

6

Participatory budgeting and local governance

Harry Blair

6.1 Introduction

Citizen-determined budget priorities have become a favourite theme in decentralization for international donors over the last couple of decades. This is not surprising, because what could provide a better way to bring government closer to the governed than by having citizens decide how to spend public funds? And how better to give citizens the incentive to accept taxation than to give them a role in determining how their tax moneys are spent?

What has been the track record of participatory budgeting, and what lessons can be drawn from it for local governance? This will be the present chapter's central theme.¹

I shall begin by looking at the most ambitious, most studied and arguably most successful effort in participatory budgeting: the Porto Alegre initiative and its widespread replication in Brazil (although this was not a donor-sponsored endeavour but rather an entirely indigenous one, it nonetheless serves nicely as an exemplar of the high end in participatory budgeting, against which other efforts can be compared). I then go on to offer a number of examples that have been driven variously by donor funding (Cambodia, Serbia and Indonesia) or a combination of domestic reforms supplemented by donor efforts (Bolivia, El Salvador, the Philippines and a separate Indonesian effort). Two of these (El Salvador and Serbia) have been post-conflict initiatives seeking to repair societal divisions and build linkages to the state, a third (Indonesia) has tried to

The imperative of good local governance: Challenges for the next decade of decentralization, Ojendal and Dellnas (eds), United Nations University Press, 2013, ISBN 978-92-808-1229-9

bolster an early-stage democracy after a long authoritarian period, and another one (Cambodia) has aimed at making an increasingly authoritarian regime more accountable to its citizenry. The donor in all cases has been the United States Agency for International Development (USAID), except for one of the Indonesian examples, where it has been the World Bank.² Altogether these eight cases essentially cover the spectrum of the possible in participatory budgeting. Some of the cases (Brazil, the Indonesian Kecamatan Development Program) have been quite successful over time, whereas others have at best made only marginal progress (Cambodia, Serbia), with the remainder in between. My objective here, however, is not to assess project success as such but rather to explore a full range of participatory budgeting experiments and what can be learned from them.

Before beginning, I should define “participatory budgeting”. This relatively new term in the developmental lexicon dates from the experiment begun in Porto Alegre in 1989 and, in this Internet age, there is perhaps no better way to capture its most widely accepted meaning than to quote the Wikipedia entry:³

Participatory budgeting is a process of democratic deliberation and decision-making, . . . in which ordinary people decide [directly or indirectly through representatives] how to allocate part of a municipal or public budget. Participatory budgeting allows citizens to identify, discuss, and prioritize public spending projects. Participatory budgeting generally involves several basic steps: 1) Community members identify spending priorities and select budget delegates 2) Budget delegates develop specific spending proposals, with help from experts 3) Community members vote on which proposals to fund 4) The city or institution implements the top proposals.

By adding the phrase within square brackets I have widened the definition beyond its usual use, with the idea of including all local governance systems that aim to provide a process for serious citizen involvement of any kind in deciding budgetary allocations. I will thus be discussing participatory budgeting in its broadest sense.

6.2 Case studies

6.2.1 *Porto Alegre: The participatory budgeting pioneer*

In 1989, the Partido dos Trabalhadores (or Workers’ Party, which was the party of Luiz Inácio Lula da Silva, who was later to become Brazil’s president) led a Popular Alliance coalition to win municipal elections in Porto Alegre, a city of some 1.3 million in the country’s south-east. Led by

Mayor Olívio Dutra, the coalition took advantage of the decentralization features of the country's new 1988 Constitution to institute a participatory budgeting process (called "Orçamento Participativo" in Portuguese) the next year.⁴

The participatory budgeting process begins with open neighbourhood public meetings at the outset of the annual budget cycle. Citizens debate the previous year's municipal efforts, determine priorities for the upcoming year, and elect delegates to a regional meeting, at which neighbourhood proposals are consolidated and prioritized. The delegates within each of the city's 16 regions elect two higher-level delegates to the citywide Conselho do Orçamento Participativo (COP, or Participatory Budget Council) (Koonings, 2004: 85–91). The COP then further consolidates and prioritizes all the proposals from the regions, based on a weighting formula. Finally, the COP proposals go to the municipal council for deliberation and approval, which has generally been granted with few if any changes. The COP then monitors implementation of the year's budget.

In the COP's weighting system, citizen preferences, carried by the elected neighbourhood delegates and debated at regional meetings, are then combined with "statistically measured need" (the degree of previous access in relation to need – for example, proportion of streets unpaved, housing units lacking sanitary water) and population size. Each of these three factors is scored and added up for each region. The 16 sets of regional preferences are then put together at the COP meetings into a consolidated municipal budget (Wainwright, 2003: 48–49; see also Avritzer, 1999: 11–12). As should be obvious, the whole system is quite complex and requires a good deal of technical support from the municipal executive office to function properly (De Sousa Santos, 1998).

Participatory budgeting can also claim a number of other achievements. First, it has brought in many new participants, particularly among the poor. One estimate (Koonings, 2004: 92) holds that something like one-third of the poor have taken part in the process, whereas another found that one-fifth of all citizens had participated at some point up to 2006 (World Bank, 2008: 23). More importantly, perhaps, the poor appear not just to have attended meetings but to have actively participated, for example speaking up just as often as the non-poor (Baiochi, 1999: 9) and getting elected to both regional meetings and the COP itself (CIDADE, 2010).

There is some indication of elite influence through "creaming", in that the more educated and wealthier tiers of participants get elected to successively higher offices (Fedozzi, 2007, cited in World Bank, 2008: I, 34–35), but the relative proportions of those with less education and income also getting elected would have to be reckoned as extraordinary.

Participatory budgeting does seem to have provided something of a Tocquevillean education in local-level schools of democracy (Tocqueville, [1835] 2000: Vol. I, Book 1, Ch. 5).

Second, it has replaced a patron–client political structure in which citizen loyalty went upward and political largesse came downward with a budget system based on neighbourhood wants and objective needs. Pork patronage (legislated budget allocations benefiting specific individuals or groups as a special favour), in fact, has been virtually eliminated as the scope for discretionary budgeting has decreased for the municipal council members (Koonings, 2004: 85–91).

In a third and related achievement, participatory budgeting shows that it is possible to overcome the disincentives to cooperate that characterize a patron–client system. More specifically, poor people had to see themselves as gaining sufficiently in public services and investments to outweigh the transaction costs, risk of embarrassment, time spent, etc., in the participatory budgeting process (see Abers, 1998, 2000).

As an impressively successful experiment, Porto Alegre’s participatory budgeting system has been widely copied. Within Brazil, over 100 municipalities have taken up participatory budgeting reforms, as have many states in the country’s federal structure (Selee, 2005). Moreover, participatory budgeting has survived loss of political power by the political party that started it; since 2004 Porto Alegre has been governed by another party but participatory budgeting remains in place. The system has spread into other Latin American countries and also some European ones (Bräutigam, 2004; Sintomer et al., 2008).

There are some constraints on replicating the model elsewhere. For one thing, money, as always, helps considerably. Porto Alegre is among the richer Brazilian cities in one of the richer states, enabling it to raise the revenues needed for participatory budgeting and furnish the technical advice needed to rationalize and consolidate participatory budgeting priorities. Second, the city possesses a bureaucratic infrastructure that can deliver the goods and services the participatory budgeting process calls for. And third, it has largely been able to avoid the kind of capture by elites and vested interests that has stymied decentralization initiatives in other places.

After participatory budgeting had been in place for well over a decade, it became possible to undertake serious studies of its impact on poverty and well-being. Studies by Marquetti (2003, cited in Boulding and Wampler, 2009) and the World Bank (2008) found that participatory budgeting did reduce poverty rates, while increasing access to well-being measures such as piped water and sewage treatment. However, a later study based on 220 Brazilian cities showed no real participatory budgeting impact on broader well-being indices such as infant mortality, life

expectancy or literacy, although it did decrease poverty (Boulding and Wampler, 2009).

6.2.2 *Bolivia: Local checks and balances*

Bolivia's Popular Participation Law (PPL), launched in 1994, constituted one of the boldest reforms anywhere in the history of local governance – an “audacious reform” indeed, in the words of Merilee Grindle's 2000 book title. A country that had systematically excluded its large indigenous population from meaningful political participation for some five centuries suddenly embarked on a plan to devolve significant resources and responsibilities to its citizens at the local level, along with several avenues for citizens to participate in local governance and demand accountability from those they chose to exercise that governance.⁵

At one stroke, the PPL introduced a number of major reforms. It devolved responsibility for health, education, sanitation, irrigation and roads, *inter alia*, accompanied by a guaranteed transfer of 20 per cent of national tax revenues to the country's 311 municipalities, specifying that at least 85 per cent of that allocation must be spent on investment, as opposed to recurring costs of administration. Second, in addition to elected councils, it established a parallel municipal structure called Comité de Vigilancia (CV, or Vigilance Committee) in each municipality, to be composed of representatives from territorially based community organizations (Organizaciones Territoriales de Base, OTBs), each representing his/her canton and each selected according to the organization's mores and customs (*usos y costumbres*) for two-year terms.

Participatory budgeting of an indirect nature came into the picture as the CVs were charged with preparing investment plans as well as oversight of the council's implementation of investment. In other words, the CVs decided on investment priorities, the councils implemented the plans and the CVs monitored their performance. CVs also had some sanctioning power in that they were given authority to lodge actionable complaints (*denuncias*) of council malfeasance to the national senate, which at its discretion could withhold central funds from the municipality.

Collectively these reforms established two paths for direct citizen participation (choosing members for the council and the CV) and several more for indirect participation through their representatives (for the council its normal business and for the CVs their regular work and the *denuncias*).

The PPL brought a number of advantages to the municipal level. First, the two-fifths of the population who had been without any official governance structure at all now had elected and accountable councils, along with substantial budgets. Second, the new system provided a school for

democracy, especially for the poor. Grootaert and Narayan (2001: 23–24, 57) found in their detailed study of four municipalities that people from the poorest quintile assumed leadership positions in the OTBs as often as those in the top quintile. Third, associational investment paid off, again especially for the poor. Joining and participating in associational life brought a greater return than other activity, even education (at least in the short run), and this was more so for the poor than for the rich (Grootaert and Narayan, 2001: 58–59).

Evidence on the PPL's impact is mixed. Like Boulding and Wampler (2009) on Brazil, Cameron (2009: 65) found that the PPL had little effect on social and economic development but did bring a degree of empowerment to the rural poor, giving them a certain agency against the outside world. And in this observation he supports Grindle, who finds the CV structure giving grassroots OTB organizations some leverage vis-à-vis local elites, who tended to have more influence with the town councils (Grindle, 2000: 132).

There were other problems as well. For one thing, the territorial nature of the OTB/CV setup meant awarding monopoly representational rights to just one OTB in each canton, which almost always went to some long-standing (though not thitherto officially recognized) men's organization, leaving the equally venerable rural women's associations with even less power than they had before. In addition, the Bolivian state could not furnish anything like the bureaucratic infrastructure that municipalities such as Porto Alegre could provide to assist the participatory budgeting process there. Local expertise was thin to begin with, given that some 90 per cent of Bolivia's municipalities have fewer than 50,000 inhabitants, and fully one-third have fewer than 5,000. Furthermore, help from the national level is less steady than it could be because, every time power changes hands at the national level, the entire bureaucracy is replaced throughout the country. Despite efforts by USAID and other donors using pilot projects to bring CV members up to speed on municipal planning, budget monitoring and the like, these new office holders tended to find themselves in over their heads with their new responsibilities. And the fact that they were expected to work *pro bono* while the council members held paid positions understandably grated considerably.

6.2.3 The Philippines: Civil society as an inside player in local governance

The Local Government Code (LGC) of 1991 launched an explosion in participatory governance in the Philippines – another “audacious reform” arguably approaching Bolivia's PPL in its determination to devolve meaningful authority and resources to the citizenry.⁶ On the supply side

of local governance, the LGC devolved service delivery functions in such areas as health, education and environment, while allocating an automatic 40 per cent of internal revenues to pay for them and transferring some 70,000 central government employees to implement them.

On the demand side, the LGC mandated full participation by non-governmental organizations (NGOs) in all “local special bodies” (statutory committees) at the various levels – *barangay* (village or urban neighbourhood), municipality, city and province – to include membership in committees overseeing health, education and, most importantly, all Local Development Councils and the Prequalification, Bids and Awards Committees. The former deal with socioeconomic development efforts, including their evaluation, and the latter focus on all-important local construction and service delivery contracts. NGOs were to constitute fully 25 per cent of the voting members of Local Development Councils and to have two members on the Prequalification Committees at all levels. All certified NGOs in a jurisdiction would choose those to fill these slots.

The citizen role in the budgeting process is even more indirect than in Bolivia, for there the OTB members did choose all the members of the CV, which constituted the investment planning mechanism at local level. In the Philippines, NGOs claiming with differing degrees of validity to represent various elements of the population decided among themselves who to delegate to the statutory local government committees charged with public investments, where they would constitute a quarter of the total members. Still, the process did inject into the planning and budgeting process a new set of players who represented the citizenry in a different way from elected council members. In effect, civil society – the so-called “third sector” of organized life in distinction from the state and private sectors – was to move partly in with the first sector.

Nationwide, the new local governance system has attracted much enthusiasm, and, as expected in a country so given to unfettered debate and self-criticism as the Philippines, it has been subjected to withering criticism.⁷ But for purposes of the present chapter, the reforms are best understood and analysed through an examination of the country’s best case. Individual sub-national governmental units were free to go further than the LGC required, and by all accounts the most daring experimenter has been Naga City, a municipality of about 140,000 inhabitants located some 450 kilometres south-east of Manila in southern Luzon. Here Mayor Jesse Robredo led the city to undertake an exceptionally bold effort to include civil society participation in urban management.

In 1995, a city ordinance invited all NGOs to join a new Naga City People’s Council (NCPC), which would then have the exclusive right to appoint representatives to all city government bodies (excluding the city council itself), not to exceed 25 per cent of their total membership. The

NCPC representatives were entitled to participate, vote and introduce legislation in all committees. By 2004, its representatives sat with full rights on some 29 standing committees of the city legislature as well as 14 “special bodies”. Each of the city’s 27 *barangays* also has a people’s council, modelled on the NCPC (Naga City Government, 2004; ADB, 2004).

The NCPC has been intimately involved with budget planning and decisions. In the mayor’s words, the NCPC has been “co-governing” the city, an observation shared by the Philippines Centre for Investigative Journalism, which is internationally known and esteemed for its highly critical stories of official malfeasance (Pabico, 2007a, 2007b, 2008). The Naga model has been emulated in a few places such as Quezon City (CPE, 2009), but even after more than 15 years it remains the standout example of how indirect participatory budgeting can work in the Philippines.

However, the very success of the “co-governing” model in Naga City provides its own cause for concern. In its analysis of the Naga experience, the Asian Development Bank observed:

The traditional inputs [from NGOs] in making the government listen to the voice of the people, such as mobilizations and rallies, take much of the time and resources of civil society organizations with uncertain [and] unsure results. In contrast, the avenues offered for participation through direct involvement in government meetings and discussions produce the needed results with less resources and at the same time strengthen the capacities of the people to engage the government. (ADB, 2004: 13)

But can it become too easy for civil society organizations to deal with government? Can the civil society community become an inside player within the state structure without changing the nature of the political game itself? Can the “third sector” be autonomously representing the interests of its constituencies vis-à-vis the state if it becomes part of the state? Such questions arise in particular when one considers that the NGO representatives serving on all these bodies are most likely the best and more able leaders in the civil society community. If they are in danger of being captured by the state, what will happen to the rest of civil society? As Bill Cooke (2005) might put it, can NGOs work inside the state system without being co-opted?

6.2.4 *El Salvador: Mass meetings to direct local investment*

In 1986, the government of El Salvador, then caught up in a brutal civil war, introduced a new municipal code, which among other things resuscitated an institution from the Spanish colonial era called the *cabildo abierto*, or open town meeting. The new regulations called for mayors in the

country's 200-plus municipalities to hold a *cabildo* every three months, to which all citizens, as well as NGOs and community groups, would be invited. Its function would be to ask citizens to specify and prioritize infrastructural needs so as to guide local government in its investment decision-making.⁸

Shortly afterward, USAID employed the *cabildo* institution as the mechanism for allotting municipal reconstruction grants during the then ongoing conflict, thinking that its efforts would thereby gain popular support and even (though the term had not yet come into use) build "social capital" in a war-torn country. Its Municipalities in Action programme (MEA, after the Spanish name of the programme, *Municipalidades en Acción*) stipulated that all local projects supported would have to be first proposed in *cabildos abiertos*. That the programme enjoyed popular support was attested to by the apparent fact that no MEA infrastructural project was attacked during the years between programme launch in 1986 and the end of the war six years later (Wilson et al., 1994: 2). As hostilities wound down and came to an end through the Peace Accords of 1992, the programme was extended to areas that had been controlled by the opposition side during the long war (1980–1992).

By the time MEA had finished its work in 1994, it had completed more than 8,600 local projects, spending some US\$135 million, mainly focusing on roads, schools, water and electricity, and operating in all 261 municipalities of the country (most of which were rural areas with fewer than 20,000 inhabitants).⁹ By the end of the MEA programme, about 80 per cent of the total required *cabildos* were being held and over 200,000 citizens were attending them. Altogether, it was a very substantial programme for a country of 5 million people.

In 1993, a survey of over 1,000 respondents revealed considerable citizen confidence in the programme. Of the sample total, 27 per cent had attended at least one *cabildo abierto* at some point. Among those who had attended, 96 per cent responded that those in attendance had asked for a project at the meeting and 61 per cent reported that the requested project had in fact been built. Some 77 per cent said their family had directly benefited from a project. Altogether, 58 per cent of all respondents thought the *cabildos* had either a high or a medium importance in identifying projects to be built.¹⁰

As with any development enterprise, the *cabildo abierto* approach had problems. First, its scope was strictly limited to identifying local infrastructure projects. Actual decisions on which projects were to be built were made by the municipal council, whose meetings were almost always closed, a practice fitting in well with the winner-take-all structure of municipal elections in El Salvador, whereby the party with a plurality of votes gets all the council seats plus the mayor's office, leaving opposition

parties entirely bereft of any official presence at all in municipal affairs (see Blair et al., 1995: 44ff; also Bland, 1994). The citizen role, then, comprised little more than making wish lists.

In sum, the *cabildo abierto* did open a useful channel for citizens to express their needs to local government (that is, reveal their preferences), and a fair number made use of this new avenue. Later on and with considerable donor prodding, some municipal council meetings became more open as well. But there is little indication that popular participation went beyond the level of submitting requests to local authorities.

6.2.5 Serbia: Community confidence-building through participation

In the wake of Yugoslavia's disintegration during the 1990s, international donors set up various post-conflict programmes designed to mitigate the effects of the serial upheavals that had taken place and to begin rebuilding both physical and social capital. USAID in Serbia sponsored such a programme, designed to bring forth significant citizen participation that would include ethnic minorities and women. Community Revitalization through Democratic Action (CRDA) was launched in July 2001 to spend US\$200 million over the ensuing five years (Blair et al., 2004; Czajkowska et al., 2005).

Five implementing American NGOs were each assigned a region of the country in which their task was to set up citizen committees that were to include ethnic minorities and women, and to start at least one community-driven infrastructure-oriented project in each site. The basic approach was to begin with open community meetings in which a citizen committee would be elected. The citizen committees would choose small-scale projects (mostly infrastructure, but quite a few in the health sector and some for education and even fairs and festivals). With assistance from CRDA to assure technical soundness, proposals were drawn up, and projects selected would then be funded by CRDA, provided the *mesna zajednica* (local municipal government) contributed 25 per cent of the cost. Once the project had been agreed upon by the citizen committee and the *mesna zajednica*, the project would be contracted out for implementation. By early 2005, CRDA had completed over 3,000 projects at an average cost of about US\$40,000 (Czajkowska et al., 2005: 10–17).

A mid-term assessment of the programme found that CRDA had in fact stimulated citizen participation, which included women and minorities as required. Further, the programme had provided models and experience in inter-group consensus-building that encouraged new community leaders to emerge. But in general, the evaluators found, CRDA tended to emphasize physical infrastructure over the more subtle goals of building social capital, increasing tolerance and mobilizing demand for democratization. Physical product had become more important than social process.

The CRDA approach did provide some experience in democratic practice, but there seemed little spillover into other local activities, nor was there much evidence of a citizenry becoming more politically active (Czajkowska et al., 2005; Sneed, 2006: 104–105).

In the end, CRDA was successful in that it completed a large number of projects all around the country, generating considerable local income in the process. The Community Revitalization half of the programme's title thus was realized in considerable measure, which evidently was the intention of the USAID director at the time, who had brought the quick-launch model from a previous assignment in Lebanon. He was then able to turn the approach into a much larger template for what became the huge infrastructure programme that unfolded in Iraq in mid-decade (Merritt, 2006: 40).

The Democratic Action half of CRDA came up somewhat shorter, however. The citizen committees did incorporate some degree of community representation with their requirements for female and minority membership (the latter especially important in a country that had disintegrated through ethnic conflict), and these organizations provided useful experience in local governance to their members. But neither the Serbian government nor USAID evinced any interest in continuing the experiment, despite several contractors' attempts to build in a sustainability component (Blair et al., 2004; Czajkowska et al., 2005: 32).

6.2.6 Indonesian Musrenbang: Injecting citizen input into top-down planning

Indonesia offers two examples of participatory budgeting, both very large in scale. The bigger of the two in terms of coverage has been the Musrenbang programme,¹¹ which, as in Bolivia and the Philippines, started as a “big bang” initiative taking in the entire country. The programme began with decentralization laws passed in 2003 and 2004, transferring significant authority and responsibility as well as resources to the local level, along with some three-quarters of all government servants. The Musrenbang's main feature has been a bottom-up process of successive meetings designed to elicit and then consolidate local priorities for state investment over a yearly cycle.

Things begin in January with open meetings organized by the regional body for planning and development (Badan perencanaan pembangunan daerah, known as Bappeda) in each of its villages (average population around 2,700), which all citizens are urged to attend. The meeting determines investment priorities and selects attendees to represent the village choices at the next highest level, the sub-district or *kecamatan*, where civil servants and members of the district legislature (*Dewan perwakilan rakyat daerah*, or DPRD) join in. At this level, preferences expressed by

the villages (there are roughly 20 villages per *kecamatan*) are consolidated amid a great deal of negotiating and horse-trading into a unified list of preferences. Delegates are again selected for Musrenbang meetings at the district level, where a third level of Musrenbang meets to consolidate the preferences expressed by the *kecamatan*. In the next step, the priorities established through the Musrenbang system are folded into the overall district development plan for the following year.

Criticisms were numerous. To begin with, Musrenbang meetings were in many cases either not held or essentially closed affairs. Much more important was the continued dominance of centralized planning. A national structure consisting of 33 provinces, roughly 450 districts, 5,400 sub-districts and 70,000 villages, in which a central planning ministry in Jakarta (the National Development Planning Agency, *Badan perencanaan pembangunan nasional*, known as Bappenas) operating through its agents at provincial and district level was charged with determining virtually all investments, was not going to surrender control overnight to a bottom-up scheme, especially one that was facilitated by the very same Bappeda office that had managed the earlier system. In effect, bureaucratic Bappeda could – and did – ignore bottom-up Musrenbang and elected DPRD.

Scope for citizen input, in sum, proved rather minimal. Still, the Musrenbang process did for the first time encourage some citizen participation in budgetary allocation in a system that since Dutch colonial times operated through a very centralized, top-down planning organization that essentially precluded any citizen input at all.

As an add-on to a larger programme aiming to strengthen DPRD and civil society organizations, a USAID effort titled the Local Governance Support Program (LGSP) worked on strengthening the Musrenbang process with a Musrenbang Delegation Forum consisting of Musrenbang attendees who would “follow the budget development and approval process and then advocate for the inclusion of *Musrenbang* results in the [district level] budget” (LGSP, 2009a: 2–19). The LGSP reported that such forums had been set up in half its 62 districts by the end of 2008 (LGSP, 2009a: 9; 2009b). This initiative may well have enhanced citizen input into the district-level allocations, but it came along late in the project (which closed in September 2009) and it is not clear how much of it survived or whether the government had an interest in replicating it elsewhere in the country.

6.2.7 Indonesian Kecamatan Development Project: *Locally determined investment*

Operating somewhat in parallel with the Musrenbang process was the Kecamatan Development Program (KDP) sponsored by the World

Bank.¹² It has also been huge by any standard, encompassing almost three-quarters of Indonesia's sub-districts by 2009 and spending well over US\$1 billion in the process. KDP began in 1998, targeting the poorest sub-districts and thus choosing to "build on the rest" rather than "build on the best", to use an old phrase from the rural development programmes of the 1970s. By 2012 it was reaching more than three-quarters of the country's *kecamatan*s.¹³

The KDP cycle begins with open village meetings at which proposals are offered and eventually up to three are decided upon (the first two must include a women's component). The village selects a delegation to attend a series of *kecamatan*-level meetings, at which all the village proposals are vetted for technical feasibility and prioritized. Projects can consist of infrastructure, economic or social development activity (though most deal with infrastructure). KDP grants run between US\$60,000 and US\$110,000, including an average 17 per cent community contribution.

Government officials supervise the programme, but the actual implementation is handled by consultant teams of facilitators at all levels down to *kecamatan* and village, which allows the project to avoid using under-performing contractors (KDP claims 25–50 per cent savings over normal construction costs). The programme's pro-poor aspect emerges in KDP surveys showing some 50 per cent of planning meeting participants in the poorest stratum, which also supplies around 70 per cent of the workforce on KDP projects. Elite capture is held in check partly in this way, but a potentially stronger bulwark comes in the form of a "blind contract" with a journalists' association, which covers a set number of projects, at times of the association's own choosing, and without any prior project review of what it publishes.¹⁴

An evaluation covering the 2002–2007 period and using a treatment-and-control-group methodology found significantly increased per capita consumption within the poorest quintile in KDP villages, as well as increased access to health care and employment, with fewer benefits flowing to upper-quintile groups (Voss, 2008).

At least a couple of serious problems have been reported, however. First, like the Brazilian participatory budgeting programmes, KDP requires significant overhead in the form of the technical and social facilitators who provide the necessary expertise and close field supervision. Such people are in scarce supply, and management costs have run 15–20 per cent higher than in other World Bank initiatives. Second, as with many pro-poor efforts, even though the poor do benefit, it has proved difficult to reach the very poorest stratum, which as elsewhere tends to consist disproportionately of female-headed households. Finally, there is some worry that, after the project ends, there will not be funding to keep the facilitators in place, with the consequence that, although the bottom-up

prioritizing process might have built up enough **inertial momentum** to keep going, it will no longer be able to keep shady contractors out of the game, and thus project construction will become both substandard in quality and more costly in price.

6.2.8 Cambodia: Intermediaries between local government and citizenry

Cambodia is perhaps best characterized as a “one-party-plus” regime, in which the Cambodian People’s Party (CPP) is overwhelmingly dominant but tolerates and even encourages a modest opposition to maintain some international legitimacy and to keep party functionaries at least minimally responsive to public demands (Blue et al., 2008). It is this last motivation that provided the opening for a modest USAID programme titled the Local Administration and Reform Program (LAAR), which ended its five-year run in September 2010.¹⁵

Cambodia’s lowest (and only) tier of sub-national government is the commune council, of which there are 1,621 in the country. Following the 2007 election, fully 1,590 of them had a CPP majority, with minor parties controlling the other 31 (although they have some 30 per cent of the total seats in all councils). LAAR worked with 356 (22 per cent) of these councils, all CPP controlled.

The local government system required that commune councils hold village meetings on an annual cycle to solicit citizen views on development investment priorities, but, given the country’s turbulent background (the Khmer Rouge oppression of the late 1970s, followed by a Vietnamese invasion and takeover, then an interregnum managed by the United Nations, a coup engineered by the CPP, and finally today’s authoritarian state), it makes sense that the commune councils were on the one hand unenthusiastic about seeking out citizen input and on the other hand lacked any real knowledge of how to go about doing it. LAAR’s approach was to set up and train Citizen Monitoring Committees (CMCs) to act as intermediaries between commune council and citizen.

In the programme’s first phase, CMC members were chosen by a show of hands among those attending an initial meeting, but the USAID office concluded that this approach looked too much like an election, possibly implying a competitor to the officially elected commune council, so in subsequent years CMC members were vetted and selected by the commune councils. The CMCs included members from each village within the commune council’s boundaries and along with commune council members received training on outreach, social development and monitoring. The CMC task was to recruit villagers to attend meetings with commune council members, where they could voice their thinking on development invest-

ment priorities. Afterwards, the CMC attended commune council meetings to monitor the latter's work and report back to their villages about how local priorities fared in the commune council's yearly allocations.

A mid-term evaluation found that the CMCs seemed to be only minimally engaged in monitoring and little given to reporting back to their constituents. But they did appear to do quite well at mobilizing citizens to participate in commune council outreach meetings at village level. And commune council members at the meetings evidently did in fact solicit citizen views, using a simple matrix method to determine villagers' priorities. The evaluation team was not able to determine the extent to which these priorities wound up in the final commune council investment plans, but the fact that commune council members felt it necessary to ask for and listen to citizen input must be regarded as a step forward against a backdrop of top-down authoritarian governance.

6.3 Analysis

A number of interesting patterns emerge from comparing the eight cases summarized in the previous section. My analysis of these patterns will proceed in two phases. First will come a discussion of the dimensions of citizen involvement in participatory budgeting, which will employ Figure 6.1 for illustration. This will be followed by an examination of participatory budgeting's salient features, in which the chart appearing as Table 6.1 should be helpful as the argument moves along.

6.3.1 Two dimensions for citizen involvement

If the key aspect of participatory budgeting is the extent to which ordinary citizens decide how to allocate part of a local government budget, we can rank our eight case studies along two dimensions, as in Figure 6.1. The first dimension is the citizen role in *initiating budget priorities* (the horizontal axis) and the second is the citizen role in *determining local budget allocations* (the vertical axis). In Porto Alegre (Brazil), citizen groups meet to set priorities, sort them out and consolidate them into an investment package, which the city council then implements; then, at the end of the cycle, citizen groups review the results. In short, they (and their elected representatives at successively higher levels) both initiate proposals and determine how those proposals fare in the budgeting process. In El Salvador's *cabildos abiertos*, in contrast, citizens met to devise a wish list of priorities but had no role after that in determining or even influencing the actual allocation of local investment funds. Thus Porto Alegre ranks high on both dimensions in Figure 6.1, whereas El Salvador

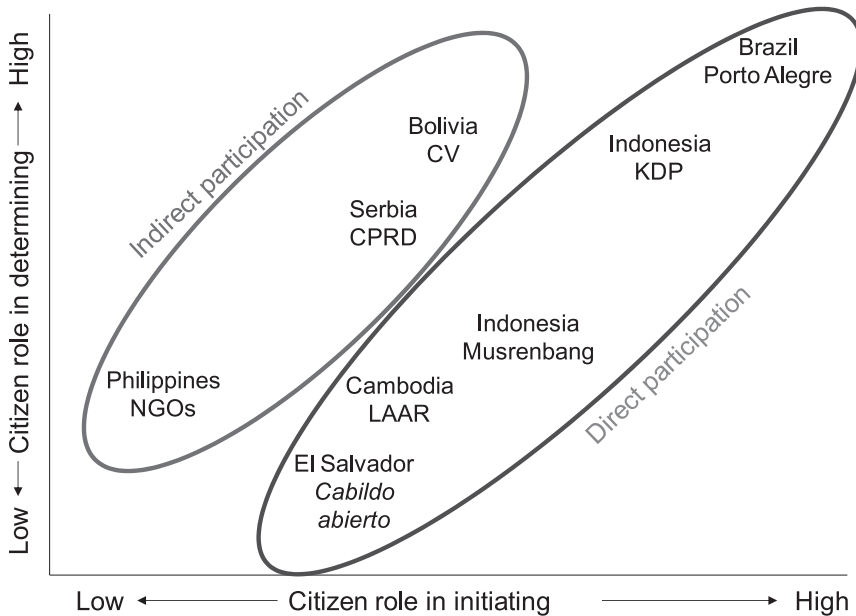


Figure 6.1 Direct and indirect citizen participation level in budget allocation

ranks modestly on the initiating (horizontal) axis but at the bottom on the determining (vertical) axis.

Other experiences fall mostly in between Porto Alegre and El Salvador. In Cambodia, the CMCs worked as outreach agents for the elected commune councils in organizing open local meetings to establish investment priorities, and then had the chance at council meetings to advocate for different projects (though there was not much indication that they exercised that opportunity), so Cambodia would rank about the same as El Salvador on the horizontal scale but a bit higher on the vertical scale in Figure 6.1. In the Indonesian Musrenbang process, those present at successive levels of village and sub-district chose representatives to take their priorities to the next tier, and could argue their case at that level, so the Musrenbang would rank somewhat higher than Cambodia or El Salvador on both dimensions. With Indonesia's KDP, though, the citizen committees actually decide on investment allocations, so it ranks higher on both dimensions.

6.3.2 *Direct and indirect participation*

All Philippine local government units are mandated to include NGO representatives as 25 per cent of sectoral committees and also the statutory

bodies that deal with public investment programmes and select contractors to implement such programmes. To the extent (not universal by any means) that local governments complied with the mandate, NGOs came into a strong position to influence budgetary allocations. So there is some participation by citizens in budgeting matters, but only *indirectly* through NGOs claiming to represent them. In Serbia, there was somewhat more citizen involvement, in that attendees at an initial meeting chose members of a citizen committee, but then it was the citizen committee itself that actually decided on the projects to be proposed. On the project determining side (vertical axis), the citizen committee then negotiated with the elected local government to finalize allocations, so there was some input on the determining side as well. Accordingly, Serbia would rank higher on both axes, but again any citizen role came only indirectly through the citizen committee. Finally, the Bolivian CVs, selected by the officially designated OTBs, had the sole authority to decide on a municipality's investment programme, to monitor the results and to lodge actionable complaints about the elected council's implementation of its projects. If anything, that might even amount to more citizen power than the COPs have in Porto Alegre, but again that power is indirect, in this case by two removes, because CV members are chosen by the OTBs, which in turn represent only some of the citizens in their territory.

By now a second pattern has emerged, as appears in Figure 6.1's ovals. Citizens in Brazil, Indonesia, Cambodia and El Salvador had a *direct* participatory role in that they initiated the first round of budgetary allocation at an open public meeting. But citizens in the Bolivian, Serbian and Philippine cases had only an *indirect* role, in that they respectively selected, elected or were at best nominal members of groups that were involved in initiating budgetary allocations. In a general sense, the direct participation systems have more say in initiating budget allocations, but the two groups rank about the same on actually determining those decisions. Systems with indirect participation, in other words, can have as much impact on determining allocation as the direct ones.

For the remainder of this section, Table 6.1 should prove a useful guide to the discussion.

6.3.3 Innovation origins and motivations

My examples show a mix of domestic and donor origins. Porto Alegre, the Bolivian PPL, the Philippine LGC and the Indonesian Musrenbang were all quite home grown, whereas the Cambodian CMCs, the Indonesian KDP and the Serbian citizen committees were donor creations, with the Salvadoran *cabildos* a mix. Motivations differed considerably.

Table 6.1 Participatory budgeting in eight settings

Type	Country & programme	Year introduced	Key characteristic	Source of innovation	Source of political will	Technical assistance	Parallel governance structure	Risk of elite capture
Decentralization	Brazil – Porto Alegre	1989	Participatory LG budgeting	Domestic	Local champion	High	Yes	Low
	Bolivia – Popular Participation Law	1994	Checks and balances in LG	Domestic	National champion	USAID pilot	Yes	Medium
	Philippines – Local Government Code	1991	NGOs inside LG units	Domestic	Central government champions	Some USAID pilot	No	High
	Indonesia – Musrenbang process	2004	Participatory prioritization	Domestic	Central	None	Yes	High
	Indonesia – Kecamatan Development Program	1998	Bottom-up project decisions	Donor	Donor	High	No	Medium
	Cambodia – Local Administration and Reform Program	2005	LG–citizen intermediary structure	Donor	Donor	USAID pilot	No	High
Post-conflict	El Salvador – <i>Cabildos abiertos</i>	1986	Mass meetings	Domestic and donor	Donor	Some USAID	No	Medium to high
	Serbia – Community Revitalization through Democratic Action	2000	Non-government spending authority	Donor	Donor	Some	Yes	Unclear

Note: LG = local government.

Incoming mayor Olívio Dutra saw participatory budgeting as an instrument to build a constituent base for the Workers' Party in Porto Alegre, and incoming Bolivian president Gonzalo Sánchez de Lozada likewise viewed the PPL as a way to build support for his political party.¹⁶ The Philippine LGC had its champion in Senator Aquilino Pimentel, who pushed its creation through the legislature, but it can be seen more as part of the overall reaction to the centralization of the Marcos regime deposed in 1986. Similarly, the Indonesian Musrenbang process can be interpreted as a part of the *Reformasi* drive to repudiate the highly centralized Suharto era that ended with his overthrow in 1998.

The donor-led programmes had their own motivations, of course. The USAID office in Cambodia was looking for some initiative to counter the increasing authoritarian trajectory and democratic decline afflicting the country under Prime Minister Hun Sen and his CPP, and LAAR seemed a way to increase accountability a bit at the governmental base. In Indonesia, the World Bank, reeling from the heavy criticism then being levelled at its large-scale transmigration and dam-building programmes, was looking for something that would represent a change of direction to a more people-centred approach (Guggenheim, 2006: 119–121). Meanwhile, USAID saw a way to bolster its Local Governance Support Programme by enhancing Musrenbang effectiveness. USAID's CRDA project operated in all Serbia's districts, seeking to fuel what it hoped was a post-Milosevic demand for democracy and to aid in bridging the ethnic tensions that lingered after his ousting in 2000. Finally, USAID's MEA programme in El Salvador reinforced what had started as a government effort to generate allegiance to a reconciled political system after the Peace Accords of 1992.

6.3.4 The importance of a political champion

Wherever it has been introduced and to the extent that it has been successful, participatory budgeting has meant a major change from the usual way of doing business in making budgetary decisions, which in turn has meant discomfitting and even displacing significant numbers of people from the positions of power and often rent-seeking that they had enjoyed. Such disruption needed a champion if it was to occur, particularly in the bolder examples we have seen. Mayor Dutra in Porto Alegre along with his successors Tarso Genro and Raul Pont, as well as President Sánchez de Lozada in Bolivia and Senator Pimentel in the Philippines, all played this role. Without these champions, it is doubtful that reforms would have taken place.

Political will can come from other directions also. The 2004 introduction of Indonesia's Musrenbang process was overshadowed by the first

direct presidential election held the same year, and its origins are somewhat obscure in the literature, but it was evidently part of the *Reformasi* wave of the early post-Suharto era, which saw many reforms seeking to reverse the dictator's New Order structure. The authority and determination to move the other four examples along came from their donors – USAID in its Cambodian, Salvadoran and Serbian programmes, and the World Bank with the KDP.

6.3.5 Technical assistance and participatory budgeting

Overall, to judge from Figure 6.1, participatory budgeting appears to do best in Porto Alegre and the Indonesian KDP. How is their pre-eminence to be explained? The most obvious answer is simply that they have better funding. Porto Alegre is a relatively wealthy city in a relatively wealthy Brazilian state, and the KDP has been one of the World Bank's more generously supported programmes, with some US\$1.2 billion spent thus far and growing. But the real answer lies in where the money has been spent, which is technical assistance, as shown in Figure 6.2.

Serious participatory budgeting is a great deal more complex than showing up for a meeting and expressing preferences for public investment. As should be clear from the case studies, the programmes where

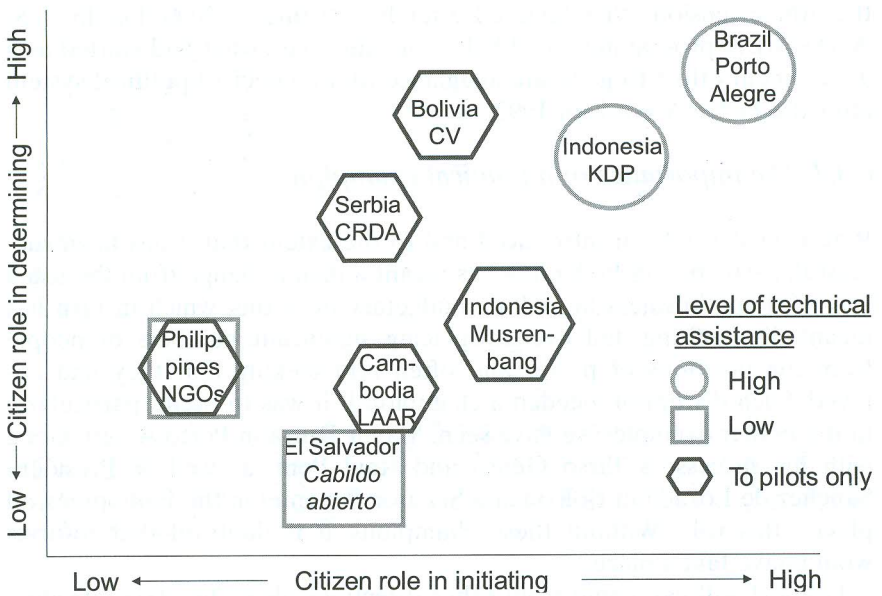


Figure 6.2 Technical assistance given to participatory budgeting systems

citizens really do have a strong voice in determining what gets done with public funds require more citizen time and energy than the wish-list efforts. The initial meetings take longer, the special delegates to a higher level need a real commitment, and the review of the previous year's work that begins the next year's cycle takes yet further resolve. And, as anyone who has been involved in voluntary work for a community enterprise knows (often all too well), it is difficult to keep up the enthusiasm needed to sustain such activity. Public virtue can be its own reward for only so long.

In addition to enthusiasm and commitment, there also has to be expertise in dealing with designing, planning, budgeting, supervising, monitoring, and so on – all skills not in plentiful supply anywhere, much less in developing countries. In short, a healthy quantum of technical assistance is needed to make participatory budgeting succeed. Porto Alegre's various algorithms for weighting neighbourhood needs against poverty levels, past allocations, sectoral balances, coordinating services and the like all require much outside expertise, which fortunately the municipality can supply through its budget planning office, the Gabinete de Planejamento (De Sousa Santos, 1998). Likewise Indonesia's KDP requires ample quantities of technical assistance to make the system function, appropriately supplied by the World Bank.¹⁷ In a seeming contradiction, Bolivia's CVs are shown at roughly the same level on the vertical axis as the Porto Alegre and the KDP systems, although their management abilities lagged far behind the latter two, because the CVs' monitoring role enabled them to interfere with initiatives implemented by the elected councils, even to the extent of calling for sanctions. Opportunity to exercise a role does not necessarily reflect capacity to do so.¹⁸

Six of our cases received some technical assistance in connection with a USAID assistance programme. For Serbia and El Salvador, the programmes were nationwide, covering a very large portion of Serbia's communities and virtually all of El Salvador's. In both cases there was some minimal technical assistance in the form of reviewing the projects selected for technical soundness, but virtually none was provided to guide the participatory process itself. In Bolivia, the Philippines and Indonesia's Musrenbang process, the decentralization programmes themselves were nationwide with little or no technical assistance to the municipalities, but USAID supported pilot projects that did provide quite extensive technical assistance to selected locales (25 out of more than 300 in Bolivia, 60 out of 450 in Indonesia and 200 out of over 40,000 in the Philippines). In Cambodia, there was only the pilot – there was no national programme to create CMCs everywhere – but the USAID project footprint was intentionally large, covering over 20 per cent of the country's commune councils.

6.3.6 *Parallel governance structures*

A number of our case-study programmes set up what amounted to parallel structures of governance, in effect displacing the local government system already in place. In Porto Alegre, the COP decided how the city would spend its development investment funds, a function usually exercised by local elected councils. True, the Porto Alegre council did have the prerogative of rejecting the COP's plan, but invariably it approved whatever the participatory budgeting system came up with. In Serbia, the citizen committees decided on projects and, although an elected council could in effect veto a project by refusing to put up its 25 per cent matching share, the more common experience appears to have been that the council went along with projects of marginal value to the municipality in order to "leverage" the other 75 per cent of construction costs from the citizen committee. In Bolivia, the CV decided on the investment plan and then monitored it, while the elected council only implemented it, subject to sanctions from the CV. Finally, the Indonesian Musrenbang was also new, stapled onto the local governance structure set up several years earlier.¹⁹

This brings us to Deborah Bräutigam's (2004) complaint that participatory budgeting tends to insert new mechanisms that in essence displace elected local government bodies that have been constitutionally charged with making decisions on local public investments. Her question is whether the energy and funding going into the new structures might have been better devoted to correcting the defects of the old ones, given that the old ones will still remain in place. This is, of course, an old question in public administration, but it is also an important one, which can easily get forgotten in the enthusiasm for new ideas.

The answer in the Brazilian case is that it would have been extremely difficult to convince the traditional decision-making machinery to adopt a new formula requiring them to direct new public investment in an order inverse to accumulated previous investment, that is, to direct public funds away from neighbourhoods that had previously contributed more taxes, more campaign support and more votes to areas that had provided less of each to the council members. It was more feasible to set up a new structure apart from all that encrusted tradition of mutual exchange.

In Serbia, the imperative for the USAID mission was to get things moving quickly on the ground to show that society could pick itself up again after the previous regime's collapse and resuscitate the infrastructure. Here, too, it was just easier to start a new machinery than to revive and improve the old one based on the local councils that had been in place since Yugoslav times.

Bolivia did not face the choice between working with the old structure and creating a new one because, before the PPL, only 38 municipalities existed; the rest of the country's territory had no local government. So the PPL's authors could have given the planning authority to the new elected councils, which would have more authentically represented the populace than the CVs with their base in the OTBs. Presumably the PPL's authors wanted to devise a structure of checks and balances with their new local governance dispensation.

A fourth parallel system came with the Musrenbang structure in Indonesia. Local councils were created as elected bodies in 1999 as part of the post-Suharto reforms and so had been in place for only a few years when the Musrenbang system was introduced in 2004. Five years would seem too short a period for the councils to have developed such debilitation that a parallel system for soliciting citizen input was needed. But that may have been long enough for central government reformers to realize that elected local councils were not going to be enough to shake loose the power of the country's premier planning agency, Bappenas, and its district-level counterpart the Bappeda, which had long held local governance in a centrally controlled straitjacket. So Musrenbang would be the therapy to loosen the hold of the planning apparatus. But, if this was the strategy, it did not succeed, as noted above.

6.3.7 The risk of elite capture

Ever since Gunnar Myrdal's (1968) devastating critique of India's decentralization programme in the 1960s, it has been clear that elite capture has been one of the two principal hazards facing any devolution initiative.²⁰ A risk assessment on this account would thus seem essential for our cases. Porto Alegre appears well insulated here, with its highly structured participatory budgeting process, reinforced during its first 16 years by Workers' Party mayors committed to it, a combination reported to have essentially eliminated pork patronage (Koonings, 2004: 85–91). More recently, at least one analysis concludes that private sector elites have become dominant since the change of government in 2004 (Baierle, 2008), and another has found that the private sector has gained a foothold in allocating municipal development investments by sponsoring NGOs that have had influence on participatory budgeting processes, but this seems more a story of elite influence than of outright capture (Junge, 2012).

The Indonesian KDP has had significant grassroots protection through the large number of poor participants at the planning meetings, but a better safeguard could come through the programme's "blind contract"

with the journalists' association, which gives the latter *carte blanche* to snoop into any project activity on its own initiative. To date, however, there appears little evidence that this media check has proved effective. With its parallel structure of accountability involving both the CVs and the municipal councils, and the sanctioning authority given to both bodies, Bolivia should have some defence in depth against elite takeover, but a lack of expertise (and even literacy, especially in the CVs) is likely to constrain their watchdog capacities. The risk of elite takeover in these two cases would have to be rated medium.

One would hope that El Salvador's maturing two-party system (the former insurrectionary force won the presidency in 2009 and already controlled most of the municipalities) would provide a buffer of competitive politics against elite takeover there, but the country's winner-take-all local electoral system gives the winning party all the seats on municipal councils for its entire term, creating dangerous temptations. In these circumstances, elite capture at the local level would be somewhere between medium and easy.

In the remainder of our cases, the possibility would have to be rated fairly easy. Naga City and some others are surely exceptions, but the long history of local bosses and *caciques* (wealthy landowning oligarchs) in the Philippines is not going to be overturned through the Local Government Code.²¹ The Musrenbang system faces a different sort of elite takeover: it is not local oligarchs who are so much the danger as the local field offices of the central planning agency, Bappenas, which, along with the Ministry of Home Affairs, still has great influence. In Cambodia, it is the CPP as the dominant political party controlling 98 per cent of the commune councils that, although it is perhaps trying to solicit citizen input, exercises control over what budgetary allocations are made: local party elites are already in command.²² Finally, in Serbia there was surely some real danger of elite capture, but the experiment closed out in 2006, making the question moot.

6.3.8 *Achievement and sustainability*

Some of the initiatives did reasonably well in their time. In the two post-conflict programmes, a quickly constructed Serbian system of citizen committees did complete several thousand projects based on citizen input, and the Salvadoran programme eventually completed more than 8,000 projects. But the Serbian CRDA's citizen committees were limited to the life of the project, for there was no reason for them to continue after the funding ran out. And, although the law on *cabildos abiertos* remained in place in El Salvador, specifying that they meet quarterly, it is unlikely that they did much work after the MEA's end.

As for the pilot projects, USAID's Democratic Development and ~~Civic~~ Participation project in Bolivia in the 1990s made good headway in "capacitating" (to use a forced translation of the Spanish verb commonly used, *capacitar*) the CVs. The Philippine Governance and Local Democracy (2) project was significantly constrained from the start in participatory budgeting terms, in that citizen participation – coming as it did through NGO representatives serving on local government bodies – was even more indirect than in Bolivia or Serbia. However, where local political leadership was accommodating and encouraging, as in Naga City, one could see real input from below. The USAID Local Governance Support Program in Indonesia worked with the executive, elected councils and civil society organizations in its 62 pilot districts to promote more interaction with the Musrenbang process, and the project made some progress in strengthening the successive Musrenbang tiers and moving more citizen demands through its structure. The Cambodian LAAR project showed somewhat mixed results at first in its efforts to build CMCs to elicit community inputs for public investments, but it developed a learning curve as the project went into successive years.

Some of these pilots may have survived the lifetimes of their respective donor-supported projects. USAID's Bolivian project produced an excellent manual to guide the CVs and elected councils (DDCP, 1999). The GOLD project generated a large number of practical publications²³ and, more importantly, conscientiously created six Centres for Local Governance to provide technical assistance and training to local governments and NGOs on a fee-for-service basis after GOLD shut down in 2000.²⁴ The LGSP effort in Indonesia²⁵ worked to assist many of its implementers (mainly located in local universities) to become post-project service providers as well. And the Cambodian LAAR was hoping that at least some of the province-level NGOs it contracted to provide technical assistance would follow a similar path after it ended in 2010.

Unfortunately, there is no real way to ascertain whether any of these sustainability hopes have been realized, because USAID has thus far shown virtually no interest in post-project study. Once a project has closed out, so has USAID interest in the project or its legacy.²⁶

6.3.9 Programme impact

Typically in these programmes, a prominent goal is some kind of empowerment for the poor through political participation. A couple of them have been in place long enough to make some assessment on this front. Boulding and Wampler (2009) find some evidence of this for participatory budgeting in Brazil, as do Cameron (2009), Grootaert and Narayan (2001) and Grindle (2000) for Bolivia. In both countries, at least some

poor people have attained a degree of agency in the local political arena. An additional goal – not always stated – has been poverty alleviation. Boulding and Wampler (2009) do find a small reduction in the incidence of extreme poverty over participatory budgeting's first decade.²⁷

However, so far as more general well-being in terms of such indicators as life expectancy or literacy is concerned, there is as yet little indication that participatory budgeting has had any effect in Brazil or Bolivia. Boulding and Wampler find no statistically significant correlations, nor does Cameron in his more qualitative study.²⁸ Likewise Indonesia's KDP shows no improvement in school enrolments, though an evaluation did show increased access to health care and movement out of poverty for the lowest income quintile, as well as higher consumption for the lowest income quintile (Voss, 2008). As far as I know, the other programmes in my sample never undertook (or at least never released results of) any studies of this sort. This paucity of knowledge of programme impact can be traced in part to programme brevity (what, after all, can one show in terms of well-being improvement after five years?), but also to a lack of donor interest in longer-term programme impact.²⁹

In sum, there is some evidence that participatory budgeting enhances empowerment through participation, less evidence, but still a real indication, of its efficacy in poverty alleviation, but no evidence so far for any impact in improving well-being. However, it can be argued that participatory budgeting's time-span has been far too short to expect any real and enduring signs of well-being, and that, furthermore, given the Western countries' own experience in improving well-being, citizen empowerment is the place to start on what has to be a long-term drive to achieve it.

6.4 Policy implications for participatory budgeting initiatives

From this analysis of eight cases, a number of implications emerge that should be useful in considering future initiatives in participatory budgeting.

Direct and indirect participation. Participatory budgeting systems that directly involve citizens do give them a greater role in suggesting public investment activities than those using some kind of indirect representation, but this approach does not necessarily lead to more influence over what activities will actually be undertaken. Indirect participatory budgeting schemes can do as well on the latter score (Bolivia and Serbia vs. Porto Alegre and KDP).

Source of innovation. Domestically initiated participatory budgeting systems obviously have a better chance of lasting than those set up by

donors, but they are not necessarily more effective on that account (the Philippines and Musrenbang vs. KDP and Serbia).

Political will. Where political will exists to forge a participatory budgeting system, it needs a champion to push the agenda along (Porto Alegre, Bolivia, the Philippines).

Importance of technical assistance. For citizen groups to have a real impact on budget decision-making, significant technical assistance will be needed (Porto Alegre, KDP). But effective participatory budgeting is not cheap.

Lessening democracy. Parallel structures can substitute for what are judged to be ineffective elected local councils (Porto Alegre, Bolivia, Musrenbang, Serbia), but they are inherently less democratic.

Elite capture risk. The greater the citizen role in initiating and determining budget allocation, the lower the risk of elite capture of the participatory budgeting process (Porto Alegre, KDP and Bolivia vs. the Philippines, Cambodia, Musrenbang and El Salvador).

Participatory budgeting's impact. Even after two decades of experience, relatively little is known about participatory budgeting's impact on empowerment, poverty alleviation and well-being, owing in significant part to donors' lack of interest in following up impact over time.

Notes

1. This chapter is an extension of an earlier enquiry (Blair, 2008), in which I looked at participatory innovation more generally at the local level. Here I narrow the focus to participatory budgeting and widen the sample set to include Cambodia and Indonesia, in addition to the five countries considered earlier.
2. My analysis is based on fieldwork done in all the countries covered here except Brazil. I visited Bolivia, El Salvador and the Philippines twice each between 1994 and 2000, Cambodia in 2008 and 2009, and Indonesia in 2002 and 2008. Serbia I visited in 2004. My fieldwork in all these countries focused on USAID programmes; for Indonesia's KDP, I have drawn on interviews and secondary sources for my information about the World Bank programme there. I have not been to Brazil, but the literature on Porto Alegre has become so huge (and still growing) that there is no difficulty in looking into virtually all aspects of participatory budgeting.
3. <http://en.wikipedia.org/wiki/Participatory_budgeting> (accessed 10 April 2013).
4. There are many good accounts of participatory budgeting in Porto Alegre, from which the present overview is distilled. See, *inter alia*, Baiocchi (1999), Fung and Wright (2001), Goldfrank (2011), Koonings (2004), Wainwright (2003), World Bank (2008).
5. There are several excellent analyses of the PPL and its implementation (for example, Altman, 2003; O'Neill, 2005). See also Blair (2001b, 2001c).
6. Most of this account is derived from Blair (2001a). For another assessment, see Brilantes (2007). Again, the "audacious reform" phrase is from the title of Grindle's (2000) book.
7. See, for example, Barns (2003), Capuno (2005), Legaspi (2001).

8. For an analysis of the *cabildo abierto* and the USAID programme built upon it, see Blair et al. (1995: 31ff).
9. Data presented in this and the following paragraphs are from Wilson et al. (1994). In El Salvador, as in most of Latin America, the entire country is divided into municipalities.
10. Data in this paragraph are from Wilson et al. (1994). Córdova et al. (2004) provide similar data for more recent years.
11. Musrenbang is an acronym for *Musyawarah Perencanaan Pembangunan* (public forum for development planning). This account of the Musrenbang programme is drawn largely from Ahmad and Thébault Weiser (2006), Kristiansen et al. (2008), LGSP (2008, 2009a, 2009b), McLaughlin (2007) and Ngoedijo (2007), as well as Blair et al. (2008).
12. Later renamed PNP (Program Nasional Pemberdayaan Masyarakat – National Program for Community Empowerment) Mandiri.
13. My account of KDP draws mainly on Guggenheim et al. (2004), Guggenheim (2006) and McLaughlin (2007). Data on coverage are from <<http://www.pnpm-mandiri.org>> (accessed 24 April 2013).
14. As the programme progressed, the “blind contract” did not actually result in any significant journalistic coverage of KDP, but the government’s embracing of the idea was an important commitment to transparency in a sector where risk of corruption has been high. Personal communication from Scott Guggenheim, April 2010.
15. Material on the USAID programme is largely drawn from Calavan et al. (2009).
16. To the extent this interpretation is true – the strategy did not succeed for President Sánchez. By 1999, his party in fact had lost about one-third of the municipalities it had held in 1995 (Altman, 2003: 87). More significantly for him and his party, the PPL system facilitated the rise of Evo Morales, whose movement ousted Sánchez de Lozada and his government altogether in 2005. See also Kohl and Farthing (2006: 149ff).
17. See Woodhouse (2005); Guggenheim et al. (2004: 15) mention 20 per cent of KDP project costs going to technical assistance at one point in the project.
18. Grootaert and Narayan (2001: 61) note the need for technical assistance to local governance in this connection. One estimate held that more than 85 per cent of the CV members were illiterate (Lee Van Cott, 2000a, 2000b, cited in Altman, 2003: 83). One unfortunate result of this feeble CV capacity is that a great many CVs farm out their planning responsibility to NGOs or consulting firms (Bartholdson et al., 2002: 28–29); this was also my own observation during field visits in the mid- and late 1990s.
19. The KDP did develop a parallel system, but it was funded by the World Bank’s programme, not by funds that would have otherwise been allocated by local government units. USAID’s Cambodian programme and the Salvadoran *cabildos* were not so much parallel structures as devices to solicit some public input. The Philippine NGO inclusion in local government committees was the opposite of a parallel device.
20. The other main danger has been reluctance from the centre to actually devolve any real power (among the many analyses of these two risks to decentralization, see Manor, 1999).
21. See, for example, Hutchcroft (1991).
22. There is significant evidence that commune council leaders have not manipulated decisions to favour themselves (World Bank, 2011). On the other hand, a 2008 survey of council members found that 66 per cent were serving in their second term and 32 per cent were in their third term (Meerkerk et al., 2008: 31 *passim*); when combined with the CPP’s control of 98 per cent of the communes, these data would indicate that local party elites had a firm grip on commune affairs.
23. The GOLD project, implemented by ~~ARD~~ as the contractor, was perhaps the best ever documented decentralization effort, at the end producing a CD with hundreds of project documents (ARD, 2001).

24. In doing this, GOLD was following the path set in a number of East European countries when USAID and the Soros Foundation set up “intermediate service provider” organizations to continue offering expertise to civil society organizations and local governments after the post-Communist foreign aid programmes closed out.
25. LGSP also produced a trove of useful publications that will be of post-project value. For a list, see LGSP (2009; Annex D).
26. USAID has a real interest in learning from current experience, because it does conduct mid-term and final evaluations of selected projects, but it has evinced no enthusiasm for learning from completed efforts, for instance sponsoring a study of the legacy of the GOLD project, say three (or five) years after it had closed out. Such analyses would be invaluable in learning what works over time and what does not. Other donors do not appear to be greatly different in this regard. Gary Bland (2011) provides an example of what could be learned from post-project research in his analysis of USAID’s support for participatory budgeting in El Salvador over the years 1994–2006.
27. In their survey, they found a reduction in “indigent poverty” of just under 1 per cent that could be associated with participatory budgeting in 64 Brazilian municipalities. One could ask whether Porto Alegre as the pioneer had made more progress in this regard, but the authors report that the number of years a municipality had been using participatory budgeting made much less difference than whether or not it had adopted participatory budgeting (Boulding and Wampler, 2009: 128).
28. An exception here is Gonçalves (2009), who finds a positive correlation between Brazilian municipalities adopting participatory budgeting and a reduction in infant mortality.
29. There may be a change at USAID if the recommendations made by a recent study team are taken seriously. The authors urge that programmes in the democracy sector be evaluated with randomized sample populations of target and control groups taken on a before-and-after-project basis in order to assess impact (Goldstone et al., 2008).

REFERENCES

- Abers, R. (1998) “From Clientelism to Cooperation: Local Government, Participatory Policy, and Civil Organizing in Porto Alegre, Brazil”, *Politics & Society* 26(4): 511–537.
- Abers, R. (2000) *Inventing Local Democracy: Grassroots Politics in Brazil*. Boulder, CO: Lynne Rienner Publishers.
- ADB (Asian Development Bank) (2004) “People’s Participation in Governance: The Naga City People’s Council Experience”. Paper for regional seminar on Local Governance and Pro-Poor Service Delivery, Asian Development Bank, Manila.
- Ahmad, R. and E. Thébault Weiser (2006) *Fostering Public Participation in Budget-Making: Case Studies from Indonesia, Marshall Islands, and Pakistan*. Manila: Asian Development Bank and the Asia Foundation.
- Altman, D. with R. Lalander (2003) “Bolivia’s Popular Participation Law: An Undemocratic Democratization Process?”, in A. Hadenius (ed.) *Decentralization and Democratic Governance Experiences from India, Bolivia and South Africa*. Stockholm: Almqvist & Wiksell International, pp. 63–103.
- ARD (Associates in Rural Development) (2001) *GOLD: USAID Support to Philippines Local Governance, Governance and Local Democracy Project*

- 1995–2001. CD available from Gerry Roxas Foundation, 18th floor, Aurora Tower, Araneta Center, Quezon City, Philippines.
- Avritzer, L. (1999) “Public Deliberation at the Local Level: Participatory Budgeting in Brazil”. Paper presented at the Experiments for Deliberative Democracy Conference, University of Wisconsin, January 2000. Available at <<http://www.ssc.wisc.edu/~wright/avritzer.pdf>> (accessed 11 April 2013).
- Baierle, S. (2008) “Shoot the Citizen, Save the Customer: Participatory Budgeting and Bare Citizenship”, *Soberania Popular Sovereignty: Revista de Debates do Centro de Assessoria e Estudos Urbanos-Cidade* 1(1). Available at <<http://www.ongcidade.org/site/php/Revista/arquivo/baierleen.pdf>> (accessed 11 April 2013).
- Baiocchi, G. (1999) “Participation, Activism, and Politics: The Porto Alegre Experiment and Deliberative Democratic Theory”. Department of Sociology, University of Wisconsin-Madison, USA. Available at <<http://www.ssc.wisc.edu/~wright/Baiocchi.pdf>> (accessed 11 April 2013).
- Barns, J. R. (2003) “Engaged Governance: An Overview of the Philippine Experience”, <<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan014414.pdf>> (accessed 11 April 2013).
- Bartholdson, Ö., A. Rudqvist; and C. Widmark (2002) “Popular Participation in Bolivia, Colombia and Peru: A Synthesis of Three Studies”. Sida, Department for Latin America, Stockholm.
- Blair, H. (2001a) *Civil Society Strategies Assessment in the ANE Region: The Philippines*. Occasional Papers Series, Office of Democracy and Governance, Bureau for Democracy, Conflict, and Humanitarian Assistance. Washington, DC: USAID.
- Blair, H. (2001b) *Civil Society Strategies Assessment in the LAC Region: Bolivia and El Salvador*. Occasional Papers Series, Office of Democracy and Governance, Bureau for Democracy, Conflict and Humanitarian Assistance. Washington, DC: USAID.
- Blair, H. (2001c) “Institutional Pluralism in Public Administration and Politics: Applications in Bolivia and Beyond”, *Public Administration and Development* 21(2): 119–129.
- Blair, H. (2008) “Innovations in Participatory Local Governance”, in United Nations, Department of Economic and Social Affairs, Division for Public Administration and Development Management, *Participatory Governance and the Millennium Development Goals (MDGs)*. New York: United Nations, pp. 77–124.
- Blair, H., J. Booth, R. Córdoba; and M. Seligson (1995) *Civil Society and Democratic Development in El Salvador: A CDIE Assessment*. USAID Document PN-ABU-449. Washington, DC: USAID/PPC/CDIE/POA.
- Blair, H., L. Djani, A. Edmond, D. Hirschmann, B. Sanders and B. Setiyono (2008) *Local Governance Support Program: Evaluation Report*. Washington, DC: Management Systems International for USAID/Jakarta.
- Blair, H., R. Herman, D. Ćosić and M. Galaty (2004) *Strategic Assessment of Civil Society and Political Processes for Serbia*. Report for USAID/Serbia. Washington, DC: Management Systems International.

- Bland, G. (1994) *Local and Intermediate-level Government Electoral Policy in Latin America and the Caribbean*, Final Draft. Washington, DC: The World Bank.
- Bland, G. (2011) "Supporting Post-conflict Democratic Development? External Promotion of Participatory Budgeting in El Salvador", *World Development* 39(5): 863–873.
- Blue, R. N., H. Blair and L. A. Mitchell (2008) *Political Competitiveness and Civil Society Assessment: Cambodia*. Washington, DC: Checchi & Company Consulting.
- Boulding, C. and B. Wampler (2009) "Voice, Votes and Resources: Evaluating the Effect of Participatory Democracy on Well-Being", *World Development* 38(1): 125–135.
- Bräutigam, D. (2004) "The People's Budget? Politics, Participation and Pro-poor Policy", *Development Policy Review* 22(6): 653–668.
- Brillantes, A. B., Jr (2007) "The Philippines: Civic Participation in Local Governance – Focus on Subnational Budgeting and Planning". Essay on CD-Rom included in A. Shah (ed.) *Participatory Budgeting*. Public Sector Governance and Accountability Series. Washington, DC: The World Bank, pp. 49–66.
- Calavan, M., A. Barr and H. Blair (2009) *Local Administration and Reform Project: Mid-term Evaluation*. Report for USAID/Cambodia. Washington, DC: Checchi & Company Consulting.
- Cameron, J. D. (2009) "'Development Is a Bag of Cement': The Infrapolitics of Participatory Budgeting in the Andes", *Development in Practice* 19(6): 692–701.
- Capuno, J. J. (2005) "The Quality of Local Governance and Development under Decentralization in the Philippines". Discussion Paper No. 0506, School of Economics, University of the Philippines. Available at <<http://www.econ.upd.edu.ph/dp/index.php/dp/article/viewFile/124/122>> (accessed 11 April 2013).
- CIDADE (Centro de Assessoria e Estudos Urbanos) (2010) "Data on Participatory Budgeting in Porto Alegre", <http://ongcidade.org/site/php/op/opEN.php?acao=dados_op> (accessed 11 April 2013).
- Cooke, B. (2005) "Rules of Thumb for Participatory Change Agents", in S. Hickey and G. Mohan (eds) *Participation: From Tyranny to Transformation? Exploring New Approaches to Participation in Development*. London: Zed Books, pp. 42–55.
- Córdova M., J. M. Cruz and M. A. Seligson (2004) "The Political Culture of Democracy in El Salvador, 2004: Perceptions and Realities of the Salvadoran Population". USAID Document PN-ADB-409.
- CPE (Center for Popular Empowerment) (2009) "Participation, Accountability and Transparency (PAT) Ordinance of Quezon City passed by City Council", <<http://urbangov.wordpress.com/2009/09/08/participation-accountability-and-transparency-pat-ordinance-of-quezon-city-passed-by-city-council/>> (accessed 11 April 2013).
- Czajkowska, B., J. Dunbar, M. Keshishian, C. Sahley and K. Strickland (2005) "Assessment of the Serbian Community Revitalization through Democratic

- Action Activity (CRDA)". Report for USAID/Serbia and Montenegro, Final Version.
- DDCP (Democratic Development and Citizen Participation Project) (1999) *Ciudadanía en la Participación Popular: Guía para Facilitadores*. La Paz: DDCP.
- De Sousa Santos, B. (1998) "Participatory Budgeting in Porto Alegre: Toward a Redistributive Democracy", *Politics & Society* 26(4): 461–510.
- Fung, A. and E. O. Wright (2001) "Deepening Democracy: Innovations in Empowered Participatory Governance", *Politics and Society* 29(1): 5–41.
- Goldfrank, B. (2011) *Deepening Local Democracy in Latin America: Participation, Decentralization and the Left*. University Park, PA: Pennsylvania State University Press.
- Goldstone, J. A. et al. (2008) *Improving Democracy Assistance: Building Knowledge Through Evaluations and Research*. Washington, DC: National Academies Press.
- Gonçalves, S. (2009) "Power to the People: The Effects of Participatory Budgeting on Municipal Expenditures and Infant Mortality in Brazil". Paper for London School of Economics, <<http://www.webmeets.com/files/papers/LACEA-LAMES/2009/714/Sonia%20Goncalves.pdf>> (accessed 11 April 2013).
- Grindle, M. S. (2000) *Audacious Reforms: Institutional Invention and Democracy in Latin America*. Baltimore, MD: Johns Hopkins University Press.
- Grootaert, C. and D. Narayan (2001) *Local Institutions, Poverty, and Household Welfare in Bolivia*. Policy Research Working Paper 2644. Washington, DC: World Bank, Social Development Department and Poverty Reduction and Economics Management Network, Poverty Division.
- Guggenheim, S. (2006) "Crises and Contradictions: Understanding the Origins of a Community Development Project in Indonesia", in A. Bebbington et al. (eds) *The Search for Empowerment: Social Capital as Idea and Practice at the World Bank*. Bloomfield, CT: Kumarian Press, pp. 111–144.
- Guggenheim, S., T. Wiranto, Y. Prasta and S. Wong (2004) "Indonesia's Kecamatan Development Program: A Large-Scale Use of Community Development to Reduce Poverty". Paper for Scaling Up Poverty Reduction: A Global Learning Process and Conference, Shanghai, 25–27 May.
- Hutchcroft, P. D. (1991) "Oligarchs and Cronies in the Philippine State: The Politics of Patrimonial Plunder", *World Politics* 43(3): 414–450.
- Junge, B. (2012) "NGOs as Shadow Pseudopublics: Grassroots Community Leaders' Perceptions of Change and Continuity in Porto Alegre, Brazil", *American Ethnologist* 39(2): 407–424.
- Kohl, B. and L. Farthing (2006) *Impasse in Bolivia: Neoliberal Hegemony and Popular Resistance*. London: Zed Books.
- Koonings, K. (2004) "Strengthening Citizenship in Brazil's Democracy: Local Participatory Governance in Porto Alegre", *Bulletin of Latin American Research* 23(1): 79–99.
- Kristiansen, S., A. Dwiyanto, A. Pramusinto and E. A. Putranto (2008) "Public Sector Reforms and Financial Transparency: Experiences from Indonesian Districts", *Contemporary Southeast Asia* 31(1): 64–87.

- Legaspi, P. E. (2001) "The Changing Role of Local Government under a Decentralized State: The Case of the Philippines", *Public Management Review* 3(1): 131–139.
- LGSP (Local Governance Support Program) (2008) "Notes on Implementation of Local Government Work Plan (RKPD) Musrenbang in Certain Districts and Cities in 2008". National Office Participatory Planning Team, Jakarta.
- LGSP (Local Governance Support Program) (2009a) "Local Governance Support Program: 2008 Annual Report". LGSP National Office/RTI Indonesia, Jakarta.
- LGSP (Local Governance Support Program) (2009b) *Local Government Support Program: Final Report*. Research Triangle Park, NC: RTI International for USAID/Jakarta.
- McLaughlin, K., A. Satu and M. Hoppe (2007) "Kecamatan Development Program Qualitative Impact Evaluation". World Bank Office, Jakarta.
- Manor, J. (1999) *The Political Economy of Democratic Decentralization*. Washington, DC: The World Bank.
- Meerkerk, D., H. Sokhom and S. Lanjouw (2008) "Survey of Citizen and Councillor Perceptions of Commune Councils". Study for PACT Cambodia, Center for Advanced Study, Phnom Penh.
- Merritt, J. S. (2006) "Quick Impact, Slow Recovery? Funders' Priorities and the Local Realities of Transition Programming", in K. Brown (ed.) *Transacting Transition: The Micropolitics of Democracy Assistance in the Former Yugoslavia*. Bloomfield, CT: Kumarian Press, pp. 223–244.
- Myrdal, G. (1968) *Asian Drama: An Inquiry into the Poverty of Nations*. New York: Twentieth Century Fund.
- Naga City Government (2004) "Empowering the Poor: Key to Effective Pro-poor Services". Paper for Regional Seminar on Local Governance and Pro-Poor Service Delivery, Asian Development Bank, Manila.
- Ngoedijo, W. (2007) "Musrenbang as a Key Driver in Effective Participatory Budgeting: Key Issues and Perspectives for Improvements". Good Governance Brief, LGSP National Program Office, Jakarta.
- O'Neill, K. (2005) *Decentralizing the State: Elections, Parties, and Local Power in the Andes*. New York: Cambridge University Press.
- Pabico, A. P. (2007a) "Parables and Paradox in Devolution", iReport, Philippine Center for Investigative Journalism, January, <<http://pcij.org/stories/parables-and-paradox-in-devolution/>> (accessed 11 April 2013).
- Pabico, A. P. (2007b) "People Power Thrives in Naga City", iReport, Philippine Center for Investigative Journalism, April, <<http://pcij.org/stories/people-power-thrives-in-naga-city/>> (accessed 11 April 2013).
- Pabico, A. P. (2008) "Naga City's Class Act", iReport, Philippine Center for Investigative Journalism, 30 May, <<http://pcij.org/stories/naga-citys-class-act/>> (accessed 11 April 2013).
- Selee, A. (2005) "Deliberative Approaches to Governance in Latin America", Deliberative Democracy Consortium, Washington, DC. Available at <http://www.deliberative-democracy.net/index.php?option=com_content&view=article&id>

- =45:deliberative-governance&catid=47:contributions&Itemid=89> (accessed 11 April 2013).
- Sintomer, Y., C. Herzberg and A. Röcke (2008) "Participatory Budgeting in Europe: Potentials and Challenges", *International Journal of Urban and Regional Research* 32(1): 164–178.
- Sneed, C. (2006) "Neutrality Empowerment, Gender: Fostering Democratic Culture in Southwest Serbia", in K. Brown (ed.) *Transacting Transition: The Micro-politics of Democracy Assistance in the Former Yugoslavia*. Bloomfield, CT: Kumarian Press, pp. 95–120.
- Tocqueville, A. de (2000 [1835]) *Democracy in America*, ed. & trans. H. C. Mansfield and D. Winthrop. Chicago: University of Chicago Press.
- Van Cott, L. (2000a) *The Friendly Liquidation of the Past: The Politics of Diversity in Latin America*. Pittsburgh, PA: University of Pittsburgh Press.
- Van Cott, L. D. (2000b) "Party System Development and Indigenous Populations in Latin America: The Bolivian Case", *Party Politics* 6(2): 155–174.
- Voss, J. (2008) *Impact Evaluation of the Second Phase of the Kecamatan Development Program in Indonesia*. Jakarta: World Bank.
- Wainwright, H. (2003) *Reclaim the State: Experiments in Popular Democracy*. London: Verso.
- Wilson, P. A. et al. (1994) *Final Report: Evaluation of the Social Stabilization and Municipal Development Strengthening Project (MEA Project)*. USAID Document PD-ABI-968. Washington, DC: Checchi and Company Consulting.
- Woodhouse, A. (2005) "Village Corruption in Indonesia: Fighting Corruption in Indonesia's Kecamatan Development Program". Indonesian Social Development Paper No. 6, World Bank Office, Jakarta.
- World Bank (2008) *Brazil: Toward a More Inclusive and Effective Participatory Budget in Porto Alegre*, Volume I, Main Report, Report No. 40144-BR. Washington, DC: The World Bank.
- World Bank (2011) "Voice, Choice and Decision: A Study of Local Governance Processes in Cambodia". Governance Partnership Facility – The Commune Series, Cambodia.