

Latin American countries pioneered participatory budgeting - an innovation to let citizens decide how public funds will be spent. First launched in Brazil in 1989, PB is now implemented in more than 2,500 local governments in 15 countries in the region.

PARTICIPATORY BUDGETING: CITIZEN PARTICIPATION FOR BETTER PUBLIC POLICIES



SUMMARY

In the last two decades, Latin American countries have implemented participatory budgeting (PB) as a way to incorporate citizen perspective into budget designation, in order to increase public policies' impact, enhance budget transparency and comply with citizens' right to participate in their own governance. The Latin American experience shows that PB can achieve these impacts, but that certain conditions make success more likely. This brief analyses the region's PB experiences and outcomes, and the factors underpinning success, all with an eye towards offering useful lessons for South Asian and Sub-Saharan African development actors.

MAKING PUBLIC POLICIES WORK FOR DEVELOPMENT

Many argue that one of the key reasons why public policies and programmes have limited impact in terms of improving social and economic conditions is that they fail to reflect citizen priorities due to limited public participation in the policy making process. By ensuring citizens' involvement in prioritising spending, PB offers a potential solution, improving policy impact, while at the same time strengthening budget transparency, citizen participation in governance and overall accountability, all of which are key governance challenges faced in Latin America, South Asia and Sub-Saharan Africa.

Generating participation itself is a challenge. So how can these challenges be overcome to make PB a success? The Latin American experience offers some answers that could be helpful in other contexts.

KEY

LESSONS LEARNED

PB can improve public policy impact and benefit poorer and more vulnerable groups by making budget allocations better reflect citizens' social priorities and needs.

However, to increase the likelihood of success, efforts should be made to:

- Push for a context in which the government is accountable, transparent and recognizes citizens' right to participate
- Ensure PB design is flexible and tailored to the local context
- Strengthen governments' and participants' technical capacity and interest in participating



PARTICIPATORY BUDGETING: LATIN AMERICA'S EXPERIMENT

Porto Alegre, Brazil pioneered PB in 1989 as a way to help poorer and more vulnerable citizens receive greater public funds and services in a context of large social inequalities and scarce economic resources.¹ More broadly, it was also believed it would deepen democracy by ensuring people's right to participate in public decisions. Shortly after this first PB experience, local and national governments throughout the region began adopting the policy, so that by 2007, more than 2,500 local governments were implementing PB.²

PB comes in different forms in the region, but generally works as follows. Once per year, local or regional governments call for individuals or civil or community organisations to participate in budget formulation. Often through a series of workshops or meetings, these actors give their opinion or decide on what projects, services or priorities the government should fund with a certain percentage of the local budget.

Where Is PB Implemented?	
Argentina	Guatemala
Bolivia	Mexico
Brazil	Nicaragua
Chile	Paraguay
Colombia	Peru
Ecuador	Uruguay
El Salvador	Venezuela.
Dominican Republic	

DIVERSITY OF PARTICIPATORY BUDGETING DESIGN

Governments in Latin America designed PB in different ways in order to respond to the particular conditions of their city or country. These are some of the key design differences seen across the region:

Participants

In some PB experiences, mostly in Brazil, citizens can participate, be elected as delegates and make decisions in the assemblies as individuals, while in others, such as Cotacachi in Ecuador, Puerto Asís in Colombia, and Montevideo in Uruguay, participation is through civil society or community organisations. Sometimes a mixed system allows for both types of participation, such as in Cuenca, Ecuador.

Financial resources to be designated

In the majority of cases, the percentage of the total budget allocated through PB ranges from 3% to 15%.³ These percentages usually represent the amount of the budget that local governments allocate to investments. There are some exceptions, such as Cotacachi, Ecuador, where 58% of the city's budget was under discussion in 2002. In Mundo Novo, a small Brazilian municipality, citizens decide on the full amount of the city budget.

Institutionalisation

In some cases, the process has been formalised and regulated by creating laws and decrees that mandate PB and provide implementation guidelines, such as in Bolivia, Dominican Republic and Peru. In other countries, however, PB is carried out as a prerogative of the local government currently in power.

Oversight

Some PB schemes involve citizens not only in budget formulation, but also in monitoring compliance with PB prioritization during budget execution. They do so in order to improve social control over spending, reduce corruption and promote accountability. In many Brazilian cases, such as Santo André, Caxias do Sul, Icapuí, and Mundo Novo, the groups that participate in designation also monitor spending. In other contexts, such as throughout Peru or in Cotacachi, Ecuador, governments create separate social controllership bodies in charge of monitoring that the spending priorities are upheld.

¹ Wampler, B. 2007. [A Guide to Participatory Budgeting](#). In: Shah A., (ed). *Participatory Budgeting*. World Bank, Washington, D. C.

² Goldfrank, B. 2007. [Lessons from Latin America's Experience with Participatory Budgeting](#). In: Shah A. (ed). *Participatory Budgeting*. World Bank, Washington, D. C.

³ Swiss Agency for Development and Cooperation. 2003. *Participatory budgets: a tool for a participatory democracy*. UrbaNews No. 7.



INSTITUTIONAL DESIGN: COUNTRY EXAMPLES

PARTICIPATORY BUDGETING: DESIGN FEATURES AND COUNTRY EXAMPLES		
KEY DESIGN FEATURE	DESIGN OPTIONS	COUNTRY EXAMPLES
PARTICIPANTS	Individuals	Brazil (most cases)
	Organisations	Ecuador: Cotacachi Colombia: Puerto Asís Uruguay: Montevideo Peru: all regions and local governments
	Mixed systems	Ecuador: Cuenca
FINANCIAL RESOURCES DESIGNATED	Small percentage (3-15%)	Majority of countries and cities
	Significant percentage	Ecuador: Cotacachi Brazil: Mundo Novo
INSTITUTIONALISATION	Mandated by Law	Peru, Bolivia, Dominican Republic
	Prerogative of local government	Brazil, Colombia, Ecuador, or Argentina
OVERSIGHT	Citizens involved in the monitoring of spending	Brazil: Santo André, Caxias do Sul, Icapuí, and Mundo Novo Ecuador: Cotacachi; Uruguay: Montevideo

Sources: Bloj, C. 2009. [El Presupuesto Participativo y Sus Potenciales Aportes a la Construcción de Políticas Sociales Orientadas a las Familias \(PB and Its Potential Contributions to the Making of Family-oriented Public Policies\)](#). Social Policies Series N° 151. ECLAC and UNFPA, Santiago de Chile; Cabannes, Y. 2004. [Participatory Budgeting: A Significant Contribution To Participatory Democracy](#). *Environment & Urbanization* 16(1) 27-46.; Gómez Hernández, E. 2007. [El Presupuesto Participativo Entre Democracia, Pobreza y Desarrollo \(PB Between Democracy, Poverty, and Development\)](#). *Investigación y Desarrollo* 15 (1) 58.; Sintomer, Y. et al. 2010. [Learning from the South: Participatory Budgeting Worldwide – an Invitation to Global Cooperation](#). Dialog Global N° 25. Capacity Building International, Germany/Service Agency Communities in One World, Bonn. UN-HABITAT. 2004. [72 Frequently Asked Questions about Participatory Budgeting](#). Urban Governance Toolkit Series. UN-HABITAT, Quito.

TRANSFORMING LIVES: PARTICIPATORY BUDGETING OUTCOMES

Concrete impacts have already been attributed to implementing PB as compared to using traditional budget designation methods.

Budget allocations have shifted to benefit poorer regions and more effectively address the needs of the poor.

- In Ilo Peru, the local government spent twice as much in the poorest areas than it did in the richest ones.⁴
- A study of 2007 found that the funds allocated through PB projects in Peru correlated positively with the population's needs in terms of accessing basic

infrastructure like water, sanitation and electricity, and benefited mostly poor districts.⁵

- In Porto Alegre, Brazil, the majority of the US\$ 400 million allocated through PB in 1996-2003 went to poor and under-served districts.⁶
- In Belo Horizonte, Brazil, in the period 1994-2006, the location of PB directly correlated with poverty levels, ensuring that lower income families benefited the most from PB projects.⁷
- In Montevideo, Uruguay, 88% of the budget for highway administration, 79% of the budget for sanitation and 70% of the budget for lighting went to the poorest areas.⁸

⁴Goldfrank, above n 2.

⁵World Bank. 2011. [Evaluación del Presupuesto Participativo y su relación con el presupuesto por resultados: Documento Resumen](#). World Bank, Lima.

⁶Wampler, above n 1.

⁷Cabannes, Y. 2007. [Instruments and Mechanisms Linking Physical Planning and Participatory Budgeting: A synthesis based on the experiences of Ariccia \(Italia\), Belo Horizonte and Guarulhos \(Brazil\), Bella Vista \(Argentina\) and Cordoba \(Spain\)](#). Belo Horizonte, CIGU, URB-AL.

⁸Cabannes, Y. 2004. [Participatory budgeting: a significant contribution to participatory democracy](#). *Environment & Urbanization* 16(1).

⁹UN-HABITAT. 2004. [72 Frequently Asked Questions about Participatory Budgeting](#). Urban Governance Toolkit Series. UN-HABITAT, Quito.



Local service provision was extended and improved.

- In Porto Alegre, Brazil, the deficit of paved roadways was reduced from 690 to 390 km in 1998-2003; access to the municipal sewer network grew from 46% to 84% in 1989-2002; and the number of public schools rose from 29 to 84 in 1988-2002.⁹

Participatory culture among citizens is being developed, with PB creating a mass of citizens who increasingly become involved in the budget and policy process. Here are some examples:

- The municipality of Villa El Salvador in Lima, Peru, one of the pioneers in implementing PB, reached high levels of participation since its inception, with 25% of the population over 25 participating.
- In Belo Horizonte, Brazil, the number of participants doubled from 15,216 in 1994 to 30,630 in 2002.¹⁰
- Since the enactment of Peru’s National PB Law in 2004, over 150, 000 registered grassroots organisations have participated annually in PB. In Peru high rates of participation correlated positively with the number of PB projects implemented.¹¹

THE CHALLENGE OF PARTICIPATION

Generating engaged and effective participation is not easy. Latin American countries faced serious challenges, and the strategies they used to overcome them offer interesting lessons. The first key challenge was mitigating the risk that citizens or community organisations would use the exercise to promote their particular interests and not the needs of the community. To address this problem, governments have established mechanisms for promoting diversity and representation of all sectors of society and for avoiding clientelism (see text box).

Second, gender, ethnic or other social barriers might limit the participation of excluded or vulnerable groups, so many

governments use affirmative action measures, like quotas or setting meetings times that do not conflict with social norms around women’s responsibilities in the home.

Third, governments might not have the political will to truly implement PB and comply with the spending priorities coming out of the process. In the Peru case, despite being mandated by law, there are many examples of local officials not implementing PB as it is intended. Institutional design should create incentives for officials to fully implement PB. At the same time, citizens and civil society must play an important role in ensuring compliance. If not, PB actually runs the risk of undermining democracy and accountability and reducing citizen confidence in government.

Finally, local governments and citizens often lacked the capacity to manage and participate in the process, so in many cases, capacity building programs were rolled out from the beginning of the initiative. In some countries, such as Peru, training workshops for participants are required every year as part of the PB process.

Assuring Full Participation: Innovative Regional Mechanisms

- In Rosario, Argentina, at least one-third of the councillors must be women.
- In Barra Mansa and Icapuí in Brazil, children and youth actively participate in PB.
- In Belém, Brazil, delegates are elected to specific committees to represent typically marginalised groups, such as women, people of African descent, the indigenous, gay people, the elderly and people with disabilities.

Source: UN-HABITAT. 2004. [72 Frequently Asked Questions about Participatory Budgeting](#). Urban Governance Toolkit Series. UN-HABITAT, Quito.

¹⁰ Ibid.

¹¹ World Bank, above n 5.

CONTEXTUAL FACTORS

ENABLING SUCCESS IN PARTICIPATORY BUDGETING



Spurred on by Latin America's democratisation, newly elected governments began to see the need to be transparent, accountable and involve citizens in public decisions, so that policies better reflect social needs.

Decentralisation reforms transferred economic resources to local governments, giving them a certain degree of financial autonomy that made PB possible. In some cases, PB was legally mandated as part of decentralisation.

Government capacity was influential, and the most successful PB experiences reflected high capacity or incorporated capacity building as part of PB.

In particular, local governments needed the capacity to coordinate and guide the process and implement the spending decisions made. Capacity was needed to design PB mechanisms tailored to their specific needs, that could be adjusted over time, and that addressed challenges like guaranteeing full participation.

Political will itself is a critical factor, both when PB is a

prerogative of the local government, and when it is legally mandated, to ensure officials comply. Overall PB worked best when local governments executed the process in an open, participatory and transparent way and when they were accountable for their actions, which in turn strengthened citizens' confidence in the process.

Behind successful PB experiences there were citizens and civil society organisations (CSOs) who were willing to participate, engaged actively in the process and could sustain it over time. This is especially true in the face of high participation costs in terms of time, transportation and potential lost wages, especially when such costs are high relative to the small amount of the budget up for grabs. Similarly, participants needed the capacity to analyse and propose budgets, and again many successful experiences included participant training by governments or CSOs.

International and regional organisations and donors¹² provided an important push for adopting PB and disseminated successful experiences starting back with Porto Alegre.

LESSONS LEARNED

Latin America's experience shows that PB can improve policy impact by transforming spending allocations to better reflect citizens' social priorities and needs, while at the same time promoting a culture of participation and strengthening accountability. However, the likelihood of success can be increased by generating some key enabling conditions:

1 Governments who are committed to acknowledging citizens' right to participate in decision making, fully implement the

PB process, and be accountable and transparent. National level governments can help generate political will at the local level, and vice versa.

2 Mechanisms for monitoring government compliance with the spending priorities selected.

3 An institutional design that can respond to the particular context and be flexible to changing economic, social and political conditions. The

design must also ensure participation by typically marginalised groups.

4 Local governments with the technical capacity to carry out, coordinate, and implement spending designations.

5 Individual citizens and CSOs with strengthened capacity and interest to participate. Governments have an important role to play in building their capacity.

CONTACT FUNDAR

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¹² Such as [United Nations-HABITAT](#), [World Bank](#), [URB-AL of the European Commission](#), [German Corporation for International Cooperation \(GIZ\)](#) and the [Social Division of the Economic Commission for Latin America \(ECLAC\)](#).