

Chapter 13:

# Guidelines for Conducting a Consultative Process



REDUCING POVERTY THROUGH GROWTH



## **Guidelines for Conducting a Consultative Process**

### **Overview and Guidelines:**

### **Conducting a Consultative Process through Compact Development and Implementation**

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The Millennium Challenge Corporation (MCC) is committed to the consultative process as a key driver of Compact development and successful Compact implementation. Development literature and the experience of practitioners confirm that public participation results in programs that better reflect national priorities and have a higher likelihood of success. In addition, the legislation establishing MCC requires that “in entering into a Compact, the United States shall seek to ensure that the government of an eligible country (1) takes into account the local-level perspectives of the rural and urban poor, including women, in the eligible country; and (2) consults with private and voluntary organizations, the business community, and other donors in the eligible country.”

The inclusion of a consultative process not only improves the design of a Compact, but is also a method of reinforcing MCC’s commitment to the founding principle of development that is accountable to the people. Countries selected for MCA Compact eligibility have already demonstrated commitment to accountable government, as measured by the Ruling Justly indicators. MCC believes that a Consultative Process is a way to extend that commitment through the Compact development and implementation process.

This document is designed to provide MCA Compact-eligible country partners with an overview of how consultations can be integrated into Compact development and implementation, to outline the core components of a Consultative Process, and to explain MCC’s expectations with regards to this process. This document does not reflect a change in MCC’s guidance on consultations, but rather a deepening and clarification of the previous guidance document which has been directly integrated into this document. MCC recognizes that guidance on this process should evolve as a result of lessons learned in MCC countries.

MCC believes a country's development is sustainable only if development aid is eventually replaced with economic activity and investment led by the private sector. MCC's role is meant to be transformational and transitional as MCC assistance is replaced by private capital flows.

### **Defining a “Consultative Process”**

For MCC's Compact development process, a “consultation” is a two-way communication about Compact proposal development and implementation that occurs between the appointed MCA entity or core team, and any stakeholder. A “Consultative Process” is a series of consultations that have been strategically organized to provide and collect information from stakeholders regarding the ideas for proposal development or Compact implementation.

This process is intended to serve as a way for the country government, through the MCA entity, to do two things: gather information from the public in a way that strengthens the design and effectiveness of the Compact and eventual implementation, and share information with the public in a way that strengthens Compact accountability. It is not intended to be a substitute for economic analysis or government decision-making, but rather a complementary tool that informs those processes by gathering first-hand information about poverty and economic conditions.

The Consultative Process is, at its roots, a strategic undertaking. Therefore, the first step in a Consultative Process for any MCA-entity will be to establish an overarching strategy, a plan, for Consultations. Based on the results of the Economic Constraints Analysis (see Guidelines for Conducting Constraints Analysis), MCC asks countries to draft an overarching plan for gathering the public input and developing the public trust needed to develop a proposal and to implement effective compact components. This strategy would likely include a stakeholder analysis (explanation of which actors or groups need to be consulted as possible beneficiaries, participants, issue advocates, or groups directly affected by the action under consideration), an overview of the methods that would be used, an overview of the types of information that will be discussed with each group, and a basic timeline. Because MCC believes that consultations must be well organized to be useful, we ask countries to share this strategy with us before it is implemented. Countries should feel free to work with NGOs, private sector firms, or other groups with experience in consultative processes for guidance on a consultation strategy.

MCC recognizes that each country is unique and should develop a consultation strategy that best suits its environment. To date, eligible countries have used a number of ways to stimulate participation in proposal design or Compact implementation including:

- Information dissemination through television, radio, the internet, and newspapers
- Public awareness/information campaigns using local organizations
- Inter-active discussions at town hall meetings, speaking tours, round-table discussions, and question and answer sessions
- Information gathering through direct discussions and focus groups
- Requests for written input (letters and public comments) which can be compiled and analyzed
- Consultations through existing representative bodies such as “development councils”
- Project level consultations with stakeholders directly affected by the proposed projects
- Discussions with donors active in the country to ensure that the proposed Compact will complement existing donor programs

An effective Compact requires different types of information and public awareness at different points in time. Consequently, the participants in a consultation change over time. For example, broader constituencies may be consulted early in the process while smaller stakeholder groups give input to specific interventions at later stages. Depending on where a country is in the Compact process, MCA representatives might choose to consult with civic actors, legislative or local government bodies, private sector companies, professional associations, technical experts, labor unions, business associations, religious groups, gender-focused organizations, diaspora groups, universities, or loosely organized citizen groups, among others. For their part, organizations that participate in the process must realize that being consulted does not mean that a given organization’s proposed project or particular point of view will necessarily be included or reflected in the final proposal.

In the long run, participation should be formally integrated into the implementation of a Compact as well. To achieve this, MCC Compact countries have set up different mechanisms for consultation such as incorporating rotating or permanent civil

society/private sector representation on MCA governing structures; establishing Public/Private Advisory Boards; and encouraging public participation in monitoring.

### **Consultative Process in the Context of a Compact**

The topic of consultation and participants vary over the course of Compact development and implementation if they are to be useful, however, the nature of these consultations, will not change. Successful consultative processes are participatory, timely and meaningful, as described below:

- *Consultations are Participatory:* Communication should be two-way. The MCA core group or entity both provides and collects useable information at every consultation. This necessitates the involvement of a range of stakeholder groups representing different sectors and perspectives as appropriate for the phase of consultation.
- *Consultations are Timely:* Through consultation, participants are sufficiently informed about the Compact process to know how decisions have been (or will be) made, how and when they can participate in the discussion, and what issues are presently under discussion. They begin early enough to solicit useful input, and to manage public expectations about the Compact, and are ongoing throughout the Compact development and implementation.
- *Consultations are Meaningful:* The MCA core group or entity gets the information it needs as a result of consultations and is able to use it to inform their understanding of the potential economic and poverty impacts of potential Compact components, and to make decisions on maximizing that impact. (As part of its due diligence, MCC will ask core teams how they gathered and made use of this information.)

The MCC Compact development and implementation process may be most easily thought of as having four distinct phases. While these characteristics remain constant, the actual activities that occur will vary by phase. Two phases occur before Compact signing (1. Proposal Development and Program Design, and 2. Due Diligence and Program Refinement), and two occur after Compact signing (3. Mobilization and Start-up, and 4. In-Country Implementation).

Tailoring consultations to each specific phase enables the populations that may benefit from a Compact to describe economic obstacles as they experience them, discuss potential solutions that would work in a local context, highlight flaws in

previous efforts to address these challenges, debate the technical requirements of new proposals, and provide feedback about the impact of a Compact component as it is implemented. It also provides the government with a forum in which to explain what decisions have been taken and why. This type of evolving public participation in national policy debate is not only a core part of accountable government, but MCC believes it is the best foundation on which to build a successful Compact.

## Phase 1 - Proposal Development and Program Design

### A. *Identifying economic obstacles with broad impact*

In this first stage of Compact Development, an eligible country takes a number of sequential steps: 1) it appoints its core team; 2) identifies core constraints to growth; and 3) begins consultations. If a PRSP or National Development Strategy already exists, a decision is taken as to how to draw from it for Compact development purposes, including the Constraints Analysis and the Consultative Process.<sup>1</sup> The priorities expressed through a PRSP can be drawn on during the Constraints Analysis, or it may be useful to identify priorities from the PRSP using the findings of the Constraints Analysis. In either case, the two processes are highly complementary, but one does not substitute for the other.

The results of a constraints analysis invariably point to issues which affect many sectors of the population. Based on these findings, a first set of consultations is conducted quite broadly. These would include, but are not limited to domestic and international private sector actors; the urban and rural poor; gender-focused organizations; civic actors representing social development issues; donor agencies; and citizen associations of various types.

At this point, each consultation has two main purposes:

1. *Explain* the Compact development and decision making processes to interested stakeholders so that they will know how and when they can and cannot participate in the Compact development process, how their views will be sought, and how decisions will be made; and
2. *Gather information* about various groups' experience of the constraints to economic growth as defined by the constraints analysis (including

<sup>1</sup> The legislation establishing MCC requires that "the Compact should take into account the national development strategy of the eligible country." Also see MCC guidelines on conducting a constraints analysis for further information.

prioritization and recommended solutions) so that it is possible to determine the way these these obstacles affect growth, poverty, and livelihoods.

MCC recognizes that gender inequalities are a significant barrier to economic growth and therefore asks its country partners to locate and make use of in-country gender expertise to ensure that consultations capture both genders' experience of economic conditions. Because traditional gender roles not only complicate the manner in which women are affected by a Compact, but also the way they can participate in a public discussion, it is important to use local gender expertise to ensure consultations gather information from both gender's perspectives.<sup>2</sup>

The private sector also has a very important role to play in defining the key constraints to growth. As outlined in the constraints analysis guidance, it is very important the key private sector leaders are involved in articulating what the key constraints to growth are in the partner country.

***B. Identify solutions to propose as Compact components***

The information gathered in these consultations should shape the MCA core team's framework for further consultations and identification of potential program areas. As priority obstacles become apparent, the core team will work to identify possible solutions to these obstacles as well as opportunities that could stimulate investment and growth. At this point, the purpose of these consultations is to gather the kind of experiential information that is needed to identify solutions to the core obstacles – these solutions will form the basis of the proposed Compact components. Discussions should also be had about the sectors driving growth in the economy and opportunities for increasing country competitiveness. These consultations would continue to take place with core stakeholders (sectors of society that are most directly affected by, or most directly able to affect, the shortlist obstacles) including specific population groups; issue specific experts or NGOs; political and private sector leaders; and the donor community.

Given this diversity of stakeholders, the core team will likely want to focus conversations with each group on aspects of the constraint and/or opportunity about which they are most knowledgeable. For example, if the MCA core team is exploring the fact that low return on urban capital investments is at least partly due

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<sup>2</sup> See *MCC Gender Policy: The MCC approach to Gender in MCA Compacts* for more information on the mechanics of this.



to insufficient human capital complements, they would want to discuss this with both representatives of the private sector and with unemployed regional residents. So that private sector flows can replace development aid over time, they might ask of the private sector what would assist them to capture domestic and international market opportunities, such as sourcing appropriate labor, expanding market knowledge, increasing employee productivity, etc. Additional guidance on how the core team can seek structured feedback from the private sector will be provided at a later date. Of unemployed residents, they might ask what types of employment they have held in the past, what level of education or training they have, how unemployment affects their families, or how family responsibilities affect their employment opportunities, etc.

Note: All of these consultations need not be facilitated by the same person. In fact, it is more effective to select the person to conduct the meeting based on the characteristics of the group that MCA is trying to reach. So long as the MCA core group is able to convey information about decision-making, and has access to an analysis of the groups' feedback, the consultation remains useful.

### *C. Draft and Submit a Compact Proposal*

By this point, consultations have provided information needed to complement a country's economic analysis in two ways. First, information about how a variety of sectors experience the impact of obstacles identified in the constraints analysis has allowed the core team to determine priority obstacles that have serious impact on economic growth and poverty reduction. Second, feedback from potential beneficiaries and other relevant actors can be used to identify potential solutions.<sup>3</sup>

Based on this informed analysis of the potential solutions to the core constraints to economic growth and poverty reduction, the MCA core team then writes a Compact proposal. As always, the information gathered in consultations is not intended to replace technical feasibility or assessment, but rather to inform and direct the types of technical assessment that will be needed for a strong proposal.

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3 See also guidelines on economic analysis and beneficiary analysis

## Phase 2 - Due Diligence and Program Refinement

Once the proposal has been submitted to MCC, public consultations become narrower and more technically focused. Consultations at this stage also have two purposes:

- Explain publicly why the elements included in the Compact proposal were selected;
- Gather the locally- (or sector-) specific information needed to refine technical elements of the proposal, to account for gender (and other) dimensions of beneficiary access; and to refine an impact monitoring and evaluation plan.

To access this type of information, the MCA core team will likely need to consult with groups that are likely to benefit from or be affected by the implementation of a proposed program or project; domestic and international technical experts; and the donor community. The actual participants will depend on the Compact components proposed.

When planning and preparing for these consultations, core teams first consider the level of technical detail needed to complete the next step in project design, and then determine who is likely to have access to that type of detail. If for example the team is refining the design of an agricultural project and the next step requires knowledge about the role of different household members in producing a range of crops, it will be logical to consult with groups of men and groups of women engaged in farming the crops in question. Conversely, if the next design step requires knowledge about the irrigation/fertilizer combinations that maximize specific crop yields, it may make more sense to consult with technical agricultural experts.

As before, consultations do not take the place of technical project design, feasibility studies, or alternatives studies. They do, however, provide the information needed to complete project design in such a way as to maximize positive impact for the intended beneficiaries. Once this is complete the MCA core team shifts its energies to Compact negotiation, approval and signing.

### Phase 3 - Mobilization and Start up

Once a Compact has been signed, the MCA accountable entity finalizes the legal, financial, and staffing requirements needed to begin implementation of various Compact components. For this phase the two main outreach tasks are:

- Promote realistic public understanding of the Compact (e.g.,: set or manage public expectations about Compact implementation)
- Establish transparency and communication mechanisms to be used in implementation.

To meet these goals, the MCA accountable entity will want to continue interaction with groups that are likely to benefit from or be adversely affected by the implementation of a proposed program or project; civic and private sector groups that will want information on Compact implementation as it progresses; government actors outside of the executive branch; and the media.

When establishing the early communication mechanisms that will be used throughout implementation, outreach officers may find it useful to build a plan based on the answers to several questions: How will the public find out about Compact progress? How and to whom will MCA need to communicate Compact updates? Who needs to be informed and participate in these programs for them to work? What groups will be best able to give feedback on the effectiveness of various Compact components? What are the most effective communication tools to both distribute and gather information from the range relevant groups?

As before, the communication mechanisms used by each MCA country entity will vary depending on what is most useful in the country's cultural and technical context. Just as MCC asks countries to use gender sensitive consultations in the first two phases to design the Compact, it asks countries to monitor the impact of the Compact on both genders. Here is where the gender expertise embedded in the MCA entity staff should be used to establish and plan communication mechanisms that ensure both genders are able to offer feedback on implementation and impact.

MCC requires all MCA entities to establish and maintain a web-page with contact information, as well as procurement, disbursement, implementation, and monitoring data. This however is not the only mechanism for communication that will improve public participation in implementation and help to manage expectations regarding

the timing and scale of Compact impact.<sup>4</sup> In many cases, MCA outreach offices work closely with those MCA staff responsible for monitoring and evaluation at this point to design a strategy that is useful to both of them.

#### **Phase 4 - In-Country Implementation**

Once the in-country implementation begins (after the Compact has entered into force, a first disbursement has been made, and goods and services have been procured), public consultations become more of an ongoing exchange of information. The communication and transparency mechanisms established during the mobilization phase are used for three purposes:

- To provide intended beneficiaries with the information needed to encourage and enable them to participate in Compact programs;
- To gather information from beneficiaries and stakeholders about the impact and effectiveness of Compact components (with an eye to correcting problems and scaling up positive outcomes); and
- To provide interested stakeholders and the general public with information about the progress and impact of the Compact as it is implemented.

Throughout implementation, the MCA entity will find itself in various interactions with the groups likely to benefit from or be adversely affected by the implementation of a proposed program or project; civic and private sector groups that will want information on Compact implementation as it progresses; the media; National Legislative bodies; appropriate local government institutions; and government or civic monitoring bodies.

\*\*\*Comments and questions are welcome and should be directed to the relevant country officers at MCC or by email to: [MCCDevelopmentPolicy@mcc.gov](mailto:MCCDevelopmentPolicy@mcc.gov).

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<sup>4</sup> Please see MCC guidelines on MCA Accountable Entity and Monitoring and Evaluation.