PARTICIPATION, SOCIAL ACCOUNTABILITY AND TRANSPARENCY MECHANISMS IN DEVELOPMENT POLICY LOANS IN LATIN AMERICA 2000-2003

William Reuben and Blanche Arévalo

In recent years, community participation, public transparency, and social oversight and accountability have gained increased importance in the World Bank, especially in the Latin America and Caribbean Region (LCR). Ensuring participation and civic engagement in policy design and monitoring of reforms is expected to increase commitment and reform outcomes. Many constituencies and administrations now support this approach, as they increasingly acknowledge that social dialogue and community enforcement are part of the modus operandi of democratic governance. Based on this assumption, civil society and private stakeholders in Latin America have become involved in the design, implementation, and monitoring of several public programs, many of which are supported by the Bank. Experiences vary widely across LCR countries, but the LCR leads other regions in this process.

A document review of development policy lending projects approved in fiscal years (FY) 2000-03 reveals increasing civil society involvement in loan design and goals, context, and activities supported by the loans. The study examines the tools used by the World Bank to promote public transparency, community participation, social auditing, and accountability in development policy lending during the past four years, and assesses the extent to which these objectives have been met.

New World Bank Policy on Participatory Processes

OP/BP 8.60 integrates a new vision for participation as follows:

a) It confirms the Bank’s commitment to advise borrower countries to consult with the main stakeholders and engage them in the process of preparing national development strategies.

b) Based on their own Constitution and legislation, borrower countries shall define the manner and scope of consultations and participatory procedures in the preparation, implementation, follow-up, and assessment of the operation.
c) Bank staff must include a description in the Project Document of the efforts taken towards participation and consultation with civil society, and the outcomes of the participatory processes used to design the country’s national development strategy.

**Participation and Consensus Building in the Design of the Loans**

In FY 2000, only one operation included some form of participation in its design. This was in Ecuador, where the SAPRI Forum was convened for the “Voices of the Poor” study, and more recently for the Country Assistance Strategy (CAS). Over 18 months, the Bank consulted with civil society representatives, including NGOs, indigenous associations, the National Coordinator of Social Movements, academics, and the private sector. These consultations, and other meetings with representatives of civic movements, intellectuals, the private financial sector and small enterprises, served as input into the design of the FY00 Structural Adjustment Loan.

One year later, participatory design was evident in three loans: Argentina, Bolivia, and Peru. The loan approved for the Province of Catamarca, Argentina, involved a general survey and focus groups with key relevant stakeholders. Bolivia’s Regional Program for Food Security (RPFS) was supported by a National Dialogue, which involved extensive consultations with representatives from municipalities, civil society organizations, and the private sector. Subsequently, the National Dialogue helped define amendments to the Civic Participation Act affecting municipal governments, and influencing the design of the World Bank loan. In Peru, dialogue and consensus and demands for transparency, anti-corruption and civic participation became defining features of the social movement that coalesced around the end of Fujimori’s administration. The emergence of country-wide Poverty Reduction Consensus Committees, demands for participatory budget decision-making and the first district-level elections in Peru’s history all show the increasing demand for civic participation. The Bank incorporated the decisions made in the decentralized Consensus Committees into the policy matrix of the loan.

In FY 2002, participation in loan design occurred only once. In Argentina, social concerns regarding public service delivery were assessed and an attempt made to engage the population in implementing potential solutions. A survey was conducted, interviews held with 100 participants, and three focus groups discussed social demands and key concerns in-depth. The loan to the Province of Santa Fe in Argentina also considered the impacts on women and strategies to respond to these issues. Several private sector development loans were approved in 2002, in which there is typically limited or no civic engagement, explaining, in part, the decrease in participation during that year. In these loans, transparency and accountability are more relevant issues.

FY03 saw much more participation both in loan design and reform content. Nine loans included participatory design procedures, and a greater variety of mechanisms to capture citizen demands. In Bolivia, the National Dialogue again served as a space for consensus-building, specifically around the electricity sector. It was agreed to use dialogues to reach consensus on issues such as: cocaine production, wages, land titling, gas extraction, and the economic model that Bolivia should follow. In Brazil, the Bank held extensive consultations. The Lula Administration started a participatory process for the preparation of a multi-annual public budget for 2004-2007.

Ecuador led an extraordinary dialogue process in which civil society was consulted about how best the Bank could support the country. In January 2003, the World Bank carried out a workshop with incoming officials to the new administration, intellectuals, private sector representatives, and civil society representatives. A week after the new administration took office, World Bank staff attended a National Dialogue that discussed several loan issues. Subsequently, the consultation extended to other areas of the country, which provided valuable input for the work of the Bank in Ecuador.

In Guyana, loan-related discussions gave rise to a Country Financial Accountability Assessment (CFAA), and the consultation process helped alleviate the country’s social
tensions by crossing all social and ethnic boundaries. Finally, the environmental loan granted to Mexico in FY03 aimed to facilitate a shared approach to the environment, involving all related sectors (energy, water, tourism, etc.), and many of the loan activities are related to consensus-reaching.

Participation, Social Accountability and Transparency Mechanisms in the Content of the Loans

The study found increased citizen participation in monitoring policy implementation, with the emergence of mechanisms for citizen oversight, governmental accountability, and citizens’ access to information, as well as social inclusion measures to secure civil rights. The percentage of loans that include community participation, accountability, and citizens’ access to information in the loan matrix rose from 38 percent in 2000, to 45 percent in 2001, 50 percent in 2002, and 66 percent in 2003. Moreover, the mechanisms became increasingly innovative and attractive for civil society and the targeted beneficiaries.

In 2001, for instance, Argentina began conducting surveys to measure the level of user satisfaction with health services. The survey outcomes were to be publicly disclosed and posted in each health center throughout the country.

That same year, Bolivia promoted consultations in all nine districts to discuss reforms with local governments and community representatives (indigenous people, women, political parties, and civil society). The loan itself developed the design and implementation of a methodology to measure knowledge and understanding of the government’s programs by different social groups (including indigenous people and women). This loan also included the preparation of a plan to promote social representation and the design and implementation of participatory procedures as one of its goals.

Equally noteworthy was the loan approved for Peru, which involved 14 actions associated with accountability and four with governmental transparency. These actions included: increasing the number of Local Health Management Councils for health care delivery that engage the community in the service delivery process; and posting on the Internet transfers made to each district under programs such as the “Glass of Milk” school feeding program, Rural Roads, and Rural Electrification. A Complaints Desk was to be established in the Ombudsman Office to prevent the political use of social programs, and social oversight mechanisms established to monitor public spending, including a national monitoring program implemented by a civil society organization.

In 2002, Colombia agreed to a negotiation plan between unions and the Public Health Institute regarding the costs and benefits of public health care as a condition for one of its loans.

In 2003, participatory mechanisms regained strength. For instance, Bolivia established Departmental Project Approval Committees (CDAP) to gather community input for policy monitoring. Civil society representatives were included in a Unified Fund Board, and the government was required to enter into agreements with 118 Oversight Committees to enforce social control in the participating municipalities. There was also a Charter of Pregnant Indigenous Women’s Rights, which provided women with information about their health care rights and services in indigenous languages. Brazil created a Citizens’ Report Card at the state and municipal levels to assess educational services and a toll-free line for complaints regarding public health care. The educational assessment was carefully designed and an evaluation model was established, as well as a monitoring and impact evaluation system. Additionally, a user satisfaction survey about health care services was to be conducted, and all complaints received were to be answered.

The framework for a loan to Guyana in FY03 required the government to implement a plan to fight AIDS through NGOs, community organizations, and other organized groups. The loan also promoted participation of all stakeholders in the establishment of School Boards.

The same year, Mexico’s environmental loan developed high profile workshops with stakeholders aimed at reaching consensus on water, solid waste, energy, and tourism. In order to gather suggestions from all stakeholders involved in environmental issues in every region, 13 participatory regional plans were to be developed. The entire process was aimed at developing and implementing a strategic plan with the agreement of all stakeholders.

Nicaragua passed the Participatory Education Act, which provided members of the new school boards with the training needed to hire teachers and managers, as required by the law.

Finally, Peru institutionalized the National Household Survey (Encuesta Nacional de Hogares or ENAHO) to gather information about the perceptions of communities on government transparency mechanisms. In addition, the Ombudsman had to launch an information campaign about citizens’ right to public information. A pilot project for the assessment of public services was also to be launched, specifically for six priority social programs (CIVISO). And regional participatory budgets agreed by Consensus Building Committees were to be approved and institutionalized, a procedure that required a governmental directive.

Which sectors show the most participation?

As might be expected, participation, social accountability and transparency measures (P/SA/TM) are more common in loans related to education, health, nutrition and population (HNP), social protection and the public sector (see Figure 2), where governments have a more direct relationship with service users or beneficiaries. The World Bank, consequently, has been promoting participatory mechanisms more aggressively in the LCR in these sectors where users feel a more direct impact of an operation or the policies it promotes.
Conclusions and Lessons Learned

Participation is less evident in the loan design process than in the reforms promoted for social accountability mechanisms supported by operations. This may limit potential outcomes compared to what might be achieved if citizens were engaged more in defining policy goals from the outset. More participation in the initial discussion of loan priorities and design would help build social consensus that would facilitate stakeholder support in implementing policies and reforms. It is equally important, when designing participatory accountability processes, to involve stakeholders whose participation will be required to implement the actions supported by the loan. It would be interesting to assess whether social accountability of programs is more efficient if civil society or direct beneficiaries have been engaged in the design of programs or in setting priorities.

Finally, it is important to note that despite problems and inconsistencies, World Bank efforts to promote participation and civic engagement as part of its institutional policies are bearing fruit. Building on the approach outlined in the Comprehensive Development Framework, the Bank is now clearly focused on engaging civil society in policy dialogue, an approach that is evident in the preparation of Poverty Reduction Strategy Papers and Country Assistance Strategies. This approach is gradually being extended to policy-based and other lending operations, where civil society representatives are increasingly involved in the design, implementation and monitoring.

The Bank has appointed Civil Society Specialists in its country offices worldwide, and they, and the team of experts based in Washington DC, have been working consistently to introduce civic engagement into the policy agenda. These civil society experts have influenced project managers to introduce P/SA/TM issues into Bank operations systematically and effectively through specific tools for clients to incorporate the voice of citizens into macro policy decision-making.

Within this institutional framework, the LCR Civil Society Team has been working to strengthen PCE in the region’s operational agenda, to promote inclusive governance through economic and sectoral reforms. Many Bank operational staff have become committed to this agenda.

There is still much to do with respect to measuring the impact of civic engagement on efforts to improve public service provision. Such an assessment requires an extended period of time to observe impacts. Nonetheless, it is unquestionable that citizens’ rights and governance have been promoted. Work continues to create capacities within civil society to monitor public management and service delivery. At the same time, the Bank has supported governments to provide greater transparency and access to information so that citizens can monitor governmental activities.

****************

Notes

This note reports on findings for the Latin America and the Caribbean Region only, up to June 2003, but the research covers all six regions, and FY00-04, and has benefited from financial support from the Government of Denmark.

The authors acknowledge the support of Steen Lau Jorgensen, Social Development Director, World Bank, and Jeff Thindwa, Interim Coordinator of the Civic Participation Group, Social Development Department, whose efforts are helping to institutionalize monitoring and assessment in Bank operations on public transparency, accountability, community participation, and social surveillance. Annika Silva-Leander, Social Development Expert at the World Bank, assisted in the design of research methods and contributed valuable ideas throughout the investigation.

About the Authors

William Reuben, Senior Social Scientist, in the Social Development Group in the Environmentally and Socially Sustainable Development Department of the World Bank’s Latin America and the Caribbean Region. Blanche Arévalo is a Consultant with the Region’s LACPREM group.