 2020.*** The *Ghana Vision 2020* focuses on a participatory approach to, and ownership of, development policies and programs through national consensus building on strategic development issues. More recently, **sector strategies** have begun to be elaborated, as the Government of Ghana has developed its Medium Term Expenditure Framework (**MTEF**). Each Ministry, in detailing its current budget and proposing its indicative budget for the following two years, outlines its **sector policy and** targets to be achieved. The existence of a medium- and long-term strategy provides the ideal foundation for the a comprehensive poverty reduction strategy.

In 1997, a civil society organization took the lead under SAPRI in convening dialogue processes with several NGOs and labor unions active on areas linked to structural adjustment. NGOs from all over the country attended a national workshop in April in Accra. This process involves engagement with a wide range of civil society organizations and works with linkages between the national and local levels. The objective of this process was to improve the understanding of the impacts of adjustment policies on the people and about how the participation of civil society can improve economic policymaking. This process also provides a **building block** for strengthening the poverty focus of the national development strategy. This launched the outreach process which popularized SAPRI with the help of the media. Ten regional workshops, which identified priority issues, led to a national conference. A civil society steering committee (Civil Society Coordinating Council or CivisoC), representing a broad spectrum of civil society associations, was established. The Tripartite Steering Committee, which includes government representatives, civil society, and the World Bank, meets on a regular basis. Since the steering committee's inception, civil society has been working fairly independently in selecting researchers, carrying out methodological workshops, and developing the research design for SAPRI in Ghana.

These previous processes served as an entry point for formulating the Comprehensive Development Framework. Two-day regional workshops were organized in six regions by a civil society organization. The participants were drawn from civil society groups (including community based organizations, NGOs, trade unions, teachers groups, nurses and midwives' associations) and local government units. The participants identified priorities and discussed issues relevant to development. World Bank representatives attended these workshops only to clarify policies. Following the workshops, an in-country Consultative Group meeting was held and civil society observers were permitted to attend for the first time.

The PRSP process has been able to build on all of these preceding processes and further develop the mechanisms to institutionalize participation at the macro-policy level. (NDPC include how it was used)

Source: World Bank websites on SAPRI in Ghana and CDF in Ghana; Papers: "The Ghana CDF Pilot: The First Steps A Progress Report to the World Bank's Executive Directors," and "A First Draft Comprehensive Development Framework Towards Ghana Vision 2020, Tenth Consultative Group Meeting, November 23-24, 1999, Accra"; Yumi Sera's interview notes with Country Director Peter Harrold and Social Development Specialist Kofi Marrah.

Fourth Step: Creating a realistic participation action plan

Developing institutional arrangements for coordinating the PRSP process - Because participation at the macro level can be a large process that is difficult to coordinate, it is essential to develop the institutional arrangements for conducting and overseeing the process in the initial stages of PRSP planning. A participatory process will involve dialogues with several groups of stakeholders, all of which will have to incorporated into both the PRS and the expenditure framework that will be based on it. Most countries have opted for an inter-ministerial steering committee at the center and several sector/technical working groups with multi-stakeholder representation. In these countries, all these activities have been coordinated in the capital by national government officials.

There are also several **alternative institutional arrangements** that are equally effective. For instance, the Ministry of Local Governments (MoLG), which interacts regularly with local level government officials, can coordinate a participatory process that is largely centered in districts or regions. This will ensure that concerns of different regions and various stakeholder groups who are not well represented in the capital city will be represented. For similar reasons, the Association of Mayors can be the coordinating body, acting in concert with national level ministers.

In an alternative arrangement, one government (Ghana) contracted a nationally known and reputable NGO coalition to lead the participatory process. This arrangement had several advantages. Because the government had agreed to an NGO-led process, the credibility of the process increased. People were willing to trust that this was a genuine process and participated enthusiastically. And therefore, broad ownership for both the process and the content of the national vision was made possible.

Depending on the context within which participation is being planned, any of these arrangements might be superior to central coordination at the ministerial level, especially given that ministers have many responsibilities already and are constrained by other demands on their time. However, there are some key elements that are common to all PAPs. See box below.

Box 7. Key Elements of a Participation Action Plan

*1. An indication of the **preliminary consultation** involved in the formulating the PAP.*
Ideally, some consultation regarding the contents of the PAP would have been performed, or an indication should be given of recent participatory and consensus building processes upon which the PAP is based.

*2. A description of the **current status of participation** in the country.*
This description, giving specific examples, should indicate the status of, or the potential for, broad-based participation in the formulating of national development strategies. A set of 6 key questions that some country teams have found useful is annexed.

*3. A **Roadmap** for preparation of the full PRSP.*

This outline plan of the participatory process for the development of the full PRSP should be based on knowledge of the current status of participation in the country. It should include the following key elements: (i) the proposed direction of the participatory process; (ii) stakeholders to be included in the process; (iii) indication of methodologies; and (iv) costing and timeline of the participation process.

Selecting from a Range of Participatory Process Options - There is a range of options for choosing goals and objectives open to countries that are undertaking a participatory process. Below are some steps that can become a part of a broadly inclusive and effective participation strategy in the PRS. However, it is important to keep in mind that without a timeline for activities, the participation action plan is of very little practical use to those undertaking the PRSP.

a) **Collaboratively deciding poverty objectives and priority public actions with key stakeholders** - through a public information strategy, including translating and posting the results of the on-going processes and discussions on websites, in newspapers, on television and radio and through brochures publicly available through key government offices as well as the resident mission. Deliberations of the Steering Committee on poverty objectives can be covered by the local media and validated through national and provincial workshops and informal town hall type meetings. In addition, the Government can be encouraged to undertake a social impact assessment of the proposed reform measures, and obtain feedback on potential ***trade off's*** through process of systematic public dialogue.

b) **Building or strengthening existing process for participation in the PRSP process** – Many governments argue that because they are democratically elected, they do not need to institute participatory processes for PRSP formulation. By encouraging government to share information about national level policy making before the policies are finalized, before budgets are formulated and before public action choices have been made, its decision making processes become more transparent. Traditional democratic processes usually only allow citizens to make one input in 4 – 8 years. Participatory processes allow citizens to actively participate in the governance of their country and their resources between election cycles, on a more regular basis. This not only empowers the public, it increases the overall ownership for development policies and thereby, increases their sustainability.

c) **Preparing a participatory monitoring plan to assess implementation of the PRS** - through a social audit; a client satisfaction survey of key poverty programs; report card systems to monitor public service delivery, and participatory budget tracking in selected areas. PRSP countries are still exploring these approaches, which have enjoyed wide success in Brazil, India, Philippines and Uganda. (See attached case studies)

d) **Key actions to institutionalize participatory processes in-country –** these actions can include setting up a permanent poverty reduction unit in a core ministry to track (using participatory methods) the poverty impact of the PRS, setting up local level or district level feedback mechanisms such as those listed above, which could provide on-going information to the statistics office or the poverty reduction unit, continuing the public information strategy to increase overall accountability and transparency in the country, and making participatory approaches standard practice in policy making and implementation. This last action can be done by linking participatory poverty reduction processes to internal cycles, such as the budget or medium-term expenditure cycle. This has been done in several countries, including Albania and Uganda with great success. The poverty reduction policies thus become directly linked to budget allocation and spending, such that the actions are immediate.

The central element of this step is to incorporate feedback from stakeholders in an accurate way. The example below illustrates that community groups should and will speak out if this does not happen.

Costing the participatory process - The total cost of the participatory process will vary across countries, depending on its starting point for participation, the coordinating mechanisms that are set up,

the nature of stakeholder analysis and poverty diagnostics undertaken, the types of activities planned (as workshops tend to be more expensive), and the amount of local civic engagement envisioned. There are several ways to minimize costs. First, draw on local capacity to organize participatory processes as they will most likely not demand international rates or incur high travel expenses. Second, work with existing government and civil society networks, and academic institutions. Third, organize low-key, but well publicized focus groups, interviews and "town-hall meetings" rather than large workshops. And fourth, bring external donors into discussions to share expertise and costs. For example, in the Albania PRSP, UNICEF is providing funds and technical assistance to the government for its public information strategy and UNDP footed the bill for the Launch Workshop. (See technical note 7 for guidance on costing a participation action plan)

Setting a realistic timeline - Carrying out an effective participatory process which actually achieves the principles of increasing information sharing, transparency and accountability requires adequate planning and sufficient time to implement the processes. PRSPs have been time constrained due to the urgency countries face for debt relief, therefore, they have to be very carefully planned to maximize participation in the 12 to 18 months that are usually available. However, it is also important to think beyond the production of the paper and to plan for participation in both implementation and in monitoring poverty reduction outcomes.

See technical note 9 for further guidance on preparing a PAP.

C. Risks and limitations of participation

Until recently, most participatory work was conducted at the project level and had a limited scope. As a result, there is a great deal of knowledge and experience with participation at the local level, but very little at the national level. In fact, it can seem overwhelming to conduct participation on such a large scale. The previous sections of this sourcebook have dealt with how this very large process can be made more manageable by breaking the process down into its building blocks. However, it is also helpful to recognize from the outset some of the constraints that may arise so that these obstacles can be minimized. Risks to the process include:

- Creation of parallel participatory processes that are not integrated with existing social and political structures
- Limited trust, conflicting interests, and differing bargaining powers between stakeholder groups that result in disorganization of the process and abuse of confidences
- Diverse perceptions by different stakeholders concerning the participation process, poverty, and the importance of efforts to reduce
- Exaggerated expectations by some stakeholders of the outcomes of the participation process
- Insufficient sharing of information between participants in the process
- Poorly planned participation processes that are open-ended and not realistically budgeted or that are a token effort by the organizers
- Lack of political will among government agents to allow wide participation because they fear loss of power or influence;
- Limited time, capacity, and finances
- Consultation fatigue

(See technical note 10 for guidance on how to measure progress in participation and technical note 11 for how to overcome constraints)

Box 9. Case Example: From Confrontation with Civil Society to Collaboration: Brazil

This case example illustrates a situation in which the major stakeholders in the complex natural resource management *Planafloro* project in the Amazon basin of Brazil were able to move from a conflict situation to a constructive dialogue, which ultimately led to institutionalized participation and project success.

The constraint: The local body established to monitor the *Planafloro* project – the NGO and Social Movement Forum[3] - noted that after 4 years few of the project goals had been met, stakeholder participation mechanisms had ceased to work, and only 50% of the funds spent. This forum, with the support of international NGOs[4], mounted an international campaign against the government and the World Bank implementers to interrupt disbursement of project funds. They pushed for the project to be investigated by the World Bank's Inspection Panel, who made several recommendations for restructuring and monitoring the project to achieve its goals..

The solution:

1. **Project reorganization:** Project supervision was decentralized, an midterm review performed in an impartial and participatory manner, and as the project lacked local ownership and support, the principal stakeholders were given full responsibility for its restructuring - .the number of government executing agencies was cut back, and bureaucratic procedures were streamlined.

2. **Creation of demand-driven community projects fund** (PAIC): This fund is co-managed by the government and a coalition of CSOs, coordinated by the NGO and Social Movement Forum. Proposals for community-based projects in the region covered by the *Planafloro* project are submitted for funding. The coalition of CSOs (FETAGRO, CUNPIR, OSR) sit side by side with government on the PAIC Deliberative Council to analyze and approve the projects submitted by the communities. This joint involvement has ensured that the analysis is more complete - as CSO representatives have more local knowledge- and has helped the State Government to avoid the political pressures.

3. **Open dialogue for development created:** Equally important, the above link between civil society and the Government overcame the long-standing mutual animosity and tension. Once a policy of more open and frank dialogue began, relations among CSOs, the state government and the Bank were improved. Based on this positive momentum, a comprehensive strategic planning exercise called *Umidas*, geared to defining a sustainable development plan (1998 –2020) for the State of Rondônia was formulated in a participatory manner based on the positive relationships created in the *Planafloro*.

Source: John Garrison, "From Confrontation to Collaboration: Civil Society- Government- World Bank Relations in Brazil."

D. The role of Bank and IMF Staff in the PRSP

Some clarification of the Bank's role is necessary at this point. Because the PRSP is a nationally owned document, the Bank's role is neither to undertake participation nor to coordinate it, but rather it is to facilitate the process. In this capacity, Bank staff have

- played a negotiation role between different stakeholders to come to a common understanding of the goals and mode of participatory processes,

[3] NGO and Social Movement Forum has 35 member organisations -agricultural workers, indigenous and rubber tappers associations, environmental NGOs, and urban educational groups

[4] International NGOs (World Wildlife Fund/Sweden and OXFAM/UK)

- provided stakeholders good practice examples from other contexts,
- offered a range of options for how several components of the participatory process can be undertaken
- provided technical support for various types of analyses that support participation, such as social impact analysis, stakeholder analysis and participatory poverty analysis.

V. Participation in Formulating the Full Poverty Reduction Strategy

A. Participatory Processes in Poverty Diagnostics

As described in section III, which provided an overview of the building blocks, Participatory Poverty Diagnostics identify the priorities of the poor, bring to light the multi-dimensional nature of poverty and can be used to determine the causes of poverty. (See technical note 8 for ensuring the participation of women in processes) However, they also need to be geared to the policy, budget and institutional processes of the countries in which they are carried out. This is not always easy. Policy-making involves multiple actors engaging with a variety of processes and interests. Within this policy-making environment, poverty diagnostics are intended to influence policy to produce benefits for poor people. They can make a valuable contribution to PRSPs and other national policies. They can stimulate public debate about the multi-dimensional nature of poverty and its causes, assist NGOs to better understand the nature and causes of poverty, and assist poor communities to make claims on public service provision. Specifically, poverty diagnostics serve two important functions in this respect:

- they enrich the knowledge base for designing poverty reduction policies
- they help build an enabling environment for empowerment, negotiation and influence

See box 10 below for some examples of participatory methods and tools.

Box 10. Tools for Conducting a PPA

1) Well-being ranking: Grouping or ranking households, including those considered the poorest or worst-off, according to well being. The concept of well-being is broader than poverty, which is usually considered as linked only to economic criteria. The challenge in this issue is to understand people's definition of well-being, what kinds of factors do they include in their definitions of well-being and some discussion around pre-determined categories of critical importance to the study. Three broad questions need to be explored:

A) How do people define well-being or a good quality of life and ill-being or a bad quality of life?
B) How do people perceive security, risk, vulnerability, opportunities, social exclusion and crime and conflict? How have these conditions changed over time?
C) How do households and individuals cope with decline in well-being and how do these coping strategies in turn affect their lives?

2) Cause-Impact Analysis or Flow Diagrams: This approach allows researchers to understand people's perception of causes and impact of poverty/ill-being and also illustrates the perceived impacts of specific events or unpredictable factors, such as violence, conflict and economics shocks.

3) Focus Group Discussions: These discussions can be organized to be more structured and focused or to be more general and free-form. There is also a choice in designing the size of the group, its composition, its location and time, and so forth. In most forms, focus group discussion can be powerful and efficient for drawing people into a discussion of specific issues they face, their causes and proposed solutions.

4) Individual Interviews: Individual case studies are generated by having one-to-one discussions with individuals or members of a household and documenting as much detail as possible from the discussion. This can be in the form of an open-ended discussion, a semi-structured interview or carrying out their livelihood

analysis. These interviews can be more in-depth than focus groups discussions and can be used to highlight specific issues and support results obtained from more general analysis.

5) Visual approaches such as poverty / social maps, cyclical change charts, seasonal calendars, Venn diagrams of institutions and drawings. Visual aids can help the researcher clarify certain aspects of discussion with people by asking them to specify where poverty occurs, when it occurs, what institutions play a role in their communities and how, and what the various conditions of poverty are. Using such visual techniques allows many people to participate in the discussion regardless of their ability to read and write. They can provide spatial representations of the distribution and location of resources and facilities, and can form health and demographic maps. They can represent which institutions are important to the community, their function and their accessibility.

In order to do this, participatory methods must be combined with quantitative methods, such as the Living Standards Measurement Survey (LSMS, see poverty diagnostics chapter for more details). Quantitative measures can provide trend data and benchmark certain aspects of poverty, but when combined with qualitative data, it can also address such issues as the causes of poverty. By taking a holistic approach to poverty analysis, it is possible to link poverty assessments with policy decisions and public actions. (See technical note 14 for methods for consulting the poor)

The information dimensions of poverty diagnostics can make a valuable contribution to policy analysis and formulation assuming an effective system for implementation exists, and of course, the willingness of key stakeholders. Specifically, poverty diagnosis can provide:

- **Poverty assessment/analysis**: they can enrich the conceptualization of poverty through a multi-dimensional view. They also enhance the understanding of the causal processes which underlie the reproduction of poverty by outlining stakeholder perceptions of casual relationships.
- **Poverty/well-being monitoring**: they can contribute to monitoring trends in well-being and factors that affect it (e.g., insecurity, inflation, subsidies, markets, environmental degradation). They can also highlight significant indicators of well-being.
- **Outcome/policy monitoring**: they can identify the extent to which key government policies are known and understood; the perceived effects of those policies; and the extent to which different institutions are trusted to deliver benefits

Participatory elements in the poverty diagnosis provided these added benefits by bringing the voices of the poor and vulnerable:

- **Priorities as a proxy for 'demand'**: participatory poverty assessments can provide information that represents poor people's priorities for public action.
- **Bringing new actors into the policy process and creating new relationships in the policy process**: Most successful participatory poverty diagnostics stimulate the creation of networks and relationships that carry on after the PPA.
- **Stimulating a change in the behavior and attitudes of official and policy makers**

The case study below describes the social weather stations (SWS) program which allows the poor to rate their own poverty on a quarterly basis. The SWS not only allows the collection of real time data on poverty, but it also allows the participants to affect policy through the dissemination of this data to a wide range of stakeholders, including government representatives. Among the many topics covered by the SWS are poverty, poverty thresholds, and hunger. These conditions are as subjectively expressed by the survey respondents themselves, i.e., as seen from the bottom-up, and not as defined by an institution outside the household. This data has been collected since 1986.

Box 11. On-going Community Monitoring of Poverty Alleviation Efforts in the Philippines

The Social Weather Stations (SWS) survey provides a unique opportunity to obtain a nationally representative snapshot of poor people's priorities, their awareness of existing services, the constraints and barriers they face in accessing available services, and their satisfaction with the services they have used. Designing questions about these issues and using them in combination with the questions SWS regularly include in their quarterly surveys (self-rated poverty, socio-economic characteristics, etc.) can give us an overview of *how the government's poverty alleviation efforts are perceived by their target population*. The SWS reports are circulated widely through the media and to government representatives who have used the findings extensively to realign service delivery.

The national time series on Self-Rated Poverty (SRP) now has 51 observations. In the survey of December 2000, 56% of household heads rated themselves Poor; among the Poor, the median monthly home budget needed in order not to feel poor was P5,000 (US$105, March '01); 12.7% of households had experienced hunger at least once in the last three months. Movements in SRP since the mid-1980s have been strongly linked to fluctuations in consumer-price inflation and, to a lesser extent, to unemployment. In contrast, per capita GNP has not been an important determinant of short-run changes in poverty. The most recent trends of Philippine poverty were downward during 1994-97, stable during 1997-99, and then downward again during 2000.

The benefits of working with SWS include the speed with which a survey can be implemented, the savings inherent in utilizing an existing and well-tested mechanism, and the experience and expertise that the SWS staff bring to the project. There are also limitations, however, on what and how questions can be asked. These obstacles are mostly related to the relatively small sample size of the SWS omnibus survey (n = 1200). This sample size constrains disaggregation to four large areas (National Capital Region, rest of Luzon, Mindanao, and Visayas). Further, the regular sample size does not allow for analysis of specific sub-populations, such as fisherfolk, single mothers, orphans, and indigenous people, that have high poverty rates and have been targeted for specific programs. The below discussion assumes use of the SWS quarterly survey and takes these constraints into the questionnaire design. Expanding the SWS sample is briefly discussed in the last section.

Source: Mahar Mangahas, President, Social Weather Stations [www.sws.org.ph]. Written by Bhuvan Bhatnagar, "SWS Survey: Perceptions and Use of Pro-Poor Services in the Philippines," Dec. 1999, p. 1

How Can Participatory Poverty Assessments contribute to the PRSP?

The poverty diagnostics phase of the I-PRSP is designed to establish a shared understanding of poverty and its causes in the country. A preliminary step would be a review of the available poverty data and data sources in the country, including existing household surveys, population census, rapid monitoring and satisfaction surveys, and poverty-related program and project documents, especially qualitative or participatory poverty assessments. The review can be complimented with a rapid participatory assessment to fill the gaps in existing data and to validate them at the local level. Once the poverty assessment is complete though, it must be translated into specific recommendations for policy change, so that the poverty reduction priorities identified through the PPA can be incorporated into the overall poverty reduction strategy.

The table below summarizes the participatory poverty assessment carried out in Vietnam is contributing to the PRSP by linking poverty-related finding with specific policy changes to address them.

Table 4: How PPA findings might translate into policy changes

PPA findings	Policy change in the making
A strong demand for a greater range of opportunities to develop sustainable livelihoods, particularly those which reduce the dependence on landholdings of reducing size (all PPAs)	Study of constraints to the development of the off-farm sector in Tra Vinh (funded by World Bank and UNDP, conducted by Mekong Project Development Facility)
Marginalisation of ethnic minorities in upland areas (Lao Cai and Tra Vinh PPAs)	Study planned, funded by UNDP. To feed into an ethnic minority development plan
A strong sense of vulnerability to both household-level and community level shocks, with ill health being the single most significant shock which poor households endure	1. ➢ High costs of curative health care currently being looked at as part of the health sector review and the Public Expenditure Review 2. ➢ Government request to donors to work intensively to help develop a more integrated approach to dealing with community-wide shocks and disasters
A voiced concern about the lack of information about initiatives, plans and programmes which affect their livelihoods and a sense of alienation from decision-making processes	Lack of access by poor households to information on legal rights and "knowledge of the poor" included by Government as an issue to be addressed in the poverty reduction strategy
Links between poverty and mechanisms for commune-level financing (Ha Tinh PPA)	Study on fees and voluntary contributions included in the Public Expenditure Review and discussed with Ministry of Finance
High direct costs of education for the poor	Currently being looked at as part of the Public Expenditure Review
1. ? A number of issues related to intra-household inequity which highlight the vulnerability of children and women 2. ? A range of gender-related dimensions of ill-being	Work by the Government-donor-NGO Gender strategy Working Group strongly informed by PPAs – process followed in producing "Vietnam: Attacking Poverty" seen as a model for work this year in producing a gender strategy
The plight of unregistered urban migrants	In Ho Chi Minh City, some Districts have now changed the criteria for including long-settled unregistered migrants in its Hunger Eradication and Poverty Reduction credit programme
Various issues in Ha Tinh	Directly addressed in provincial policies and HEPR (including policies on commune-level fees and contributions, and public investment priorities)

Countries have **several options** for linking their poverty assessments, both qualitative and quantitative, with policy formulation, public action choices, budget decisions and monitoring and evaluation:

- Encourage discussion about poverty among cabinet ministers and parliamentarians to create a more widely owned PRS which represents the perspectives of people with differing knowledge, expertise, and experience.
- The PRSP coordinating body could devote targeted efforts for the analysis of poverty data to design the process for formulating a PRSP, selecting priority actions for poverty reduction and allocating suitable resources for these activities.
- High quality PPAs can increase dialogue and negotiation on poverty at the policy level; increase ownership and commitment to policy delivery on the part of different civil society groups; and strengthen links between communities and policymakers. Establish a compact between the government and its citizens for a shared diagnosis of poverty.
- Map out institutional and policy specific linkages to poverty trends and dynamics in country.

- In order to do this, donors could provide technical assistance for the training of local people, particularly the poor, in participatory processes for poverty analysis and in policy making processes so that the two can be linked.
- Donors could also provide technical support in designing a public information strategy to disseminate poverty data, so that stakeholders are made aware of the types of issues emerging and the extent.

B. Participation in Macroeconomic Policy-making and Reform

Macro-economic policies are the basis upon which governments make decisions regarding budget formulation, public actions and poverty reduction monitoring. Macroeconomic policies can be divided into two broad areas of policy: Monetary and Fiscal.

Monetary policy involves actions taken by a country's public and private institutions to influence the money supply or interest rates. These policies affect everyone's livelihood, including the poor, through their influence on the rate of inflation, the pace of overall economic growth, the level of unemployment, and exchange rates. Institutional factors and the quality of democratic and accountable governance affects the potential for participation in monetary policy by civil society. Given the technical nature of these policies, two options for participatory approaches are:

- Information sharing and dissemination
- Consultation on monetary policy

Fiscal policy determines the way governments manage revenues, expenditures, and debt. Civic engagement on the revenue side principally concerns the level and structure of taxes -- who pays and how much. On the expenditure side, civic engagement focuses on priorities for public spending -- who gets what services, and how generously those services are funded. The relationship between revenue and expenditure is critical, for it determines the fiscal surplus or deficit -- which in turn affects overall macroeconomic stability. For the sake of clarity, keep in mind that *expenditure policy* and *actual budget formulation and spending* are separate activities.

Tax Policy

- Disseminating tax policy information
- Consulting and collaborating on tax reform
- Participation in expenditure policy

Expenditure Policy

- Consultation and fiscal discipline
- Participation and fiscal resource allocation
- Fiscal policy participation and conflict

Participation is inherently political, and understanding the dynamics of participation, particularly in macro-economic policy making requires thinking in terms of interest groups and incentives. The key factors listed below and the politics of participation influence to what degree, and how easily, participation can in practice yield its prospective benefits.

For a case study of sectoral policy implementation, please see technical note 16.

Participation in macroeconomic policy is shaped by contextual factors. These include:

- A basic understanding of economic issues along with structures and mechanisms for citizens to enter the policy process is needed.
- Demystification of what the policy is, the rationale behind it, and its impacts will be critical to giving various societal groups incentives to support the policy and to build positive coalitions of stakeholders.
- Negotiating trade-offs among various groups of stakeholders affected by the policy making process.
- The PRSP process implies a more state-centered mode of participation, motivated by the donor community and led by government officials desiring debt relief.
- Countries where one or more progressive parties exist to speak for the interests of lower income groups will provide more opportunities for participation compared with countries that lack such political formulations. In Gujarat, India, the founder of DISHA, an NGO that has specialized in pro-poor budget analysis and lobbying, is establishing a political party.
- The design of different countries' parliamentary bodies obviously affects the extent to which interest groups and citizens can engage meaningfully in macroeconomic policymaking through legislative hearings and testimony.

Six key lessons of participation in macroeconomic policies have major implications for the design, conduct and effectiveness of the PRSP process.

- Experience demonstrates that there are positive links between participation and sound macroeconomic policies
- Countries vary significantly in terms of the condition that facilitate or constrain policy participation
- Government leadership for macroeconomic policy participation is central
- Sustainable macroeconomic policies blend the right technical answers with political feasibility
- Civil society groups can influence the policy process by building successful coalitions around macroeconomic issues
- Successful participation in macroeconomic policy follows a progressive sequence that takes time and resources

Box 12. Ireland Case Study

Ireland has taken a very innovative approach to disciplining its economy. Since 1987, Ireland has developed five ***social partnership agreements***, with the latest launched in February 2000 called the "Program for Prosperity and Fairness"[5]. This program outlines a comprehensive set of economic and social objectives finalized over extensive consultations among the government and a range of civil society organizations from November 1999 to February 2000. The idea of social partnerships evolved in the late 80s when Ireland was going through a tough recession (1980-87), aggravated by high inflation, heavy public borrowing and deficit, and loss of manufacturing base. The NESC (National Economic and Social Council), formed in 1973 to play an advisory role to the government on "the development of the national economy and the achievement of social justice", has, since 1986, been facilitating consultations among a range of social partners to go through a process of shared learning for an inclusive overview of socio-economic 'options, challenges and trade offs'. In 1990, NESC identified essential elements for a consistent policy framework within a national strategy as follows: i) macro-economic policy securing low inflation and steady growth, ii) evolution of incomes which underpins competitiveness while handling conflict over distribution, and iii) promotion of structural change to adapt to changing external environment.

While one of the key motivations for introducing partnership agreements was dictated by the inevitable need to discipline the economy in order to meet the entry conditions of European Monetary Union (EMU), NESC did not see this as a matter of technical economic management alone, arguing that these strategies ***succeeded only with the active consent and participation of those affected by these policies***. In this spirit, the National Economic and Social Forum (NESF), established in 1993, was brought on board to address social policy issues

[5] **www.irlgov.ie/taoiseach/publication/prosperityandfairness**

such as exclusion and unemployment. The narrow economic mandates of the earlier agreements were thus substantially broadened for the fourth (1997-2000) and the fifth (2000-2002) agreements.

Social partnership has been identified as being the driving force of Ireland's economic success over the past ten years. By establishing an institutional framework and process in which the government, the private sector and civil society representatives take major socio-economic decisions with broad-based popular support, a virtuous circle of benefits has been created for all participants by restoring competitiveness, maintaining industrial peace, and providing a conducive environment for investment and growth. Dermot McCarthy and Rory O'Donnell, among others, note the following economic changes over one decade:

i) Budget *surplus* in 1999 of over 1.1 billion Irish Pounds compared with a *deficit* of 1.4 billion in 1986. This has allowed expenditures on health to be increased by 150%, on education by 84% and on welfare by 70% since 1987.
ii) Exchequer *surplus* of 747 million pounds in 1998 against an exchequer *borrowing* requirement of over 2.1 billion 10 years ago.
iii) Unemployment reduced from 17.5% to under 5% in 12 years.
iv) Average annual inflation of 2.8% since 1987 contrasted with rates up to 20% in the early 80s.
v) National debt/GDP ratio of 52% in 1998 compared with 120% in 1986.
vi) Average GDP growth of 4.9% a year including a 9.5% growth in 1998 compared with the EU average of only 2.8% that year.
vii) Stock of US manufacturing foreign direct investment doubled from US$ 3.8 billion in 1994 to US$ 8.1 billion in 1998. A third of American investment in Europe is going to Ireland, especially into high-tech companies.
viii) Inflation-adjusted pay rates rose by about 30% in the 90s, which is 2.5 times greater than the increase for EU and four times that for the US. In fact, Irish per capita GDP has surpassed that in Britain; in 1987 it was two-thirds of British GDP per head (in GNP terms, however, Britain is still ahead by around 14%).

While claims of direct causality between the partnership agreements and Ireland's dramatic U-turn in economic fortunes will be disputed by some, there exists an unambiguous basis to argue that *stability* offered by these multi-annual policy and wage commitments has really been instrumental in firmly positioning Ireland as one of Europe's fastest growing economies – the so called Celtic or Emerald Tiger, making it one of the most attractive places for foreign investors globally in the 90s. Traditionally known to be one of Europe's weaker economies (Ireland's GDP is a mere 1% of EU GDP), the partnership programs have especially been credited for facilitating the country's successful participation in the EMS and the EMU by allowing it to pursue sound macroeconomics through prudent public finance management, maintenance of low inflation, low interest rates, and credible exchange rates, and improved competitiveness. As O'Donnell claims, this participatory approach to macroeconomic policy in Ireland has shown that 'technical mechanisms can only be effective where the *political economy* of inflation, incomes and public expenditure is resolved.'

In addition to the tax and pay agreements, other macroeconomic issues such as long-term unemployment, enterprise policy and financing of public services have not only been addressed in subsequent consultative exercises, but by 2000 the agreement had grown to become more than a macroeconomic strategy by embracing broader policy initiatives on the social side. Overall, in addition to the tangible economic benefits that these partnerships have facilitated, if not directly brought about, there are many allied aspects of 'social capital' that this process of civic engagement is argued to be fostering. It has also been said that 'shadow of the future' – the fact that the parties know they will meet again - has generated an environment of patience and trust, which, as has been argued by Robert Putnam and others, "nurtures reciprocity, facilitates communication, improves flow of trustworthy information and increases cost of defection."

The logical question to pose after reading the above is what is that guarantees consensus in an environment where parties on the table have clear conflicts of interests and have no common understanding of issues at the beginning of the consultative process. Rory O'Donnell implies that a notable pre-requisite could be that when the 'society expects partners to be problem-solving' they do so by not going into debating their ultimate socio-economic visions. This means that consensus and shared understanding of issues end up becoming the outcome

of the process, not pre-conditions[6]. It has further been argued that the kind of consensus reached through a problem-solving deliberation is practical in outlook, which has helped transform Ireland's 'internal system of interest mediation'.

It has been pointed out though that the country's performance is not as striking on the broader measures of socio-economic progress, as reflected in, say, the UNDP Human Development Index (HDI) or some of its variant versions, which lists Ireland as having the worst HDI in the EU. Similarly poverty, social exclusion and widening inequalities remain big problems. But McCarthy points out that these owe more to structural factors operating separately from the social partnership approach to economic management, asserting that these factors were in place prior to 1987 as well.

The fact that a project that initially began as a short-term solution to diffusing a public finance crisis has now been institutionalized as a three-yearly process and been broadened to represent a wide section of the Irish society to 'deliberate, negotiate, bargain and attain consensus' on economic and social issues is an indication that the model has been deemed highly successful by the Irish themselves. To outsiders, this exercise presents a case where remarkable economic returns have been reaped through a model of negotiated governance. Although a process driven by the government (issuing invitations, providing fora and logistics, setting broad parameters to lead informed discussions, aggregating inputs, developing and implementing strategy, etc.), consultation among participating groups is probably the essence of the process that involves a tremendous degree of learning from and understanding of each other's positions.

Dubbed an exercise at multi-party negotiations, this is in many ways a broad-based stakeholder participatory process, for partners not only influence the outcome of the process by providing inputs, but the negotiated product expects partners to fulfill their part of the pledge, making them accountable for it. There are some merits to the theoretical arguments presented by detractors of the process, but the broad-based political support for the partnership agreements in Ireland gives the impression that as long as the process goes on delivering results at a very practical level, patience with theoretical dissent will be short-lived.

C. Participation in Budgeting and Public Expenditure Management

Based on policy decisions made, the government chooses public actions that will implement these policies and allocates resources to carry out these public actions. As a result, in effort to exact accountability and transparency from governments, citizens and civil society organizations are increasingly focusing on the budget and its effects on the distribution of resources. Civic engagement initiatives have addressed the three main issues described in the overview above: budget formulation and analysis, expenditure monitoring and tracking, and evaluation of public service delivery. Bank public expenditure reviews (PERs) address these three areas therefore, a description of PERs provides a context within which country processes and Bank processes intersect.

1. Setting the context: Public Expenditure Management in the Bank's Work

The public expenditure review is the World Bank's major vehicle for analyzing public expenditure issues within the context of the public sector and government programs. PERs are designed to help governments establish effective and transparent mechanisms to allocate and use available public resources in a manner that promotes poverty reduction, accountability and equitable economic growth.

PERs deal with a range of issues, including the analysis of current and future revenue, formulation of budgets, government's in-year spending, tracking expenditures to the local level and governance structures, and the efficiency and efficacy of public service delivery.

[6] Jean Monnet Inaugural Lecture, University College Dublin, 29 April 1999.

Because the PERs deal with issues central to a government's development agenda, domestic ownership of public expenditure reforms is essential. Both government and civil society representatives must be committed to the recommendations and proposals made in the report if the reform is to succeed. Therefore, a participatory approach, in which a wide range of stakeholder groups are consulted on their perspectives on the country's development, should be adopted throughout the public expenditure review process. Furthermore, it is crucial for establishing ownership to share the findings of the report with a wider group of stakeholders in the country. (*adapted from World Bank's public expenditure online website*)

However, to date, PERs have not brought a wide range of stakeholders into the process. Conducting participatory PERs will increase the transparency of public expenditure processes and it will increase the accountability of governments to the public.

2. Budget formulation and analysis

Although no ready formula exists for how to mobilize collective action to influence budget formulation, there are a range of options from which stakeholder groups can draw.

1. Demystifying the budget requires a technical expertise that often discourages civil society groups from becoming involved in budget formulation. However, in recent years, there have been some groups that have shown that a determined effort can allow people from any walk of life gain a firm and respectable hold of this skill. They were able to do it by following standard guidelines set out by the Auditor General on budget coding, which made it much easier to compute alternative figures, and contest official statistics.

2. Building ownership of budget analysis and advocacy will necessarily involve "democratizing" the capability to understand the budget. This means developing the skills to express the budget and any proposed alternate budgets in lay person's terms to a wide range of stakeholders. This also serve the key purpose of breaking through a dialogue process that has been in the exclusive control of a small number of technocrats.

3. Organizing social coalitions to support this type of action involves harnessing the energies of various groups to support budget formulation and analysis. These groups can include government, NGOs, civil society organizations and community groups, and donors which are involved poverty diagnostics and priority setting. The media has proven to be an effective partner by displaying a keen interest in budgets and have been a strong ally in eliciting a response from the government and the general public.

4. Create the space to actively engage in budget formulation through lobbying and direct dialogue.

(See technical note 15 for a description of the Uganda Participatory Budget process)

The following example illustrates how members of civil society can organize their resources to provide citizens with the information they need on budgets in a format they can understand. The group of experts in this case have dedicated their efforts to not only informing civil society about the budgeting process, but also keeping policy-makers and parliamentarians of the demands of their constituencies and the effect of their budget decisions on their constituents.

Box 13. Case Example: Participatory Budget Analysis in Gujarat, India

The state of Gujarat hosts almost a tenth of India's 80 million tribal people. Despite official rhetoric of significant investment in tribal development projects, results on the ground were questionable. This prompted DISHA

(Development Initiatives for Social and Human Action) to get into the business of budget analysis in 1992 to ascertain what actually was happening to funds allotted in the name of the tribals under the Tribal Area Sub-plan. DISHA thus began by first taking up the issue of the state's 7.3 million forest laborers, not recognized as a formal professional group, but have since broadened the scope of their work to cover most aspects of budget analysis of general topics. Described as an attempt at "democratizing the budget process"[7], DISHA obtains budget documents, reviews and disaggregates departmental allocations for different beneficiaries, researches the discrepancy between proposed and actual spending, and prepares briefs on synthesized findings for informed public debates. DISHA is one of the five largest membership–based NGOs in India with most of its 80,000 members drawn from tribal and forest workers. Although linked with its general analytical work on budgets, DISHA runs a separate lobbying and advocacy movement in favor of its huge tribal constituency.

Long considered irrelevant for the public, access to and acquisition of the annual budget documents itself is a real barrier to timely analytical work. Because of bureaucratic traditions and citizen indifference, this sort of demand had seldom been made before, which meant that documents in the early years – 1993 to 1995 - had to be borrowed from MLAs (Member of Legislative Assembly) who happened to be friends. These are now made available by the government after a lag. To overcome the overt technical categorization of budget items, DISHA followed the Auditor General's standard guidelines on budget coding which made it a lot easier to compute alternative figures, and dispute and contest official statistics. This basic knowledge of accounting systems gave DISHA significant confidence to go onto the next phase of doing the actual analysis of the contents. After obtaining the documents on the day the budget is presented to the Bidhan Sabha (assembly), researchers at DISHA rearrange figures and data into different headings and enter them into a computer. The quest is to analyze the data on incomes and expenditures, and interpret what the proposed allocations, if spent, mean for the poor. Three questions are looked at, i) does the budget mention specific pro-poor policies, ii) are these matched by adequate funding commitments, and iii) do they relate to the socio-economic reality of the Gujarati poor – the tribals, dalits, women and agricultural laborers. The day after the budget speech, the analyst team at DISHA briefs the press of its answers to these questions; and when discussions commence in the assembly, it starts to feed MLAs with information briefs on the sectors on a daily basis.

These 4-5 pager briefs contain budget information and analysis in an accessible form. More 'confrontational' than 'academic' in nature, these briefs are designed to create demand for explanations from the ruling government. The first set was produced in June 1994 and distributed to all MLAs, cabinet members, key civil servants, the press and leading individuals and civic groups interested in public finance - approximately 2000 in total. Each brief dealt either with a department or a subject, such as education, home affairs (police), energy, finance, or the Narmada project details. In 1994, a total of 90 pages on 12 different briefs were produced, in addition to the ad-hoc circulars related to tribal development. Typically, the briefs cover, i) general information about the department and the amount it received for spending, ii) the percentage increase or decrease in budget allocation to an item or sub-item, as well as excess amounts, if any, committed in actual expenditures over revised estimates of previous years, iii) examples of fiscal indiscipline and mathematical errors, iv) new items or expenditure proposals introduced for the first time.

Since 1996, DISHA has been preparing around 30 briefs on such departments as forest, women, social welfare, etc. The information on the budgets have also been disseminated in local languages through newspapers and one-page fact sheets to non-urban masses, namely tribal villages and schools. As part of its on-the-ground monitoring of budget implementation, DISHA writes to village authorities in tribal areas about the state of various construction works pledged in the past and publicizes them to expedite progress. Budget data have also been used to write reports advocating policy change in areas such as forestry. By analyzing public expenditures along the lines of what was promised versus what was delivered especially to the disadvantaged groups, DISHA is creating a strong system of information exchange that is assisting the communities to articulate demands and create pressure to establish accountability within the public expenditure system.

The next case example is a case in which the governing party, through the Mayor's office, initiated a participatory municipal budget making process that incorporated the concerns of a number of areas and groups in the city. The Porto Alegre case has been nominated by the 1996 UN Summit on Human Settlements in Istanbul as an exemplary 'urban innovation' and has stood out for demonstrating an

[7] An observation attributed to a former Member of the Planning Commission of India.

efficient practice of democratic resource management. The largest industrial city in Rio Grande do Sul with 1.3 million inhabitants, Porto Alegre has a local economy worth over US$ 7 billion, and for long has had a reputation for hosting a progressive civil society led by intellectuals and labor unions experienced in mobilizing people to partake in public life, including opposing authoritarianism.

Box 14. Case Example: Participation in Budget-making in Porto Alegre, Brazil

Run by dictators for over 20 years (1964-1985), Brazil only had a democratic constitution promulgated in 1998 that allowed an already active civil society to function more freely. A country of 156 million, Brazil has been dubbed one of the most unequal, with one of the largest numbers of poor people among comparable middle-income countries. After the end of dictatorship in 1998, people who had earlier opposed dictatorships formed the Workers Party (PT) to seriously take up the agenda of deepening democracy through "popular administration" of government. Having won several municipal elections in 1989, including Sao Paolo with over 10 million people, the PT began a creative experiment of engaging a wide spectrum of people to formulate city budgets.

The municipal power structure is such that the mayor's office serves as the executive, and the Chamber of Deputies as the legislature. Municipalities have considerable autonomy over their revenues, raised through local taxes, tariffs, and federal transfers, and expenditures. The executive prepares the budget, which is then ratified by the Chamber. Two institutions at the mayoralty – the planning office (GAPLAN) and the Coordination of Relations with the Communities (CRC) – manage budgetary debates with city residents. While CRC works through its regional coordinators with community leaders to set up discussion assemblies and to aggregate community claims, the responsibility of squaring citizen demands with technical and economic viability lies with GAPLAN.

The city is divided into sixteen regions, and topics for discussion into five themes: i) transportation, ii) education, leisure and culture, iii) health and social welfare, iv) economic development and taxation, v) city organization and urban development. There are two rounds of plenary sessions in each region and on each theme held each year. The citizens meet around March just before the first round of formal assemblies to gather demands of individual citizens[8] and mobilize the community to select regional delegates. The municipality is not involved in these intra-community discussions. The first round of meetings between the citizens and the executive follows in April, in the presence of the mayor, to review investment plans of the previous year, discuss proposals for the new year, and to elect people to the Fora of Delegates for subsequent deliberations[9].

Between the first and the second rounds (March to June), informal preparatory meetings are held to discuss demands for investment in sectors as presented by the various community associations (unions, cooperatives, mothers' clubs, etc.). These demands are ranked on an ascending scale of 1 to 5 by the participants[10]. These are then aggregated by the executive[11] together with points earned through two other criteria: i) need – measured by how much of access a region has had to a particular service, and ii) population size. Maximum points that can thus be attained is fifteen: 5 points if a region has had less than 20% access to a service, 5 if it has more than 120,000 inhabitants, and 5 if people rank it top on their list of demands.

Yearly Cycle of Participatory Budget Formulation and Monitoring

March: Informal citizen gatherings to collect demands; no interference from the executive (mayor's office).

April: First regional plenary held between the citizens and the mayor's office to account for previous year's projects, discuss new proposals and elect delegates to the second round.

April to June: Intermediary meetings for delegates to learn technical criteria and discuss needs and priorities in each region; informal preparatory meetings held with citizens and civic associations who rank their demands. The

[8] The number of participants rose from under 1000 in 1990 to over 14,000 in 1996 in the two rounds of assemblies. Including informal consultations, almost 8% of the city's population – 100,000 - might have been engaged in some way in these participatory processes, reflecting the effectiveness and credibility of the process.

[9] 1 delegate is chosen for every 10 people if up to 100 people attend; 1 for 20 if 101-250 people attend, 1 for every 30 if 251-400 people attend, and so on, with 1 delegate chosen for every 80 people if more than 1000 people attend.

[10] Five sectors are ranked in order of preference from a list of 12 consisting of sewage, housing, pavement, education, social assistance, health, transportation, city organization, sports, leisure areas, economic development and culture. A sector can be sub-divided, like housing into land legalization, relocation, urbanization, etc.

[11] In 1999, under the need criteria, 80% previous access to a service earned 1 point with under 20% access earning the full 5; similarly grades earned increases with population, and with increased preference of the community.

executive aggregates these together with two other criteria: i) how much access a region has had to a service, and ii) what its population size is.

June: Second plenary held when Councilors are elected and regional priorities voted.

July: 44 Councilors installed at the Council of Participatory Budgeting (COP) – 2 from each of the 16 regions, 2 from each of the 5 themes and 2 other reps.

July to September: Council meets for at least two hours a week to discuss chosen criteria, demands of their constituents, allocation of resources as proposed by the mayor's office, etc.

September: New budget approved by the COP, and sent to the legislature for debate and endorsement.

September to December: COP follows the debate in the Chamber, and lobbies, while working separately on a specific sectoral investment plan for different regions; rules are also set for next year's round of meetings.

The second round takes place in July when two councilors (and two substitutes) are elected from all 16 regions (32 delegates), from all the 5 themes (10 delegates), in addition to a member each from the civil servants' trade-union and an umbrella organization of neighborhood communities (2 delegates) to constitute a 44-member Council of Participatory Budgeting (COP), which is essentially the main participatory institution. These Councilors then familiarize themselves with the state of municipal financing, debate criteria for resource allocation, elaborate their constituents' demands, and revise the budget proposal prepared by GAPLAN and the mayor's cabinet. For these tasks, the COP convenes for two-hourly meetings once a week until September 30 when a final budget proposal is submitted to the legislature. Between September and December, the COP follows the debates in the Chamber and lobbies intensely, while working on a detailed investment plan that lays down all specific public works and corresponding amounts to be allocated to each region. The executive drives the COP process by coordinating the meetings, setting the agenda, having its departments present information before allowing interventions from the Councilors to seek clarifications. In the end, resources are divided through a weighting system that combines the subjective preferences of citizens with the objective quantitative criteria.

A Gender-sensitive budget is the analyses of actual budgets through a 'gender lens'. They can be thought of as gender-audits of budgets. Their purpose is to examine whether public expenditures are allocated in ways that promote or hinder gender-equitable patterns of revenue and resources use. The following box describes the process used to conduct the Women's Budget Initiative in South Africa.

Box 15. Case Example: South Africa's Women's Budget Initiative (WBI)

In 1995, the civil society Women's Budget Initiative began to analyze South Africa's budget for its impact on different groups by gender.

Outside of government, the initiative analyses whether the budget addresses women's needs and makes adequate provision (financial and other) for implementing gender-sensitive policy. It seeks to identify indicators to measure whether resources are used effectively in reaching intended targets/goals (output/outcome indicators). It looks both at revenue and expenditure, taking on board the limited nature of financial resources available, and where it highlights a need for greater budgetary allocation in a particular area, this is balanced by identifying potential savings from expenditure which it sees as subverting gender equity. The initiative started small, with analysis in the first year of expenditure in six key sectors, identified for their close relationship to women's issues and for being policy areas to which women could easily relate.

Within a year, a parallel initiative for a gender analysis of the budget **within government** was launched. The Select Committee on Finance has a special hearing on women, at which the Women's Budget Initiative and other organizations made presentations. The research is launched 3 days before Budget Day and presented to key stakeholders, parliamentarians, media, NGO and others, through plenary presentations and group discussions of sectoral findings.

Who's involved

The Women's Budget Initiative began as an alliance of new parliamentarians (in the post-apartheid context post-1994) and 2 NGOs with background in policy analysis. The roles and relationships of those involved are critical to its success:

- NGOs provide the expertise and time necessary to collect information, undertake research, produce analysis;
- Parliamentarians provide access to information, focus in terms of salient political issues and a strong advocacy voice, without which the analysis might have gathered dust or circulated only among a closed circle of gender activists;
- Government - the strong policy link implies that such initiatives are most successful when they are collaborative ventures between staff policy, budget, information management systems and gender units (though even in the Women's Budget Initiative 's case, such extensive intra-governmental collaboration seldom occurs). Government is expected to provide information, report honestly on what it is doing, what it hopes do and what difficulties it is experiencing in achieving aims.

Process

- Analysis is undertaken by researchers from range NGOs, academic institutions and elsewhere. They are chosen for their knowledge of particular sector and of gender issues
- Researchers are supported by a reference group. These are parliamentarians, government officials, NGO members and others chosen for their knowledge of a sector, but often too busy to do analysis themselves. They provide information and insights while themselves learning to combine sectoral, gender and budget analysis
- Researchers and reference groups change every year, in order to draw in the widest possible range of experience and reach out to a wider range of people. This has inspired initiatives concerning disaggregation by other interest groups (children, rural people, disabled, poor). There is a conscious effort to extend the network involved, using a snowballing technique for identifying reference group members
- A Gender Budget manual was produced for government officials
- Since 1998 the analysis has been disseminated through materials written in accessible, popular language, including simplified translations of key sections (for maximum accessibility, these were aimed at readers with just ten years of education and who speak English as a second language). Materials have been developed for workshops and training events.

Results: Promote gender equality and gender mainstreaming in all national as well as local budgets, such initiatives can also promote overall human development, effective use of resources and help reduce poverty.

Source: Adapted from Budlender (1996, 1998)

3. Expenditure Monitoring and Tracking

Expenditure monitoring and tracking have two distinct components, the first is ensuring that the government spends public monies according budget allocations, and the second is tracking how the monies spent are being used and whether they reach their intended destination. (See technical note 16 for an example of expenditure tracking in Indonesia) Based on past experience, several steps are recommended for participatory expenditure monitoring and tracking:

1. Conduct independent audits and generate reports that are widely disseminated among stakeholders, especially those CSOs and NGOs which have an interest in working with the government on budgeting and expenditure issues and who have the capacity to engage in such activities.

2. Administer in-depth surveys to make use of insider information from people in the government who are willing to discuss this matter, and to get a citizen's perception of where side payments are necessary, what services are most "expensive" and which are least well provided given government spending on those programs.

3. Mobilize the public through widespread dissemination of information, through print and broadcast media and through the internet. In several cases, citizens are thus able to catalyze public pressure on the government for reform or organize public actions.

4; Essential is the generation by stakeholders of concrete proposals for policy and administrative reforms. This allows the government to focus on specific issues and grievances and it increases the credibility of stakeholder groups to enter a serious and **constructive dialogue** on reforms.

Box 16. Case Example: Participation in Budget Tracking in Uganda

Budget allocation alone can be a poor indicator of the quality and quantity of public service delivered on the frontline in countries with weak institutions. While shifting of budgetary resources to priority sectors is a good first step, it is crucial to ascertain where and how the allocated sum gets spent. The 1996 Uganda-World Bank attempt at tracking public expenditure in primary education (and health) has revealed a set of surprising findings, prompting fresh thinking on issues such as service "capture", decentralization, cost efficiency, and accountability.

The Public Expenditure Tracking Surveys (PETS), as quantitative exercises separate from, but complementary to qualitative surveys on the perception of consumers on service delivery, have been found to be very influential in highlighting the use and abuse of public money. In the absence of a strong institutional infrastructure to manage information flow, surveys such as the one done in Uganda has been seen to not only provide a realistic portrayal of the status of demand and supply of services but also prompt creation of cost effective mechanisms of public accountability through, for example, information dissemination on resource allocation and use.

In collaboration with the Ugandan government, and two domestic firms, 250 primary schools were identified in 19 of 39 Ugandan districts for the survey. 20 schools were chosen in districts that had over 200; 15 were chosen in districts that had between 100 and 200 schools; and 10 were chosen in districts that had less than 100 schools. The 19 districts were selected so as to geographically represent the country, and were sub-divided into three groups to reflect the different times during the year they received their budgets. The mission was to find out how much of the money that left the exchequer actually reached the schools between 1991 and 1995. Data on income, expenditure, and enrollment in schools were collected, largely by former teachers. Forms used were standardized and there was a provision for collection of qualitative information as well.

The government did not maintain disaggregated data on wage bill to teachers by type of school (primary or secondary), which made it impossible to compare allocation with actual spending by using the salary category. As the only systematic data available was on capitation grants[12] for non-wage spending, this was what was eventually chosen for tracking. Further, because the quality of data at the district level was poor, this tier was excluded from the exercise which meant that the survey was essentially reduced to comparing amounts of non-wage grants allocated at the center with how much of that reached the primary schools for expenditure. Book keeping at these extreme nodes was relatively decent, especially at the primary schools which maintained good record of enrollment and financial flows, partly because so much of their money was coming from parents, accountability was taken seriously.

Despite quadrupling of public spending measured in real terms between 1991 and 1995, official statistics had shown that enrollment rates in primary schools remained stagnant. The survey found this was not true. Enrollment rates had actually increased by around 60% during the period, which had simply not been reported because of perverse incentives in the system.

The average amount of capitation grants received by the schools in 1991 was just 2% of the total allocation, which had improved to 26% by 1995, but was still shockingly low when compared to a theoretical possibility of 100%. While some schools received up to 25% of the allocation in a good year, the median was zero. The survey found that blockage in the system was occurring at the local governments which retained much of the grant, arguing that the children might have enrolled at schools but had not paid their fees, substantial part of which was supposed to be remitted to the districts to cover the expenses of the education office. They argued that the grants were thus withheld to cover these expenses. But the schools continued to send, on average, between 94% and 64% of collected fees to the district offices in the four year period. Hence, while the districts received money from both the center and the ground, the schools continued to be under-funded which would probably have hurt the poor families most as they were the ones typically defaulting on tuition fee payment.

[12] Payment made by the government to the schools at the rate of 2,500 Ugandan Shillings per student enrolled in classes P1-P4, and 4,000 USh for students in P5-P7. These were supposed to be matched by the mandated tuition fees paid by parents.

Once revealed that less than 30% of allocated capitation money was reaching the schools on average at the end of 1995, the government acted immediately to improve flow of information, and make budget transfers transparent by: i) publishing amounts transferred to the districts in newspapers and radio broadcasts; ii) requiring schools to maintain public notice boards to post monthly transfer of funds; iii) legally provisioning for accountability and information dissemination in the 1997 Local Governance Act; and iv) requiring districts to deposit all grants to schools in their own accounts, and delegating authority for procurement from the center to the schools. By 1999, per capita grants received by the schools had almost reached 100%, although delay in transfers were noticed to have persisted.

4. Monitoring delivery of public services

Monitoring public services allows citizens' groups to give concrete feedback to the government upon which it can act. It allows community organizations to express their demands in a constructive format and provides them with a vehicle to mobilize public opinion for more targeted policies and better delivery of services. Participatory monitoring of public service delivery is based on the following sets of actions:

1. Select indicators to monitor the performance of delivery mechanisms based on civil society inputs. In this manner, the indicators can serve as both standards for public service delivery and as public records of citizen opinions and perceptions.

2. Generate credible and sufficient data as part of a ready-made entry point for civil society organizations to monitor public services. This is key because the government often does not have established mechanisms to collect this sort of data. Furthermore, without this data, it is difficult to identify problem areas that need to be addressed and to hold specific agencies accountable for their role and performance.

3. Analyze data and compare it with established indicators. This requires that stakeholders in the community collectively decide whether public service delivery has met their expectation and discusses the empirical data it has gather over the course of its monitoring activities.

4. Provide feedback on and publicize the findings in order to affect change facilitates empowerment of the community by allowing it to communicate its approval and disapproval to the government and to demand an immediate response. Given that in the past, governments have seldom been held accountable, this mechanism offers the community a rare opportunity to come together, gather clear evidence of poor government performance, go directly to persons in positions of authority and then demand action.

Box 17. Case Example: Bangalore Public Service Report Cards

Inspired by a private sector practice of conducting client satisfaction surveys, a small group of people in Bangalore, concerned about the city' deteriorating standards of public services, initiated an exercise in 1993 to collect feedback from users. User perceptions on the quality, efficiency, and adequacy of the various services were aggregated to create a 'report card' that rated the performance of all major service providers in the city. The findings presented a quantitative measure of satisfaction and perceived levels of corruption, which, following coverage in the media, not only mobilized citizen and government support for reform, but also prompted the rated agencies themselves to respond positively to civic calls for improvement in services. This exercise was repeated in 1999, and has been replicated in at least five other Indian cities, as well as the State of Karnataka in the interim. By systematically gathering and disseminating public feedback, report cards may serve as a "surrogate for competition" for monopolies – usually government owned – that lack the incentive to be as responsive as the private enterprises to their client's needs. They are a useful medium through which citizens can credibly and collectively 'signal' to agencies about their performance and pressure for change.

Supported by a small advisory group of local leaders and funded through local donations, Dr. Samuel Paul with the help of a market research agency called Marketing and Business Associates (MBA) Ltd. first planned the

initiative in 1993 to seek answers to three main questions, i) how satisfactory are the public services, ii) what aspects of the service are satisfactory and what are not, iii) what are the direct and indirect costs of acquiring these services? This informal exercise has since been institutionalized as one of the core functions of the Public Affairs Center, a non-profit society established in 1994 in Bangalore, with a goal of "improving governance in India by strengthening civil society institutions in their interactions with the state"[13]. Principally, PAC has focused its past six years on combining research with action, by supporting networking and capacity building of citizen initiatives to respond to knowledge revealed through systematic research on public policies and services.

Specifically on the 1993 initiative, after undertaking mini case-studies on some key urban problems, focus group discussions were held with two different sets of households – middle income (called general) and lower income (largely slum dwellers) to draft and finalize respective questionnaires. These were then pre-tested. The city was divided into six regions, and from each region, a random sample of households that had interacted with at least one of the service providers in the past six months was chosen. Around 480 households were drawn from a pool of middle and upper income groups and around 330 households representing the slum dwellers. Selected interviewees (men to women ratio was 7:3) were then asked by trained investigators to rate their level of satisfaction with a particular service provider's overall performance as well as allied dimensions such as, i) staff behavior, ii) number of visits required to complete a task, and iii) frequency of problem resolution. People were asked to assign a rank from a scale of 1 to 7 (very dissatisfied to very satisfied). These were then aggregated to compute averages for overall perception of the quality of service. The extreme scores indicated what percentage of the people were either completely dissatisfied or completely satisfied with particular service providers. The list of the agencies had not been pre-determined, that is, people were not asked what they thought of agency A, but were rather questioned about whichever services they had availed of in the past 6 months.

Overall, the methodology employed was what has been described as a merger of statistically valid techniques with qualitative participant observation. When the exercise was repeated in 1999, there was some attempt to use the 1994 results as a benchmark by using similar scales for some questions, although sample size was increased this time to 1339 from the middle income category and 839 from the slums using a 'multi-stage stratified sampling plan'. The way respondents were selected was quite elaborate too. A list of all polling booths for local assembly elections in 14 constituencies of the city was obtained from which 90 were randomly selected to serve as 'starting points' for investigators to go to and ask between 5 and 10 people about the services that they have encountered. Similarly for the urban poor, 80 starting points were identified from four different categories of slums. The collection of responses was then entered into a computer and analyzed using a software package.

On dissemination, unlike in 1994, when all key findings were flashed through the media, in 1999, the Public Affairs Center decided to first present mini report cards to four of the key service providers (telephone, water, electricity and the municipality) to solicit their initial reaction. In the interactions, the agencies did not dispute the findings at all, and instead felt the pressure to be defensive about their performance by presenting constraints they had to work with. After these selective meetings, the 1999 report was circulated to all public agencies and senior state government officials. This was followed by a launch ceremony for the press – a crucial ally in the process. After letting the findings sink in through a heavy media coverage, a two-part workshop was organized involving senior officials from the agencies and the public. The first part allowed the agency officials to interact and learn from each other on what some of the more responsive agencies[14] were doing to best address the criticisms. The second part involved the head of the agencies answering questions from assembled citizens on what steps were being proposed to improve the quality, efficiency and adequacy of their services.

Over the 5 years between the first and the second report card initiatives, partial improvement in services such as the telephones and the hospitals were noted. However, overall citizen satisfaction remained low, with even the better performers scoring less than 50% satisfaction rating. People seemed even less satisfied with the way staff interacted with the clients. Bangalore Telecoms, for instance, had the highest overall satisfaction rating of 67%, but this dropped sharply to only 30% among a sub-sample of people who interfaced with the agency personnel to solve a specific problem. The scale of corruption was perceived to have grown with both the number of people paying bribes and the amount they were paying increasing. 92% of the respondents said they visited the agencies in person to solve a problem and two-thirds of the time, they needed to make two or more such visits. Over half the cases involving bribes were extortionate in nature, while a third had been voluntary 'speed' payments.

[13] www. pacindia.org.

[14] The utilities were better, having introduced a system to register breakdowns, streamlined bill collection, etc.

A separate report card on the slum dwellers in 1999 also found that they were more happy with services such as transport, schools, electricity and hospitals than with the police, water supply and garbage clearance. The urban poor had to visit the agencies more often than the middle class to solve a similar problem, and had lower problem resolution rates, although, probably because of low expectations, they seemed more satisfied with the same services than people with higher incomes. The proportion of people who were made to pay a bribe in order to access the services was also higher for the poor than the middle-income group: in 1993, a third of the urban poor (surveyed) said they had paid a bribe. While this ratio dropped to 25% five years later, average amount paid had increased three-fold to Rupees. 1245 per case, largely to the police.

The report cards indicate that there is a clear link between petty corruption and inefficiency of service providers that have non-transparent procedures, and arbitrary decision making powers vested in officials. A better access to information, clear specification of service standards and customer rights, and sustained public scrutiny and monitoring of performance through institutionalized report card initiatives has been suggested to be helpful in curbing both the vices by shaming the 'baddies' and creating public awareness and building up pressure.

Participatory public expenditure management in the PRSP is a key building block for increasing transparency and accountability in governance. It can do this by providing a substantive entry point for participatory processes into the overall poverty reduction strategy process. Initially, participatory approaches can be used to benchmark government performance through budget analysis, expenditure tracking and public service delivery monitoring. Then overtime, they can be used to measure changes in government adherence to policy decisions, service provision and overall poverty reduction efforts.

Summary: Key Lessons from Civic Engagement in Public Expenditure Management

Three key lessons that have emerged from experience in participatory public expenditure management are:

- Link the budget directly to poverty reduction priorities and outcomes identified in the beginning of the participatory processes, such as increasing the ability of civil society to engage public expenditure management processes and promoting public debates on budget and public service delivery issues.
- Develop a medium term expenditure framework (MTEF) in conjunction with the PRSP
- Focus participatory efforts on budget making and analysis, expenditure tracking, and public service delivery.

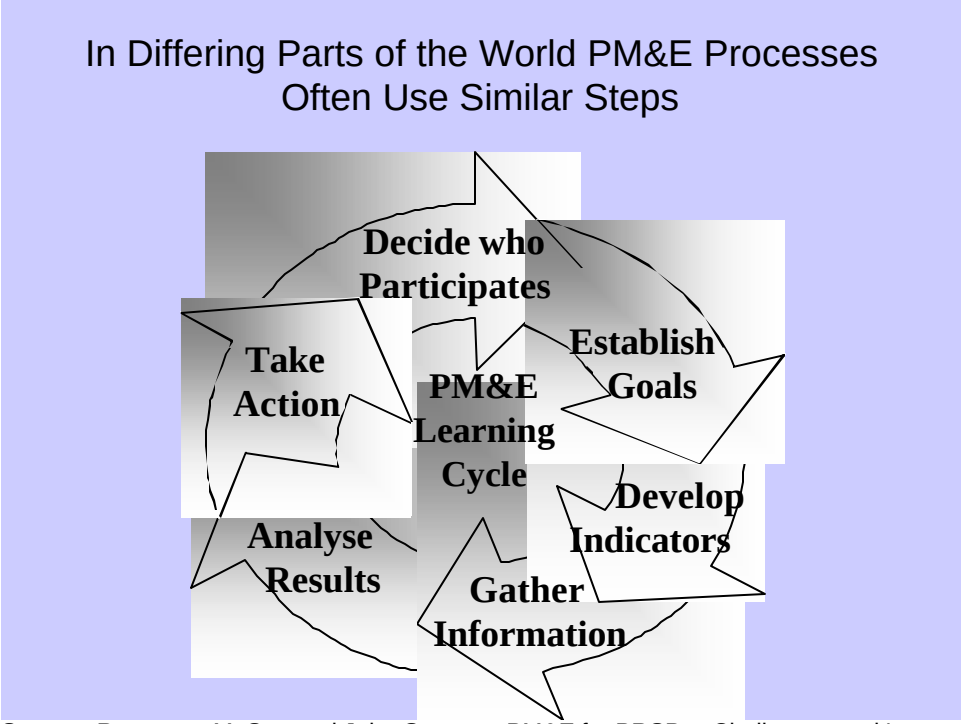
D. Participation in Monitoring and Evaluating Poverty Reduction

Participatory approaches to monitoring enhance traditional approaches that use quantitative indicators measured by either experts or bureaux of statistics by increasing the scope of what is monitored, focusing of results from the perspectives of the poor and by including qualitative information that explains quantitative results. Participatory approaches enable the public to hold governments accountable for the actions, or lack thereof, they offer a tool for learning and continuous improvement in policy making and program implementation, and they can create the space for dialogue among various stakeholders across society.

A well-designed participatory monitoring and evaluation (PM&E) system builds on stakeholder analyses to determine who can be involved in the PM&E process and what role they can play. Through a well-designed PM&E process, it is possible to build skills in society that will allow independent monitoring of indicators, promote collaboration among civil society groups to improve their negotiating power, build

trust among different stakeholder groups, increase the space for civic engagement in policy making and institutionalize feedback mechanisms that allow poverty reduction efforts to become iterative.

Figure 2. The Cyclical Nature of the PRSP is reinforced by PM&E



Source: Rosemary McGee and John Gaventa, PM&E for PRSPs: Challenges and Lessons, presentation, April 2001

The iterative nature of the PM&E process is essential for its success and for its sustainability. If the feedback and information that is generated from a PM&E process is not incorporated into future rounds of decision making and program implementation, it is virtually useless. Therefore, it is important to emphasize that participatory approaches in this phase of the PRSP are critical because they build ownership, increase transparency and thereby, improve accountability.

However, in order to be incorporated into future decision making and be iterative, the PM&E outputs must be policy relevant. A good poverty monitoring system should produce information on the status and on-going changes in living standards that are reliable and timely to policy makers. Policy relevance has implications for the structure of the information, which can be both qualitative and quantitative. The combination of these two types of data allows more effective action to be taken to reduce poverty because it not only reveals where and when poverty is greatest, but also why.

Therefore, in order to develop a monitoring system which can provide both types of information and which designs indicators that are practical to collect and analyze, it is desirable to have a participatory process to both select the indicators and mechanisms for the monitoring system and to actually track the indicators.

The choice of monitoring indicators and information gathering methods is guided by country circumstances and based on poverty diagnostics and technical analysis. The following are a range of options into which the designers of the monitoring system can incorporate participatory processes.

- Agree on monitoring indicators, the ways in which they will be used and their frequency, whose going to collect and analyze how will it feedback into policy.
- Establish a baseline for both qualitative and quantitative measures, so that changes can be tracked over time.
- Develop and set poverty reduction medium term and long term indicators targets with an explicit link to resource constraints.
- Establish and integrated poverty monitoring information system. Tap into local governments. Local governments collect from civil society and local NGO. Whose doing the charging?
- Organize a schedule, responsibilities and resources for monitoring.
- Measure what is important, not just what is convenient
- Build institutional capacity for participatory monitoring and evaluation through various mechanisms that donors might support, such as training the facilitators, setting up a government monitoring coordination unit, workshops for local level stakeholders, including government, NGOs and community organizations, and so forth.

Once the indicators and data gathering methods are chosen, the issue becomes how to analysis this rich data and then incorporate it into policy making and program implementation. Participatory analysis of PM&E data provides a useful mechanism for negotiating among stakeholders over differences in interpretation and conclusions reached, and it offers another way of building ownership over the process. It also ensures that conclusions reflect the views of diverse stakeholders. (See Monitoring and Evaluation Chapter of the Sourcebook for more information.)

The following case study describes the PM&E process in Uganda.

Box 18. Case Example: Uganda

With clarity and consensus about goals and expectations as its starting point, M&E can be a vehicle for building partnerships within Government and between Government, civil society and external cooperation partners. M&E can improve stakeholder communication and can help in building agreement on desirable poverty reduction outcomes and strategies.

Uganda has taken a number of commendable steps to increase transparency and consultation in the budget process. The sector working groups that prepare budget framework papers bring together central and line ministries, civil society and donors. Decisions about funding allocations are widely disseminated, including use of the media and public notice boards. However, much remains in stimulating transparency in terms of feedback from public service users. Ministerial management information systems still cannot provide systematic service delivery records. There is also an opportunity to harness Uganda's pilot status within the CDF initiative to elicit donor support for closer alignment of their activities to the PEAP and for development of a unified, national M&E system. GOU has recognized the importance of strengthening of M&E. Making headway will necessarily be an ongoing and long-term process of awareness building, institutional liaison, systems adjustment and skills formation. It will require policy consultations and operational action on several fronts. The most critical short-term actions that can help in developing M&E would include:

Refinement of PEAP goals and targets: Sectoral planning and management efforts need to be guided by a clear and consistent set of medium-term goals and targets. PEAP's long-term (year 2017) goal should be broken down to measures of poverty eradication success in e.g. 2002, 2005 and 2010.

Continuous monitoring of service delivery: It is critical that the current national service delivery survey not be approached as "yet another study" primarily to be digested by academics. Rather, the survey findings must be

utilized to establish a base line, goals and targets for service reach and client satisfaction that are, in turn, used to inform work planning, budgeting and managerial performance assessment.

Expand scope of reporting harmonization: The mandate for current efforts to define a uniform format for project progress reporting should be expanded to encompass harmonization of reporting pertaining to broader sector and poverty programs. A further item of harmonization would be donor M&E arrangements, as articulated in the proposed CDF/PEAP partnership principles.

Finalization of poverty monitoring strategy: Ongoing efforts to draft a national poverty monitoring strategy represent an important opportunity for bringing closure to existing uncertainties regarding the objectives, roles and responsibilities for M&E. MFPED appears as the logical champion of the necessary task of bringing alignment, coherence and synergy to Uganda's approach to results management and M&E initiatives and activities.

Identification and dissemination of "good practice" approaches to M&E: Uganda already has a number of activities and initiatives that broadly address the M&E concerns raised by this report. It would be useful to actively seek out and promote individual practices and instruments, among those that exist at the sector, district and facility levels, that appear to best fit Uganda's overall development management needs.

Extracted from: Arild Hauge, "Strengthening Capacity for Monitoring and Evaluation In Uganda: A Results Based Management Perspective," ECD Working Paper Series . No. 8, Jan 2001, pp.19.