

CIVIC ENGAGEMENT AND DEVELOPMENT: INTRODUCING THE ISSUES

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This paper has a simple purpose. By pulling together a disparate set of arguments, we put forward the case that civic engagement, a critical part of social capital, has an essential role to play in successful developmental transformation (Stiglitz 1998, Malik 2001). From this premise, some key conclusions are drawn: i) that civic engagement, often argued as an end in itself from a moral philosophical perspective, is also an important means through which social capital and effective development efforts can be fostered, ii) development efforts are likely to yield better long-term benefits if they build in components of civic engagement, and iii) this focus on civic engagement has significant implications for strengthening country capacities to manage development processes for which international resources might be necessary. The paper reviews civic engagement as a concept, looks at its critical attributes and examines some policy implications. The recent example of the Poverty Reduction Strategy Papers (PRSPs) is illustrated as one important attempt to influence development policy through civic engagement.

THE LINK BETWEEN SOCIAL CAPITAL AND CIVIC ENGAGEMENT²

Despite growing appreciation of the concept, literature on social capital is diffuse. Though arguably different in character, it is best understood when presented as an analogy to human and physical capital - as a factor that influences productivity. As Putnam (2000) puts it, social networks have value, and like physical capital (machines) and human capital (education), social contacts influence productivity of groups and individuals. If human capital is embodied in individuals, social capital is embodied in relationships. Woolcock (2000) is more succinct when he limits the understanding of social capital "norms and networks that facilitate collective action", cautioning that any definition of social capital should differentiate between its "sources" and "consequences". In this context, social capital would, for example, exclude "trust" from its definition since it is an outcome, not a source, of social relations that foster repeated interactions. Social capital is linked to the idea of civic virtue, which is most powerful when embedded in a dense network of reciprocal social relations.

¹ This is a slightly revised version of a paper by Khalid Malik, Director of the Evaluation Office, United Nations Development Programme, New York and Swarnim Waglé, Consultant, World Bank, Washington, D.C., in '*Capacity for Development. New Solutions to Old Problems*', UNDP 2002. The opinions expressed here are personal and should not be attributed to the institutions with which the authors are affiliated.

² Draws on Waglé.

The concept of social capital came out of its character of civic engagement. Its first use is attributed to Lyda J. Hanifan, who, as Superintendent of schools in West Virginia in 1916, highlighted the importance of community involvement in success of state schools. The theme was independently picked up by social scientists in subsequent decades, including in the late 1980s by James Coleman. The notion's scholarly credibility reached new heights, however, only with the publication in 1993 of Putnam's 20-year experimental study, *Civic Traditions in Modern Italy*, which sought to establish linkages between successes in regional governance and stocks of social capital in different Italian provinces. In the early 1970s, 20 regional governments, identical in form, were implanted in provinces with very different characteristics. Some failed; some succeeded. Putnam attributed this difference in quality of performance not to party politics and ideology, not to affluence and population movements, but to traditions of civic engagement – voter turnout, newspaper readership, membership in choral societies and literary circles, soccer clubs, etc. Putnam places this finding in the context of an observation that Alexis de Tocqueville made in the 1830s about civic engagement and the successful working of democracy in the United States. He had noted, "Americans of all ages, all stations in life, and all types of disposition ...are forever forming associations."

Putnam (1993a) argues that when networks of civic engagement are dense, reciprocity and trust are fostered, "lubricating social life". Coordination and communication among agents amplify information about the trustworthiness, or general reputation, of other individuals, reducing incentives for opportunism and malfeasance (Putnam 2000). The association between social networks and economic growth has been extensively explored in the economics literature. Fukuyama (1995) elaborates on the virtue of trust in spurring economic growth by drawing a distinction between "low trust" and "high trust" societies. He identifies their respective abilities to generate social capital as being key to mitigating the adverse consequences of the discipline that market economies impose. The success of some East Asian economies in making giant material advances within a generation has been partially attributed to the positive externalities of "network capitalism."

Social capital and civic engagement, of course, have downsides. Establishing and maintaining relations may require a level of investment that may not be cost effective. Adler and Kwon (1999) cite a study that argues that while social capital may generate informational benefits, they may be costly to maintain. The same forces of solidarity that "help members bind can turn into ties that blind," as over-embedded relationships stop flow of new information and ideas into the group, and create non-economic obligations that hinder entrepreneurship. Dreze and Sen (1995), for example, attribute high dropout rate for girl from schools in India to family obligations and pressures to fulfill community expectations. Indeed, it has to be recognized that religious cults, terrorist organizations, gangs, and drug cartels are groups with strong internal ties among members that nonetheless impose severe damage on society.

Defining Civic Engagement

In this confusing yet obvious domain of social capital, civic engagement is a key subset. If the term civic engagement is understood as a process that organizes citizens or their entrusted representatives to influence, share and control public affairs, then we see this contributing to social capital through interactions between people and processes they engage in for a positive public outcome. More generally, civic engagement contributes to social capital and to development efforts through the channels of voice, representation and accountability. This link between civic engagement and development can be organized in a variety of ways, both formal and informal. The latter refers to processes that may complement the formal processes of electing officials or making development plans in a consultative manner.

Discussions here use the terms "civic engagement" and "participation" interchangeably for convenience, with both terms concurring broadly with the definition that participation is a process through which stakeholders influence and share control over development initiatives, and the decisions and resources which affect them (World Bank 1996). However, it is still worth noting that civic engagement is a more specific term than participation, with an emphasis on civic objectives and concerns. The United Nations Development Programme's (UNDP) Human Development Report 1993 sees participation in similar terms, describing it "as a process, not an event, that closely involves people in the economic, social, cultural and political processes that affect their lives." The report places the issue within a wide developmental, and in some ways even philosophical, paradigm --- seeing it as both a means and an end. Because the paradigm of human development stresses investment in human capabilities and the subsequent functional use of those capabilities to allow people to lead the kind of life they choose, participation is viewed as facilitating the use of human capabilities, hence serving as a means for socio-economic development. In this context, by allowing people to realize their full potential and enhance personal fulfillment, participation is also seen as an end in itself (Sen 1981; UNDP 1993).

Korten (1988) frames civic engagement as an issue of governance, stating, "if sovereignty resides ultimately in the citizenry, their engagement is about the right to define the public good, to determine the policies by which they will seek that good, and to reform or replace those institutions that no longer serve." This is a useful definitional reference for the purposes of this paper, because our attempt here is also to talk about activities among entities at the macrolevel--the higher echelons and departments within the central government -- whose work is usually difficult to access and influence by common citizens, both procedurally, because of centralization or bureaucratic restrictions, and substantially, because of technical content. This perspective on governance in a sense draws upon the notion that members of groups and society at large enter into social compacts that present mutual or reciprocal obligations, and that

civic engagement is an active process of exercising these obligations. In this sense, exercise of this obligation implies the essential right of every citizen to voice to their concerns and to enforce accountability.

At a more technical level, the scope of the term civic engagement is best understood on a continuum spanning information-sharing to empowerment. Following Edgerton et al. (2000), this continuum can begin with, a) a one-way *flow of information* to the public in the form of, say, media broadcasts or dissemination of decisions; and progress on to; b) bi- or multilateral *consultation* between and among coordinators of the process and the public in the form of participatory assessments, interviews and field visits; c) *collaboration* encompassing joint work and shared decision-making between the coordinators and the stakeholders, and d) *empowerment*, where decision-making powers and resources are transferred to civic organizations, in the form of say, forestry or irrigation user groups. It might also be useful to highlight the concept of “exit”, which was originally highlighted by Hirschman (1972). He contrasts the issue of voice, or the capacity to influence policy and debate within an institution, with the capacity of a group to get what it wants by choosing a specific institution or switching to another, i.e. and exit. This concept is interesting insofar as it reminds us that people choose to express dissatisfaction with an institution or process by ignoring or moving away from it rather than necessarily working from within. More broadly, it might be useful to recognize the existence of a complex interplay between different forms of civic engagement, and the role and function of state institutions --- rather than civic groups only being on the receiving end of the process, for instance as communities or groups who need to be involved in projects or programmes in order to make development more effective.

The Conundrum of Policy Implications

Are there specific roles and policies that state institutions can assume or introduce that support or hinder advancement of civic engagement? If public policy is an instrument, and productive civic engagement as a form of social capital a target, can a workable link between the two be established? If not, why? If yes, how? What kind of capacities do we require to create productive social capital, which can then be leveraged for development transformation?

Social capital, including more specifically civic engagement, can be thought of as a missing block in many development parcels, but it is not a solution to all ills, and while its influence should be recognized, it ought not be exaggerated. It does, however, point us toward a direction that is useful in development - it helps us focus on how and under what terms we associate with each other. Woolcock (2000) highlights the following points. First, if the low stock of bridging capital makes it difficult for information and resources to flow among groups, larger socio-economic-political forces that divide societies, such as discriminatory practices along gender, caste and ethnic lines, will stand in the way of growth. Second, if social capital is part of an effective risk-management strategy in crises, its absence implies a difficult time for

countries at times of volatility. Third, institutions affect how communities manage risks and opportunities. In countries where corrupt bureaucracy and lack of rule of law are the norm, it will be difficult to showcase well-maintained schools and roads, for example. It is rare that one witnesses cases where a country is characterized by strong features of positive social capital and simultaneously weak systems of government responsiveness to citizen concerns.

Can we then find a role for public policy to nurture, or create, or at least stop the destruction of the positive aspects of social capital? Social relations are neither culturally determined in a permanent way, nor are they always shaped by responses of rational agents. Institutions and history play a big role in shaping social relations. Public policy can shape institutions that support social relations that in turn sustain high levels of productive social capital. The *World Development Report 2000/2001* cites an example where the Brazilian state devised a health programme that increased vaccination and reduced infant mortality, in the process created social capital in the form of building trust between government workers and poor people.

An arena where the state can step in to influence social norms is in instances of exclusionary practices linked with race, gender and ethnicity. Some forms of exclusion can simply be redressed by improving the outreach of public services to areas of neglect – such as rural primary schools and hospitals. Stronger manifestation of discrimination ought to be dealt legally through institutions of the state or special policies such as affirmative action. The bigger agenda of social capital, however, risks being belittled by practitioners, because as Edwards (2000) points out, attributes such as trust and tolerance are hard to engineer, and the tendency for development organizations is to focus on things measurable in the short run. This focus can be useful, but it assists “forms” not “norms” of social capital. Helping countries build social capital is complex, however, as assistance dedicated to “building other people's civil societies by investing in their social capital” encourages the idea of picking winners, which spreads mistrust among groups, and even backlash as indigenous groups become associated with foreign interests (Edwards 2000).

In sum, as Narayan and Woolcock (2000) put it, a new consensus is emerging about the importance of social relations in development: a) they provide opportunities for mobilizing growth-enhancing resources; b) they don't exist in a vacuum; and c) the nature and extent of interactions between communities and institutions hold the key to understanding development prospects in a given society. Edwards (2000) paraphrases Ramon Daubon in likening social capital to the Indian Ocean, “everyone knows where it is, no-one cares where it begins or where it ends, but we know we have to cross it to get from India to Africa.”

GOING BEYOND CIVIC ENGAGEMENT AS AN INSTRUMENT

At a broader level, though, the virtues of social capital can only be exploited fully by internalizing civic interaction in mainstream political and development processes. Narayan and Woolcock (2000) call for social capital to be seen as a component of such orthodox development projects as dams, irrigation systems, local schools and health clinics. Quoting Esman and Uphoff (1984), they posit, "where poor communities have direct input into the design, implementation, management and evaluation of projects, returns on investments and sustainability of the project is enhanced."

The idea of civic engagement at the grass-roots level has been tested, and has generally been seen to generate benefits that contribute to better planning, implementation and sustainability of projects. Civic engagement has costs and constraints, of course, but it is to the credit of the successes at the micro level that questions are now being asked about the desirability of scaling civic engagement up to the macro level. But equally, there is a growing question as to the development value of micro interventions, however successful or well meaning they might be, along with a corresponding search for improved understanding about the necessary factors and conditions that can more fundamentally ensure broader progress in the issues raised. A concrete example is micro-finance, where however successful or well designed individual schemes might be, the larger development outcomes of increased access to credit by the poor can only be tested by examining the functioning of capital markets, and how they might be adjusted (institutions, approaches, etc.) to allow for such access.

Civic Engagement at the Micro Level

The term civic engagement has been in frequent use since the early 1960s in the narrower arena of people's engagement in small projects. It is, however, only in recent years that civic engagement has received much academic attention as an important development theme. Following the gradual replacement of the coercive socialist order by democratic regimes in many countries around the world, together with the heightened quest for new ways to achieve a sustained rise in standards of living for the world's poor, participation has been rediscovered as an instrument that can be used both to consolidate democratic systems of governance and to strengthen the global project of development. The fundamental premise is that the people have the urge as well as the right to be part of events and processes that shape their lives.

Much of the above analysis is drawn from what we have learned from participation in projects. What has become increasingly clear is that where participation works, it does so because boundaries are pushed and horizons extended. These boundaries include the framework of the project itself, the structural norms which confine people within the prevailing set of social relations, and the limitations which individuals impose on themselves concerning their competencies and potential. When projects fail, assessments often reveal that they lacked

perceived relevance for local people or a social and political environment, which is resistant to change. The remedy may range from modifications to the existing project to a complete reassessment of what changes are most wanted and what is required to bring them about. Issues of project 'ownership' become central as does identification of structural constraints to change. Tackling these structural constraints and fostering ownership frequently require changes and broader involvement at a policy level and subsequent re-formulation of activities. While lessons have been drawn from projects, the implications of these changes are a demand for more participation in policy: "It is an impossible task....to isolate the project as a distinct phenomenon and examine participation only in that context. Clearly the concept of participation knows no boundaries and its dynamic process cannot be contained within a projects framework" (Oakley, 1991:24).

Benefits, Costs and Constraints

A compelling body of empirical evidence exists that makes a strong case for people's participation at the micro level (Uphoff et al. 1979; World Bank, 1996). Such has been the wave that most foreign-aid-financed programmes in the developing world today make participation an essential component of project design and implementation. Theoretically, the channels through which participation is seen to contribute usefully to the effectiveness and sustainability of development outcomes are: information-driven efficiency, ownership, transparency and accountability, and constructive partnerships. It is very hard to quantify success in these broad terms, and this is probably one of the reasons why it is difficult to make a strong case for civic engagement even when the gains seem obvious. While attempts at quantifying success can be made, the best indicators are likely to continue to be qualitative - whether people perceive the processes to be successful or not.

By involving the beneficiaries in its design, one can expect a more accurate perception of needs based on direct exchange of information (Robb, 2000). When the people are not consulted, policy-makers work on assumptions that are subject to problems of information asymmetries, such as moral hazard and adverse selection, as discussed extensively in the economics literature. Participation can be expected to alleviate this problem to some extent by allowing a more accurate flow of information that translates into better decisions. Informed decisions are more efficient in terms of resources consumed and outcomes generated than those that are not. Often, there may not have been demand for the project, or it might not have been a priority. With people's participation, not only can the most important needs be identified, but by having people play a role in the entire project cycle - formulation, adoption, implementation and monitoring - ownership can be ensured, and with it the sustainability of the project (World Bank, 1996). In a study of 121 diverse rural water supply projects in 49 countries in the developing world, the World Bank provided evidence on how there exists a strong correlation between project success and high levels of beneficiary participation. It claimed that of the 49 projects with low levels of participation, only 8% were successful, while of the 42 projects with

high levels of participation, 64% were successes (World Bank, 1997). When coordinators of projects are subject to civic scrutiny of their decisions and actions, it forces them to be more accountable and responsive to the needs of beneficiaries. By getting rid of the vacuum in communication between the two groups, bureaucratic obstructions can be overcome, which can make government more answerable.

If public policy is about deciding the most efficient allocation of scarce public resources, policy decisions often take the form of analyzing trade-offs between options. Participation of the people, especially differing groups with divergent interests, can allow an exchange of each other's positions and interests, which can kick-start a deliberative process of mutual understanding of the trade-offs involved in the collective decision. Not only can the groups then enter into constructive alliances, but they are also likely to be less combative and disruptive to the processes and programmes subsequently decided on.

Beyond the instrumental roles in ensuring better decisions and sounder implementation, participation is also seen as a good in itself that deepens democracy. By giving citizens an opportunity to access and shape governance and the exercise of power, participation complements the systems of electoral competition that may fail to meet citizen needs directly (Agrawal, 1999). Along these lines, participation has also been viewed as a process that politically educates citizens in the art of governance, and pursuit of rights and civic roles (Freire, 1970).

The virtues of participation are, however, not unanimously appreciated. Concerns often raised about participatory processes are: costs in terms of money, time and management (high transaction costs); risks of elite capture; the possibility of instability; and legitimate representation. In addition, Brinkerhoff and Goldsmith (2000) suggest that participatory processes may also result in policy stalemates and unrealistic expectations on the part of those involved.

Civic engagement as a process needs to be managed and requires resources. In developing countries, where many equally deserving ends compete for scarce resources, opportunity costs in terms of money and bureaucratic resources diverted to manage a participatory process may be significant. While all development and all politics is about, and for, the people, any argument to avoid their engagement in these processes on the pretext of "inconvenience" can confuse ends with means. While participatory processes impose real costs in terms of time, money and management, a balanced tally indicating clearly the benefits and costs of the process may justify a better case for civic engagement.

Scholars further talk about the danger of elite capture when development and political processes become more open and participatory. The fear is that as more opportunities become available for citizen participation, local elites may become more dominant and reap a

disproportionate share of the possible benefits that emanate from benign processes aimed at bringing "governance closer to the governed" (Agrawal, 1999). When opportunities for grassroots participation in development and political processes are extended to the village level, the local elite, who are better off financially as well as in power relations, may be the first ones to capture control of the local administrative and political bodies. Roodt (1996) adds that local elites monopolize power and are hostile to widespread participation of common people, which they attempt to prevent from occurring by using their power positions. For every optimist who sees participation as a genuine tool for transformation, it seems there is a less-optimistic person who views it as a mere legitimizing tool for top-down implementation.

A related fear expressed by scholars like Huntington (1968) - and even John Stuart Mill, in an earlier context of whether democracy is well-suited for all countries - is that a society without strong institutions to set and enforce rules may easily create environments where greater participation, without the institutional safeguards, leads to anarchy. It is in this spirit that one hears arguments such as, "a high level of participation could be antithetical to democracy, for it may endanger freedom and rights, impede governability and destroy pluralism" (Agrawal, 1999). This has, of course, been countered by arguments that in the absence of broad-based citizen participation, electoral democracies may instead run into the risk of becoming hostage to the manipulations of the powerful minority.

On balance, however, there is a growing recognition in the global development movement today of the conditional virtues of civic engagement. As Oakley, et al. (1991) note, "whereas up to ten years ago a review of project-based literature would probably highlight technological effectiveness, good planning and management, and resource efficiency as the key ingredients of project success, today participation figures prominently; some would say that it is the single most important ingredient."

The Leap from the Micro to the Macro level

If we recognize that the experiment of civic engagement at the micro-level has been, on balance, a positive experience, it might be reasonable to expect similar outcomes at the macro level. Is it realistic to expect to reap there the micro-level benefits of enhanced efficiency through better information flow, improved programme effectiveness through solicitation of local knowledge, greater accountability, stronger ownership and partnerships, and empowerment of stakeholders? If yes, what are the channels? Is there a higher-order case for civic engagement as an essential part of democracy and development sustainability, and as a key channel for strengthening the "glue which binds and holds society" together, especially in circumstances of development transformation? (see Stiglitz, 1998).

Expected Benefits

Brinkerhoff and Goldsmith (2000) suggest that the outcomes of civic engagement at the macro level can be expected to be very similar to those at the grassroots. They, among others, posit that inclusive participatory processes can create: a) better socio-macroeconomic policy content based on better information; b) social consensus on policy priorities because of civic involvement in the discourse; c) a positive signaling effect to international donors and investors because of national consensus; d) equitable policies and distribution of benefits to the vulnerable, such as the poor; e) accountable and responsive government; and f) better implementation of policy and programs.

While these are a direct extension of anticipated benefits at the macro level, based on the microlevel evidence, there also exists a set of related reasons that can be presented to strengthen the case for civic engagement at higher levels.

- Economic Stability

Rodrik (2000) presents empirical evidence on the association between participatory political regimes and lower levels of aggregate economic instability, suggesting that this may be because participatory political regimes moderate social conflict and better induce compromise among citizen groups. While there does not exist convincing econometric evidence on the link between democracies and long-term economic growth, evidence on the positive link between democracies and volatility (annual standard deviations in GDP growth rates) is statistically significant. Because economic volatility triggers high welfare losses in a world with incomplete insurance markets and inadequate levels of inter temporal trade, Rodrik accords this finding much importance. It suggests that participatory processes induce cooperation and generate stability. First, as individuals meet and discuss, they "understand each other's view points, develop empathy, recognize the value of moderation, internalize the common interest, and de-emphasize self interest." Participatory regimes induce cooperation not by "changing the constraints we face, but by changing the type of people we are," or by altering preferences of agents. Second, democracies with constitutional provisions that prevent the majority from suppressing the minority, or the winners from marginalizing the losers, induce cooperation among groups ex-ante who are aware of the costs of non-cooperation. Third, cooperation among groups is ensured by the possibility of repeated interactions. As long as this probability is strong and past actions influence future behaviors, groups who have a sufficiently long-term time horizon have an incentive to cooperate rather than renege on negotiations for short-term gains (Rodrik 2000).

- Prevention of Famines and Extreme Destitution

Similarly, building on an observation by Sen (1993) that "there are no famines in democracies," T. Besley and R. Burgess (as cited in World Bank, 2000) highlight the importance of the free press in preventing famines in India - the world's largest democracy. In participatory political regimes, where informed citizens can exact accountability from politicians on the speed of relief programs, responsiveness to disasters is swift, preventing major calamities. Besley and Burgess find that for a given shock, in the form of drought or flood, higher newspaper circulation leads to greater public food distribution or relief spending. Their hypothesis is that an "informed population can link inefficiency to a particular politician and elicit a greater response to a crisis" (World Bank, 2000). Freedom of the press can be thought of as a reasonably good proxy for the freedom and the scope of the activities of civic organizations.

- **Strength of State Capacities**

It has also been argued that civic engagement strengthens state capacities in two additional ways. First, when citizens can express and press for demands legally, states acquire some of the credibility to govern well. This is partly because wide-ranging and open discussion of policy goals tends to avoid the risk of a small elite or minority influencing the course of government. Second, where public services are inefficient because of weak state capabilities and incentive problems, the user groups and citizen associations can inform public officials of their needs and press for improvements (World Bank, 1997). It has been argued in the Kenyan context, for example, that better information flows from the supposed beneficiaries lead to better decisions, resulting in the kind of efficiency that alleviates budgetary pressures on central governments - a crucial point in resource-starved nations (Smoke, 1993).

Costs and Constraints

The costs and constraints briefly discussed above for micro activities apply to the following section as well. It is important to note, however, that when an argument in favor of civic engagement is presented as being supportive to the legitimacy of the state, etc., there may exist inherent difficulties in attaining this goal. As Mathur (1997) describes, central governments and the bureaucrats usually are very reluctant to give up powers as they consider their decision-making authority an exclusive preserve. Government institutions and their staff are quite suspicious and feel threatened by people who organize themselves for participation; hence the often lackluster or even hostile reception of participatory initiatives by government officials. As Ghai (1988) adds, "many participatory initiatives have to contend with hostility, harassment and attempts at suppression. Certainly few attract resources of the type and amount reserved for more conventional development projects." This, he contends, is because the dominant groups mistakenly tend to equate participatory movements with subversion or revolutionary doctrine. It is in this context that Agrawal (1999) views participation as a thoroughly political process. He argues that, among the many factors related to the success of participation, two key issues are: the management of political relationships at the central level

in order to extract commitment from powerful actors, and the creation of institutional mechanisms at the local level.

The Distinctive Case of Macro level Policymaking³

While cases may be made for both advocating and downplaying the roles of civic engagement in policy processes, and it is also recognized that civic engagement is certainly not a solution to all things wrong with policy-making or program implementation, there is a broad acceptance now that participation is a necessary if not solely sufficient ingredient for attaining successful policy outcomes.

Some areas of macroeconomic policy-making, however, are slightly different. Neo classical economists point out to the technical nature of macro policies, for example, noting that monetary policies about interest rates or decisions on currency devaluation should not be issues subject to civic influence. Similarly, it may be unreasonable to expect informed public debates to take place on issues such as optimal credit targets or the sustainability of fiscal deficits. But where participation can play a role is in public education about the consequences of these technical decisions, and, perhaps even more importantly, about the role macro policies can play in development transformation (Malik, 2001). On issues such as the inevitability of short-term pains to reap medium-term benefits in inflation-reducing policies, for example, the public ought to be informed and convinced about the rationale for short-term austerity. (Although even on this there is disagreement, for instance, over how short-term austerity is to be achieved, whether expenditures on health or education are protected or not, and so on.) On questions of public sector reform, or privatization, there are economic and political choices to be made, and bringing groups with varying priorities to a common forum to hear and understand each other and deliberate on trade-offs can be helpful.

It has also been pointed out that since macro policies are public goods, which, by definition, are characterized by people's understatement of their willingness to pay for them, there may be situations when outcomes of certain participatory mechanisms ought to be overruled, e.g., when externalities are involved. Along these lines, it has been argued that participation, when used as a management tool, as in a farmer's ownership of irrigation systems, may also give rise to problems of moral hazard through incentives for excessive risk-taking.

When macroeconomic decision-making on resource allocation is subject to popular influence, there is a fear that participatory processes might generate an outcome that is not only “populist” but also one that is laden with conflicting demands of different segments of the

³ Co-author S. Waglé was a member of a team that interviewed several economists at the World Bank and the International Monetary Fund about the option of incorporating elements of civic engagement at the macro level in June 2000. Those consulted were H. Bradenkamp, S. Devarajan, M. Katz, and D. Morrow, among others.

society (e.g., simultaneous calls for imposition and removal of import tariffs, specific subsidies, low taxes and greater expenditures).

Broad-based consultative exercises can result in lengthy lists of demands. It becomes a challenge then to square the wish-list of people with the budgetary realities. After the agenda is defined, reality presented, and trade-offs regarding revenue and expenditure examined through a process of consultation, the elected government officials ultimately have to decide how to proceed. While scope for participation in macropolicies may well be limited, it is by no means a given. Citizen groups can be engaged in debates over trade-offs among priorities, e.g., between low inflation and growth-generating high public expenditures.

A recurring concern about participation pertains to an apparent contradiction. While participatory processes are usually credited as instruments that lend legitimacy and credibility to policies, valid questions may be asked about stakeholder identification and representation. Who exactly does a particular civic group represent and who is it accountable to? Furthermore, by creating ad-hoc participatory processes in addition to established politico-legal processes, a question that can emerge is whether the former subverts the latter, and if it does, whether that is desirable. Since participation does not have a constitutional “feel” to it, practitioners suggest that governments should be drawing on established institutional resources, not bypassing them, in order to reap the kinds of benefits that civic engagement could be expected to generate.

One area where participation of people, especially the poor, has been found to be valuable in formulating national-level strategies is the arena of poverty reduction, where policies have relied extensively on information fed through Participatory Poverty Assessments, which employ flexible visual and verbal techniques of inquiry, as opposed to pre-determined statistical questions asked in household surveys. Robb (2000) argues that these participatory approaches have resulted in a broader definition of poverty and better-informed public policies that are more responsive to the needs of the poor. She draws on a range of African examples to conclude that broad policy dialogue on poverty typically widens the constituency for reform and strengthens a country's sense of ownership of policies.

Weighing the competing claims and arguments about the virtues and the vices of participatory processes, it is clear that, at a theoretical level, while participation can be expected to yield benefits, the channels through which this may happen are specific and conditional on an array of circumstances. The challenge for policy entrepreneurs is to identify the right channels and the circumstances for employing processes of civic engagement.

PRSPs: A CASE OF MACRO LEVEL CIVIC ENGAGEMENT

Between 1999 and 2001, around 50 countries prepared interim or full Poverty Reduction Strategy Papers (PRSPs). They are now the primary source of lending for most poor countries. Although triggered by the Group of Seven (G-7) initiative to relieve the debts of the Highly Indebted and Poor (HIPC) countries, and by the World Bank and International Monetary Fund (IMF) requirement that countries must articulate how they have sought to channel resources to fight poverty after debt relief, the PRSPs have now developed into an elaborate development policy vehicle of their own. According to the World Bank, there is a renewed emphasis on six principles: a) country driven process, b) results-orientation, c) comprehensive coverage of issues, d) prioritizing of issues for improved implementation, e) a strong base in partnerships, f) a long-term perspective. A feature most worth noting in the PRSPs is that they are supposed to be prepared in a participatory manner. While in the Interim PRSPs participation is not mandated – the only requirement is a plan indicating how participation will be cultivated – at the full PRSP stage countries are required to follow a participatory process.

Over the past two years of PRSP preparations, there have been numerous assessments by leading nongovernmental organizations (NGOs) and agencies external to the World Bank and the IMF. Some of the recurring findings on civic engagement that emerge are as follows: a) there is considerable divergence in the conceptual understanding of civic engagement; b) the breadth and depth of civic engagement is insufficient, with the real poor, ethnic minorities and the poor outside urban areas not generally consulted; c) civic engagement has enriched and widened the description and analysis of poverty, but has not influenced much the technical areas of macroeconomic choices and public expenditures; d) the participatory processes have spun off many positive externalities, such as new legal developments and creation of civil society alliances; and e) correlates of an open regime, such as freedom to speak and to form socio-political organizations, seem conducive for the flourishing of civic engagement processes, although the little direct link is observed between a political regime per se and the quality of a civic engagement process.⁴

⁴ Co-author S. Waglé led a team in December 2001 to review over 60 distinct documents on participation in PRSPs, including 33 IPRSPs, 9 PRSPs and over 20 external assessments. A volume that synthesizes the findings is expected from the World Bank in early 2002. Please consult this for details.

CONCLUDING REMARK

Following the flagship publications of the UNDP *Human Development Reports*, and the increased operational orientation of large institutions like the World Bank to more “human” arenas such as education and health over the past decade,⁵ the development debate has refocused on the basics of the ends and means of development. What are we seeking to achieve? For whom? And how? People informed by both personal value judgments as well as empirical results make cases for specific policy measures. Our attempt in this paper has been to introduce one such notion of social capital. If one recognizes this to be a desirable input, output, and outcome of development, then the question that policy professionals need to ask is: Can it be created or nurtured? This paper explores the theme of civic engagement as one possible policy response, and we discuss its many dimensions, appreciating its perceived successes at the micro level and positing whether the fundamental aspects of civic engagement could be extended to the macro level. Effective civic engagement derives from an understanding of dimensions of participation and empowerment set within a context of social and political relations; dimensions that extend from nominal involvement of citizens to their empowerment and shifts in power relations.

Increasingly, what we do in development is becoming as important as how we do it (Stiglitz, 1998). The thesis of development as transformation emphasizes the process as much as the product, and as various disciplines - from philosophy to sociology, and from urban planning to economics - converge to shape the multi-dimensional field of development, concepts and issues that were hitherto ignored as irrelevant to the basic pursuit of enhancing national incomes have emerged as important ingredients to meaningful and sustainable development. By presenting an array of issues and positing hypotheses in the area of social capital and civic engagement, we hope this paper will modestly nudge the policy debates into appreciating more the multidimensional color of the developmental puzzle.

⁵Over 25% of World Bank lending has gone to the social sector in recent years, with the agency becoming the largest source of funds for education, health, and HIV/AIDS programs in the world.

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