

Resources, Citizen Engagements and Democratic Local Governance (ReCitE)

A TOPIC GUIDE

Prepared for the International Workshop on Resources,
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This guide was originally prepared for the International Workshop on Resources, Citizen Engagements and Democratic Local Governance (ReCitE), held in Porto Alegre, Brazil, 5-9 December, 2004. The ReCitE project is an undertaking of the "Learning Initiative to Strengthen Citizen Participation and Local Governance", or LogoLink, a programme hosted at the Institute of Development Studies (IDS). Support for this project was also provided by the "Power, Participation and Change" programme of the Participation Group at IDS.

Through ReCitE, LogoLink extends its inquiry into the "fiscal spaces" of citizen participation in local governance. As part of this undertaking, LogoLink completed a review of the literature on the theme which informed research on six case studies on citizen engagements in the resource-related processes of revenue-raising, budget allocation and the monitoring of public expenditures. The participants to this workshop were also asked to bring a short write-up of their own initiatives in resource issues and processes. As a parallel effort to support other practitioners wanting to embark on work in this arena, this topic guide on the theme was also prepared. All these materials are available to download on the LogoLink website at www.ids.ac.uk/logolink.

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1. Introduction

The public budget may be the most important tool of policy making and planning. The power of budgeting is evident in the fact that spending often reflects the political ideology of a government. Examining where the government collects its revenues and where and how it allocates them reveals the true interests of the government. Budget law is thus one of the most important political decisions in democratic countries and commands attention in the legislature and the media.

Legislators and administrators have traditionally held a monopoly over setting budgets owing to the assumption that the planning of budgets is a technical process rather than a political one in which interests, power relationships and ideologies play critical roles. Even when budget policies are oriented by practical concerns, a change in such policies can still have highly visible effects on power relationships.

Because budgets are one of the main political tools of the government and because of their far-reaching consequences, should they not be planned and implemented in ways that are inclusive, that facilitate political debate, transparency and meaningful participation, that ensure efficient implementation and that allow governments to be accountable?

Many Civil Society Organisations (CSOs) are aware of the need to involve themselves in budget processes in order to effectively represent the interests of poor communities. The word “budget” alone, however, is often enough to discourage many social activists. The purpose of this topic guide is to clarify for local social activists what it means for citizens to be engaged in local budget policies by presenting practical examples that already exist and suggesting possible proposals for what can be done in the future.

A number of organisations such as the International Budget Project, to name one example, have undertaken significant research and work on citizen engagement in budget processes. There are also some networks of participatory budgeting like the European network called Radically Democratise Democracy. Several case studies exist that examine citizen engagement in different phases of the budget, some of which have been annotated in the Resources section of this document. This guide makes three main contributions to this growing volume of work:

- First, it looks across all phases of budgeting in a comprehensive way, focusing on citizen engagement in resource raising, budget allocation, and tracking and monitoring.
- Second, it examines more than just advocacy organisation and NGO engagement, also looking at direct citizen engagement.
- Third, in contrast to the work of many international initiatives and advocacy organisations, which concentrate on the national level, this guide focuses on the budget process at the local level.

Section 2 introduces some key points about resources, citizen engagement and democracy and examines the different phases of the budget process, the level of citizen engagement and the importance of linking local policies to national trends toward decentralization.

Most CSOs that have worked on budgets have been confronted by the same problem—lack of knowledge and skills. Section 3 attempts to provide a basic guide to the

different stages of the budget cycle. Its intention is to provide practitioners who are dealing with budgets for the first time with basic knowledge about the budget process. It addresses the budget process in a comprehensive way by highlighting links between policies, planning, resource raising, allocation and monitoring and evaluation.

Section 4 describes examples from around the world of how citizens have engaged in budgeting, drawing attention to the unique strategies that citizens have used to influence different phases of the budgeting process.

Section 5 goes further to summarize some of the lessons learnt from these experiences regarding conditions for success, key outcomes, benefits and risks, and future challenges. This section gives some practical ideas about engagement in budget processes and raises some questions for organisations interested to work in this field.

The final section presents the references used for this topic guide and suggests further resources and sources of advice. It also provides a number of Web pages with links to useful networks.

2. Key Points for Resources, Citizen Engagements and Democratic Local Governance

This section outlines key issues about citizen engagement in budget processes. It emphasizes the importance of dealing with the different phases of the budget - raising resources, allocation and formulation and tracking, monitoring and evaluation - as a comprehensive process.

Citizens can engage in this process in very different ways, and are often influenced by different actors like donors, political parties and civil society organizations.

Finally, this section looks at the process of decentralization in which most citizen engagement initiatives are framed in local budgets, drawing in the interrelationship between the local and the national level.

2.1 A Comprehensive Budget Process

In the last decade since Porto Alegre, Brazil, began its participatory budget initiatives, citizen engagement in budget allocation processes has increased. However, budgets are not simply a process of allocating resources. Raising and allocating resources, and tracking their use, are deeply intertwined in a larger budget process.

- **Raising Resources:** This is the process of generating resources for financing public expenditure. If a government has good policies, but does not have the money to dedicate to them, or if most of its revenues are already earmarked, the process of budget allocation becomes largely irrelevant. In fact, this occurs regularly in local budgets.
- **Allocation and Formulation:** These are the most visible aspects of the budget. They connect planning with the resources required to implement plans. When most people think about budgets, they think about the process of allocating resources. However, this is just one phase of the budget.
- **Tracking, Monitoring and Evaluation:** This is a means of ensuring accountability. Even if funds have been adequately allocated to a policy, if they do not reach the correct destination, nothing will be done. Evaluating a budget is also necessary because it is the way to assure that the budget contributes to achieve planned goals.

Resource raising, allocation, and monitoring therefore should be treated as a comprehensive process since one cannot be completely understood without taking the other two into account.

2.2 Different Degrees of Citizen Engagement

There are different ways in which citizens can engage in budget policies. These can range from being informed about budget policies or being engaged through consultations to activities such as analysing the budget and lobbying. These latter roles usually occur through CSOs, rather than directly by citizens. Citizens may be engaged directly through their participation in decision-making where the government delegates

the necessary power to citizens. A referendum would be one way of doing this, although public hearings and citizen committees are more appropriate at the local level.

The drive for increased citizen engagement in local budget processes has been led by different actors:

- **Donors** have pushed for participation as a means to increase effectiveness and accountability, often through the Poverty Reduction Strategies of the recipient countries, as has been the case for example in Bolivia and Uganda.
- **Political parties** have been instrumental in promoting citizen engagement in budgeting. In Porto Alegre, Brazil, the Worker's Party has promoted the participatory budget, while in Kerala, India, the Communist Party initiated the People's Campaign for Decentralised Planning.
- **Civil society organizations** have embraced participatory budgeting as a tool to improve welfare. In the northern Indian state of Rajasthan, a grassroots organisation called Mazdoor Kisan Shakti Sangathan (MKSS) has been auditing public budgets to fight against inefficiency and corruption. A non-governmental organisation (NGO) called the Community Pride Initiative has promoted a participatory budget in the British cities of Manchester and Salford.

Several factors can influence the degree of citizen participation. One crucial factor is the phase of the budget in which citizens take part. Experience shows that during the period of *resource raising*, mainly advocacy organizations and NGOs get involved through lobbying. During the *budgeting phase*, there are examples of

PARTICIPATORY BUDGETING (PB) IN PORTO ALEGRE

The Porto Alegre model is likely the best-known participatory budget model in the world. Participatory budgeting was one of the innovations introduced in Porto Alegre by the Workers' Party after it won the 1989 election. The process has been consolidated during four legislative terms, and the new government elected in October 2004 has promised to continue with the program.

This initiative aims to democratise the operations of local government and to promote dialogue between government and society by opening new public spaces for citizen involvement in local budget policies. The participatory budgeting process has evolved during its 16 years of life to now be characterised by considerable complexity of structure and process. Basically, citizens and civil society organisations directly participate in making budgetary decision and monitoring public expenditures. The process includes forums, two large assemblies and a system of elected budgetary councillors and delegates. The model has been copied by more than 100 cities in Brazil and has been reproduced in many other cities all around the world.

Participatory budgeting has also improved the provision of public goods and services and the quality of governance, and has bolstered citizen engagement by creating a new public space shared by the local government and grassroots organisations.

Source: Kooning 2004

CITIZEN ENGAGEMENT IN BUDGET AUDITING: THE CASE OF MKSS IN THE NORTH INDIAN STATE OF RAJASTHAN

In the Indian state of Rajasthan, the Mazdoor Kisan Shakti Sangathan (MKSS), known in English as the Workers and Farmers' Power Association, is aware of the high levels of corruption and misallocation of the public budget and is accordingly taking different actions to combat these problems. MKSS has organised public hearings where villagers are asked to give testimonies, many of which highlight discrepancies between the official records and their own experience and observations. Parallel to this action, they coordinate high-profile public protests to demand the right to information about government accounts. Such demonstrations resulted in the passage of a state level Right to Information Act. The third action has been to a campaign for a state law that creates mandatory legal procedures for the investigation of corruption and institutionalises the public audit method at the village assembly. This law was approved in the spring of 2000.

Source: Goetz and Gaventa 2001

direct citizen involvement in deciding how resources are allocated - as is the case in Brazil - and of CSOs being active in analysing budgets. In terms of *monitoring and tracking the budget*, mostly citizens have tended to be involved, for example, by auditing budgets to check whether funds have reached specific projects. Another way citizens have engaged is through evaluating whether they are satisfied with the service provided by the budget allocations.

It is worth making a basic distinction between engagement by professional civil society advocacy organisations, civil society associations, and more direct engagement by citizens.

- **Professional advocacy organisations:** These organisations aim to influence policy processes by advocating for certain populations or particular issues. In the fiscal arena there are many organisations that aim to influence budgets, though professionals usually analyse the budget, possibly advocating later for the population at large, for more pro-poor policies, or for other objectives.
- **Civil society organisations:** These are associations of citizens organised for different purposes and not just advocacy. They tend to have a wider social base than the advocacy organisations. As we will see, there are cases of trade unions, neighbourhood associations, women's organisations, etc., realising that they have to get involved in budget processes in order to defend their interests.
- **Direct citizen engagement:** This involves the direct participation of citizens. This does not operate through the formal structures of civil society or advocacy organisations; it does, however, often rely on public authorities creating spaces to facilitate direct citizen engagement.

The boundaries between these different forms of civil society engagement are not always obvious. Often they are interrelated, and in some cases different types of engagement are pursued simultaneously. There are good examples of CSOs that offer spaces for people to participate, and of advocacy organisations that move beyond the advocacy level to also inform people through popular education methods.

2.3 Links between Local and National Level

The rise of direct participation in the public sphere is often accompanied by processes of decentralisation, which have taken place in a number of developing countries. The difference between the two is that decentralisation often seeks to improve efficiency as its primary objective, potentially losing focus on opportunities for promoting democracy through increased citizen participation.

There are many types of decentralization, though most involve a transfer of authority from the central government to another agency closer to the citizens. Most often, such transfers are done on the basis of territorial divisions and are driven by the desire to place authority at lower levels. Therefore, democratic decentralisation potentially creates opportunities for increased citizen participation because it brings local government and local decision-making closer to the day-to-day life of citizens. In practice, however, opportunities for participation are shaped by legal and procedural frameworks, and are subject to bureaucratic and political constraints. (also see McGee et. al. 2003 and Nierras et. al. 2002)

In fact, the budget power of local governments is usually regulated in legislation and procedural rules. In some cases, federal or regional constitutions provide clear guidelines for the functions of local administrative units, including the methods to obtain revenues and make expenditures. Normally budgeting is the responsibility of local government, though in bigger administrative units or in cities, an elected assembly may also play an important role. Because the decision-making structures of local government vary enormously, it is perhaps even more difficult to make generalizations about local budgeting than it is about the process at a national level.

Decentralisation has been promoted by several donors, including the World Bank. One main problem arising from decentralisation is that responsibilities and duties are transferred to local governments, while power over resources is often left in the hands of national governments. Given this, it is crucial that any work at the local level keeps attention on national processes that may continue to dominate budget policies.

There are a wide range of different participatory budgeting models from highly centralized cases like Mexico to highly decentralized countries such as Bolivia. Unfortunately, a comprehensive description of different examples exceeds the scope of this guide, which will instead be selective in its case studies. Suffice to say the most successful cases of citizen engagement in local budget policies are often found in countries organised on a federal basis, or those with relatively high levels of decentralisation, for example Brazil, the U.S., India and the Philippines.

3. The Budget Cycle

This section attempts to provide practitioners who are dealing with local budgets for the first time with basic knowledge and a comprehensive view of local budgets. Once we get a sense of the budgeting process it is important to look at the power relationships involved at the different stages of the process and to understand who dominates each stage. Taking such relationships into account, we will look into the role that CSOs can play in the different phases of the process.

In three subsections below, we look at the different phases of the budget, including:

- *Revenue raising. This subsection examines the ways in which local governments can raise revenues, including taxes, contributions, funds transfers, external donors, debt, user charges, economic enterprise, fines and punishment.*
- *Budget formulation and allocation. This subsection looks into the main functions of the budget; control, planning and expenditure management. It also explores the potential to discuss and allocate the money that is actually available.*
- *Tracking, monitoring and evaluating. For this stage it is necessary to have good performance indicators and a system for accounting and auditing. Specifically in this phase we should pay attention to key problems such as getting information, transpar-*

In general terms, a budget is a projection of future revenues and expenditures. It is a plan of how one expects to balance earning and spending, guided by the basic principle of accounting that revenues should always balance with expenditures in a budget.

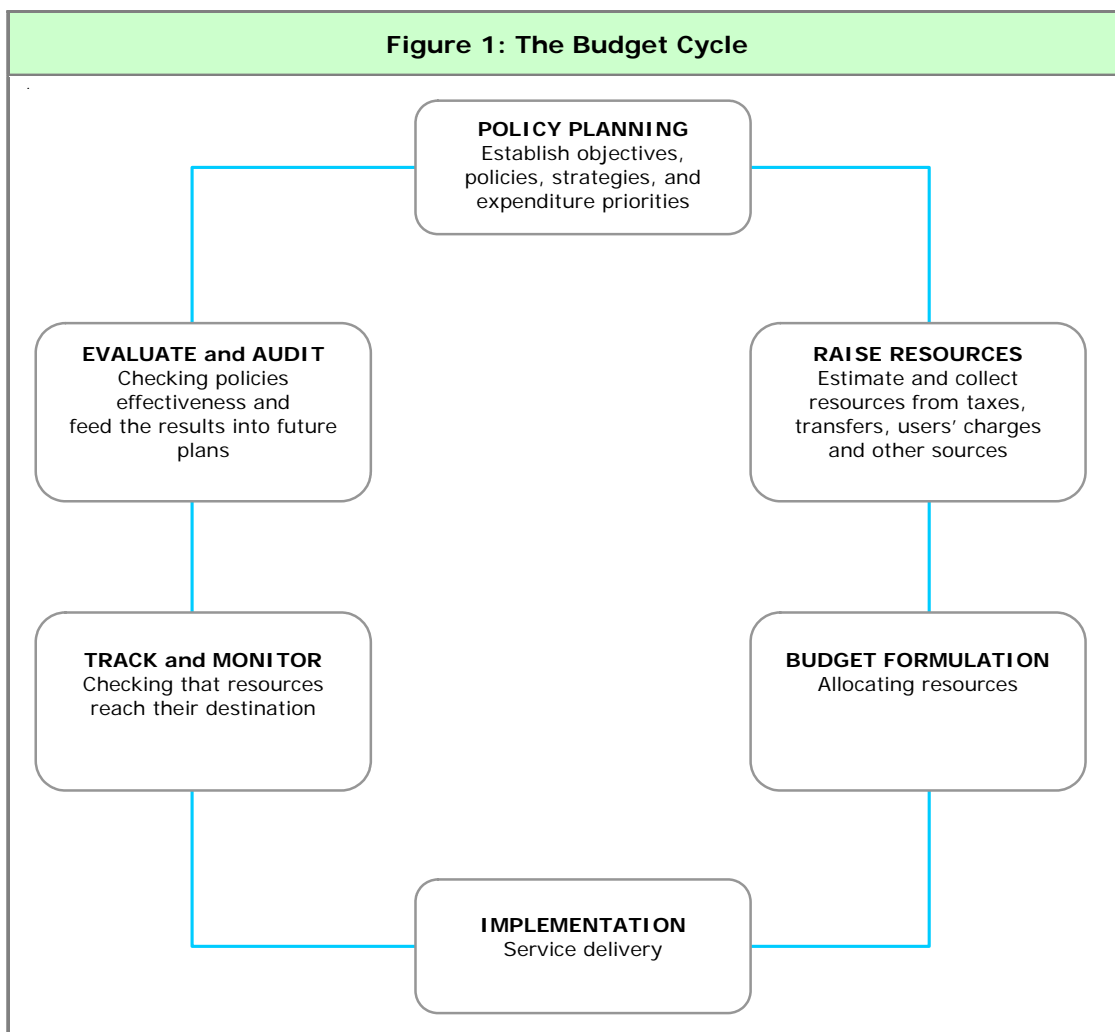
The budget is probably the most important tool of policy-making and planning. A government can have an excellent policy, but if the budget allocation is not sufficient to fulfil it, then the policy is doomed to be unsuccessful. Budgets can also provide insight into the priorities of the government. A government's political ideology is often reflected in the budget. Therefore, to analyse the true interests of the government, it is worth looking at the budget to see where the money has been allocated.

Since budgets are in effect a prediction of cash flows, looking only at the expenditure side of the budget is not enough. One must also investigate the revenue side. For example, even if a policy has received an allocation in the budget, its funding will not be fulfilled if the same revenues are earmarked for other purposes. This is also the case if allocated money is mismanaged or misappropriated, diverting it from its intended destination. The processes of decision-making, policy-making and planning are thus interconnected. Policies have to match the resources available, and therefore budgeting should use clear policies to allocate available resources to achieve strategic objectives. For this reason, it is important to get a sense of all of the phases in the **budgeting process**.

Figure 1 shows the main steps of the budget cycle. First, objectives, policies, strategies and expenditure priorities have to be established. The next step is to estimate the resources available and then, within the limits of the available revenues, to cover the expenses of planning and formulate the budget expenditures accordingly. Once the government has allocated the resources, it must then implement its plan, while being vigilant that the resources reach their destination. Evaluating and auditing the effectiveness of the sources will help for future policy planning.

One of the main characteristics of the budget is that it is cyclical. Almost every country runs bud-

Table 1: Example of Balanced Local Budget			
Expenditures by function	Amount \$ 000	Revenues by Source	Amount \$ 000
Administration and planning	100	Taxes	400
Agriculture development	200	Transfers	600
Education	400	Donation	50
Health	200	User charges	140
Housing	50	Fines	10
Industry and Service promotion	100	Debt	100
Livelihood	100		
Transport	50		
Debt Service	100		
Total	1,300	Total	1,300



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get cycles that are referred to as “annual”, meaning that each budget runs for a year before it is reviewed. However, it is important to keep in mind that operating an annual budget actually takes almost three years to complete the full process (including allocation, implementation and monitoring). This means that while you are working on the allocation of the next year’s budget, you are also implementing the current budget and evaluating last year’s budget.

Another relevant question is to look at who is responsible for completing each phase. This depends on the country and level of government. Table 2 shows an example of how responsibility may be assigned throughout a budget’s cycle.

Table 2: Example of the Budget Cycle		
Phase	Party Responsible	Period
<i>Projection of resources</i>	<i>The economic councillor</i> establishes the resources available by subtracting so-called non-discretionary expenses (expenses that cannot be avoided), and debt servicing, as well as earmarked revenues. After doing that, he or she forecasts the resources available to be allocated.	Jan-Mar 2005
<i>Preparation of draft budget</i>	<i>The economic council</i> receives the pledges from the different departments and with this information prepares the budget that is going to be debated as a whole within the local government council	Mar-Oct 2005
<i>Debate and approval</i>	<i>Local assembly</i> : Here the draft budget is discussed, amended if necessary, and approved by the local assembly.	Oct-Dec 2005
<i>Managing and delivering public services</i>	<i>Spending departments</i> : The spending departments are key actors in the budgeting process. In theory these are only able to execute what has previously been approved in the local assembly, but in practice they can act with a large degree of discretion. Sometimes the problem is that these departments lack resources, personnel or capacity to implement the budget.	Jan-Dec 2006
<i>Tracking and monitoring</i>	The <i>auditor</i> is usually an independent institution that checks if the expenses are made according to the approved budget and with respect to the law. This usually requires a discussion with central or state government on medium-term framework. Moreover, sometimes it may be the central government requests an audit of a local budget in order to strengthen its control. The auditor may also report to local or central government.	Jan 2006- Dec 2007

Source: Adapted from Norton and Elson 2002

3.1 Power in the Budgeting Process

For any organisation that desires to get involved in the budgeting process, it is important to take into account how power is distributed within and among the different institutions of the budgeting process, as this will affect the distribution of public resources. How these power relationships are dispersed varies by context, but there are some key issues to consider when attempting to understand the politics at work behind a particular budget. These are issues such as: the networks of relationships between different actors, and the different dimensions of power within each relationship; the roles and responsibilities within the process; the rules of decision-making; the discretion of the bureaucrats in the execution phase; and the norms and values of the institutions within the entire budgeting structure (see Norton and Elson 2002).

3.2 The Role of Civil Society Organizations

What role do **civil society organizations (CSOs)** play in the budgeting process?

- In the formulation phase, citizens can participate either by directly sharing control of the budget, as in the Porto Alegre model, or more indirectly by being consulted by governments.
- The analysis phase starts once the budget has been presented in local assembly. At this point CSOs can play a major role in budgeting, especially in places where local governments have weak capacities since CSOs may have a better understanding of the budget. CSOs can also establish alliances with the local assembly and the media to influence budget allocation.
- In the tracking, monitoring and evaluating phase, CSOs can provide governments with valuable information about investment performance and how resources are being spent. Citizens can also play a key role in the evaluation phase through assessing the performance of the public services funded by the budget. Citizen feedback about the quality of the services is critical for evaluating programmes.

3.3 Raising Resources

Although revenues are as important as expenditures, few actors pay much attention to this side of the budget. For example, conventional macroeconomists often prefer to solve budget shortcomings by cutting social spending. The rationale behind this solution is that cutting expenses is faster and easier than improving budget systems.

However, this strategy fails to recognize that many developed countries have achieved higher levels of public welfare by increasing revenues. Raising revenue is not always as difficult as budget planners may assume. Often it is not even necessary to raise taxes in order to increase revenue. For instance, where budget problems stem from inefficiency and corruption in the tax system, it is perhaps a better option to try to improve system efficiency and accountability than to increase the tax burden.

Furthermore, revenues play an important role in achieving objectives of social equity. How revenues are collected and who pays the biggest proportions to the state is crucial to consider for purposes of redistribution. Again, conventional economists would say that the most efficient way to redistribute resources is by controlling expenditures, thereby avoiding economic distortions caused by taxes.

Aside from being useful for building state welfare and increasing equity, revenues are important for the simple fact that *we need revenues to afford our budget expenditures*.

In the present wave of decentralisation, one of the main problems facing local governments is that while expenditures have been *decentralised*, revenues usually remain *centralised*. In most countries this creates a situation where **municipalities depend on transfers from the central government**, making it difficult for local governments to find ways of financing major social expenditures (e.g. education, health and social security).

Three Simple Principles to Remember

- Match expenditures with revenues needs.
- Ensure that governments at any level have significant authority and capacity to finance the expenditures for which they are politically responsible.
- Make sure sub-national taxes do not distort the allocation of resources.

Source: Adapted from Shapiro 2002

The following section attempts to explain the main ways in which revenues can be raised at the local level.

3.3.1 Taxes. Taxes are usually the main source of government revenues (though local governments may depend on central transfers instead). However, taxes are not only intended to raise resources since they may also have a redistributive function. Therefore, there are different types of taxes:

- **A progressive tax** increases as a percentage of income as one's income increases. The most common example here is income tax. For example, a national income tax may demand 10 percent of earnings from someone with an income of \$500, 15 percent from someone with an income of \$800, and 20 percent from someone with an income of \$1000.
- **A regressive tax** increases as a percentage of income as one's income decreases. This type of tax is not as easy to identify as the previous one. Most sales taxes are regressive because they charge the same amount for someone with a very high income as someone with very low income. For instance, if the food tax rate is 10 percent and a poor person typically spends 50 percent of her income on food, she is charged a total of 5 percent of her total income. On the other hand, if a wealthier person spends only 5 percent of her total income on food, she would be taxed only the equivalent of 0.5 percent of her income.

The most common taxes are:

- Sales, value-added, production and consumption: These taxes place a levy on a good or service at the moment it is either produced or sold. Such taxes are ultimately paid by consumers in most instances.
- Income (personal) and profit (firms): These are taxes on individuals or companies, usually requiring the payment of a percentage of net earnings.
- Patrimonial: property taxes, vehicle taxes, etc.: Such taxes require the owner of the land or other asset to periodically pay a percentage of the asset's value.
- External trade: Also known as tariffs, such taxes charge importers, and less often exporters, a percentage of the value of the goods passing through customs.

Taxes such as income and value-added taxes are usually assigned at the national or state level (in the case of a federation). Property taxes often provide the main source of revenue for local and municipal level governments. Other common taxes at the local level are business taxes, poll taxes, taxes on personal and professional services, transfers on property taxes, and patrimonial taxes like real property taxes, vehicle taxes, etc.

Local governments get revenues from taxes in three ways, through:

- **Taking a share of central government taxes:** For instance, municipalities might receive 20 percent of total income taxes, although they do not administer them. This share is therefore a transfer from the central government to municipalities.
- **Administering the taxes that the central government has determined:** There are different modalities to this; sometimes the central government designs the tax and the local government collects it, and other times the local government may administer the tax, maintaining some decision-making power over things such as tax rates.
- **Practising exclusive power:** Local governments can impose and administer taxes in certain areas. Usually municipalities will have taxes similar to those of the central or state governments (for example, property taxes), but they might additionally create their own original taxes tailored to the local context, perhaps adding levies on tourism or pollution, to name just two possibilities.

The main problem with imposing local "extra" taxes is that firms and wealthy individuals can move with relative ease from one municipality to another for better tax advantages. An example of this is the current "fiscal war" among Brazilian states to attract investment, whereby states are reducing taxes and giving benefits to firms in order to attract them into their territories (see World Bank 2002).

3.3.2 Contributions. In some cases local government can count on the direct contributions of the local population. This form of revenue-collection is especially common and convenient in poor rural areas. For example, communities can contribute to a specific programme by volunteering labour or by donating goods like rice or drinks for meetings. A word of caution,

however, is warranted since in the worst of cases such arrangements may become highly exploitative.

As these contributions are usually difficult to quantify, thus special care is needed to guarantee that they are not undervalued. This sort of revenue is not usually institutionalised, and hence is often arranged individually for each programme. A good example of such citizen contributions would be a kindergarten operated by a group of workingwomen on a rotating basis. To be sure, the example could also illustrate the abuse of in-kind contributions if the women were already entitled to government provision of the service.

3.3.3 Fund transfers. As mentioned previously, fund transfers are the main source of revenues for local governments. Transfers can come directly from the national or federal government. There are two main different kinds of transfers:

- **Revenue sharing** (the more common of the two) involves national or federal governments sharing a percentage of the total tax revenues with local government in order to fund the public functions of local governments. National governments usually divide shares according to a formula that takes into consideration population, land area, and income per capita in an attempt to share the resources equally. Most shared-revenues are earmarked, meaning that they have to be directed to a specific programme or purpose. For instance, the central government might share 20 percent of income tax with local governments exclusively to support primary education and health services.
- **Augmentation fund transfers** or grants are funds given by the national level to the lower levels of government. These funds are usually allocated to compensate for inequities between different areas or levels of government, or to support specific programmes. Augmentation funds transfers might be used for the construction of a road or for the support of school programmes in areas with high numbers of children.

3.3.4 External donors. Increasingly, municipalities receive direct aid from donors. Some argue that this may be desirable, in terms of getting the aid closer to the final client, because usually local governments better understand the needs of their population and know how to achieve their goals in an efficient way. In spite of this advantage, direct transfers to local government are not the most common way of investing aid. The main problems with this source of funding are:

- For aid recipients, some legislation does not allow local governments to receive aid directly from donors. Aid, often considered an aspect of foreign policy, may be a task reserved for the central government.
- On the donor's side, there may be a preference to only deal with a single beneficiary (the central state) rather than with hundreds of small municipalities.
- Nevertheless, funding local programmes directly is becoming increasingly common practice, often through big NGOs, but also through official aid. It occurs mainly in areas that have low possibilities for other resource-raising.

3.3.5 Debt is the amount of money that governments borrow from the private sector and international finance organisations. There are many factors that determine the extent to which local governments can indebted themselves,

a crucial one being the legal framework. Local governments commonly incur debt either by borrowing directly from financial institutions, such as banks, or by issuing bonds, which are then purchased by businesses or individuals. Local government debt is usually restricted, for example, if they are not permitted to borrow internationally, or by debt limits imposed by the national government. Most times national governments must act as guarantors in the case that local governments default on payments. Issuing bonds may be useful for local governments in the short to medium term, especially if there is a cash shortage. If such debts are invested in productive enterprises, they may bolster the local economy and boost tax collection enough to repay the original debts and the cost of interest (also referred to as debt service cost). However, incurring debt can be dangerous as the need for repayment imposes an extra burden on government spending. This is especially the case when interest rates are high.

3.3.6 Revenues from user charges, provisions of services and other economic enterprises

There are at least three types of **user charges**:

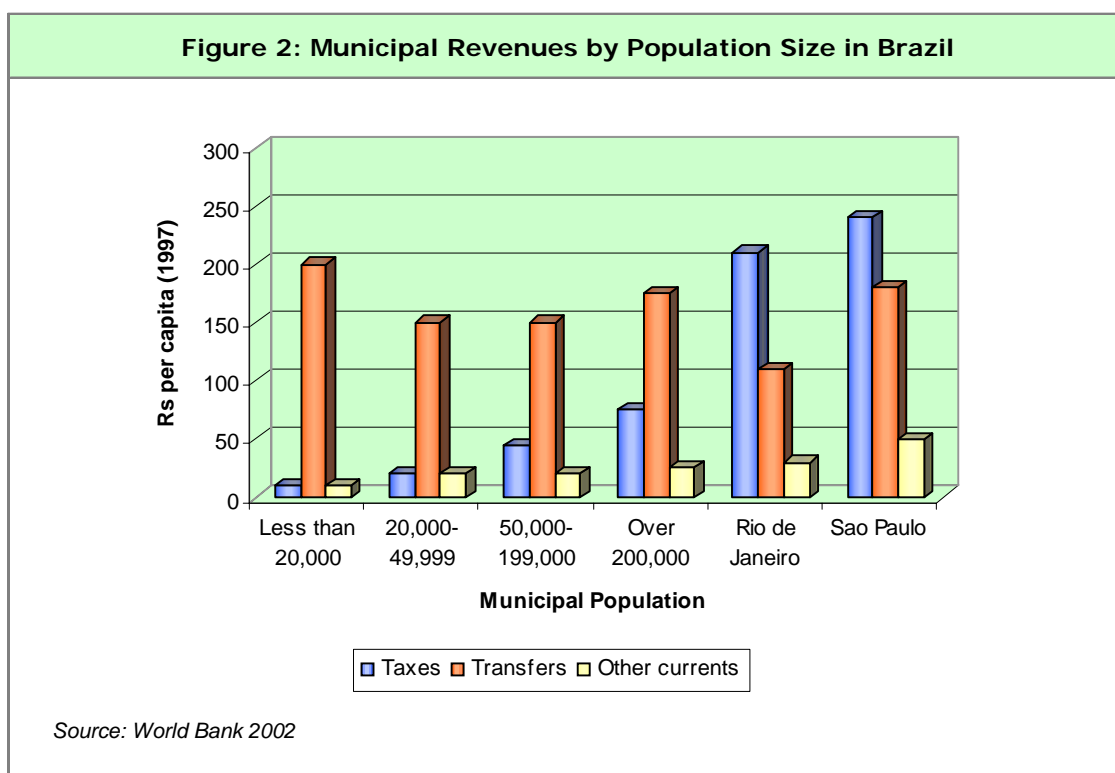
- **Service fees** include fees for acquiring services such as licensing, registration and document disbursement. It is often more effective to charge fees on compulsory services, such as birth registration, though it is important that such fees be affordable for all people.
- **Public prices** are revenues received from the sale of goods and services like the provision of water or electricity, garbage collection or even health and education. In principle, services should be charged at competitive private rates. However, since the prices of such services usually respond to other public policy goals, they may be subsidised, which is to say provided at a discount.
- **Specific benefit charges** are taxes charged to the people who are the main recipients of specific goods and services. These fees are compulsory, an example being the supplementary property tax imposed to fund the provision of sewers or streetlights.

In addition, local governments have **properties** that can be rented or sold. These properties can also generate earnings from interest if revenues are invested. When a government **privatises** an enterprise, it may receive a large amount of money from the private business that bids for the job or purchases the government-owned property, but then lose subsequent returns from user charges. This has led some critics to argue that privatisation is merely an easy way for governments to get money in the short term. Another way for obtaining revenues is through the lottery.

3.3.7 Fines and punishments are fees collected for infringements on the law. They do not usually earn the government large amounts of money, but are usually created to respond to legal/justice goals. This kind of measure can also be very unpopular with the public. Nonetheless, they are worth noting as another means of acquiring resources.

These are some examples of the classic ways governments raise revenues. However, it should be emphasised that strategies vary from one context to another. Figure 2 illustrates how revenue sources in Brazil vary depending on the population size of municipalities. As we can see, most municipalities

gain revenues mainly from transfers. However, as municipalities get bigger, they are more likely to obtain revenues from taxes. Other revenue sources are not significant in any of these Brazilian municipalities, regardless of size. It is important to remember that most of the transfers from the central government are earmarked for particular purposes so that municipalities have little room for decision-making in this area.



3.4 Budget Formulation and Allocation

3.4.1 Budget functions

Fiscal studies identify three main functions of the budget: control, planning and expenditure management (see Schaeffer 2000). All of these are equally important. Budgeting can aggregate state resources according to the priorities:

Control: If the priority is to control how much and on what items the municipalities spend money, then the best type of budget to use is *the line item budget*.

The *line item budget* lists how much the local administration will spend on every item. Main items are categorised into sub-items; for example, personal items can be categorised into salaries, social security, travel expenses, etc. We can create as many subdivisions as we want. This type of budget is very good for controlling expenditure and accountability.

Example of a Line Item Budget	
Item	Amount
01 Personal service	\$ 100
02 Supplies	\$ 30
03 Insurance	\$ 10
Sub-total	\$ 140

Source: Schaeffer 2000

Another important function of the budget is to assure the efficiency and effectiveness of the service deliver of the programme. The **performance budget** tries to control budget expenditure and to improve internal management of the programme. It illustrates activities and service delivery by the local government. It also helps to decide if priorities are correct and if money is in fact being spent according to the priorities.

Example of a Performance Budget Expenditure	
Roads Maintenance Performance Measures	Amount
Paving Roads	
Miles to pave: 10 miles	
Cost per mile: \$ 400,000	
Subtotal cost	\$ 4,000,000
Resurfacing Roads	
Miles to resurface: 5 miles	
Cost per mile: \$ 150,000	
Subtotal cost	\$ 750,000
Total Road Maintenance	\$ 4,750,000

Source: Schaeffer 2000

Planning: A budget can be a very useful tool for planning. Both expenditures and revenues are related to public goals in the medium and long-term, but unfortunately budgets usually cover only one year, too short a period in which to address development priorities that require more time.

It is best to use a **programme budget** for improving decision-making in regard to municipal goals. In the programme budget, expenditures are organised according to their goals. There are usually several programmes for achieving these goals. For example, to achieve the goal of providing leisure to the

public, programmes may include park maintenance, organisation of recreation activities for young people, or investment in new infrastructure such as libraries. The programme budget emphasises the outcomes of the budget and the goals it has achieved. It is based on a multi-year time scale.

Example of Programme Budget	
Programme	Amount
Public Service	
Fire Protection	\$ 2,000,000
Policy Protection	\$ 3,000,000
Subtotal	\$ 5,000,000
Leisure Service	
Park and recreation	\$ 100,000
Library service	\$ 100,000
Subtotal	\$ 200,000
Total	\$ 5,200,000

Source: Schaeffer 2000

3.4.2 Budget formulation and allocation

Formulation: In general, budgets are not reinvented every year. Policymakers usually use the previous budget as a baseline and make the changes according to current needs, while also taking into account previous budget evaluations. It can be substantially altered as a result of changes in government priorities, goals, incomes, etc. This phase is usually prepared behind closed doors, but sometimes the government can use different techniques of consulting with citizens.

Allocation of resources implies previous discussion and analysis. In most countries the budget is made public when it is presented and debated in the local assembly. During this process, the budget may be amended or passed intact. It is during this phase that the budget is subject to the most public attention. A common problem occurring in this stage is that most local assemblies lack the resources and skills to understand and debate the budget. CSOs can work together with the elected assembly to help analyse the budget and propose amendments.

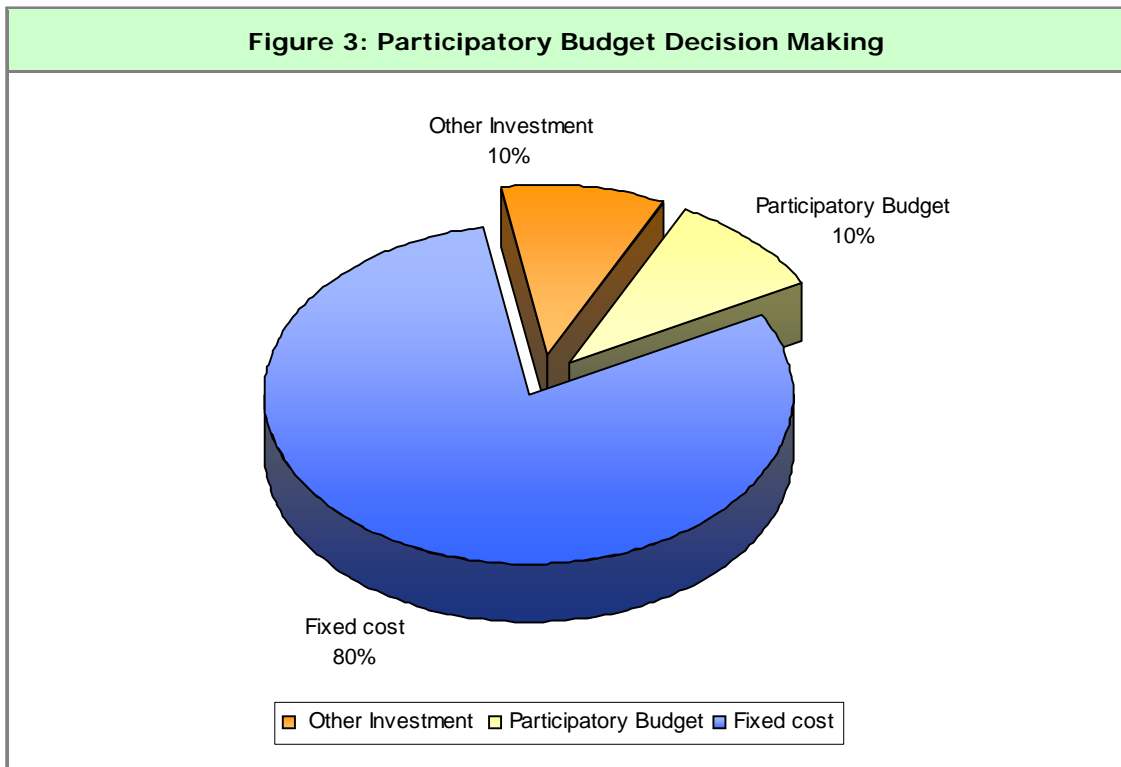
3.4.3 What can be really decided?

As we have seen, there are different ways to make a budget classification. The most common and useful forms of classification relate to the periodicity of the expense:

- **Recurrent expenditures** comprise the regular expenses of the public sector such as costs for operating services, statutory expenditures (e.g. debt services), wages and salaries, pension contributions, the purchases of short-life equipment, maintenance, - any expense that is on-going.

- **Capital spending** refers to expenditures on long term assets, such as investment in roads, schools, water treatment plants, etc.

This difference between these two kinds of expenses is extremely important. Any changes in the budget are almost exclusively in the budget's capital expenditures, or investments. Very few governments will change the recurrent budget, even if a different political party takes office. It is important because most (if not all) cases of participatory budgeting deal only with the capital side of the budget. Earmarked restrictions on capital expenses further limit the margin of decision-making power for allocating resources. Figure 3 is an example of a percentage of what can be decided in a participatory budget process. It varies depending on the municipalities, but several studies show that it is usually between 5 percent and 20 percent of the budget (see Community Pride Initiative 2002).



3.5 Tracking, Monitoring and Evaluation

In the tracking, monitoring and evaluation phase, we are dealing with three different concepts that are interrelated:

- **Tracking** refers to reviewing real money expenditures. It is not unusual for allocated money to be “lost” before it arrives at its final destination. To avoid misappropriations, there should be an accountability system that tracks, for example, how many bags of cement have been bought for the construction of schools, and how much they cost.

- **Monitoring** is similar to tracking but goes beyond tracking to include a review of how efficiently resources are used in terms of their outputs. In a monitoring phase, it is necessary to check how many bags of cement were actually used in construction, and if they were indeed indispensable.
- **Evaluation** is concerned with the effective use of public resources and looks at the obtained outcomes, examining whether the service was provided in the least expensive manner, and if the goals of the service were actually fulfilled. In terms of our example, this would mean looking to see if education has improved as a consequence of the construction of the school.

Most efforts have been made in tracking and monitoring public expenses, however it is also crucial to evaluate the goals we want to achieve. If we want to advocate for effective reforms, we should go further than checking for misappropriated expenditures.

3.5.1 Performance indicators

For tracking, monitoring and evaluating the budget, it is necessary to have qualitative and quantitative indicators. The indicators should be defined in the formulation phase. The indicators, and therefore the process of monitoring and evaluating the budget, will depend upon the function of the budget that we are prioritising — control, planning or expenditure management.

Input indicators are recommended to control the budget; *output and efficiency indicators* for expenditure management; and *outcome indicators* for evaluating for future planning. Focusing on outcomes has the advantage of enhancing accountability since citizens are generally interested mostly in the benefits of certain outcomes like health improvements or expanding primary education.

Table 3: Indicators for Monitoring and Evaluating		
Type of Indicator	Definition	Example
Input indicator	Measures of resources employed	<ul style="list-style-type: none"> • Equipment needed • Employees required • Supplies used
Output indicator	Quantity of service provided	<ul style="list-style-type: none"> • Number of projects • Number of classes • Number of people served
Effectiveness/outcomes indicators	The degree to which the intended objective of the service is being met	<ul style="list-style-type: none"> • Percentage increase in employment • Decrease in crime rate
Efficiency indicators	Cost per unit of output	<ul style="list-style-type: none"> • Cost/litre of water delivered to household

Source: Schaeffer 2000

3.5.2 Accounting and auditing

Having an efficient and effective municipal auditing system is essential to manage public finance. It will make the municipal government more transparent and accountable. It is also a useful tool for future planning and decision-making. (see Shah 2000)

The main challenge is deciding *who does the monitoring and evaluating, and determining when and how it takes place*. Deciding these variables should depend on the specific context. Sometimes it is the same executive who is responsible for tracking and monitoring the budget, while in other cases there is an independent body (an auditor) who reports either to the government or directly to the local assembly. In countries with a strong political party system, the opposition parties are an important institution for monitoring and auditing the budget, and in some cases the media plays a crucial role in spreading information.

The accounting process will include:

- Recording
- Summarising
- Analysing
- Interpreting financial transactions

Several points are important to remember when auditing these processes:

First, when trying to monitor or audit a budget, there is often a lack of information and transparency. Access to information and transparency are key to operating a proper audit. There are several complementary ways of collecting information:

- Source documents like receipts, invoices or detailed financial transactions
- Lists of transactions in chronological order
- Ledgers that include different levels of detail, including balances
- Procedures and controls for classifying the three inputs mentioned

Second, public monies are usually organised into funds. A fund is a set of interrelated accounts that record assets (revenues) and liabilities (expenditures/obligations) related to a specific purpose. Each fund can be divided into several sub-categories. It is recommended that fixed assets, items such as buildings that can not be easily sold, be kept separately from current assets, goods or investments that can be quickly turned into cash.

Third, it is important to record revenues and expenditures using the same method. *Cash basis* matches the revenues when they have been effectively received, and expenditures when payment has been completed. The other method is the *accrual basis*. This matches the revenues and expenditures when they are recorded. The method is not as important as being consistent once a method is chosen.

Fourth, financial reports should be *issued periodically* with an additional *annual report* that includes all operations. It will make the accounting more transparent and the information easier to access.

It is also important to observe if municipal reporting practices are fulfilling the objectives of financial reporting, namely:

- Financial reporting should help governments be more accountable and allow citizens to hold them accountable. This means that it should provide information regarding current revenues and current expenditures, and whether there is a budget deficit or surplus.
- Reports should help citizens evaluate the public expenses of government. Citizens should know where to find information about revenues and expenses and about the budget making process.
- Financial reports should assist citizens in assessing public services and goods provided by the government and determining whether they are appropriate to fulfil the government obligations.
- Financial statements should provide enough information for citizens to compare the cost and quality of services from one municipality to another.

3.5.3 Key problems

When tracking, monitoring and auditing three main issues arise, and although these cannot be covered extensively here, they are important to mention:

- Having accurate **information** systems is crucial. Though some developing countries lack proper reporting and information systems, at the local level, information is cheaper to obtain and more readily available. This is one of the advantages of local budgets. However, it is still a challenge to find ways to generate information in those contexts where information systems do not exist.
- Even if the information system is in place, it may not be accessible. **Transparency** is another key issue for monitoring. In some cases, financial reporting is completely secret.
- Finally, the problem of **corruption** may exist. This is a very complex subject that cannot be covered in this topic pack, but it is important to keep it in mind. It is also pertinent to remember that dealing with problems of corruption could be politically sensitive in some contexts.

Factors that Can Facilitate Accountability and Pro-Poor Focused Budgets

- A constitutional framework and political culture oriented towards citizenship and human rights.
- A system of issue-based political competition.
- Sufficient fiscal resources for wide-scale delivery of basic services.
- A transparent system of decision-making about budget allocation and budget execution.
- An actively engaged civil society able to access information, produce reports and hold governments to account.
- Actively informed citizens able to draw on services make claims and hold service providers and policy makers to account.

Source: Norton and Elson 2002

4. Citizen Engagement in Local Budget Processes

In the last decade, initiatives in citizen engagement in budget policies have proliferated. In this section we will focus on the experiences that are taking place around the world, looking into the strategies of citizen engagement at the three phases of the budget: resource raising, formulation and allocation and tracking, monitoring and evaluating, especially at the local government level.

After highlighting the key ideas for citizen engagement in each stage, this section will provide examples of citizen engagement in budget policies, which explore different depths or degrees of engagement.

The experiences are multiple and wide-ranging, depending on the context. Some have been successful in providing more pro-poor budgets, while others have failed this objective. It is worthwhile to look at examples, but we should not forget that different participatory budgeting policies will be appropriate for different local and national contexts.

4.1 Resource Raising

4.1.1 What is this stage?

Most experiences have focused on the allocation phase of the budget, few have focused on monitoring public expenses, and even fewer have paid attention to resource raising. There are several reasons for this. On the one hand there is a commonly held view that resource raising is more politically sensitive. Wealthy citizens and companies do not strongly object in principle if resources are distributed in favour of the poor, however they may object if this means they have to pay more taxes. On the other hand, the relationship between resource raising and citizen welfare is not as direct as in the case of expenditures in social services. Citizens have to make a major effort to see this connection.

In addition, some of the main actors promoting participatory budgeting and monitoring do not promote citizen engagement in the resource raising phase. International organisations, following the orthodox economic view, consider that taxes should be as low as possible in order to avoid any disturbance to the economy. Furthermore, governments (mainly in developing countries) may lack the techniques and legitimacy necessary to make wealthy people pay.

Another important concern we have already highlighted is that local resources come mainly from transfers (from national, state or donor level). The institutions that make transfers usually decide how much to transfer and for what purpose the funds are transferred. After transfers, the second most important source of resources is from taxes, but in many cases the local

government does not have the power to design the taxes, and this gives local government very little space of action. However, there are examples of communities that have shown a large amount of creativity and have managed to raise quite significant sums of resources.

LOCAL REVENUE GENERATION IN SAN FERNANDO, PAMPANGA, PHILIPPINES

San Fernando in the Philippines has shown how good leadership that promotes citizen participation and involvement can make a difference in local governance and in the welfare of citizens.

When Dr. Rey Aquino assumed the mayor post in 1995 he had to deal with the twin problems of inadequate delivery of essential services and a lack of funds to perform its devolved function and pay its long overdue debt.

The mayor gained the favour of the people by reducing bureaucratic expenses, implementing highly visible projects and implementing a range of formal and informal meetings with citizens. In addition, citizen participation was institutionalised through different committees.

Several methods were undertaken to raise revenues. The city launched an information campaign and created incentives to tax payers (each was awarded a plaque from the city mayor). The mayor also created a tax enforcement unit and a watchdog body that reports on illegal business or businesses that do not pay taxes. The tax office was overhauled to become a one-stop shop, a single location where citizens could go to make payments to the municipality, get information, etc. The city government also improved transparency and communication to the citizens regarding project implementation.

As a result, between 1996 and 2001 San Fernando increased its local revenues by around 60 percent. This increase was due to a mix of good leadership, effective internal management, and processes of credibility and effectiveness making the citizens active partners in governance.

Source: Guiza 2002

4.1.2 How do citizens engage?

There are far fewer examples of citizen engagement in this phase than in the others. Of the existing examples, most have involved efforts by CSOs and advocacy organisations. Nonetheless, it is important to highlight the importance of linking this phase with budget expenses.

Information

Governments usually pay lot of attention to providing enough information to citizens about resource raising. Their main objective is to give information about the ways citizens have to fulfil their obligations to pay taxes , though in other cases the information campaigns form part of a strategy of transparency, sometimes to gain legitimacy.

Some governments realise that in order to encourage citizens to contribute to public funds, they have to make people see the link between taxes, fees and charges, and public service. Hence many governments have launched information campaigns using slogans like "Pay your taxes, fees and charges for better public services." This kind of campaign, along with transparency measures, informs citizens about how the government is raising and using revenues. These campaigns have been very successful in some cases.

VOLUNTARY TAXES IN BOGOTÁ, COLOMBIA

The experience in increasing resources in Bogotá is one of the most innovative in the region, though generated more than just a sceptical smile when it was announced by the mayor, Antanas Mockus. During his campaign, he publicly announced that he was going to increase taxes because it was the best method to increase investment in the city. He was elected!

Later he proposed a *voluntary tax* to the Bogotanos, in addition to normal, local taxes. The amount collected was going to be used for highly visible improvements in the city. The result was surprising. In a short time, the number of voluntary taxpayer surpassed \$U.S. 70,000. The result forced the sceptical and timid to reflect on innovative paths for increasing municipal revenues.

Source: Cabanes et al 2004

A further step to citizen **involvement** with the local government is to help citizens and companies report income and property information, and to assist them in making tax declarations. Simplifying the duties of citizens is one of the most successful methods for increasing taxes and avoiding fraud. A simple measure is to have an information office where citizens can go for information about paying taxes, fees or charges.

It is quite clear that at the local level, officials and citizens are the ones who have the relevant information about who should be charged. For example, they know the land properties and owners of property tax well.

Collaboration

One of the most interesting experiences in small and poor rural municipalities, especially in areas with indigenous majorities, is the collaboration between the municipality or donor and the community. The local community contributes with labour and with special goods. For instance in Peru, in the municipality of Maria in the Chachapoyas department, the local community and the municipality jointly planned to build a small dam to provide electricity to different communities of the municipality. There were several actors involved in raising resources to build this dam: an international NGO provided the travel and living costs for two volunteer engineers and the generator required; the municipality paid for the construction material; and the community provided the labour to construct the dam, the food for workers, and the accommodation and food in the village for the engineer. This is just one of many similar examples all over the world.

Advocacy organisations

This may be the most widespread and well-known kind of engagement in resource raising. Several organisations are working in this area, advocating for a more just tax system. These organisations tend to have specialists that analyse the system and raise issues of tax injustices. Their main function is to analyse the tax system, inform people through campaigns and training, and to use the media and lobbying to raise proposals to the government level. Such organizations usually have the goal of making the tax system more pro-poor.

These kinds of organisations are especially active in the United States and Canada, though others are actively working at the national level in countries such as Croatia and South Africa. Finally, most advocacy organisations that have started working in budgeting are now moving towards a strategy that also includes actions to influence resource raising policies.

Citizen initiatives

When citizens begin to look into the poor state of public services and the welfare of their communities, they usually find out that one of the causes is a lack of resources. This lack of resources may be caused by several reasons, some of which are highlighted here:

- The municipality may simply belong to a very poor area that lacks economic opportunities to raise resources. This, however, does not mean that nothing can be done. On the contrary, it represents an opportunity to use the innovation and creativity of CSOs to mobilise resources, as demonstrated by the experience of the Surallah municipality in the Philippines.
- The lack of resources in wealthier regions may indicate that rich people or companies are not contributing to the common welfare. This is the case in regions with a high degree of inequality, with large oligarchies and very powerful businesses. The U.S. state of Kentucky illustrates this case, yet in this kind of environment it is especially important to have organisations and citizens that work towards redistribution and more equitable forms of resource raising.

Citizen decision-making

Probably the most extensive way of transferring decision-making to citizens is through referendum, a common practice in many countries in the Western Hemisphere, especially the U.S. The referendum is seen as a form of direct democracy. The problem is that in many cases it does not work as it should. The questions are at times too complicated to be understood by an average citizen. In other cases a citizen may know exactly how she or he wants to vote, but ballot questions might be formulated in such a way that confuses the citizen to accidentally vote for the wrong option.

CITIZEN AND LOCAL OFFICER INVOLVEMENT IN BUDGETING IN THE PHILIPPINES

In the Philippines, after approval of the Local Government Code in 1991 promoted popular participation in local governance, we can find several examples of citizen participation in budgeting. In the case of San Fernando, tax mapping has been done with the help of barangay officials and residents.

In other cases, the collaboration has linked different levels of government: national, provincial, municipal and barangay officials. In one case involving barangay officials raising property taxes, the process was initiated by conducting a barangay Participatory Workshop on Real Property Taxation. In the workshop, participants discussed real property taxation, calculated collection efficiency, identified the problems and issues of real property taxation, formulated the strategic actions and formulated an action plan. In some cases, such an approach resulted in enormous positive results, and real property taxation has since passed from being an administrative burden for barangays to obtaining net revenues.

Source: Gold 2002

CITIZENS FOR TAX JUSTICE (CTJ)

Founded in 1979 in the U.S., Citizens for Tax Justice is a research and advocacy organization focused on federal, state and local tax policies and their impact upon the people. CTJ's mission is to give ordinary people a greater voice in the development of tax laws. Against the armies of special interest lobbyists for corporations and the wealthy, CTJ fights for:

- Fair taxes for middle and low-income families
- Requiring the wealthy to pay their fair share
- Closing corporate tax loopholes
- Adequate funding for important government services
- Reducing the federal debt
- Taxation that minimizes distortion of economic markets

Articles written by CTJ staff members frequently appear in *The New York Times*, *The Washington Post*, *The Los Angeles Times*, *The New Republic* and other publications across the country. Through press, television and radio coverage, CTJ's message gets out to the public and policymakers. Working with a growing network of labour, community and church groups from every part of the country, CTJ's goal is to make taxes a better deal for middle- and low-income American families.

Source: <http://www.ctj.org/>

In addition, as Goldsmith (2004) points out, referendums on taxation usually result in regressive regimes. He argues that direct citizen involvement in budget policy has not led to uniformly equitable or financially sustainable budgets. Nor has it helped to mobilise low income groups to express their interests. He concludes that political parties and advocacy organisations are more successful defending poor people's interests.

KENTUCKY FAIR TAX COALITION (KFTC), UNITED STATES

In 1981, a study showed that a valuable coal property in Kentucky was owned primarily by out-of-state holding companies, which paid almost no taxes to the host counties or their schools. For many local people it was a shock to see why one of the regions of the world with the richest endowments of natural resources was so deficient in social services.

The study inspired public anger, inspiring a group of citizens to organize meetings about the tax laws that had exempted the coal owners and the property laws that had allowed coal companies to strip-mine a landowner's surface without his permission.

In response to the concern, 40 citizens from different counties met to organize the Kentucky Fair Tax Coalition. Their first mission was to work to remove the property tax exemption. They used several strategies: first they began an information and education campaign. At the same time, they took action to force the state to comply with the law. Parallel to these actions they brought the case to the Supreme Court, which agreed that the tax exemption on unmined minerals was unconstitutional. In addition, they forced a referendum to the Broad Form Deed Amendment to protect landowners from strip miners; 82% of Kentucky voters said "yes."

Source: <http://www.kftc.org>

In 1998 the municipality of Surallah started a process of participatory municipal planning. Local government, NGOs, civic organizations and the private sector were involved in developing the plan. Once the plan was ready, the next challenge was to raise funds in order to implement it.

To raise funds, the community tried a new approach, which evolved into the innovative **Barangay Administration Day**: a day of participatory resource mobilization in which potential funders would come to the municipality and see for themselves which priority development projects the people wanted them to fund.

Everybody played a role on this day; municipal Local Government Units provided technical support to the barangays to assist them in writing their proposal, committees were formed to deal with the logistical issues such as transportation, food, accommodation, etc. The event, which took place in 2000 in each barangay plaza, helped collect one fifth of the total pledges.

The process faced several challenges, in particular the unequal distribution of funds among barangays. There were also misunderstandings between barangays and the funders regarding the pledges, and tracking the sources of resources was problematic. Nonetheless, the experience was deemed to be successful for its achievements of empowering citizens, deepening democracy by sharing decision-making power and making citizens stakeholders in the process.

Source: Estrella and Iszatt 2004

4.2 *Budget Analysis and Formulation*

4.2.1 What is this stage?

The formulation and allocation of the budget has traditionally remained in the hands of the government responsible for making the proposal. Though once the budget is drafted, in most countries the budget is debated and approved by the legislature. At the local level, there are many differences from country to country; in some the budget must first be approved by the local assembly, while in others it is approved directly by the government. Many times, a local budget must be approved by the state or central government.

The transparency of the drafting process and the extent to which the government receives inputs from other sources depend on the regulation of every country. In some cases, citizens can be involved in the drafting stage, but in most cases civil society does not have the opportunity to participate until the budget is presented to the local assembly and publicly debated. In this phase it is quite common to consult the local communities through a variety of mechanisms, but without giving them formal control. Civil society can have decision-making power over certain parts of the budget, like in the case of Porto Alegre in Brazil, or in the Alternative Federal Budget in Canada.

Once the draft is presented to the local assembly, it usually becomes public information accessible to anyone that wants to consult it. However if it is not made public, opposition parties and the media are a very good means of

PEOPLE'S PLANNING CAMPAIGN IN KERALA, INDIA

Among the various provisions for strengthening village governance (Panchayati Raj institutions), the 73rd Amendment in India called upon the Panchayati Raj Institution to conduct local programmes of planning for social and economic justice. Local planning has been most fully implemented in the State of Kerala, where the State Planning Board began the People's Planning Campaign in 1997 to empower local Panchayats to draw up plans based on a highly participatory, village-based planning process. Planning mobilized neighbourhood groups and used training camps to involve thousands of resource persons from state, district and local levels – as well as retired experts such as teachers and former government workers. The state allocated 40 percent of its budget to support the projects planned and implemented locally.

Source: Goetz and Gaventa 2001

accessing budget information. Hence, now is the moment to analyse the budget and the moment when an analysis can be the most effective to influence the final formulation.

Once the draft is presented, the information can be spread across different actors. This information will permit the engagement of citizen participation, allowing feedback through demonstration, letters, signs, etc.

4.2.2 How do citizens engage?

Information

All stakeholders have interests in spreading budget information at the formulation stage. The government, NGOs, and political parties all use the media to inform citizens about how their taxes will be spent. Most of the initiatives start at this stage. Unfortunately, in many cases, citizens receive little more than just 'information.' Initiatives may never extend beyond the information stage and citizens remain unable to engage in earnest with the formulation process. It is important to remember that in many countries fiscal information should be made public by law, though this is not always enforced.

Consultation

Consultation is the next stage of engagement. In places where Internet is widely available, like in urban areas, it can be a good way organizing a consultation. A traditional survey is also a way of consulting, but many alternative forms of consultation have also been explored. For example, in Bogotá, Colombia, the city's Administrative Department organised games and special notebooks where children could express their dreams about the city. Using this method, city officials came to prioritise the goals of raising school enrolment rates, improving security, building more respect for children and making food more available. In the same city, another exercise was held where the participants were given a card and three plastic coins. Each person was asked to write the need of their local neighbourhood on the card and to deposit the card and the coins in a ballot box.

The main advantage of this stage is that it allows a large number of people to be involved since participation does not require specific knowledge or skills. Consultation is a first stage of citizen engagement, but unless the consultation is binding, the power remains in government hands.

BUFFALO CITY MUNICIPALITY IN SOUTH AFRICA

Public participation began in earnest in Buffalo City with the formation of the Ward Committees in 2001. The participation process initially focused on identifying the needs of the community to inform the Integrated Development Plan (IDP). However, more recently, Buffalo City has endeavoured to integrally link and co-ordinate the IDP with the municipality's budget and performance management process.

Apart from the ward committees, the municipality also uses participatory mechanisms to obtain inputs from the local population into the planning and budgeting process, as well as to impart information about public expenses. The mechanisms include a formal representative forum, the Mayoral Listening Campaign; and informal mechanisms such as notices in the press, at schools and churches; information and dissemination through the Buffalo City newsletter. The municipality also publishes details of proposed policies in newspapers and on a dedicated webpage and submits copies to libraries and relevant interest groups.

The Municipality has a top-down approach whereby community participation relates to the capital budget and not to the operational budget. However, in spite of its limitations, the community has had a role in identifying priorities as well as formulating some municipal policies.

Source: Yusuf 2004

PLAN AND PARTICIPATORY BUDGET IN VILLA EL SALVADOR, PERU

Villa el Salvador emerged from the avalanche of immigrants coming to Lima, Peru's capital, during the 1970s. These immigrants were largely poor people whose only option was to live in slums or shanty towns. The difference with other areas is that from the beginning Villa el Salvador has had a very active civil society, including community kitchens, mother's clubs, associations of informal workers and small entrepreneurs and other groups that organised themselves into Self-Governing Urban Communities (CUAVES).

Since 1999 Villa el Salvador has had a participatory planning process. As of 2000 it included a participatory budget, conceived as a tool to achieve the Development Plan, approved with 84 percent of the vote from the over-16 population. Direct participation in the process, in spite of some problems, has involved a total 12.5 percent of the population, and around 6.5 percent has had a close, sustained involvement in decision-making.

Participatory budgets have strengthened the community's social organisation and have created more credibility and trust in the municipal administration. As result of this experience, many other municipalities have started similar processes, demonstrating that this small civic practice makes a contribution to more democratic governance of the country.

Source: Zolezzi 2002

DISHA: PRO-POOR BUDGET ANALYSIS IN GUJARAT

Disha is a membership organization devoted to organizing forest labourers and to building capacity in local organizations that work on issues that affect people in the tribal areas. Disha first discovered its need for budget analysis when lobbying for the general welfare of communities living in the tribal area of Gujarat and has since made efforts to learn how to analyse the state budget.

As the organization points out, the word “budget” is enough to discourage most social activists, and they were not an exception. However, they discovered that budget analysis can be a powerful tool for grassroots groups to use in negotiation or confrontation with the government.

The first obstacle they encountered was to simply obtain a copy of the budget. Though it is a public document, officials refused to give it to them. They found that the easiest way to get a copy of the proposed budget was from the elected representatives when it was tabled in the state assembly. It took them some time to acquire the knowledge to analyse the budget, but once they had it, they found that poor people were left out of budget policies. They also found 172 mathematical errors and they were able to highlight issues affecting untouchables, tribal peoples, woman and agricultural labourers.

As a strategy for advocacy, they prepared short notes and sent them to government ministers and bureaucrats, press, academic institutions and voluntary agencies. These notes created a great deal of interest and were extensively used in the assembly to bring issues regarding the poor into the discussion. A number of assembly members asked Disha to conduct budget-analysis training, and other members sought themselves to find new information, interpretations and hidden truths in the budget books. In addition, the government bureaucracy has had no alternative but to accept their conclusions, since they were based on the government’s facts and figures.

Source: Shapiro 2002

DENIVA ENGAGING RESOURCES ISSUES IN KABUUTO SUB COUNTY, UGANDA

DENIVA has initiated a project in Kabuuto Sub County in Rakai District, South Western Uganda in which it works with district NGO Networks, NGOs and Community Based Organisations (CBOs) to reach out to communities and to encourage them to question the use of scarce government resources and to participate in planning and budgeting.

The strategies used to raise awareness have been very diverse:

- A research study to assess the levels of engagement.
- An awareness creation workshop for CBO representatives.
- Exchange study visits to other sub counties to learn about decentralisation.
- Live debates on Radio Buddu FM radio station to provide a forum to discuss work and to lobby the local government.
- Music, dance and drama about the rights of citizens, the correct role of government and how the Local Government Development Programme funds are supposed to be used.

Source: Nabunnya 2004

CHILDREN'S PARTICIPATION IN THE GOVERNANCE AND MUNICIPAL BUDGET OF BARRA MANSA, BRAZIL

The children's participatory budget council started in Barra Mansa as part of a special project established in 1998 to promote citizenship among children and adolescents between 9 and 15. 18 boys and 18 girls are elected by their peers in a public assembly in which all children between 9 and 15 can participate. The objective of the council is to ensure that the municipal council addresses their needs and priorities. Each year since 1998, more than 6000 children have taken part in discussions and assemblies to elect their child councillors and discuss their own priorities. This council determines how a proportion of the municipal budget is spent on addressing children's main concerns, and its child councillors also have additional opportunities to engage with the government, like attending regular city councillor meetings, raising their concerns to the city hall and discussing their priorities with the mayor.

This process has brought to children the concept of participatory budgeting for increasing citizen involvement in urban governance. The experience shows that it is possible to carry out urban management *with* children, rather than only *for* children. It has raised the need to recognise children as citizens who are both aware and capable of participating in the social, political and economic affairs of their city.

Source: Guerra 2002

Cooperation

One form of citizen engagement is the cooperation between citizens and the government. The government takes the initiative to present a specific part of the budget, usually the infrastructure part, and to inform the citizens about different programmes and projects. Then citizens usually participate, through organisations, in planning and implementing the project.

Other initiatives consist of preparing workshops that bring together civil society groups and the councillor of finance and economic development.

Analysis and advocacy initiatives

The number of advocacy organisations that work to analyse public expenditures is increasing around the world. Some of the most well known are those involved in the International Budget Project, which analyses the national budget in more than 40 countries. Some of these organisations attempt to examine the implications of the budget for a specific group, like the gender budget project in Tanzania or the children's budget project in South Africa. Other organisations now study the budget at a local level, but they are still a minority.

It is important to note that the budget (if it is really implemented) reflects the true policy of the government. In many cases, it is easier to determine the government's plans by what is really implemented through the budget than by scrutinizing the government's discourse and statements. Any government is likely to say that education is a priority within its policies, but looking at a budget (where say only 2% of the budget is devoted to education) may reveal that in reality that it is not such a priority.

This phase of analysis usually requires highly qualified technicians and specialised organisations, though there are ways for CSOs to analyse local budgets that do not mean hiring a specialist or training the organisation. In fact, such measures have not been necessary in most of the strategies adopted to examine budgets. In some cases, there are members of an organisation with very high levels of education who are responsible for analysing the budget and translating it into an understandable language. Other times, volunteers such as university students or even teachers can help to analyse a budget. If relationships with public servants are good, they can also facilitate the job. However, the most common way is to contact and establish alliances with NGOs that already specialise in the topic and that have staff trained for this task.

Citizen engagement in this phase is typically restricted to receiving information from advocacy NGOs. However, it is important to be informed because it is people's right to be and because it is the first step to further mobilisation. As the DISHA example shows, CSOs also can act as intermediaries between citizens and government, so they provide another form of participation. Although most of the examples shown in this section are at the national or state level; at the local level, as the following example shows, CSOs can play a more active role in facilitating people to get involved in the process, since CSOs at local levels are usually closer to people.

Advisory committees

Other cases show how citizens and local governments sit together to discuss budget issues by creating thematic committees to develop plans and budget their needs. Some examples of such committees are city economic councils, local health boards or local development councils. These committees are formed by local officials, NGOs, civic and professional organisations and

THE BOTTOM-UP APPROACH: MANCHESTER PARTICIPATORY BUDGETING, UNITED KINGDOM

The Community Pride Initiative, with the support of Oxfam GB, started a process of participatory budgeting in the British cities of Manchester and Salford. The original aims were:

- To facilitate South-North learning around local governance issues, and in particular the Brazilian experience of participatory budgeting
- To identify possibilities for changing policy and practice to enable greater participation of communities in municipal decision-making, and hence strengthen local democracy

Different possibilities for the participatory approach have been identified through the development of Manchester's Local Strategic Partnership. A pilot project is currently being implemented in Manchester using a "budget matrix" approach for allocating investments between geographical areas of Manchester and, within each area, between strategic priorities. The project is also using a set of rules and processes to facilitate engagement and has developed briefings and even cartoons to facilitate the communication of complex and challenging concepts.

Source: <http://www.participatorybudgeting.org.uk/>

THE TOP-DOWN APPROACH: AYUNTAMIENTO DE CORDOBA, SPAIN

In 1997 the local government in Cordoba, Spain began a project of participatory budgeting that has been implemented in five phases. Its main characteristics are that:

- It is a process of auto-regulation (it has its own regulations)
- It is a process of direct participation through assembly

The process is as follows. In the first term of the year, the district assembly (chosen by citizens, civic centres and sectoral councils) prepares the plan for self-regulation and chooses the agents that are going to act as secretaries throughout the process. In the second term, the neighbourhood assemblies discuss the proposals and prepare thematic tables that are submitted to the district assembly. Technicians and experts at the district assembly study the viability of the proposal. In the third term, the proposal is discussed by representatives, chosen at the district assemblies, who prepare the final proposal, which is sent to the legislature to be discussed and approved before the end of the year.

Source: <http://www.ayuncordoba.es>

individual citizens. Some of these committees also organize public hearings and meetings open to the public. We can find examples of bottom-up approaches such as the Kerala Public Campaign (India), as well as of top-down approaches such as the case with S. Fernando (Philippines) as described above. One of the common outcomes of these experiences is that citizens and officials sit at the same table with the same powers and functions. Technical skills are put aside to debate real people's priorities.

Citizen decision-making

Among the most profound forms of participation, we can find several examples in which governments delegate decision-making power to citizens. Since by law this power belongs to government and local assembly, in some cases the law has to be changed to open up these kinds of possibilities. Barring legal changes, such opportunities can be created through a pact in which government and local assembly agree to respect the decisions made by the citizens in their committees. In contrast to the advisory committees, the committees in this case have real decision-making power.

Porto Alegre has become a model that many other municipalities around the world are trying to replicate. However, different contexts have different characteristics and therefore are suited to varying forms of citizen engagement. In any case, it is interesting to highlight current trends towards implementing participatory budgets in Europe. There are pilot programs in countries including the United Kingdom, France, Italy, Germany and Spain. Some of these countries are using bottom-up approaches like the case of the Community Pride Initiative in Manchester, or top-down approaches promoted mainly by political parties, as is the case in many Spanish cities.

4.3 Budget Tracking, Monitoring and Evaluating

4.3.1 What is this stage?

Once the budget is allocated and approved, it is time to implement it. Tracking and monitoring how the government and administration spend the money is crucial to be able to influence policies. Experience shows that many times the money does not reach its objective. Tracking the budget means following every step of the money transfer; from its original source in the government, to distribution between branches of the governments, to disbursement to different offices under each branch, until its final destination. The entire budget process can be meaningless if it is not implemented correctly or if the funds are in fact spent on other purposes. Moreover, even if the money reaches its final destination, citizens may not be happy with the outcomes of the spending.

There are many organisations that have become involved in budget tracking, but there are few examples of organisations that track budgetary flows through programmes for impact. In this stage of the budgetary process, the partnership between policy NGOs and communities is very important, and citizen engagement is crucial. Citizens know what is truly being done and the impact these processes have had in their lives. However, due to the technical and complicated nature of budgets, the assistance of experts is often still needed to understand the various processes.

Lack of transparency is the main obstacle that organisations have to surpass. This is particularly problematic if there are no laws that make public documents available. However, sometimes there are even greater barriers in the form of administrative customs and power relations between citizens and bureaucracies. In most cases, the organisation will have to deal with cases of bribery and corruption, an important danger for the staff of the organisations working in this field.

THE COMMUNITY-BASED MONITORING AND EVALUATION SYSTEM

In 2002 Uganda Debt Network initiated and piloted the Community-Based Monitoring and Evaluation System in four districts in Uganda. This is an approach for engaging communities in continuous monitoring and evaluation of government programmes. This community monitoring has achieved the following results:

- a) A framework for monitoring provision of public services has been established. The structures are used to monitor priority sectors. This has led to:**
 - **Improving quality and delivery of services, i.e. teacher and health worker performances improved, availability of drugs, etc.**
 - **Repair of poorly constructed school buildings.**
 - **Return of stolen building materials.**
 - **Arrest of thieving chiefs.**
- b) Active interaction between communities and their leader through lobby meetings (dialogues) and radio programmes.**
- c) Increased access to public information at the local level. Communities have designed strategies to access information on public expenditure by building alliances with local government officials and councillors.**

Source: Lukwago 2004

CIUDADANOS POR MUNICIPIOS TRANSPARENTES, CIMTRA (CITIZENS FOR TRANSPARENT MUNICIPALITIES), MÉXICO

The Centre for Municipal Studies in México (CESEM), together with other organisations, initiated the programme Citizens for Transparent Municipalities to offer a constructive tool to make municipal government in México more accountable and transparent. As of July 2004 the methods have been used in 24 municipalities all around Mexico.

CIMTRA has a survey of 32 questions divided along three different issues:

- a) **Citizen information:** These questions seek to ascertain what governments tell to their citizens.
- b) **Citizen attention:** These questions focus on service delivery.
- c) **Spaces for communication:** This section explores the forms of communicating citizens and governments use in their relationship with each other.

The programme, in addition to monitoring the transparency of local governments, attempts to build the capacities of different stakeholders.

Source: CESEM 2004

There are quite a few examples of how citizens can engage in tracking, monitoring and evaluating, but each of them follows its own methodology and usually focuses on a specific section of the budget. The crucial part, and the part where data is scarce, is to find a method to measure the difference between planned and actual expenditure.

In tracking, monitoring and evaluating strategies, it is necessary:

- **To obtain information:** In some cases it will be easy to get official data. In other cases these data do not exist and have to be collected through surveys, public hearing, etc. Generating data at the local level is relatively cheap and easy, but requires a high level of citizen engagement. Also, official data may exist though may not be available to the public, making it necessary to find other ways to obtain the data. Sometimes this can be done through opposition parties, or through civil servants, and often other organisations like the MKSS initiative can also advocate for transparency laws.
- **To analyse the data:** Once we have the information, it is necessary to analyse the data to uncover or prove discrepancies and malpractice in government spending. In some cases, the analysis has discovered that the government has allocated money to projects that had ended years before. Some organisations might choose to check two different sources of information, thus crosschecking data in this way. The MKSS initially fought for the right to consult public documents, but once they obtained this information they organised public hearings to check if the information written in the official documents fit with what people had really received.
- **To disseminate the information:** Following data analysis it is important to inform public opinion by disseminating the findings. Many outlets are useful for this, such as the local media, community meetings, by word of mouth (or person-to-person), the Internet, etc. It is important to remember to give feedback to government agencies, as to well as wait for their feedback.

THE PUBLIC EXPENDITURE TRACKING SURVEY (PETS), UGANDA

The PETS is a quantitative survey done by Uganda-World Bank, complementary to a qualitative survey on the perception of consumers about service delivery. It has been very useful to highlight the uses and abuses of public money

- Among other findings, this survey revealed that less than 30 percent of allocated capitation revenue was reaching the schools on average at the end of 1995. The government acted immediately to improve the flow of information and make budget allocation transparent by:
- Publishing the amounts of money transferred to the districts in newspaper and radio broadcasts.
- Requiring schools to maintain public boards to post monthly transfers of funds.
- Legally provisioning for accountability and information dissemination in the 1997 Local Government Act.
- Requiring districts to deposit all grants to schools in their own accounts, and delegating authority for procurement from the centre to the schools.

By 1999, the capitation grants received by the schools had almost reached 100 percent.

Source: Wagle and Shah 2002

- **Organise people for collective actions:** Once people become aware of any wrong-doing within budget expenses, they may become indignant and demand collective redress. Furthermore, collective action may be the only way that reluctant governments and administrations will respond to calls for improved services. Parivartan, an organisation in Delhi, India, has had an impressive record of achieving immediate response from the administration. Parivartan began a campaign encouraging middle-class citizens to write to the service department to demand information about services that were not functioning properly. The campaign was very successful, and the department immediately sent plumbers and electricians to fix street-lights and sewerage that had been broken for years.

4.3.2 How do citizens engage?

Direct citizen engagement is necessarily quite intense during this phase of the budget. However, in some cases, an advocacy organization, the government, or even an international organisation can take the initiative.

Government auditing initiatives with information from citizens

In developed countries, the government quite often asks for information from citizens to audit the services that the public sector is offering. It is a good way for government to track its budget to see if the money approved in the budget has reached its final objectives. The most common way of doing this is through surveys, often using a methods favoured by governments and donors known as **report cards**. This method is based on the understanding of citizen as users and consumers of public services. It consists of surveys administered to the consumers asking them about their satisfaction with the service or services. Usually governments and donors contract an independent audit company for the purposes of conducting the survey. Citizen engagement with this method is quite low; they usually answer only pre-determined

questions, while the analysis is done either by the government or the audit agency. More participation from the people would be preferable. In fact, varieties of the report card method with greater citizen participation have been conducted. For example, in the Philippines, the government gave the feedback emerging from the surveys back to citizens. In other cases like Bangalore, India, CSOs have used this method to audit government services and they have been very successful doing so. Such cases of high citizen engagement could be replicable.

There is an increasing concern about transparency and corruption within international organisations and donors agencies. The International Monetary Fund (IMF) approved a 'Code of Good Practice' on budget transparency and the World Bank is financing programmes that track budget expenses, mainly in countries where Poverty Reduction Strategy Papers (PRSPs) are being implemented. The most relevant case is Uganda's programme on tracking public expenditures. Due to the success of this experience, the World Bank is trying to replicate the process in Kenya and pushing other countries to follow. However, these examples are at the national level.

As commented above, citizen engagement may remain quite low at this stage if participation is limited to answering questionnaires. However, the process can also be used to sensitise people about their rights and educate them on the possibility of making claims in the public sphere. As we have seen with the report card, this stage of can be approached in a more participatory way.

Feedback mechanisms

As with the report cards, feedback mechanisms are government initiatives in which citizens can share their views with the government. There are several other ways to do this. The simplest form of sharing an opinion with the government is by writing a letter to a representative in the local assembly, but also through using the local media, or sending claims and suggestions by

SINGAPORE WEB-BASED FEEDBACK MECHANISM

The Singapore government has an active Web-based interactive site known as the Public Feedback Unit (PFU). The Web page gathers feedback through structured questionnaires to enable the government to get a better understanding of "ground feelings." PFU has sought to generate more publicity for the Feedback Unit by publicizing results in the media, particularly the "hot feedback issues of the month" or the issues that elicited the most feedback from contributors. Aside from the feedback, PFU also has four other nodes of information, namely: "perspectives", which explains public policies and schemes, "feedback news", which updates readers on the activities of government units, "feedforward", which presents the government responses to feedback received from readers, and "policy digest", which provides information on current policies and issues. The site has an updated calendar and bulletin board as well. The Web page is designed for easy viewing and searching, and has features highly suited for the active reader's participation.

Source: Songco 2001
(For more information [http:// www.gov.sg/feedback](http://www.gov.sg/feedback))

MALAYSIA: SUSTAINABLE PENANG INITIATIVE (SPI)

The Sustainable Penang Initiative is a long-term project to monitor and evaluate the sustainability of recent high economic growth. The objectives are to establish indicators to monitor development, incorporate them into planning and educate people about sustainable development.

The initiative was designed as a pilot community indicator project with participation of different stakeholders from the government, private sector and civil society in all key process areas, such as agenda setting and indicator development. The project started in 1997 and was built around roundtables in five areas: economic productivity, ecological sustainability, social justice, cultural vibrancy and popular participation. The results of the timetables were reviewed in popular assembly.

The SPI was also designed to be an annual process that will provide trend-series performance monitoring information to guide policies and programmes.

Source: Songco 2001

(For more information <http://www.seri.com.my/spi/>)

post. In urban areas where the Internet is more accessible and there is a majority of literate people, using the Internet is often a more effective way to obtain feedback from the citizens.

Using these methods, citizens can take the initiative and use established means. However, these individual actions may fail to elicit a response from the government.

Government initiatives with citizen engagement

Some local governments are aware of the benefits of citizen engagement in tracking and monitoring public expenses. Moreover, they recognise the right of citizens to participate in the political decisions that affect their communities.

In some cases, the governments that have promoted participatory budgeting have also encouraged citizens to participate in monitoring the budget by creating the spaces and opportunities to do so. For instance, in the case of Bolivia, committees are imposed by law. Legal frameworks are necessary and in most cases helpful, but if a legal framework is too rigid, it can actually be problematic. For example, the monopoly held by the *comites de vigilancia* (*oversight committees*) in Bolivia leads to an inefficient and potentially ineffective monitoring process. This occurs because the committee does not have the correct skills to audit and, secondly, because the committee is too focussed on short-term tracking, neglecting the medium and long-term. It is all too common for auditors to pay attention to how many sacks of cement have arrived and how much has been paid for them, while forgetting to check if the road has been finished properly.

There are also other similar examples that have been very successful. The municipality of Tlalpan in Mexico's capital district has implemented a triple mechanism to monitor the participatory budget. First, the municipality publishes

the budget, including details on investment. Second, social committees, composed of volunteers from the community, follow up the investments. As a third mechanism, monitoring committees are constituted and hired by the municipality. Finally, the government presents an annual report in a meeting with the community.

CSO auditing

Different CSOs have decided to make initiatives themselves for monitoring public expenses. In most cases, advocacy or research organisations take the initiative due to the difficulties involved and the need for technical skills. In some cases, like the report card case in Bangalore, the lead organisation employs assistance from experts in other organisations.

The wide variety of organisations involved is reflected in the diversity of partners that have developed the *Latin American Index of Budget Transparency*. There are universities, research institutes and NGOs on the list, but all of them share a common feature; they all have experts working on this topic.

The extent of citizen engagement in these initiatives depends on the social base of the CSOs. In a few cases, citizens lead the process - with lots of people engaged - but in most cases the role of citizens remains limited to offering information to the CSOs. Overall the feedback and proximity to citizens is much higher than in other cases.

REPORTS CARDS ON PUBLIC SERVICE IN BANGALORE, INDIA

Supported by a small advisory group of local leaders and funded through local donations with the help of a market research agency, this initiative first began in 1993. It initially consisted of a survey of client satisfaction with public services. Respondents were asked about the quality and appropriateness of a range of urban services. Since then, this informal exercise has been institutionalised by the Public Affairs Centre, and the experience has been replicated in other cities in India such as Mumbai and Calcutta.

These report cards are used to put pressure on elected officials by demonstrating the extent of public dissatisfaction in the hope that this will result in heightened responsiveness on the part of public servants responsible for the service area identified. Public awareness on issues of quality, service delivery and corruption has substantially heightened following heavy coverage of the report findings in the mainstream media.

After the second report card initiative five years later did not show any significant change in citizen satisfaction with public services, the government started to take some action. For example, it formed the Bangalore Agenda Task Force, comprised of citizens, to come up with suggestions to improve the city's quality of services and infrastructure. Moreover, the worst rated government agency reviewed its internal system for service delivery, introduced training for staff and began to host a joint forum with NGOs to consult on high priority problems such as waste management.

Source: Songco 2001

Citizen initiatives for direct engagement

The most relevant cases of citizen engagement are those coming directly from the citizens themselves or from local organisations. The main obstacle they have to face is the official secrecy and lack of information. For example, in Buenos Aires, Argentina, Poder Ciudadano (Citizen Power) had to ask for government consent to be able to access information from officials. They have been very successful in uncovering irregularities and making people aware of their rights.

We also have to acknowledge that there are cases where the political situation allows for NGO initiatives, as NGOs have established relationships with both citizens and governments. In these cases, the NGOs have to be careful to manage the partnerships with both sides, meaning that they have to favour strategies of collaboration rather than more adversarial approaches.

It is important that governments also assume their responsibilities and work together with CSOs, accepting criticism and being open to collaboration. On the other hand, CSOs have to be careful to maintain an independent stance.

CHALLENGING THE GOVERNMENT WITH INFORMATION

In Canada, Native American women have broken ranks with their tribal communities to form something called the First Nations Accountability Coalition. Affiliated groups in British Columbia have organised meetings at which they “prod tribal leaders to open up closely guarded tribal accounts for public scrutiny.” In the summer of 2000, one of the movement’s leaders collected testimony from 13 public hearings across Canada, and presented findings about the misallocation of funds by tribal leaders to the Canadian Parliament.

In Argentina, Poder Ciudadano has monitored public spending. It developed a database of the prices and terms paid by different government agencies in their procurement operations. The database recorded the monthly expenditures of public hospitals in Buenos Aires. The municipal government provided its written consent for the activity. The secretary of health of Buenos Aires reviewed the results with the hospitals directors, pointing out clear discrepancies in the prices paid for standard products.

Source: Goetz and Jenkins 2005

5. Lessons from Experiences Around the World and Future Challenges

This section will summarise the most common outcomes from previous experiences, including the risks and limitations that these initiatives had to face, and the power dynamics that had an impact upon budget processes. The phases of the budget have common characteristics, but they also face specific advantages and disadvantages that warrant consideration when starting a new process of citizen engagement in public resources management.

Finally, we will look at the common features of successful experiences and some further challenges that forthcoming initiatives will face. This last section will also attempt to give some clues about different strategies for achieving more participatory governance.

5.1 Outcomes

The specific outcomes of citizen engagement in budget processes will depend on the degree of citizen participation, as well as on a number of different local factors. However, the case studies suggest that greater citizen engagement in budget processes could contribute to the following:

- **Increased accountability and transparency.** In participatory budgets, public power is made more visible. Specifically, there is a common outcome to most experiences in creating and disseminating information.
- Increased transparency and visibility can simultaneously increase **efficiency in the public sector** in two ways. First, resources will better target the specific needs identified by the population. Second, citizens are more willing to pay taxes when they know how their contributions are spent. This promotes greater trust in the government among citizens and more generally contributes to the strengthening of democratic institutions.
- **Widened public spaces between government and citizens.** Citizens are self-organised and gain autonomy in the public sphere. Citizens start to view politics and policies in a different way - as a forum where they have voice - but at the same time citizens realize the limitations and the difficulty of administrating scarce resources. Conversely, politicians begin to understand citizenship differently by discovering that citi-

zens can be agents in collective decision-making and by gradually improving their understanding of the needs and priorities of the population.

- In the Porto Alegre case, **this process empowers people**, especially women and the poor, who perhaps for the first time gain equal standing to other citizens and to bureaucrats. The process moves beyond nominal consultation to include formerly disenfranchised groups in decision-making. At the ReCiTe workshop in Porto Alegre in December 2004, Nelsa Nespolo offered the following reflection on more than eight years of participating in the Participatory Budgeting process: "I have started to understand the world in a different way. I began participating to raise funds for my own benefit, but when you find yourself deciding together with others, you begin to think of the welfare of the entire community, and there is a change in the way you see the process. You increase your sense of solidarity."

- This empowerment is amplified by a **sense of ownership** over the process. Citizens feel a part of the decision-making and thus become more willing to accept the strengths and limitations of the process. They develop the sense that they are fighting for what they deserve, and once they are awarded their claims, they feel as though the gains were an entitlement rather than a gift. They start considering themselves as citizens and political agents.
- Usually citizens do not fully know their rights, but by participating actively in the public sphere and by assimilating the language of democracy citizens **gain awareness of their rights** and learn citizenship skills such as debating, negotiating and compromise.
- **Strengthened local government capacity.** The participation of specialised civil society groups in budgeting can strengthen the capacity of some local governments. Some CSOs have better analytical and political management skills than many governments. In addition, participatory budgeting can provide governments with valuable information on where resources are being spent and the impact of investments, particularly in the monitoring phase.

5.2 Risks and Limitations

Citizen engagement in budget processes has been successful in many cases at enhancing democratic processes and promoting pro-poor policies in different contexts. We cannot make the assumption, however, that this will occur in different settings, nor that a strategy that works in one place can be replicated in another. Most successful experiences demonstrate quite **high levels of previous resources** in terms of time, level of organisation, research and communication. In addition they often need several years before the results are seen.

Citizen engagement involves certain risks and limitations, including:

Citizen engagement can be used as a way to **legitimize public policies**, especially when groups in control of decision-making lack an authentic mandate. Additionally, bureaucrats, politicians and elite groups can take advantage of technical difficulties to confuse citizens in order to defend their own interests. Moreover, political parties in the opposition can utilise citizen engagement mainly in the monitoring phase to attack the party in power.

To avoid this kind of manipulation, it is important to provide sufficient information and proper capacities through the promotion of capacity-building. Though each situation varies, some cases such as Uganda's success at monitoring public expenditures point to the potential for citizens to acquire even more capacities than their governments possess.

It is also important to ask who is participating on these processes. These initiatives can also **perpetuate existing power relationships** through the capture of participation by local elites or through the exclusion of people that have a lack - either real or felt - of knowledge, time or self-esteem. Again, as Nelsa Nespolo pointed out at the ReCiTe workshop, "it is difficult to participate in the public sphere. You have to work, take care of your family, belong to an association, etc. Many times you don't have time to do everything."

All the experiences with participatory budgeting share the **common problem of sustainability and continuity**. These processes require a great deal of time and

resources that may not be sustainable over the long run. In many cases, initiatives led by an NGO or a political party end when the organisation abandons its leadership.

Another potential risk is ***eroding the legitimacy of established democratic institutions***, such as elected governments, in favour of less accountable civil society organisations. Increased demands on governments can also damage the legitimacy of a local government if the process raises citizens' expectations beyond what is possible and sustainable. Additionally, larger democratic balances may be upset to the extent that rising participation in budget planning reduces citizen engagement in other CSOs and social movements that have a broader agenda of struggling for citizen rights and democratisation.

Participatory budgeting can also be a process of ***democratisation of disempowerment***, implying more power for citizens in less important areas. In most cases, citizens allocate or monitor small parts of the budget, while the 'real power' over resources remains behind closed doors. It is important to ensure that these processes do not displace the main issues that threaten democracy, namely poverty and inequality.

A possibility of undermining fiscal discipline. There is the risk that if citizens are not familiar with the problems of deficits, debt or anti-cyclical policies, they will advocate for more public services and less taxes without seeing the potential economic consequences such as rising interest rates and inflation.

5.3 Differences among Phases

While citizen engagement can make important contributions to all phases of the budget cycle, there are important differences within them. One of the main differences is the *relationship between the local and the national level*. While raising resources, there is a high dependency at the local level on resources from the national level. In the formulation and allocation stages, the dependency is lower, but many of the resources are already earmarked. In contrast, tracking the budget at the national level is far more complicated and expensive than at the local level.

While problems of *complexity and the need for technical skills* are common in all phases of the process, they are especially strong in the stage of resource raising, mainly in the tax system. Poor people may make statements about taxes that clearly contradict their interests since they are unable to see the consequences.

Conveniently, citizens will find it easier to *count on the support of local government for raising resources*. Since governments rely on the support of citizens to be able to raise resources, citizens may have more opportunity during this phase to communicate their considerations and priorities.

Many groups begin their engagement at the *budget allocation phase* because shifting budget allocations is highly desirable and has a perceivable and immediate impact. Moreover, citizens can see the results of their participation more clearly at this stage. The phase of *tracking and monitoring can be more confrontational and even dangerous* because it deals directly with problems of misallocation, which may mean publicly exposing corruption. Whistle blowers and movement leaders often take high personal risks. In addition, if the action is not successful, the government can take legal and informal actions against the group that has initiated the process.

Finally, as we highlighted in section 1, there is also a *difference in the degree of citizen engagement across the budget cycle*. In the case of resource raising, citizens

engage mainly through advocacy organisations and NGOs. In resource allocation, as well as in tracking and monitoring, examples of direct citizen engagement are more common.

5.4 What Power Dynamics are at Play in the Process?

The budget process will inevitably result in conflicts of interest among different groups, each using their power to defend their own interests. Power dynamics are crucial in an area where issues such as money allocation, corruption, inefficiency and lack of transparency are prevalent.

5.4.1 Who has the power?

Although the process of budgeting has traditionally been the exclusive domain of governments and local assemblies, in reality highly qualified **civil servants, powerful business interests and wealthy individuals have controlled decision-making**. Civil servants accrue responsibility due to their technical skills, while business interests and wealthy individuals clearly have greater resources to mobilize power and defend their own interests.

Civic engagement in budgeting has raised the **awareness of budgeting within local assemblies and governments**. In this sense, civil servants have lost most from the process of citizen engagement. In some cases, they have lost their monopoly over the budgeting process and now have to share the decision-making with other actors. Furthermore, citizen engagement has highlighted the existence of widespread inefficiencies, clientelism, and even corruption among civil servants, and has resulted in the restructuring of some administrations.

One prominent obstacle to citizen engagement is the **lack of information and misdistribution of information**, both of which may serve to sustain unequal power relations. In such cases, power is derived from information, and citizens may have many problems accessing the appropriate information. Business and political interests sometimes block this flow of information, making it very hard for weak organisations to find reliable information.

Participation in the budget actually means having a look at **how officials and politicians are working**. It is not uncommon that these officials and politicians work in the interests of companies and/or wealthy individuals. When participation reveals dishonest behaviour, politicians will fight hard to prevent citizens from attributing blame.

5.4.2 Who participates in the initiatives?

Once an initiative of citizen engagement has started, the key issue to consider is who really participates.

There is a risk that **people who have more to lose have greater incentives to participate**. For example, if someone is receiving benefits from the local government, this person would have a strong desire to participate to make sure that this benefit is maintained.

Those with skills in analysis and advocacy are usually highly educated middle class elites, who can easily monopolise the process. In contrast, poorly educated citizens feel powerless and completely excluded from the

political system. This is further exacerbated by complex issues such as tax systems that can increase this apathy and lack of desire to participate in policy-making. This is especially true in the case of women and can be seen across all phases.

Moreover, **the institution or organisation that pioneers the initiative often retains the power to control decision-making** throughout the process. This is especially common in initiatives launched by a government or political party where the final decision remains in the hands of the government.

In some cases, however, citizen engagement has been very successful at **empowering citizens**. Participants realise that they can, and in some cases already do, possess knowledge and are able to participate in decision-making processes and exercise their rights to denounce irregularities.

In most cases there has been at least a **shift towards civil servants and governments sharing powers over decision-making with citizens** — or at least a trend towards being more accountable to citizens. By doing a power analysis, CSOs can find the entry point to promote real changes in power dynamics.

5.4.3 The role of CSOs

Another important question is: **Are CSOs more legitimate than the elected government or local assembly?** These organisations often represent the interests of a sector of society whose interests may conflict with other parts of the population. In practice, however, most advocacy organisations working on budgeting have a high capacity to effectively understand the budget process and can see beyond the interests of their own constituencies to emphasize pro-poor policies that benefit society at large.

We repeatedly face the problem of the technical skills that citizens need to be able to understand public documents and to track spending. Overwhelmingly, highly qualified volunteers and NGOs have assisted citizens in this task, but it would be highly desirable to find ways for citizens to depend less on these professionals.

Having access to information and the technical capacity to analyse it is crucial to defending citizens' interests and empowering poor people to realise their rights. The challenge for CSOs is to learn how to transfer its knowledge to the population and enhance citizen engagement. The use of popular education has been very successful as a means to reach more grassroots organisations and facilitate citizen participation. It is at the local level where this goal can be more effectively achieved. Some initiatives disseminate information, using media, while others train people to participate. At the same time, NGOs need to learn how to balance working with policy makers and the media, as well as grassroots organisations.

5.4.4 Common features of successful experiences

There are some common features of successful experiences from which we can learn:

- **Technical capacity is a prerequisite** for effective participation. Community based organisations (CBOs) can find themselves completely lost within technical terminology. This is why the advice of a specialist that can “translate” the

budget into understandable terms is recommended, as everybody will then be able to contribute opinions and viewpoints.

- **The support of a political party or the government in power** is an important prerequisite to improved citizen engagement. It would be very difficult for any CSO or group of citizens to increase participation if they face strong opposition from the political party in power. A leader (such as some mayors) or a political party that facilitates the process can make a big difference.
- At the same time, a **well-developed civil society** is usually required. Citizen engagement is not a process that individuals can learn in a day. It is a process and requires time. However, if there is already a strong and mobilised civil society, the process is easier.
- In addition to the two previous points, **political and organisational factors** regarding the government and civil society are important, such as the need for permanent structures to promote citizen engagement like trade unions, CSOs and political parties.

5.4.5 Further questions

Lack of resources. When a CSO or an institution starts working on this topic, it will rapidly realise that start-up requires considerable funds, even if most activities are sustainable in the long-term. In order to make the initiatives more sustainable, it would be recommendable to build linkages between civil society and political leaders, as well as including the private sector in different ways.

Working on budgeting at the **local level** has a lot of advantages. However, to understand the process, it is also necessary to look at the national level where most decision-making takes place. It is necessary to link local, national and global levels.

As we have seen, most initiatives **need greater technical support**. This has been managed in different ways; by hiring highly skilled professionals, by getting advice from volunteering professionals, by establishing alliances with NGOs or research institutions that already have these skills, by learning during the process, or by receiving assistance from officials. However, to mobilize the community effectively it is important to go a step further by building more inclusive processes to overcome fragmentation. It can be done in different ways like promoting capacity-building for civil society and developing economic literacy of all sectors.

Throughout the topic guide we have stressed the importance of **looking at the budget in a comprehensive way**, taking into account all the phases. Considering all the phases of the budget gives you a better understanding of the power dynamics at play in the process. We have found, however, that **there are few examples of citizen engagement during the raising of resources**, and this is a clear weakness in the process. Nevertheless, there are many opportunities to work on this phase as governments are usually willing to collaborate to receive assistance with the tremendous workload the phase requires.

Every context is different, and in each case citizens and organizations have to find their own way to reinforce local advantages while taking into account their unique limitations. The following questions should be addressed at some

point of the process to help tailor citizen participation to the local context: How are people participating? What are the power relationships behind the process? And what are the outcomes of the process?

This topic guide demonstrates that citizen engagement in resource allocation has a broad potential to enhance democratic local governance, in spite of local differences in power relationships, culture, and government structure. In any context, popular control over scarce resources will potentially have a number of positive impacts including more effective service delivery, enhanced citizen capabilities, greater equity, redistribution and broad and sustained citizen participation. Furthermore, it is a critical tool for promoting citizen involvement and awareness in local governance and an important step toward building more inclusive democracies.

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World Bank (2002) "Brazil, Issues in Fiscal Federalism", <http://www.worldbank.org>

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7. Other Resources

In this section you can find papers that contain basic information about local governance and decentralization and about fiscal policies. They can help you to reflect about the meaning of Resources, Citizen Engagements and Democratic Local Governance. Some of these papers are also a very practical tool for consultation prior to starting a participatory process in fiscal policies or when you are facing a technical problem.

7.1 Local governance and decentralization

Bahl, R. and Linn, J. (1994) '**Fiscal Decentralization and Intergovernmental Transfers in Less-Developed Countries**', *Publius-The Journal of Federalism*, Vol 24, No 1, pp 1-19

This article addresses the issue of fiscal decentralization in developing countries and the use of intergovernmental transfers to achieve this objective. It concludes that developing countries have more centralized fiscal structures, which they found consistent with the theory of fiscal federalism. Economic development, however, does push the advantage toward decentralization. It also shows how developing countries use a wide variety of transfer instruments to fund local governments, and that these instruments give the national government varying degrees of control over local government finance.

Bird, R. and Vaillancourt, F. (1999) **Fiscal Decentralization in Developing Countries**, Cambridge University Press

This publication offers a good review of arguments for and against fiscal decentralization from a macroeconomic perspective to local capacities. It identifies two conditions for successful decentralization. First, the local decision process must be democratic, and second the cost of local decisions must be fully borne by those who make the decisions. The paper is based in international comparisons from countries with different models, and gives special emphasis to the role of taxation and national transfers. It concludes by describing some patterns and the lessons learnt from different experiences.

Goetz, A. M. and Gaventa, J. (2001) '**Bringing Citizen Voice and Client Focus into Service Delivery**', Institute of Development Studies, Working Paper No 138, Brighton Document available at: <http://www.ids.ac.uk/ids/bookshop/wp/wp138.pdf>

This study, commissioned by the UK's Department for International Development (DFID), explores various efforts to improve the responsiveness of public service providers to the needs of service users, particularly the poorest users. It examines over sixty case studies, drawn from developing and developed countries around the world, of public-sector reforms to a foster stronger client focus in service delivery, and civil-society initiatives to demand improved services. The authors are concerned particularly with identifying means of amplifying citizen 'voice' so that engagement with the state moves beyond consultative processes to more direct forms of influence over policy and spending decisions. The study concludes with policy relevant findings on ways of enhancing citizen voice in decision-making, planning, and monitoring of public services.

Resources, Citizen Engagements and Democratic Local Governance: A Topic Guide

Heller, P. (2001) '**Moving the State: The Politics of Democratic Decentralization in Kerala, South Africa and Porto Alegre**', *Politics and Society*, Vol 29, March 2001, pp 131-163

This paper makes a comparison of three cases of democratic decentralization. The author argues that while in Kerala and Porto Alegre decentralization has resulted in an increase in sustainable local participation strengthening local democratic institution and planning capacity, in South Africa "democratic developmental local government" has given way to concerted political centralization. According to Heller, the key explanation is in the relation dynamics between state/civil society and political party/social movements. In this sense the success of Kerala and Porto Alegre is based on a bottom-up approach.

Molina, G. G. (2002) '**Popular Participation, Social Service Delivery and Poverty Reduction 1994-2000**', Universidad Catolica Boliviana'
Document available at: http://www.adb.org/Documents/Events/2002/Citizen_Participation/default.asp

This paper was presented at the conference of *Citizen Participation in the Context of Fiscal Decentralization: Best Practices in Municipal Management in Latin America and Asia*. It focuses on citizen participation and local governance in general, but puts particular emphasis on participatory planning and its outcomes in terms of poverty reduction.

Robinson, M. (2004) '**Resources, Citizen Engagements and Democratic Local Governance: A Background Paper**'
Document available at: <http://www.ids.ac.uk/logolink/initiatives/projects/recitebackground.htm>

This background paper gives an overview of the key research issues and questions about the topic. These relate to fiscal decentralisation and citizen participation, but also to the creation of opportunities to open spaces for citizen engagement. It highlights two sets of outcomes linked to democratic citizenship and material benefits for low-income countries. It goes a step further explaining the factors explaining successful experiences and providing key lessons and insights to be applied to future experiences. This is a very useful resource for those starting to reflect about resources, citizen engagement and democratic local governance.

Wescott, C. and Porter, D. (2002) '**Fiscal Decentralization and Citizen Participation in East Asia**'
Document available at: http://www.adb.org/Documents/Events/2002/Citizen_Participation/default.asp

This paper was presented as the introduction for the conference of *Citizen Participation in the Context of Fiscal Decentralization: Best Practices in Municipal Management in Latin America and Asia* held by the Asian Development Bank. It puts special emphasis on the process of decentralization and gives some examples of how it enhances citizen participation in East Asia.

World Bank (1998) '**Public Expenditure Management Handbook**'
Document available at: <http://www1.worldbank.org/publicsector/pe/handbook/pem98.pdf>

This is a standard World Bank guide about the main expenditure management techniques. It describes the main topics of the budget, using examples from various countries. The first part attempts to provide a framework for improving budgetary and

financial management, while the second part explains who is best suited to make a diagnosis for improving budgetary and financial management.

Bird, R. (2000) **'Subnational Revenues: Realities and Prospects'**, World Bank, Washington D.C.

This paper advocates a strengthening of subnational revenues, although it is not very innovative in its proposals. It argues that user charges and property tax packages recommended for financing local government have shown over the past 30 years that they are inadequate to provide enough revenues for local government. It proposes three basic principles: matching expenditure and revenue needs, government responsibility and avoiding distortion in the allocation of resources. It briefly reviews the major tax sources usually suggested for subnational governments in developing countries, in order of preference: user charges, property taxes, excises, personal income tax, payroll taxes, general sales taxes and business taxes. It finishes with a comprehensive bibliography for consultation.

Blore, I., Devas, N. and Slater, R. (2004) **Municipalities and Finance: A Sourcebook for Capacity Building**, Earthscan, London

This is an excellent tool for development professionals who want to engage in budgets at the municipal level. Written in a style that avoids too much jargon, which makes it more accessible to professionals not familiar with the topic, it provides enough tools to understand the budget and gives examples of financial innovation in different parts of the world. The book is structured in four sections. The first part provides knowledge about strategies for capacity building in financial management of municipalities. The second examines different ways in which to strengthen revenue mobilisation, mainly through taxation and user charges. The next section explains the basic steps for budgeting and the ways in which public budgets can be more open to public influence. Finally, it examines different ways to make municipal finance improvement sustainable, by providing practitioners with a practical framework action, lessons learned from previous experiences, and case studies.

Norton, A. and Elson, D. (2002) **What's Behind the Budget? Politics, Rights and Accountability in the Budget Process**, Overseas Development Institute, London
Document available at: <http://www.odi.org.uk/PPPG/publications/books/budget.html>.

This resource stresses the importance of linking human rights and budgeting. It emphasizes the evolving understandings of public expenditure management as a political, rather than a purely technical process. The paper identifies issues, partners, tools, and methods that can help development actors to support citizen accountability and pro-poor and gender-equitable public expenditures. Finally, it connects the theory with some examples from practice that take place throughout the world. Some examples are the "woman budget initiative" and the "children's budget project" at the Democratic Alternative in South Africa (IDASA) and DISHA in Gujarat (India). It is a useful guide to understanding the budget process and problems, though its focus is on advocacy and NGO participation rather than on direct citizen engagement.

Schaeffer, M. (2000) **'Municipal Budgeting Toolkit'**, World Bank, Washington D.C.

This paper is aimed at municipal finance managers to provide them with practical tools to implement prudent, service-oriented budgeting practices. This is a technical but clear paper advocating to strengthen local public finance from the World Bank point of view. It is organized in several sections including: accounting and auditing; the municipal budget; municipal revenues; public expenditures; the capital budget and investment planning; and budget performance information and measurement. It finishes

with two practical appendices about accounting principles and municipal financial indicators.

Wagle, S. and Shah, P. (2002) **'Participation in Public Expenditure Systems: An Issue Paper'**, Participation and Civic Engagement Group, Social Development Department, World Bank, Washington D.C. January

This is a short paper about the trend toward citizen participation from the World Bank perspective. It examines the attempts made to scale up civic involvement in public expenditures, the need to reform the public expenditures system, accountability as a citizen right and some examples of public engagement in the different stages of public expenditure. The final section makes recommendations for institutionalising cycle participation in public expenditures.

7.2 Guides about citizen participation in fiscal issues

All the papers collected in this section have a common feature: all of them were written for practitioners, in the government or in CSOs, who want to start or improve a process of citizen engagement in budgeting. Some of them explain the policy strategies step-by-step, while others highlight lessons learnt from previous experiences, and yet others just focus on a description of citizen engagement in budgeting. Most of them review the budget cycle and illustrate their arguments with case studies.

Heimand, J. (2002) **'Strengthening Participation in Public Expenditure Management: Policy Recommendations for Key Stakeholders'**, OECD Policy Brief, No 22

This paper gives a good review of the budget phases - formulation, analysis, tracking and evaluation. It includes the different views and roles of stakeholders on participatory budgeting, government, civil society and legislature. The author illustrates his argument with examples from Porto Alegre, the Uganda Debt Network (tracking and monitoring), the National Budget Work in Bangladesh and from the Institute for Development Policy and Advocacy, including the budget work in Zambia. He concludes with recommendations for donors.

Krafchik, W. (2001) **'Can Civil Society Add Value to Budget Decision-Making? A Description of Civil Society Budget Work'**, International Budget Project, Washington D.C.

Document available at: <http://www.internationalbudget.org/resources/library/civilsociety.pdf>

This paper gives an interesting background to the context and engagement of civil society participation in budget processes, making the case that civil society can get involved in various stages of the budget process; drafting, legislation, implementation and auditing. Krafchik points to the advantages and disadvantages of being involved in each phase of the budget and highlights his explanation with some examples.

Shapiro, I. (2002) **'A Guide to Budget Work for NGOs'**, Center on Budget and Policy Priorities, Washington D.C.

Document available at: <http://www.internationalbudget.org>

This guide provides basic knowledge about budget work at the national level explaining the concept with some examples from the United States, South Africa and India, among others. It is very useful for organizations that are interested in engaging in budget work because it explains step-by-step how to get involved, how to under-

stand the budget cycle, how to deal with policy makers, and it also gives some practical advice based on previous experiences. The guide is based on the experiences of NGOs and “watchdogs”, and in this sense is directed more towards these actors and less towards organisations promoting direct citizen involvement in budget work. Finally, the guide gives further references and resources about the topic.

Songco, D.A. (2001) **‘Accountability to the Poor: Experiences in Civic Engagements in Public Expenditure Management’**, The Participation Group, Social Development Department, World Bank, Washington D.C.

Document available at: www.worldbank.org/participation/web/webfiles/cepemsynthesis.htm

This paper provides a good review of the multiple experiences of citizen participation in public expenditure management, divided by each cycle of the budget: budget formulation, budget analysis, budget expenditures and monitoring. Songco assesses the different participatory initiatives in these four phases, analysing the levels and types of citizen participation: the strengths, limitations and risks of the phase, the major pro-poor benefits, the level of participation of the poor, the critical success factors, the potentials for increasing civil society participation, resource implications, the sustainability of the strategy and the opportunities for increasing the effectiveness of the four phases. The study draws from national and local experiences, and looks at direct participation as well as research and policy organisation participation. The research concludes with some recommendations and implications for government and donor policies.

Streak, J. (2003) **‘Monitoring Government Budgets to Advance Child Rights’**, Institute for Democracy in South Africa, Cape Town

This is a guide to monitoring government budgets as a means to advance child rights. The methodology, however, used could be applied to any other social group. It has been written to support activists who aim to conduct child budget analysis and provides an essential introduction for anyone planning to embark on a budget study, including tips on how to conceptualise and plan the research. The guide also explains and illustrates the basic research methods typically used in studies aimed to monitor budgets with child rights in mind. Finally, the report looks at the dissemination of information generated by child budget research. It concludes with two appendices: one presents three distinct examples of projects to monitor government budgeting and service provision for children, while the other appendix provides a list of key definitions relating to basic budgets.

Wampler, B. (2000) **‘A Guide to Participatory Budgeting’**

Document available at: <http://www.internationalbudget.org/resources/library/GBP.pdf>

The presumption of this guide is that the tools and institutional means developed in Brazil are, in small or large part, applicable elsewhere. This report analyses the conditions under which participatory budgeting programs have been implemented and the complex set of rules through which citizens are incorporated into the policy-making process. It explores the motivation for different actors to participate in participatory budgeting and the types of public works and policies that participants select. The reforms of the administrative apparatus to account for new policy-making systems are considered and the limitations and the most promising results of participatory budgeting are taken into account. The final part of the guide addresses the issues of replicability, by pointing to questions that governments, NGOs and civil society should address while contemplating if participa-

tory budgeting is an appropriate policy-making process for their political and social environment.

7.3 Case Studies

This section lists papers describing case studies that are relevant to the topic of *resources, citizen engagements and democratic local governance*. The section is divided into four subsections. In the first part, you can find case studies about resource raising; the second one includes case studies related to budget formulation and allocation; the third one deals with cases of tracking, monitoring and auditing; and in the last section, there are papers that either focus on cases that cover all the three areas or have several case studies difficult to be classified. Some papers could have been classified in more than one section, so they have been classified by the most innovative or prevailing feature of the case study.

7.3.1 Resources raising

GOLD (2002) **'GOLD Governance and Local Democracy Project 1995-2001'**
Copies of the GOLD CD-ROM Library are available from the Consortium of Centers for Local Governance, headquartered at the Gerry Roxas Foundation. For more information, contact Ms. Annie Villarruz, Gerry Roxas Foundation, 18th floor, Aurora Tower, Araneta Center, Quezon City, Philippines; grfmla@info.com.ph

The US Agency for International Development funded the project "Governance and Local Democracy" (GOLD) from May 1995 to March 2001. During the course of this project, a wide array of documents, now collected on this CD-ROM, resulted from the interaction among the project staff, local government units, national government agencies, and other institutions. There are two sections that are specifically related to this topic guide: local finance and local budgeting and planning. They consist of manuals, participatory workshops and workbooks. The Real Property Tax System Improvement Program is particularly interesting because it was very successful in terms of making the real property tax administration far more efficient than it was at the beginning of the project.

Goldsmith, A. (2004) **'Plebiscites and the Public Purse: U.S. Experience with Direct Democracy'**

Document available at: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan014646.pdf>

In this article, Goldsmith analyses the effect of direct democracy on fiscal policies in different states of the United States. Every state allows voters to decide on ballot questions about how to raise and spend public revenues, and in some cases these questions have been resolved by referendum. The author concludes that this plebiscite has failed to produce reliable "pro-poor" policies and to mobilize low-income groups. He argues that political parties and advocacy organizations are usually more successful at fighting poverty.

Guiza, E. (2002) **'Transforming a Ravaged City into a Model in Local Revenue Generation: The Case of San Fernando, Pampanga, Philippines'**, Asian Institute of Management, Manila

Document available at: http://www.adb.org/Documents/Events/2002/Citizen_Participation/default.asp

This paper examines a case in which the mayor of San Fernando, a city in the Philippines, promotes citizen engagement in order to change the fiscal

policy of the town entirely. It is a case in which many changes occurred over the course of six years. The author examines the key factors, weaknesses and advantages of the process. The author mainly focuses on the revenue side, but links it with the expenditure side of the budget, treating it as a comprehensive process. This paper was presented at the conference: *Citizen Participation in the Context of Fiscal Decentralization: Best Practices in Municipal Management in Latin America and Asia* held by the Asian Development Bank.

Iszatt, N. (2004) '**Innovations in Resource Mobilization: Surallah Does it Fiesta-Style**', in Estrella, M. and Iszatt, N., *Beyond Good Governance: Participatory Democracy in the Philippines*, Institute of Popular Democracy, Quezon City

The given chapter is particularly interesting, because it focuses on the Barangay Administration Day in Surallah, the Philippines, as an innovative way of raising local resources. NGOs, the local administration and citizens worked together in organizing a day to attract donors to finance their planning project. The chapter analyses this process, the participation practices, the lessons learnt, and the strengths and weaknesses of the method. Finally, it highlights the challenge for the future and the possibility of applying this initiative to other municipalities.

7.3.2 Budget formulation and allocation

Cabannes, Y. and Baierle, S. (2003) '**Municipal Finance and Participatory Budgeting**', Prefeitura Municipal de Porto Alegre, Porto Alegre

This is the background paper for the Seminar on Municipal and Participatory Budgeting held in Porto Alegre in 2003. Since the participatory budget was first implemented in Porto Alegre 16 years ago, the experience has been reproduced all over the world. This paper provides a first look at the debate and evaluates Porto Alegre's participatory budget. Afterwards, it examines the participatory budget in 25 Latin American and European cities from both the revenue and expenditure sides. Finally it proposes key points to be debated and challenges for the future.

Community Pride Initiative (2002) '**A Citizens' Budget: Regenerating Local Democracy through Community Participation in Public Budget**'
Document available at: <http://www.participatorybudget.org.uk>

This paper summarizes a participatory budgeting method promoted by Community Pride and Oxfam GB of a "learning exchange" between the cities of Manchester and Salford in UK and Porto Alegre and Recife in Brazil. It describes the process of learning through exchanges, the lessons learnt and the strengths and weaknesses of both Brazilian cities in implementing participatory budgeting, as well as the challenge of implementing participatory budgeting in Salford and Manchester.

De Sousa Santos, B. (1998) '**Participatory Budgeting in Porto Alegre: Towards a Redistributive Democracy**', *Politics & Society*, Vol 26, No 4, pp 461-510

De Sousa Santos analyses the process of participatory budgeting undertaken in Porto Alegre, Brazil; an urban experiment aimed at redistributing city resources in favour of more vulnerable social groups. The project has been

lauded as an excellent pathway to promoting the participation of the citizens, particularly with regard to the 'transclassist' process it presented: the middle classes, who were at first suspicious, began to participate when they saw its effectiveness and the absence of corruption, and because it enhanced the self-esteem of the city as a whole. However, De Sousa Santos highlights several problems. First, reliance on federal transfers and their future depended on its extension to other areas not now included in the participatory budgeting. Second, participatory budgeting risked turning itself into a sustainable practice and thus losing its destabilising potential. Third, common citizens would be replaced by specialised participatory citizens. Finally, radicalisation was seen to be required as a weapon against "routinisation", yet there was a threshold over which further radicalisation would compromise the success of the programme.

Grupo Nacional de Trabajo para la Participación (2003) **'Sistematización de la Experiencia Planificación y Presupuesto Participativo: Municipio de Vallegrande'**

Document available at: http://www.ids.ac.uk/logolink/resources/downloads/GNTPWPs/Vallegrande_GNTP.pdf

In recent years NGOs, donors, and central governments of various developed and developing countries have made many efforts to facilitate a change toward popular participation. According to the author, in spite of all these efforts the experiences have not been very successful in terms of poverty reduction. However the picture is not entirely negative. This paper highlights the case of the municipality of Valle Grande, Bolivia, in participatory planning and budgeting. It explores ways of engaging different actors, how to build a participatory methodology collectively, the problems of communication and language and the importance of sensitisation, information and mobilization. Lastly, it describes a pilot project towards participatory budgeting.

Guerra, E. (2002) **'Citizenship Knows No Age: Children's Participation in the Governance and Municipal Budget of Barra Mansa, Brazil'**, Environment & Urbanization, Vol 14, No 2

This paper describes the development in Barra Mansa, Brazil, of a children's participatory budget council, to which 18 boys and 18 girls are elected by their peers to ensure that the municipal council addresses their needs and priorities. It focuses on the need to recognise children as "full citizens". The paper pays special attention to the background and origins of the children's participatory budget council, and describes the actors involved in the process: children, parents, facilitators, teachers, councillors, etc. This experience has also promoted exchanges with other neighbourhoods, cities and countries. Finally it describes the results and achievements of the process, giving special attention the wider impacts on the governance of the city.

Koonings, K. (2004) **'Strengthening Citizenship in Brazil's Democracy: Local Participatory Governance in Porto Alegre'**, Bulletin of Latin American Research, Vol. 23, No 1 , pp. 79-99

The paper provides an analysis of the case of Porto Alegre, covering the four Workers' Party municipal administration from 1989 to the present in order to assess the significance of social incorporation and citizenship for the quality of democracy in Brazil. The paper discusses some conceptual notions that are relevant for the question of democracy in Brazil, particularly the role of citizenship and civil society in deepening democracy. The paper shows that

participatory budgeting has had positive effects with respect to the provision of public goods services, the quality of governance, and citizen' participation in what is seen as a new public space shared by the local state and grass roots organisations.

Nabunnya, J. (2004) '**Engaging Resources Issues: A Case of DENIVA in Uganda**', Development Network of Indigenous Voluntary Associations, Kampala Document available at: <http://www.deniva.org.ug>

This paper was presented in the international workshop on Resources, Citizen Engagements and Democratic Local Governance organized by LogoLink and CIDADE (Porto Alegre December 2004). It pays lot of attention to describing the context of the case study presented, Kabuuto Sub County, Rakai District in South Africa. It describes the strategies used and its achievements using different participation tools. The paper concludes by pointing out some challenges and lessons learnt.

Navarro, Z. (1998) '**Participation, Democratising Practices and the Formation of a Modern Polity – the Case of Participatory Budgeting in Porto Alegre, Brazil (1989-1998)**', Development, Vol 41, No 3, pp 68-71

Participatory budgeting has led to a radical transformation of the structure of local decision-making, allowing citizens to choose the sectors in which the municipality will invest. Citizens elect the a participatory budgeting council, which has a final say on any issue related to the budget, counting only on technical assistance provided by the municipality. Participatory budgeting led to three important changes in the city of Porto Alegre: (i) a reduction in corrupt behaviour and administrative malpractice in day-to-day public affairs; (ii) a reduction of clientelistic forms of political operation; and (iii) a reform of municipal tributes and taxes that instituted the principle of progressivism accompanied by a redistributive strategy in the allocation of available resources. The paper concludes that while local social endowments favoured such innovative experiments, participatory budgeting can be replicated elsewhere. Strong public institutions and the existence of organised associations are identified as necessary pre-conditions for the emergence of a modern and democratic polity.

Schneider, A. and Goldfrank, B. (2002) '**Budgets and Ballots in Brazil: Participatory Budgeting from the City to the State**', Institute of Development Studies, Working Paper 149, Brighton Document available at: <http://www.ids.ac.uk/ids/bookshop/wp/wp149.pdf>

This paper provides an analysis of the experiences attempting to extend participatory budgeting from the municipality of Porto Alegre to the state of Rio Grande. The conclusion is that participatory budgeting is not exclusive to the local level, and can be applied on a larger scale, as is demonstrated in the state of Rio Grande. However, the paper also brings to our attention the added difficulties that a larger scale participatory budgeting could present.

Yusuf, F. (2004) '**Community Participation in the Municipal Budget Process: Two South African Case Studies**', Good Governance Learning Network Document available at: <http://www.fcr.org.za>

This research paper, presented in the international workshop on Resources, Citizen Engagement and Democratic Local Governance organized by logo-link and CIDADE, examines community participation in the budget process with

reference to two South African case studies: Buffalo City municipality and Stellenbosch municipality. The paper outlines the legislative framework governing community participation at the local level, describes the participatory mechanisms that are available to municipalities, and examines the local government financial sector. Finally, it presents the two case studies and makes recommendations for the future.

Zolezzi, M. (2002) **'Plan and Participatory Budgeting in Villa el Salvador: the Journey and Endeavour of a Democratic Innovation'**, Centro de Estudios y Promoción del Desarrollo, Lima
Document available at: http://www.adb.org/Documents/Events/2002/Citizen_Participation/default.asp

Villa el Salvador was a "pueblo joven" (a Peruvian expression referring to new urban settlements) during the 1980's. Through the mobilization of citizens and the involvement of associations in the settlement areas, infrastructure was gradually improved there, increasing the living standard of the local population. Empowered by their success, people living in the area initiated a process of participatory budgeting in which all the citizens were able to participate. The main significance of this case is to demonstrate the important role of civil society organisations and the innovative measures that were later replicated in other cities in Peru. This paper was presented at the conference of *Citizen Participation in the Context of Fiscal Decentralization: Best Practices in Municipal Management in Latin America and Asia*.

7.3.3 Tracking, monitoring and evaluating

Centro de Servicios Municipales (2003) **'Hacia un Presupuesto Participativo: La Experiencia en Tlalpan'**
Document available at: <http://www.cesemheribertojara.org.mx/tlalpan.pdf>

This paper emphasizes the importance of participatory democracy as an indispensable tool for democratic governance. It considers the example of Tlalpan, a municipality in Mexico's Federal District. The initiative brings together the administration and the citizens to debate and prioritise their expenses, share in decision-making and monitor public expenditure in infrastructure. It examines this process by developing a pyramid of the different levels of participation within it. The paper presents an interesting case of direct citizen engagement.

Goetz, A. M. and Jenkins, R. (2005) **Reinventing Accountability: Making Democracy Work for Human Development**, Palgrave, London

This book looks into the power dynamics of governance. It states that in many cases critiques of democracy have been formulated around a pervasive lack of accountability. However, accountability means different things for different people. The authors explore this concept by presenting multiple case studies. Chapter four goes further by exploring citizen engagement in financial planning and auditing, looking at the new roles for accountability actors and the critical position of citizens looking for public accountability. This book provides an extensive review of initiatives aimed at public accountability and the repercussions for human development of enhancing democracy for human development.

International Budget Project (2004) **'Evaluating Budget Transparency in 36 Countries'**

This study evaluates public access to budget information and the openness of the budget process from the perspective of civil society organisations. The study evaluates budget openness according to three major categories; i) documents that governments should make publicly available to enable civil society to understand and analyse the budget proposal, ii) documents that governments make publicly available to enable civil society to monitor and evaluate the implementation of the budget, and iii) whether countries are encouraging public and legislative involvement in the budget process. The study finds that countries are more successful in the first category and less successful in the third.

Jimenez, R. (2004) '**Reflexiones Sobre el Derecho al Acceso a la Información y la Transparencia en los Gobiernos Locales en México: la Experiencia del Programa Ciudadanos por Municipios Transparentes, CIMTRA**', Centro de Servicios Municipales, Mexico City
Document available at: <http://www.cesemheribertojara.org.mx>

This paper was presented at the international workshop on Resources, Citizen Engagement and Democratic Local Governance organized by LogoLink and CIDADE (Porto Alegre December 2004). It highlights the importance of transparency and information to enhance democracy and build strong democratic institutions. It describes the programme "Citizens for Transparent Municipalities" launched by different NGOs in 24 municipalities of Mexico with the objective of making municipal government more accountable and transparent. It explains briefly some outputs and outcomes of the project.

Lukwago, D. (2004) '**Monitoring Resource Allocation and Utilisation in Uganda: UDN's Experiences, Success and Challenges**', Uganda Debt Network, Kampala
Document available at: <http://www.udn.or.ug>

The Government of Uganda has opened up spaces for civil society in policy planning and formulation, and UDN is playing an important role in monitoring public resources in this context. It has developed a Participatory Monitoring of Poverty Action Fund and a Community Based Monitoring And Evaluation System and Process. This paper examines the achievements gained so far at community and Civil Society level. It concludes with three case studies of community monitoring in Uganda.

7.3.4 General

Brautigam, D. (2004) '**The People's Budget? Politics, Power, Popular Participation and Pro-Poor Economic Policy**'
Document available at: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan014647.pdf>

This paper compares different cases of participatory economic policies at the national and local level in Porto Alegre, Ireland, Chile, Mauritius and Costa Rica. The author suggests evaluations of participatory processes should pose the following questions; 'who participates?', 'what impact does more direct, participatory democracy have on the consolidation of representative democracy?', "what kind of framework is necessary for participation to be pro-poor and for it to support other aspects of governance?", and 'what role has the private sector had in pro-poor taxation?' The paper concludes that the advancement of pro-poor policies for spending and taxation has historically depended on pro-poor political parties gaining power.

Fung, A. and E. O. Wright (2001) '**Deepening Democracy: Innovations in Empowered Participatory Governance**', *Politics and Society*, Vol 29, No 1

This paper explores five cases of efforts to redesign democratic institutions in order to deepen the ways in which ordinary people can effectively participate in and influence policies that affect their lives. These are: the neighbourhood governance council in Chicago (USA), the Wisconsin Regional Training Partnership (USA), the Habitat Conservation Planning, participatory budgeting in Porto Alegre (Brazil) and panchayat reforms in West Bengal and Kerala (India). Based on their common features, the authors develop an abstract model of Empowered Deliberative Democracy (EDD). The paper argues that institutions following EDD might advance democratic values: effective and equitable state action and broad, deep and sustained participation. One primary enabling condition to facilitate the progress of EDD is identified, namely the balance of power between the actors engaged in EDD. Questions are raised regarding the fit between the EDD model and the cases examined, and critical concerns regarding EDD are addressed.

Rojas, C. (2002) '**Forging Civic Culture in Bogotá City**', Carleton University Document available at: http://www.adb.org/Documents/Events/2002/Citizen_Participation/default.asp

This paper was presented at the conference of *Citizen Participation in the Context of Fiscal Decentralization: Best Practices in Municipal Management in Latin America and Asia*. The process of transformation in civic culture started in 1995 with the election of the Mayor Antanas Mockus in Bogotá, Colombia. It is a case in which the leadership of the mayor was crucial in the formation of civic culture. The main success of this project was in terms of political, fiscal and administrative indicators, built on the information and education of the citizens. However, citizens have engaged in different ways, and after seven years it is still a process lead by the local government.

7.4 Networks and Useful Websites

7.4.1 International Websites

The **Asian Development Bank** held a Conference on *Citizen Participation in the Context of Fiscal Decentralization: Best Practices in Municipal Management in Latin America and Asia in 2002*. Some interesting documents (mainly case studies) can be found on the website.

http://www.adb.org/Documents/Events/2002/Citizen_Participation/default.asp

The **International Budget Project**, led by the Center on Budget and Policy Priorities, assists non-governmental organizations (NGOs) and researchers in their efforts both to analyse budget policies and to improve budget processes and institutions. The project is especially interested in assisting with applied research that is of use in ongoing policy debates and with research on the effects of budget policies on the poor. The organization maintains a very useful website with links to other organisations in more than 40 countries. This page also provides case studies, a budget guide for NGOs, and other research. IBP focuses on analyses and watchdog organisations rather than direct citizen participation, and most of the research is based at national level.

<http://www.internationalbudget.org>

The international network **Radically Democratise Democracy** is a network that promotes participation in local budgeting around Europe. The website provides some documents about European experiences in participatory budgeting and links with their members.

<http://www.budget-participatif.org/>

LogoLink is a global network of practitioners from civil society organisations, research institutions and governments working to deepen democracy through greater citizen participation in local governance. One can find research, working papers, case studies and workshop reports on different issues related to participation and local governance. In addition to this guide on 'Resources, Citizen Engagements and Local Governance (ReCitE)', there are background and conference paper and case studies on the topic.

<http://www.ids.ac.uk/logolink>

The **United Nations On-Line Network on Public Administration and Finance** provides a variety of information on budgets, though generally directed to civil servants. The UN's Department of Economic and Social Affairs in March 2004 held an *Expert Group Meeting on participation of Civil Society in Fiscal Policy*, which reviewed many of the various case studies cited on this topic pack.

http://www.unpan.org/directory/conference/guest/browseoneconference.asp?conference_id=1660

The **World Bank** provides two sources of information. In the Public Finance, Decentralization and Poverty Reduction programme there is a course that covers all budget phases. The course on 'Intergovernmental Fiscal and Local Financial Management' is useful for gaining technical knowledge on the topic. On the Web page of the Participation and Civic Engagement Group there are various documents on social accountability and participation in public expenditure management.

<http://www1.worldbank.org/wbiep/decentralization/course%20Topics.htm>

<http://worldbank.org/participation>

7.4.2 National and Local Websites

The **Centro de Assessoria e Estudos Urbanos (CIDADE)** maintains a website, in Portuguese, with a large bibliography on and links to citizen participation in budgeting and local governance.

<http://www.ongcidade.org>

On the website of the **Community Pride Initiative**, one can find information about different experiences of participatory budgeting in the UK, though mostly those promoted by Community Pride Initiative in Manchester and Salford.

<http://www.participatorybudgeting.org.uk/>

The **Institute for Democracy in South Africa (IDASA)** maintains a website where you can find all kind of guides, case studies and papers for activists working in budgeting.

<http://www.idasa.org.za>.

On the **Uganda Debt Network (UDN)**, website you will find extensive information about monitoring public services in Uganda.

<http://www.udn.or.ug>

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