The Strategic Choices of Stakeholders: 
Examining the Front-End Costs and Downstream Benefits of Participatory Evaluation

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Abstract

There is growing interest worldwide in the use of participatory evaluation in poverty-reduction interventions. In this approach, a range of stakeholders, especially beneficiaries, is engaged in designing and implementing the evaluation, and then acting on its findings. The front-end costs of PE are often significant, involving time, money and uncertainty, in particular. At the same time, though, the downstream benefits of this type of evaluation usually outweigh the costs. Such benefits include the high level of relevance and utilization of evaluation findings and recommendations, increased ownership and commitment by stakeholders to the intervention, and reduced risks of project failure. However, individual stakeholder groups in the project network assess their costs, and the related results, of involvement in PE (and other forms of participatory development) on a very different basis. Development practitioners must strive to better understand comparative stakeholder perspectives on the costs and results of their participation in poverty-reduction interventions. Future research should be carried out on how citizens, the primary stakeholders in projects, assess the return on their investment of time, money, ideas and other resources in participatory evaluation and in other forms of participatory development. Reward and incentive systems that encourage the facilitation and support by development professionals of participatory processes also deserve further research. Detailed study of these and other issues would enable the development community to better understand how stakeholders make strategic choices to engage with poverty-reduction interventions.
Introduction

To a greater or lesser extent, explicitly or implicitly, donors, government and non-governmental organizations all subject their decisions on investing in poverty-reduction projects to an assessment of the trade-offs between costs and benefits. Experience with participatory-development strategies suggests that there are considerable front-end costs associated with these methods, but that the downstream benefits are significant, and, usually, considerably outweigh the costs. Development agencies must assess such factors in decisions regarding the possible use of participatory evaluation, a particular form of participatory development. However, what is less well understood, is that beneficiary stakeholders do their own cost-effectiveness analysis of their involvement in anti-poverty projects. And, if concrete results are not forthcoming, these stakeholders will withdraw their support of the project. Evaluators must better understand comparative perspectives on cost-effectiveness on the part of different stakeholder groups.

Poverty, Participation and Results

Participation and results are both crucial to poverty reduction. Poverty and exclusion persist in a world of volatile change. The unpredictability and complexity of the present era demand that citizens and institutions in all societal spheres – civil society, the state and the private sector – combine their knowledge and action to solve evolving problems, rapidly and efficiently.

The past five years have seen two parallel trends in the corporate and programming strategies of development agencies, government and non-governmental organizations. First, there is now broad consensus that stakeholder participation in poverty-reduction interventions helps to increase commitment and ownership, and reduce the risks of failure, of poverty interventions. A diverse menu of methodologies is now available to practitioners for engaging and facilitating stakeholder participation.

The second trend has been a shift, underway for some time now, from activity-based management to results-based management (RBM). The new emphasis on results has prompted more precision in development in thinking about types of results (short-term outputs, medium-term outcomes, long-term impacts) and levels of results (micro [individual, household, community], meso [institutional], and macro [policy]), as well as patterns of results generated by different intervention approaches over time. Integral to RBM regimes is a related emphasis on flexibility, learning and decentralized authority. What is generated is more important than how it is produced. An adaptive, learning orientation (see Rondinelli, 1993) is essential to an effective RBM system.

For its part, the World Bank has made a strong corporate commitment to results, and to participation, and is becoming clearer about what this means in practice. The Committee on
Development Effectiveness (1999:48) recently observed that: “the Bank is at an early stage of practising result-based management, which is both a management system and a reporting system. RBM provides a coherent framework for learning and accountability in a decentralized environment.” Furthermore, results and participation will have to be integral elements in operationalizing the country-focused Comprehensive Development Framework advocated by President James E. Wolfensohn as a new direction for Bank engagement with borrowing countries.

**Participatory Evaluation and Results-Based Management**

Participatory evaluation (PE) has attracted wide interest around the world among development practitioners in the North and South alike. PE can be defined as follows:

> Participatory evaluation is a process of self-assessment, collective knowledge production, and cooperative action in which the stakeholders in development interventions participate substantively in the identification of the evaluation issues, the design of the evaluation, the collection and analysis of data, and the action taken as a result of the evaluation findings. By participating in this process, the stakeholders also build their own capacity and skills to undertake research and evaluation in other areas and to promote other forms of participatory development. Participatory evaluation seeks to give preferential treatment to the voices and decisions of the least powerful and most affected stakeholders – the local beneficiaries of the intervention. This approach to evaluation employs a wide range of data collection and analysis techniques, both qualitative and quantitative, involving fieldwork, workshops, and movement building (Jackson and Kassam, 1998:8)

This definition generally is supported by two heretofore separate “streams” of PE practice. The first is the transformative tradition of PE, which seeks to promote democratization of knowledge and social change in favour of the poor and marginalized in society. The second is the pragmatic tradition, which seeks to increase stakeholder commitment to use the evaluation and improve the intervention (Cousins and Whitmore, 1998). These streams have also been termed “intrinsic” and “instrumental”, respectively (Van Wicklin, 1999). Overall, at least currently, there appears to be willingness on both sides to exchange views and experiences and, where possible, blend approaches and techniques.

The 1990s have been a very productive period for those interested in PE methods. The decade has seen a virtual explosion of guides, manuals, toolkits and other practice aids on how to do PE (see, for example, Institute of Development Studies, 1997, Lusthaus et al, 1999, UNDP, 1997, World Bank, 1996). A number of Northern and Southern organizations have become centres of excellence in PE, including the International Development Research Centre in Ottawa, the Institute of Development Studies at the University of Sussex, and the Society for Participatory Research in Asia (PRIA), based in New Delhi, among others. Books, networks, conferences and websites all help to map, and to advance, the growing global field of practice in participatory
Like development professionals in all fields today, PE practitioners are following the discourse on and policy shifts toward results-based management with great interest. Some are skeptical; they are concerned that RBM could render PE more technocratic and top-down. However, others view RBM as an opportunity to place stakeholders, and especially local citizens, at the centre of the evaluation process: “In fact, the ultimate beneficiaries of a development intervention – the poor, the disadvantaged, the disempowered – can, and should, lead the effort among stakeholders to define the results to be achieved by a given intervention. And they should be the leaders in reviewing performance on these results, as well” (Jackson, 1998: 52).

How can poor citizens drive the definition and assessment of results? Overall, professional facilitators must generally ensure the space, voice and choice for the poor to articulate their views, and produce new knowledge, in the PE process. More specifically, though, results can become (and often are, in any case) the focus of the widest range of PE activities carried out by citizens on the ground: interviews, workshops, committee meetings, community meetings, theatre and other popular media and cultural events, mapping, transect walks, willingness-to-pay games, site-visits to specific services, study tours to other communities, computerized analysis of quantitative survey data, and preparation of verbal, written, and visual reports of findings. Other stakeholders can participate in some of these activities, as well.

The Benefits of Participatory Evaluation

In terms of the benefits of PE, practitioners of participatory evaluation report that this approach “democratizes and enriches the assessment of development. At the same time, participatory evaluation enhances the capacity of interventions to achieve impacts that benefit the stakeholders engaged in the process” (Jackson and Kassam, 1998:2). Better, more accurate knowledge is produced about development performance by PE than by non-participatory methods, PE proponents argue.

Practitioners at the Institute of Development Studies at the University of Sussex point to the limitations of non-participatory evaluation approaches and find that the inclusive approach of PE “can reveal valuable lessons and improve accountability... By broadening involvement in identifying and analysing change, a clear picture can be gained of what is really happening on the ground” (Guijit and Gaventa, 1998:1).

The International Development Research Centre, a longtime supporter of participatory development in many forms, has found that participatory evaluation “improves the quality, performance, and effectiveness of projects” and thus is “an important management tool. By involving those who are most affected, project outcomes become much better understood by external agencies, national officials, and the beneficiaries themselves.”

The process of participatory evaluation can also develop or enhance the community’s capacity to recognize the various strengths, weaknesses, and alternatives in project
activities. This enables them to plan for the future and to assert their interests in future activities affecting their well-being. In this way, participation, and the capacity building it encourages, can make an essential contribution to the much sought-after sustainability of projects and programs (Cummings et al, 1997:4).

The Centre’s Evaluation Unit has been a leader in taking a learning-based approach to evaluation, and encouraging its partner research-institutions to undertake rigorous, systematic self-assessments of their own institutional performance. Rather than evaluating projects, the IDRC approach involves systematic self-evaluation by institutions, with an emphasis on four dimensions in particular: capacity, motivation, environment and performance. The Centre has found that institutional self-assessment – a meso-level application of PE – is a powerful process that often generates fundamental changes to the mission or structure of organizations, as well as improvement in systems, programs and projects (Carden, 1997; Gupta et al, 1997; Smith, 1997).

There is some evidence to indicate that scaling up PE to the national level is possible, as well, and can generate important policy-level change. Examples of national-level processes and benefits are emerging both in the South and the North (see Gaventa et al, 1998).

One of the more promising areas of macro-level application is in participatory poverty assessments (PPAs), an approach now used by the World Bank in half of its poverty assessments in borrowing countries. While technically not PE processes, PPAs are macro-level investigative initiatives. Using flexible, participatory research methods, PPAs engage the poor “on the ground” in an analysis of poverty, and seek to benefit from their insights on such issues as vulnerability, lack of security and powerlessness. The findings of PPAs are often then used to influence national policy, and can be especially effective in countries where civil society is actively engaged in policy dialogue with government (Robb, 1999).

Scaling up participatory evaluation “requires effective champions in the institutions themselves, leaders who have the capacity to take the risks of creating a space for creative questioning, learning, and conflict. It also requires certain levels of social capital or at least a commitment by groups to work together despite differences. It requires creating and supporting within communities and organizations, new cultures and environments where learning both for program accountability and for broad community and institutional change can occur” (Gaventa et al, 1998:93-94).

The Costs of Participatory Evaluation

From a development agency perspective, one of the major costs of participatory evaluation is time. Writes Whitmore (1998:98): “it cannot be rushed. We can condense human learning and the change process just so much. The problem is that we operate in a system that tends to demand ‘measurable results’ in the short term. Even administrators committed to participatory approaches finds themselves having to convince superiors to hold off and allow the process to work.” Institutional self-assessments, or meso-level PE processes, take a particularly long time, and require the extended involvement of the staff, members and other constituents of the
This extended time period, of course, creates uncertainty and delays project-related decisions and perhaps disbursements. The pressures on development-agency managers and government officials to respond to these demands are persistent and very real.

There is also the cost of the evaluation studies themselves. It is likely that external consultants or facilitators must be engaged to help animate the process. Foreign or domestic, they must be paid in fees, though the fee rates of the former are almost always double or triple that of the latter (not to mention the greater foreign-consultant travel costs). Further, local field workers and research assistants may also be needed; this represents another cost in fees, transport and accommodation.

While these costs are significant, they may actually not amount to much more than a conventional evaluation. However, again, the difference is time. As Anderson and GilSIG (1998:165) observe: “The dollar value of an investment in participatory evaluation may not appear any greater than that in expert evaluation, but the overall costs to society when people’s time is included are undoubtedly much more.”

Ideally, the most effective way of enabling development professionals to manage the costs of participatory evaluation is to realign, in a thorough-going manner, development-agency rewards and incentives – ie. salaries, benefits, promotions – with results and participation. Project success, driven by stakeholder engagement and a focus on outcomes should be rewarded; rapid disbursement and top-down management should not. The institutional change, in culture as well as systems, required for such a realignment is, to be sure, challenging and complex. However, not achieving such change, in the long run, is even more problematic.

There are more specific ways of moderating the costs of PE. Engaging a senior-level champion of PE to provide support for the effort in the agency system can be very helpful. So too can a network of professional allies inside and outside the agency sponsoring the PE initiative. In addition, a communications strategy that projects information on the merits of PE in general, and the progress of the specific PE process at hand, both vertically and horizontally inside the organization. Websites, videos, technical papers, colloquia and workshops can all be useful in this regard as well. Finally, if staff time permits, it may make sense to sponsor several PE processes at the same time within a given manager’s portfolio of ongoing projects. The processes will take variable amounts of time and, in all likelihood, can be managed in the spontaneous sequence in which they are completed.

In the matter of budget expenses, one principle to limit costs is to keep foreign expert engagement to a minimum – or to nil. In virtually every developing country today, there is sufficient local professional expertise available – though it is certainly not always institutionalized – to competently facilitate PE processes there. Finally, in most developing country capital cities, and in an increasing number of outlying regions, Internet communications are now possible, and should be employed by project teams to the fullest. So should sophisticated computer software for managing and analysing evaluative data as well as project resources.
Benefits and Costs from a Citizen Perspective

So far, the discussion has centred on the benefits and costs of participatory evaluation as seen from the point of view of donor agencies, governments and NGOs. There is another important perspective that must be brought forward: that of project beneficiaries, the “end users” of development services, the ultimate “customers” of projects.

It is recognized here, however, that the development community’s terminology is inadequate in reflecting the reality and intent of participatory development. The term “beneficiary” is a somewhat patronizing label. Rather, today’s participatory approaches seek to empower poor citizens, with “voice” and “choice”. In fact, “citizen” is a much better term than beneficiary; so is “primary stakeholder,” which is used in some quarters. These more appropriate terms will be used here.

Development results mean a great deal to citizens who live in poverty. A new school, clinic, road, or access to credit and other inputs, can literally change the lives of the members of a community or household. In fact, citizens are probably the most results-oriented stakeholders in any project network. Generally speaking, they are little concerned with bureaucratic systems and development strategies. Instead, they want concrete, useful results – as rapidly as possible.

Consequently, their participation in PE processes is predicated on an understanding that PE will lead to, or enhance, development results. Otherwise, it makes little sense for citizens to contribute their time and ideas. The opportunity costs are too great.

Comparative Stakeholder Perspectives on Cost-Results Analysis

Levin (1983:48) reminds us that all costs are opportunity costs:

The value of what is given up or sacrificed represents the cost of an alternative. Accordingly, the ‘cost’ of pursuing the intervention is what we must give up by not using these resources in some other way. Technically, then, the cost of a specific intervention will be defined as the value of all of the resources that utilizes had they been assigned to their most valuable alternative use. In this sense, all costs represent the sacrifice of an opportunity that has been foregone. It is this notion of opportunity cost that lies at the base of cost analysis in evaluation. By using resources in one way, we are giving up the ability to use them in another and so, a cost has been incurred.

What is important to add here, though, is that different stakeholders in an intervention assess opportunity costs through different lenses. For a farmer, attending a PE meeting during harvest season carries a greater opportunity cost than attending such a meeting during other times of the year. For a government official or consultant who does not farm, seasonality is probably not a factor used in their calculation of the opportunity cost of attending the same meeting.
The concept of opportunity cost underlies the methodology of cost-benefit analysis. In this technique, benefits “refer to those results or outcomes of an intervention that can be assessed in monetary terms” (Levin, 1983:108). Infrastructure projects lend themselves to this type of analysis. However, there are many types of interventions where placing a monetary value on results is very complex, time-consuming and costly in itself.

A different approach is cost-effectiveness analysis, which “refers to the evaluation of alternatives according to both their costs and their effects with regard to producing some outcome or set of outcomes” ... “When costs are combined with measures of effectiveness and all alternatives can be evaluated according to their costs and their contribution to meeting the same effectiveness criterion, we have the ingredients for a CE analysis” (Levin, 1983: 17-18).

In poverty-reduction interventions, which seek to achieve a wide range of development results, there appears to be more potential for carrying out useful assessments through the application of cost-effectiveness analysis. In fact, given today’s discourse on results, perhaps a better term to be used today is cost-results analysis.

Moreover, cost-results analysis can and must be applied from the perspective of each separate stakeholder group. In effect, in practice, each stakeholder group in a poverty-reduction initiative conducts, informally and continuously, its own cost-results analysis – on its own terms. Projects that do not deliver the real outcomes that matter to each of the stakeholders become viewed as unaffordable ventures, stakeholders withdraw from their engagement, and projects rapidly lose the support and momentum derived from the alliances and coalitions that usually hold interventions together.

### Valuing the Intellectual Capital of Citizens

Experience with participatory evaluation, and indeed with other forms of participatory development, demonstrates how citizens’ knowledge can make, or break, project success. Primary-stakeholder analysis of local conditions and problems, and citizen resourcefulness in implementing solutions, are decisive factors in enabling the evaluation process to generate appropriate adjustments to the intervention. In fact, the lessons learned from numerous PE cases internationally point to the fact that citizen knowledge is often much more valuable to the evaluation process in helping to produce results than is the knowledge of other project stakeholders. However, as poor citizens, their knowledge (and time) is undervalued by market dynamics. Evaluators are thus faced with the dilemma of how to value the intellectual capital of citizens.

Research on knowledge-driven enterprises in the private sector is helping to define intellectual capital. One definition is that it is “intellectual material-knowledge, information, intellectual property, experience – that can be put to use to create wealth” (Stewart, 1997:xx).

Intelligence becomes an asset when some useful order is created out of free-floating
brainpower – that is, when it is given coherent form (a mailing list, a database, an agenda for a meeting, a description of a process); when it is captured in a way that allows it to be described, shared and exploited; and when it can be deployed to do something that could not be done if it remained scattered around like so many coins in a gutter. Intellectual capital is packaged useful knowledge” (Stewart, 1997: 67).

In the case of poverty-reduction interventions, the purpose is to create a range of development results, rather than only wealth. When we attribute to citizens, say, 50 percent of the total influence over the success of a $20-million project, are we then able to say that the value of their time, labour and knowledge that is equivalent to $10-million worth of project results? Perhaps not, but the measurement issue is an important one. The Bank should bring together economists, sociologists and anthropologists, and others, to study ways and means of assessing and tracking the intellectual capital of the primary stakeholders of poverty interventions – ordinary citizens.

**Areas for Future Research**

The foregoing suggests some possible areas for future research on the costs and benefits of participatory evaluation, and of participation in poverty reduction interventions in general. These areas are at the nexus of participation and results:

1) *Citizen-oriented cost-results analysis.* Detailed research is needed on how various groups of primary stakeholders – citizens – assess the costs and results-payoffs of their participation at different points in the intervention cycle—in both qualitative and quantitative terms. How do different categories of primary stakeholders judge the results that matter to them against their costs?

2) *Return on citizen investment.* To what extent do the citizens who are supposed to be the beneficiaries of development projects receive a return on their direct investment of time, money, ideas and other resources? How do they judge an acceptable rate of return in this regard? How can external agencies understand and track these decision-processes? What rates of return are possible to achieve, in what sectors, and under what conditions?

3) *Valuing the intellectual capital of citizens.* If citizens often exert the greatest influence over project success, how should their time and knowledge – their intellectual capital – be valued in comparison to other stakeholders?

3) *Citizen-defined indicators of development results.* Within and across sectors, what sorts of results indicators are most important to primary stakeholders? To what extent are these indicators aligned with (or divergent from) those of local and external development agencies? How can such indicators be integrated into the evaluation and monitoring processes of development interventions?

3) *Reward systems for development professionals.* What reward systems and particular incentives are most effective in encouraging officers in development agencies to facilitate
and support participatory processes at various points in the intervention cycle? More specifically, how can salaries, bonuses, and other incentives be linked to officer behaviour that encourages participatory anti-poverty action?

3) **Agency reporting on development results.** How can development-agency reporting systems, indicators and protocols regarding development results and effectiveness achieve a reasonable and insightful balance among the interests of primary stakeholders and the interests of other stakeholders in the intervention network?

There are other issues, as well, which could be addressed in future work on the costs and benefits of participatory evaluation.

**Conclusion**

In the final analysis, stakeholders make strategic choices about whether to become involved in participatory evaluation processes, how much time they will devote to these efforts, and what ideas they will contribute. Specific groupings of stakeholders make these strategic choices on the basis of their own assessment of the costs they will incur as balanced against the results they expect to benefit from, in collectivities or as individuals. Similar strategic choices are made by stakeholders in their decisions to engage in other forms of participatory development, as well. Development practitioners must better understand the analysis underlying these strategic choices for all stakeholders, and especially for citizens – the primary stakeholders in poverty-reduction interventions.
References


Biographical Note

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