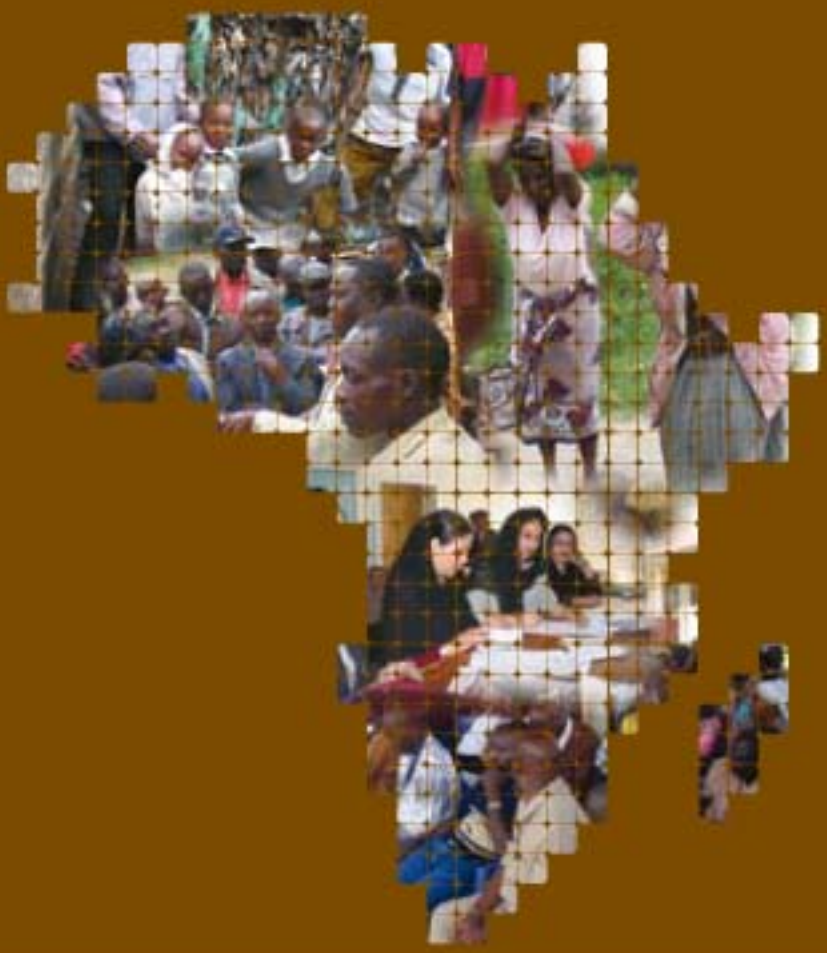
VOLUME I: CONCEPTS AND PRINCIPLES

PARTICIPATORY BUDGETING IN AFRICA

A TRAINING COMPANION

With cases from eastern and southern Africa



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Participatory Budgeting in Africa:

A Training Companion with cases from eastern and southern Africa

Volime I: Concepts and Principles

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United Nations Human Settlements Programme (UN-HABITAT)
P.O.Box 30030 GPO 00100
Nairobi, Kenya
Fax : (254-20) 7623092 (Training and Capacity Building Branch)
E-mail : tcbb@unhabitat.org
Web site : www.unhabitat.org

and

Municipal Development Partnership Eastern and Southern Africa
7th Floor Hurudza House,
14-16 Nelson Mandela Avenue
Harare, Zimbabwe
Fax: (263-4) 774387
Email: region@mdpafrica.org.zw
Web site: www.mdpafrica.org.zw

Foreword

Participatory budgeting is emerging as an innovative urban management practice with excellent potential to promote principles of good urban governance. Indeed, participatory budgeting can yield many benefits to local government and civil society alike. It can improve transparency in municipal expenditures and stimulate citizens' involvement in decision-making over public resources. It can redirect municipal investment toward basic infrastructure for poorer neighbourhoods. It can strengthen social networks and help mediate differences between elected leaders and civil society groups.

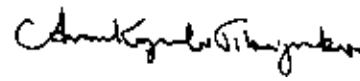
By broadening and deepening citizen participation in the allocation of public resources, participatory budgeting appears as a positive process for the construction of inclusive cities, where those who are traditionally marginalized are breaking out of the cycle of exclusion. Participatory budgeting can thus become an important tool in the democratization of cities. The practice has expanded from its Latin-American roots and an increasing number of cities worldwide are now adopting it with many local variations.

In Africa, participatory budgeting is rapidly gaining attention from governments, civil society, and international development agencies as an innovative platform for strengthening citizens' voice in budgetary processes and in the delivery of public goods and services. It is increasingly recognized that participatory budgeting is not only an effective mechanism for African cities to improve targeting of public resources to the poor, but also a new tool, in support of decentralization and social accountability.

In response to increasing requests from African cities, UN-HABITAT, in partnership with Environnement et Développement du Tiers-Monde ENDA-Ecopop (Senegal), the Municipal Development Partnership for Eastern and Southern Africa (Zimbabwe), and El Centro Internacional de Gestión Urbana (Ecuador), is working toward building the capacity of local governments in Africa for the introduction and application of participatory budgeting.

This Training Companion is one of the results of this interregional collaboration. It is based on concepts and illustrative examples from African cities that recently initiated participatory budgeting. Considering the diversity of subregional settings, two versions of the Companion are published, one each for English- and French-speaking Africa. The Companion provides visibility and resonance to the efforts that have been made by many anonymous women and men of Latin America to improve democracy and construct participatory governance in their own cities. The interregional collaboration in the preparation of this Companion has also generated a process of mutual learning across language groups and regions in Africa as well as in Latin America. The inputs of the various institutions, including sensitization events and pilot workshops, underscore the multiple ownership of the publication.

I hope this Training Companion will serve as a source of inspiration for those decision-makers and urban managers who are committed to introduce participatory budgeting in African municipalities as a tool for innovative local governance. We welcome your views on how to improve this manual including lessons and experiences from the field.



Anna Kajumulo Tibaijuka
Executive Director, UN-HABITAT

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Preface

In order to implement decentralization successfully, various challenges and constraints that influence governance must be overcome. In a number of African countries, the absence of effective transparency and accountability in local government has led to corruption and outright abuse of public office. This phenomenon has proved to be a major constraint with regard to service delivery, implementing poverty reduction projects and promotion of local economic development. A well empowered citizenry is needed to ensure accountability and the prevention of corruption.

Introduction of participatory budgeting can be a sound vehicle in realizing good governance and fighting poverty. It is a mechanism that involves elected leaders, public officials, service providers, and non-state actors – civil society, private sector and development partners.

This Training Companion on participatory budgeting in Africa is part of the effort to build the capacity of local government officials and their partners in introducing the practice to Africa. The Companion was developed to provide users with information, tools, methodologies, case studies and tips on how participatory budgeting could be introduced and sustained. The materials in the Companion were collected from various local governments in Africa and other countries where participatory budgeting is being practiced. Users are encouraged to adopt the material to their local condition.

The preparation of the Companion was initiated by UN-HABITAT in cooperation with ENDA-ecopop (Senegal), the Municipal Development Partnership for Eastern & Southern Africa (Zimbabwe), and the International Centre for Urban Management (Ecuador). The preparation was considered one of mutual learning across languages, regions and continents that generated South-South partnership in the development of tools. Meanwhile, it facilitated multiple ownership of the process, the output and spin-off activities.

It is the hope of the authors that this companion will help to stimulate local governments to work closely with their citizens to strengthen decentralized governance and deepen democracy in Africa. Further, the inter-regional collaboration approach adopted throughout the development of this Training Companion will, hopefully, generate further opportunities for those who have been directly involved but for many other urban specialists from African regions and elsewhere.

George Matovu and Takawira Mumvuma
Principal Authors
Municipal Development Partnership for
Eastern and Southern Africa

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UN-HABITAT, through the Training and Capacity Building Branch, commissioned the Municipal Development Partnership for Eastern and Southern Africa to develop a Training Companion on Participatory Budgeting in Africa. This initiative was made possible through the financial support of the UN-HABITAT Training and Capacity Building Branch's project "Strengthening National Training capabilities for Local Governance and Urban Development" funded by the Government of the Netherlands. The Companion was compiled by George Matovu and Takawira Mumvuma of MDP-ESA with additional support from Patrick Mutabwire (Uganda), Rudo Makunike, Peter Sigauke, Mischeck Muvumbi, and Thandiwe Mlobane (Zimbabwe). We are grateful to the Training Capacity Building Branch for assigning Angelique Habils as our contact person during the development of the Companion. She provided guidance and waited patiently for the document's finalization. We are further grateful to the Capacity Building Branch in securing the expertise of Dr. Jaime Vasconez, Director of the Centre of Urban Management, in Ecuador who provided technical support in preparing the Companion.

The authors are indebted to all those who contributed material to this work in form of case studies and local level experiences in participatory budgeting, and to those who helped edit the document. We wish to express our gratitude to colleagues at the partnership who contributed helpful ideas and comments. We pay tribute to our colleague Justus Mika who passed away at the beginning of this work. He provided tremendous support in developing concepts and themes which set a strong foundation for this work.

The establishment of the Participatory Budgeting and Action Support Facility at the partnership, with financial support from the World Bank, provided a unique opportunity to combine the Bank's and UN-HABITAT's expert knowledge for the realization of the Companion. Some of the case studies included were initially developed under the preparation of the e-Learning Course in Participatory Budgeting supported by the Bank.

Participants – future users of the Companion – provided comments and suggestions during the Regional Workshop on Participatory Budgeting held 6–8, March 2007 in Harare, Zimbabwe. In addition, the participatory budgeting training pilots held from May to August 2007 in Ruwa (Zimbabwe), Nansana (Uganda), Kabwe (Zambia) and Mbeya (Tanzania) were useful in shaping the Companion. The Workshop was funded by the Federation of Canadian Municipalities and was organized by the Participatory Budgeting Group at Municipal Development Partnership.

We are also grateful to Thandiwe Mlobane, a municipal finance expert, who internally reviewed the Companion and provided helpful suggestions. The typesetting of the document was done by Adolf Mudiwa of Municipal Development Partnership.

Background to the Development of the Companion

The Training and Capacity Building Branch and the Urban Governance Section of UN-HABITAT launched the initiative to develop a Training Companion for Participatory Budgeting for the sub-Saharan region. It collaborated in this undertaking with the Municipal Development Partnership for Eastern and Southern Africa, the International Centre for Urban Management, and with Enda Tiers-Monde.

UN-HABITAT's Capacity Building Branch has been supporting national training institutions to strengthen their ability to implement innovative programmes on local governance and sustainable human settlements development. These programmes focus mainly on local government officials and civil society leaders, who are also the lead protagonists in initiating participatory budgeting processes in different countries. The Capacity Building Branch disseminates products that enhance the competence of local leaders; improve municipal financial management and budgeting; as well as participatory planning and conflict resolution.

The Global Campaign on Urban Governance, coordinated and promoted by the Urban Governance Section of UN-HABITAT, has been working at global, regional, national and local levels to develop and promote fundamental principles of good urban governance. Among its activities, the Global Campaign promotes participatory budgeting as a tool for improving the quality of urban governance, thereby achieving the ultimate goal of building "Inclusive Cities".

About the Municipal Development Partnership

The Municipal Development Partnership for Sub-Saharan Africa was launched in 1991 as a multi-year effort between municipal governments and associated institutions, and bilateral and multilateral partners. The programme was designed as an alternative model of development aid; operating regionally, nationally and locally, and dedicated to building local institutional effectiveness in sub-Sahara Africa. The partnership is organized in two units, both of which share the same objectives and methodologies. The Eastern and Southern Africa entity of the partnership covers 25 countries and is based in Harare, Zimbabwe. The group for Western and Central Africa covers 23 countries and is based in Cotonou, Benin.

The mission of the partnership is to support the decentralization process, strengthen-

"People want to be citizens, not merely voters and consumers. As citizens, they have rights and obligations. They want their rights to be respected and they also want to fulfil their obligations. Citizens now demand a greater say in shaping their lives. They are asking for a fuller, active, and enlarged role in decision-making. They want to participate in discussions and decisions. They want to know why some policies are not implemented. They want to know why some people (political leaders and public officials) are above the law. They demand information and transparency from the government. This is, in short, a demand for participatory and responsive governance by citizens …

— Rajesh Tandon

ing the capacity of local governments to deliver services and ensure development at local levels as a vehicle for improving the quality of life for local communities. The partnership undertakes it activities in five thematic areas: (i) policy oriented research, (ii) direct technical aid to municipalities, (iii) training and institutional capacity building, (iv) decentralized municipal cooperation, and (v) knowledge management. In this way, the partnership strives to build strong links and uses its comparative advantage to turn local governments and related institutions into responsive and accountable institutions for sustainable development. For more information visit the Web site on: http://www.mdpafrica.org.zw

Expert Group Meeting on Participatory Budgeting

As a first step to the development of the Companion, UN-HABITAT convened an Expert Group Meeting in Nairobi, from 22 to 25 November 2005. The meeting brought together 22 participants from 13 countries in the sub-Saharan region. The group included representatives of local government, local government associations, municipal reform programmes, civil society, as well as academic and training institutions with relevant experience in the field. A representative of the International Centre for Urban Management, based in Ecuador was also present as the focal point for Latin American initiatives on participatory budgeting.

As a first step to the development of the Companion, the meeting served as a means of scouting interest for participatory budgeting in sub-Sahara Africa and as a platform for reviewing the capacity building needs for initiating this practice in the region. It was the intent to build a solid foundation for the next steps in the process and many agreements were reached in this regard. Indeed, at the close of the meeting, participants agreed that an African generic training companion for participatory budgeting should be devised; that little adaptation of the tools already existent in the field would be required for the introduction of the practice in the sub-Saharan region; and that networking facilities on the topic should be established and sustained. This meeting also marked an important step forward in opening the door to participatory budgeting processes in this region, in establishing links between Latin America and Africa, and strengthening collaboration between UN-HABITAT and its partners.

A set of related strategies were also agreed upon, including the following:

- The training interface to participatory budgeting should incorporate a continental perspective;
- UN-HABITAT, Ecuador's Centre for Urban Management, Enda-Ecopop, and Municipal Development Partnership for Eastern & Southern Africa would serve as focal points for the drafting, testing and implementation of the participatory budgeting training companion in the sub-Saharan region;
- The creation of a network to exchange ideas on, and experiences with, participatory budgeting would advance the process by enabling an efficient dissemination of information between the different organizations and interested parties. It was agreed that UN-HABITAT would lead the process of creating this network, in conjunction with the existing tools and support facilities, of the International Centre for Urban Management and Municipal Development Partnership; and Enda-Ecopop.

Regional Workshop on Participatory Budgeting in Africa

In order to identify the pilot cities/municipalities/towns, the Municipal Development Partnership took advantage of a Regional Workshop on Participatory Budgeting in Africa which was organised 6-8 March 2007 in

Harare, Zimbabwe. The purpose of the workshop was to provide an opportunity for local government officials and managers of public services, community and nongovernmental organizations, and capacity building institutions to exchange experiences in the application of participatory budgeting. The aim was to prepare them to respond effectively to the challenges of development and service provision at the local level and identify ways of strengthening the practice. The specific objectives of the workshop were:

- To highlight the importance of civic participation in sub-national budgeting as one of the key social accountability tool;
- To identify the key constraints and challenges associated with civic participation in sub-national budgeting in Africa;
- To review the necessary capacity building needs in participatory governance and budgeting in Africa;
- To produce a plan and identify a few selected municipalities for piloting participatory budgeting.

The Municipal Development Partnership organized the workshop with the financial help of the Federation of Canadian Municipalities. The 45 participants came from –Britain, Ecuador, Ethiopia, Kenya, Malawi, Mozambique, South Africa, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe. The participants included central and local government officials, parliamentarians, the media and civil society representatives as well as individuals from training and research institutions from Europe, Latin America and Africa.

The workshop was important for the participants, who received updated information about the current trends, constraints and challenges of participatory budgeting in Africa, Europe and Latin America. It was also significant for the International Centre for Urban Management as the institution assigned to coach the Municipal Development Partnership in preparing the Companion. The International Centre's representative gained firsthand experience on the advances made in introducing participatory budgeting in African cities and the huge opportunities that existed to advance the practice of participatory budgeting on the continent.

As clearly indicated by the country presentations, the progress African cities have made in recent years to implement participatory budgeting, and the availability of new tools for training and building capacities, will ensure an exponential development of this local management instrument. In addition, the content of the communiqué issued at the end of the workshop was explicit regarding this potential and concerning the challenges and trends that participatory budgeting will face in Africa. The contents of the document's last paragraph about the importance of cooperation between African and Latin American cities must be emphasized, as it also involves a request of support from international cooperation agencies to make that possibility feasible.

Piloting the Training Companion

Technical aid to Municipal Development Partnership to produce the Training Companion was provided at meetings held at the organization's headquarters and at the Participatory Budgeting Regional Workshop. This was immediately followed by the pilot processes that the Partnership conducted in the municipalities of Ruwa (Zimbabwe), Nansana (Uganda), Kabwe (Zambia) and Mbeya (Tanzania). The comments and suggestions made by the participants as well as additional information gathered during this process greatly enriched the contents of the final draft of the Companion.

How to Use This Training Companion

This Companion is aimed at helping local governments in Africa and other stakeholders to prepare for, design, initiate and manage a participatory budgeting process, by training key actors who initiate the budgeting processes. Hence, the targeted audiences of the Companion are the facilitators or persons who would be assigned to introduce the process in a national forum, or a given city such as central and local government staff, NGO leaders and community practitioners. Decision or policy-makers such as councillors, chief executive officers and civil society leaders is another important category of the target audience. It is hoped that the Companion together with the Participatory Budgeting Toolkit will serve as key references for transferring the practice of participatory budgeting from Latin American and European cities to English-speaking Africa.

To support this mix of potential users, the Companion has been divided into two parts with nine chapters. Part one is made up of chapters one through five; part two is made up of chapters six through nine.

VOLUME 1 – Concepts and Principles

Chapter 1 is an introduction to participatory budgeting, where the concept, its origins, its importance as an innovative local governance approach and linking it to ongoing local government reforms and the localization of the Millennium Development Goals are reviewed.

Chapter 2 makes up some conceptual distinction between the budget and the budgeting effort as well as outlining some of the key tenets of the traditional budget cycle.

Chapter 3 looks at the participatory budgeting process cycle.

Chapter 4 deals with the dimensions of participatory budgeting. These include the participation, gender, financial, territorial, as well as the normative and legal aspects.

Chapter 5 focuses on the conditions for participatory budgeting.

VOLUME 2 – Facilitation Methods

Chapter 1 dwells on implementing participatory budgeting.

Chapter 2 gives examples of participatory budgeting case studies from selected African, Latin American and European countries.

Chapter 3 focuses on key constraints to practicing participatory budgeting in Africa and proposed solutions.

Chapter 4 concludes.

Throughout the first eight chapters, in addition to the reference to African experiences on participatory budgeting, the Companion also draws on case studies and experiences from the Latin American region and other parts of the world. Each of the first eight chapters is designed to meet two needs:

- First, it has been written to encourage self-learning by local government staff, NGO leaders, community practitioners, and others who need to know more about participatory budgeting.
- Second, it is also designed to provide trainers, consultants, researchers, and others with in-depth information and ideas about specific roles, responsibilities and processes involved in undertaking participatory budgeting.

To enhance the self-learning process the Companion includes some Learning Application Exercises composed of worksheets and reflective questions aimed at encouraging readers to think about how the issues covered by the learning application relates to their own experience and perspective as local government staff, community practitioners, NGO leaders or councillors.

While the training tools in the Companion have been organized in a sequence that could be used effectively in workshops, trainers are however encouraged to be creative in designing group-learning experiences based on these materials. For example, they can reorganize the various tools in the Companion and even use some of their own designs to suit each learning audience.

Limitations to the Companion

This Companion is still subject to peer-review and critique and therefore we welcome your views in lessons and experience. Given the novelty of the practice of participatory budgeting in Africa, there is insufficient information on the "how to" aspects of this kind of budgeting and how the tool can be linked to wider developmental issues.

However, despite the short comings mentioned above, the authors are confident that the document provides a unique opportunity to local government officials and planning practitioners to learn about new concepts in a more systematic manner and to reflect on how they can integrate it into policy formulation and management. It is their conviction that the document has adequate material to cause action on ground.

Chapter 1

INTRODUCTION TO PARTICIPATORY BUDGETING

1.1 Participatory Budgeting: An Overview

Participatory budgeting as an innovative approach to budget decision-making was initiated in 1989 by the city of Porto Alegre. After initial experiments (1989-1995) it expanded rapidly to other Brazilian cities (1990 -1995), then to other Latin American and European cities (1995-2000).

Of particular interest is that while there were fewer than five European participatory budgets in 2000, by 2005, at least 50 European local governments had started such an experiment. Most had commenced in France, Germany, Italy and Spain; but there are also cases in Britain, Poland, and Portugal, as well as some developments in this direction in Belgium, Norway, and Sweden (Sintomer et al, 2005). Currently, therefore, participatory budgeting's expansion is global and exponential in African, eastern European, Asian and North American cities due to the support of several international cooperation agencies such as UN-HABITAT and the World Bank (see CIGU Web site: www.cigu.org).

It has been observed, however, that there is some wide variation in the level of success in these regions in practicing participatory budgeting. Some cities and municipalities have been achieving better results in terms of improved service delivery, local government administration, governance and participatory democracy. Generally, however, the main lesson learnt so far is that as a tool for enhancing social accountability, good governance and decentralized governance, participatory budgeting has resulted in unprecedented political, social, economic and institutional achievements wherever it has been successfully implemented.

Although in Africa participatory budgeting is gaining ground in central and local governments and other institutions, many countries are still plagued by poor transparency and weak accountability. This is due to a closed-door budget process, weak accounting and reporting systems, ineffective audits and exclusion of civil society from dialogue.

The past two decades have seen growing interest in promoting public access to government budget information. Access to information on government budgets and financial activities is essential to ensuring that governments are accountable to their citizens. Timely access to such information enables citizens to participate in, and understand, policy decisions that have profound impacts on their daily lives. The participatory budgeting process gives a platform for everyone to have a say in the formulation and implementation of the budget as can be demonstrated by a commentary in one of the Zimbabwean local daily newspapers in box 1.1 below.

Box 1.1: Participatory Budgeting: The Way to Go

Mayors from Eastern and Southern Africa who met in Harare last week have recommended that municipalities should work with ratepayers to develop participatory budgets. The concept of participatory budgeting is an annual process of democratic decision-making in which ordinary city residents and other stakeholders decide how to allocate part of a municipal budget. Embracing of this idea is most welcome, especially as it comes against the realization that municipalities in most developing countries, Africa in particular, have not seriously considered participatory budgeting as an important concept.

It is, indeed, sad that most authorities running municipalities in developing countries dislike public scrutiny of their revenue and expenditure. Such authorities should be reminded that they are accountable to the ratepayers and must conduct themselves in a manner, which dispels the notion that they have something to hide. Studies have shown that participatory budgeting results in more equitable public spending, higher quality of life, increased satisfaction of basic needs, greater transparency and accountability. Surprisingly, in Zimbabwe, only Ruwa Local Board is practicing visible participatory budgeting.

Harare City Council, which was poorly represented at the meeting, hardly involves ratepayers in the decision-making process of its budgeting. We believe if Harare and other municipalities involve ratepayers in budgeting, this would effectively increase transparency in fiscal policy and public expenditure management.

By creating a channel for ratepayers to give voice to their priorities, it helps municipalities to reduce scope for corruption, thereby enhancing credibility and mutual trust. All ratepayers cannot be directly involved in participatory budgeting, but their contribution can be channelled through elected resident associations or budget delegates that are elected to represent different communities and interest groups.

Businesses are key partners in the development of municipalities and hence should also have input in public budgeting through their associations or organizations. We wonder whether the Confederation of Zimbabwe Industries or the Zimbabwe National Chamber of Commerce gets an opportunity to contribute to any of our municipalities' budgeting.

Participatory budgeting is usually characterized by budget delegates identifying spending priorities and voting on which priorities to implement. There is no model of participatory budgeting but approaches differ and are shaped by their local contexts.

South American countries like Brazil and others who had experts attending last week's meeting in Harare have successfully implemented participatory budgeting. We believe that eastern and southern Africa countries represented at the meeting should draw a lot of lessons from the experiences of such countries.

The meeting agreed on an action plan that will see a selected municipality for piloting participatory budgeting. We hope that the plan of action will get underway without further delays.

Source: Editorial Opinion of the Editor, The Herald, 30 March, 2007, Harare, Zimbabwe

1.2 Participatory Budgeting Defined

There is no single definition of participatory budgeting. The definition differs greatly depending on the local context and conditions in which the process is being applied. Fair Share (2001) defines it as a process whereby communities work together with elected and unelected officials to develop policies and budgets for the community. According to Claudio C. Acioly and A. Herzog et al (2002) participatory budgeting is "a process of prioritization and conjoint decision making through which local community representatives and local governments actually decide on the final allocation of public investment in their cities on a yearly basis".

UN-HABITAT (2004) sees participatory budgeting as "a process through, which the population decides on, or contributes to the decisions made on, the destination of all or part of the available public resources". On the other hand, Giovanni Allegretti (2006) says that at its most basic, the process refers to turning over budgetary decisions to the citizens for whom the budget has a direct bearing, creating public arenas in which citizens can discuss and set the city's priorities or choose some new investments affecting a (more or less) huge percentage of the municipal budget. In other words, from his perspective, participatory budgeting consists of a process of democratic deliberation and decision-making in which ordinary city residents, not necessarily pre-organized in associations, decide how to allocate part of a public budget through a series of face to face meetings. These meetings come in the form of local assemblies, workshops, planning tables and a broad-range of other events.

However, for the purpose of this Companion we apply the definition of the Municipal Development Partnership (2007) which sees participatory budgeting as a continuous, open and inclusive process divided into distinct stages, by which citizens and local governments widen mechanisms for promoting direct and indirect citizen participation in identifying local needs, deciding preferences as well as the implementation, monitoring and evaluation of the budget, taking into account expenditure requirements and the available income resources. In short, the process involves debating, analyzing, prioritizing, mobilizing resources, monitoring and evaluating the expenditure of public funds and investments. Some of the major characteristics of this process being:

- the discussion of financial or budgetary issues are at the centre of the process, explicitly dealing with the allocation of limited resources;
- it is a continuous process accompanied by meetings on the mobilization and allocation of resources;
- the inclusion of all citizens directly or indirectly in the formulation and implementation of the annual budget;
- the prioritization of demands in a manner that supports the poor, including the needs of the socially marginalized groups; that is, to facilitate a fairer distribution of resources;
- definition and shared understanding of the rules that apply to participatory budgeting; and
- The participatory process is often based on territorial and thematic divisions, and requires solid communication and information mechanisms to ensure transparent decision-making and outputs.

1.2.1 The Difference Between Traditional and Participatory Budgeting

The difference between traditional and participatory budgeting lies in their processes. The former is a preserve of municipal officials led by the treasurer or director of finance; the latter concerns citizens involved in the identification of needs and priorities to implementation, monitoring and evaluation. The desired effect of the participatory budgeting method is to provide citizens with an opportunity to participate in the financial decision-making process of the local authority. The cooperation between citizens, nongovernmental organizations, representatives of the private sector and the local government results in more transparent, just and effective financial policies.

The participatory budgeting methodology is important and different from that of the traditional form in that it increases citizen participation, strengthens democracy and, ultimately through implementation of effective policies, improves the quality of life for citizens. The participatory budgeting method suggests that in order to have meaningful public input in the decision-making process, knowledge and awareness must first be build through public education and information. Providing regular, ongoing education and information increases public interest in financial matters. It also helps to lay the foundation for more meaningful dialogue between the local government and citizens on budget management and investment plans. The active involvement of beneficiaries during the entire process also provides further forms of control and improves budget transparency and accountability.

Commonality of both processes lies in their application of budget planning during the first year (the first cycle) and its implementation during the next (the second cycle).

Box 1.2: Local Authority Transfer Fund (LATF) in Kenya

This is the only exclusively government-resourced local government funding programme operating in Kenya. It was established through an Act of Parliament in 1998 to provide resources and incentives to enable local governments to supplement the financing of the services and facilities they are required to provide under the Local Government Act Cap 265.

Five percent of income tax collection is allocated to the fund (that is approximately 1 percent of the total budget), which is available for distribution to local authorities based upon their relative populations (although regulations permit some special allowance for particularly resource-poor areas). The funds are sent direct from the Treasury to participating local authorities. A board controlled by private sector members, free of political or ministerial interference, oversees the Transfer Fund. There are basic conditions for access to the fund. These include publication of up-to-date audited accounts (including all revenues); conduct of consultative meetings on service delivery plans and budgets that help the poor; steadily reduced proportions of expenditure on wages and salaries.

Once in the scheme, incentives are provided for punctual submission of reports of previous expenditure and budgets, for example, (otherwise future allocations are reduced); this has produced a near-universal timely response from local authorities. Publicity about grants received and the purpose for which they are planned shall be compulsory. Councils are provided with guidelines (for example on participative preparation of service delivery plans) and technical aid by a foreign-assisted secretariat in the Ministry of Local Government, the Kenya Local Government Reform Programme team. There is provision in the Transfer Fund to incorporate donor funds in the scheme; hence local authorities can receive a form of budgetary reform in a transparent procedural framework.

The consultative process for these plans represented virtually the only participative mechanism regularly pursued by local authorities. It provides the basis for unification of initiatives at community level between the local authority and nongovernmental organizations active in the area.

Source: Mayor of Thika Municipality, Kenya

1.3 Participatory Budgeting in African Cities and Ongoing Reform Processes

Local government reforms in Africa are being undertaken as part of a greater national policy plan to improve public services in the context of a liberalized and market economy. Overall, the main objective is to reorient central government's role toward policy-making, regulation, monitoring and performance assessment, while local governments are to assume responsibility for the provision of services in close collaboration with civil society organizations and the private sector. For example, under Tanzania's Local Government Reform Programme, devolution of power has been extended to all district authorities and elected councils. Of the country's 113 districts, 37 benefit from a block grants system to receive central government money directly.

In Kenya these reforms have also resulted in simultaneously streamlining the grant disbursement system by redirecting some proportion of the national budget toward the finance of local government service delivery mandates through the Local Authority Transfer Fund. At the same time participatory practices in planning and budgeting are encouraged through the Local Authority Service Delivery Action Plan. The way the Local Authority Transfer Fund operates in Kenya and what forms Service Delivery Action Plan are highlighted in boxes 1.2 and 1.3 below respectively.

Box 1.3: The Local Authority Service Delivery Action Plan, LASDAP, Process

What is LASDAP?

It is a participatory process involving the municipal government and stakeholders in identifying projects and activities for a 3-year rolling programme with projects and activities to be included in the municipal budget under discussion. It is one of the most important conditionalities for accessing the Transfer Funds.

Who participates in the Local Authority Service Delivery Action Plan Process?

The Municipal Government

The administration

- *To provide overall leadership to the Service Delivery Action Plan and other programmes as per the local government, circulars and guidelines;*
- *Facilitate linkages with other key stakeholders like government, private sector, civil society organizations, Members of Parliament, for example for additional resource mobilization;*
- *Provide information, such as brief civic leaders and stakeholders on development; and*
- *Facilitate financial information gathering and feedback to the stakeholders internally and externally on receipts and expenditure of the Transfer Fund.*

Civic Leaders

- *Mobilize and consult citizens to present their needs;*
- *Participate in council meetings to approve Service Delivery Action Plan and other developments;*
- *Monitor progress of implementation and operations;*
- *Provide feedback to citizens; and*
- *Participate in public forums.*

Private Sector

- *Support and promote strong healthy businesses in the municipality;*
- *Contributing ideas and sharing their experiences;*
- *Paying rates and taxes;*
- *Demanding services that support Local Economic Development;*
- *Funding projects/activities;*
- *Participating in municipal forums; and*
- *Providing relevant services*

Civil Society Organizations

- *Assist in capacity building of communities;*
- *Bridge the gap between municipal government and civil society through information sharing;*
- *Build stronger civil society networks and increase collaboration;*
- *Mobilize communities to participate in the Service Delivery Action Plan;*
- *Represent Communities in Service Delivery Action Plan process; and*
- *Fund raise for implementation of the plan.*

Citizens/Communities

- *Attend and contribute to consultation meetings;*
- *Contribute resources;*
- *Prioritize their needs/projects/activities;*
- *Provide input for assessment of impact of completed projects; and*
- *Participate in O&M of the projects as appropriate and monitor project operations.*

Development Partners

- *Fund the implementation of additional Service Delivery Action Plan projects e.g. the EU through the Rural Poverty Reduction and Local Government Support Programme (RPRLGSP), which only supports projects targeting poverty reduction in rural areas and which must have been identified through the Service Delivery Action Plan process but the local government is not able to implement because of lack of resources; and*
- *Influence Policy and Central Government Focus*

Purpose of Service Delivery Action Plan

Preparation of the plan in the first instance enables Municipal Governments access the Transfer Fund.

Then it provides a planning link between municipal government, citizens and other stakeholders. It:

- *Encourages harmony between elected and executive council officials;*
- *Enables council meet needs of the poor and become accountability;*
- *Provides forum for annual consultations;*
- *Is poverty focused and decisions are made by the citizens, their leaders including non-political leaders, or all of them;*
- *Enables the council work out the actual money available for community projects, administration and service delivery while computing the resource envelope;*
- *Provides monitoring and feed back mechanism to communities, Ministry of Local Government, civic leaders, the private sector and donors, for example;*
- *Enhances harmony between the council and citizens hence improved revenue collection; and*
- *Enhances transparency and accountability of the municipal leaders, community and their leaders etc.*

Source: Local Government Reform Programme, Kenya

The above mentioned local government reforms in Kenya, when compared to the previous way of formulating and implementing the budgeting process, have actually resulted in some noticeable changes in terms of improved service delivery and in prudent financial management and debt reduction. See box 1.4 below.

Box 1.4: Positive Changes Brought by LATF and LASDAP in Kenya

Before the 1999/2000 financial year, when Local Authority Transfer Fund was introduced in Kenya, the municipal budget used to be a closed-door process involving basically the municipal administration with a small role for the civic leaders in approval of the budget. Approval most of them were not competent to understand because of various reasons including the short exposure time to the budget.

The municipal heads of departments would compile their financial estimates and present to a Budget Committee chaired by the municipal treasurer. The committee would scrutinize the estimates for rationalization then come up with expenditure and revenue budgets. The committee would then scrutinize the revenue budget and adjust it to capitalize the expenditure budget. Because it was a condition by Ministry of Local Government not to approve any budget with a deficit, the Budget Committees would include in the budget revenues they were very sure would not be realized but just for the purpose of getting ministerial approval. This coupled with ineffective financial management resulted in all local governments carrying over huge debts – 13 billion Kenya shillings by June 30, 2000 or US $185.7 million. This debt was reduced to 728. 8 million shillings or US $10. 4 million by June 30, 2004 because of implementation of the Local Authority Transfer Fund Act and introduction of its participatory budget component, Local Authority Service Delivery Action Plan, in the financial year 1999/2000.

Source: Councillor Jamine Madara, Kisumu Municipal Council

1.4 Participatory Budgeting as an Innovative Local Governance Approach

In local governance, innovation can be taken to mean introduction of positive changes in methods or process. Participatory budgeting is considered an innovative tool in local governance because of its capacity to contribute toward deepening local democracy and strengthening decentralized governance. It offers opportunities to build bridges between local government, civil society and the private sectors. Wherever it is practiced, the direct involvement of civil society in the budgeting process has resulted in greater public participation in the decision-making and budgeting processes; equity; effectiveness; security of citizens and accountability of service providers and governments to their public. Together, these actions have resulted in better service delivery; prioritization of broad social policies; further enhancement of the decentralization process; a significant reduction in corruption; an increase in transparency and access; and the sharing of information.

1.4.1 Participatory Budgeting and Public Participation

Good governance implies the establishment of mechanisms that promote strong local representative democracies through inclusive, free and fair municipal elections. At the same time, it includes the adopting and use of participatory decision-making processes, where the worth of people, especially of the poor, is recognized and there exists consensus building.

Citizens, especially women, are empowered to participate effectively in decision-making. The contribution of the poor is recognized and supported. Various tools and mechanisms can be used to increase public participation in local governance issues. In addition to making use of mechanisms such as public hearings and surveys, town hall meetings, public forums and city consultations, participatory budgeting can also be used as an innovative tool to achieve the same objective of enhancing civic participation in municipal decision-making and the budgeting processes; deepening the local democratic process; and in fighting social exclusion at the local level. At the same time participatory budgeting can be used to give increase political power for those with the least economic clout, thereby creating new relationships between the local government and disadvantaged citizens.

1.4.2 Participatory Budgeting and Equity

Participatory budgeting promotes inclusiveness with equal access to essentials like shelter, safe drinking water and sanitation; with institutional priorities focusing on actions that support the poor, such as preferential pricing policies for water and electricity. By including the informal sector in the budgetary process and sharing of power, all members of a community - irrespective of age, sex, ethnic and religious affiliation, or physical disability - participate as equals in all urban decision-making, priority-setting and resource allocation processes. By also allowing citizens to prioritize, collectively, budget spending based on the perceived needs of the people; it means that resources are channelled where they are needed most. Hence, in most instances, in order to ensure the presence and involvement of women, vulnerable groups and minorities, mechanisms of positive discrimination have been adopted as part of the participatory bud-

geting policies and the distribution of investment resources is based on the principle of affirmative action.

1.4.3 Participatory Budgeting and Effectiveness

Cities must be financially sound and prudent in their management of revenue and expenditure; the administration and delivery of services; and in the capacity, based on comparative advantage, of government, the private sector and communities to contribute to the urban economy. A key element in achieving effectiveness in the delivery of public services and in promoting local economic development is, therefore, through the practice of participatory budgeting. Overall, this greatly improves transparency and effectiveness in service delivery for local government administration which, in some localities, has resulted in improving the effectiveness of revenue collection and led to reduction in the vandalism of municipal public property.

1.4.4 Participatory Budgeting and Accountability

The accountability of local authorities and all service providers to their citizens is a fundamental tenet of good urban governance. Similarly, there should be no place for corruption in cities. Corruption can undermine local government credibility and can deepen urban poverty. Transparency and accountability are essential to citizens' understanding of local government and who benefits from its decisions and actions.

Access to information is fundamental to this understanding and to good governance. Laws and public policies should be applied in a transparent and predictable manner. Elected and appointed officials and other civil servant leaders need to set an example of high standards of professional and personal integrity. To this effect, public participation is a key element in promoting transparency and accountability. Therefore, participatory budgeting, by permitting the continuous engagement of citizens on city budgets; and by providing opportunities for citizens to complain about irregularities and poor service delivery; by allowing for verification of municipal financial accounts; by supporting the transparent tendering and procurement, project monitoring and evaluation; goes a long way in promoting good urban governance.

1.4.5 Participatory Budgeting and Security

Every individual has the inalienable right to life, liberty and the security of person. Insecurity has a disproportionate impact in further marginalizing poor communities.

Cities must strive to avoid human conflicts and natural disasters by involving all stakeholders in crime and conflict prevention and disaster preparedness. Security also implies freedom from persecution, forced evictions and provides for security of tenure.

Cities should also work with social mediation and conflict reduction agencies and encourage the cooperation between enforcement agencies and other social service providers (health, education and housing). What participatory budgeting does as a good urban governance tool is to contribute to the resolution of conflicts through a process of consensus building, which is by way of promoting open discussions that defines the criteria for priority setting priorities and resource allocation. By advocating inclusiveness participatory budgeting also contributes to a reduction in violence against the economically weak and other disadvantaged groups as well as nurturing a culture of peace and a multicultural and multiethnic governance.

1.5 Additional Benefits of Participatory Budgeting

In addition to the above, there are specific benefits that accrue to citizens, local government; the private sector and civil society as result of practicing participatory budgeting that are worthy noting also at this stage.

1.5.1 Benefits to Citizens

- **Improved Democratic Governance:** Democracy gives citizens a say in matters that concern them. Participatory budgeting is an effective tool for improving and strengthening decentralized and democratized governance. It is likely to improve accessibility of councils to citizens and to have their problems attended to in a timely manner. It further enhances accountability and transparency in public finance management.
- **Empowers Citizens:** Citizens, including the vulnerable and marginalized groups, will be empowered with vital information. Thus, they will be able to meaningfully participate meaningfully in decision and budgetary-making processes including the identification of development projects.
- **Enhances Communication, Information Sharing:** Channels of communication are enhanced through feedback meetings. Councillors take information from communities to the council. Information is also shared through outreach programmes, newsletters, suggestion boxes, periodic budget reviews and therefore engagement ceases to be an event but a continuous process.
- **Increased Solidarity, Community Spirit:** Participatory budgeting has inbuilt mechanisms that lead to formation and strengthening of social capital and increases networking.
- **Deepening Local Democracy:** It gets citizens beyond votes. Citizens no longer have to wait for the voting day. With participatory budgeting, they are able to engage in the entire cycle of budgeting and implementation, monitoring and evaluation of development projects.

1.5.2 Benefits to Local Government

- **Increases Public Ownership:** Enhances the spirit of oneness and public ownership of development programmes. Citizens begin to demonstrate this openly and care for public investments. The results include better management of resources; reduction in vandalism; increase in voluntary support and services, for example the provision of free labour, raw materials and equipment as well as other forms of in-kind contributions for implementing identified projects; willingness to pay charge fees; and timely payment of tax dues. This will result in the development of positive attitudes toward local government and improved revenue collection. A good example being the case of the Ilala Municipal Council in Tanzania where the process taxpayers have paid their dues resulting in an increase in revenue collection. In addition, a number of projects which the community and the council have implemented jointly have helped sustain local development projects such as the digging of water wells. Similarly in Nansana, Uganda; and Kabwe, Zambia, an increased spirit of voluntary work

associated with participatory budgeting saw the construction and improvement of women's markets, the provision of piped water and healthcare facilities being completed in record time.

- **Leads to the Creation of a Common Vision**: Promotes the creation of a common vision and understanding which, in turn, leads to the appreciation of community challenges, based on the development of a shared vision and unity of purpose. By having unity of purpose the council can concentrate on the long-term development of its locality.
- **Facilitates Capacity Building:** Citizens will begin to understand how their local government works since they will be exposed to the skills and knowledge related to budgets. They will also get to know their rights and obligations.
- **Enhances Political Legitimacy and Voter Support:** The engagement of citizens in decision-making enables councils to respond to community needs. Citizens are in a position to understand the councils' capacities and constraints with regard to provision of services and development. This reduces demonstrations and payment boycotts. Increased legitimacy also enhances the possibilities of the creation of lasting partnerships and trust between the council and stakeholders.
- **Matches Priorities to Available Resources:** Participatory budgeting also articulates participatory strategic planning processes and their implementation. At the same time it assists local governments to match approved priorities with available resources.
- **Increased Interest in Monitoring, Evaluation of Development Projects:** Where citizens are not part of the decision-making process, they often lack interest in getting to know the results. Where they are involved, they become the "eyes and ears of government" with regard to progress and results of development programmes. This ensures that (a) project implementation is on target; (b) resources are applied in accordance with agreements; and (c) quality control is in place. This ultimately assists in guarding against abuse of public office and resources.
- **Building Coalitions**: It helps the local government to build joint action around issues among people of different groupings. In this regard, it helps the council to avoid unnecessary arguments within council chambers and between the council and key stakeholders. This will contribute toward reducing voter apathy. In Latin America, for example, this type of coalition building is leading to new types of public-community partnerships, rather than the conventional public-private partnerships. The difference is that the first ones are not set around the generation of financial benefits for specific individuals, but for the whole community. Through the budgeting process, the NGO networks and the private sector are encouraged to partner local government in improving the livelihood of citizens and the delivery of public services. The same type of "smart" partnerships have emerged between the Entebbe Municipal Council, the private sector and civil society organizations, as a result of participatory budgeting.

1.5.3 Benefits to Central Government

- Tracking funds allocated to local governments: One major benefit that accrues to central government as a result of participatory budgeting is the opportunity

of using it to track whether the money it provides local governments reach their intended beneficiaries and are used for their intended purposes.

1.5.4 Benefits to Private Sector and Civil Society

- **Reduction of Corruption:** Given the openness that emerges from the participatory budgeting process, the room to engage in corruption is reduced. Investors will feel encouraged to participate in local development and pay their taxes without hesitation.
- **Improvement in Services Delivery:** Through participatory budgeting, local governments are able to plan for the type, level, and quality of service delivery together with the users of those services. The citizens, who are the customers, will be motivated, therefore, to pay for these services. In turn, this will lead to increased revenue generation for the local government, thus enabling it to improve service continually.. This way, a city is able to retain and attract more businesses and investments, therefore becoming more competitive within the national, regional and global contexts. In Ruwa, for example, after the local business community participated successfully in the council budgeting process, it lent money to the body on very favourable terms, and helped it build the much needed water infrastructure, including the sinking and fitting of boreholes in the town.

The role that can be played by participatory budgeting in enhancing local governance and the potential benefits this entails is well explained in Box 1.5 below in the case of Brazil where quite a number of municipalities has been practicing it for years.

Box 1.5: Participatory Planning, Budgeting to Improve Local Governance in Brazil

Setting priorities and allocating resources are critical links between governance and local development. An increasing number of local authorities throughout the world have enhanced the responsiveness, transparency and accountability of public investment and public service delivery by introducing participatory planning and budgeting.

While specific processes and structures vary across countries, most of these budgetary systems include several key features such as changes in local government planning and budgeting procedures to accommodate greater public input and participation; the organization of submunicipal (community or multicommunity) citizen assemblies, each of which identifies and prioritizes needs and solutions for its respective neighborhood(s) or village(s); and local government-level discussion, prioritization and eventual integration of these demands into approved municipal investment plans and associated budgets.

In Brazil, participatory planning and budgeting has increased municipalities' responsiveness to many previously neglected problems in poor neighbourhoods. In Porto Alegre access to water increased from 95 percent to 99 percent in 1991-2000, sewerage coverage increased from 75 percent to 98 percent in 1988-98, and participation in municipal schools increased threefold between 1991 and 2000. In addition to improving services, this form of planning and bugeting also enabled greater municipal resource mobilization compared to cities with less participation by citizens: local government revenue collection per person increased on average 24 percent a year in Belo Horizonte and 14 percent a year in Porto Alegre between 1989 and 1994.

Despite the promise of participatory planning and budgeting, its benefits are not instantaneous or inevitable. Studies suggest that the benefits are greater when (a) the size of the capital budget and the flexibility to allocate it are relatively high so as to provide sufficient incentives for meaningful participation; (b) pre-existent levels of social capital are relatively high to

enable active civic participation; and (c) local authorities are willing to lead and facilitate these processes and relinquish some of their autonomy to representative bodies.

The potential benefits of participatory planning and budgeting include greater transparency and accountability of public decision-making and management, solutions customized to local priorities and specific local conditions, greater coordination of sectoral investments and integration of public initiatives across sectors, and a fairer distribution of resources to the poor. By incorporating this form of planning and budgeting system linking communities and local governments, citizens are more empowered to influence governance of local resources and their use in the interest of more effective and equitable service provision.

Sources: Baiocchi et al (2005), Souza (2001), Raich (2005), WBI (2003).

1.6 Participatory Budgeting, Localization of the Millennium Development Goals

The Millennium Development Goals represent an important set of international progress targets. In total they are eight goals, with 18 targets and 22 indicators to measure progress in a diverse array of manifestations of poverty and hunger, education, gender equality, child mortality, maternal mortality; global disease like HIV/AIDS, malaria and tuberculosis, environmental sustainability, and global partnerships. These goals, together with their respective time frames and targets they are expected to meet are summarized in Box 1.6 below (see UN-HABITAT, 2004).

Ruwa Local Board engineer, making a presentation on MDGs during the participatory budgeting pilot training workshop, May 2007, Photo: © MDP-ESA

Box 1.6: The Eight Millennium Development Goals and Targets

Goal 1: Eradicate extreme poverty and hunger

- ***Target 1:*** *Reduce by half, between 1990 and 2015, the proportion of people living on less than a dollar a day*
- ***Target 2:*** *Reduce by half, between 1990 and 2015, the proportion of people who suffer from* hunger

Goal 2: Achieve universal primary education

- ***Target 3:*** *Ensure that by 2015 all boys and girls everywhere complete a full course of primary schooling*

Goal 3: Promote gender equality and empower women

- ***Target 4:*** *Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015*

Goal 4: Reduce child mortality

- ***Target 5:*** *Reduce by two-thirds, between 1990 and 2015, the mortality rate among children under five*

Goal 5: Improve maternal health

- ***Target 6:*** *Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio*

Goal 6: Combat HIV/AIDS, malaria and other diseases

- ***Target 7:*** *Halt by 2015 and begin to reverse the spread of HIV/AIDS*
- ***Target 8:*** *Halt by 2015 and begin to reverse the incidence of malaria and other major diseases*

Goal 7: Ensure environmental sustainability

- ***Target 9****: Integrate the principles of sustainable development into country policies and programmes and reverse loss of environmental resources*
- ***Target 10:*** *Reduce by half by 2015 the proportion of people without sustainable access to safe drinking water*
- ***Target 11:*** *Achieve significant improvement in lives of at least 100 million slum dwellers by 2020*

Goal 8: Develop a global partnership for development

- ***Target 12:*** *Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory and includes a commitment to good governance, development and poverty reduction — nationally and internationally*
- ***Target 13:*** *Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction*
- ***Target 14:*** *Address the special needs of landlocked and small island developing States*
- ***Target 15:*** *Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term*
- ***Target 16:*** *In cooperation with the developing countries, develop decent and productive work for youth*
- ***Target 17:*** *In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries*
- ***Target 18:*** *In cooperation with the private sector, make available the benefits of new technologies — especially information and communications technologies*

Source: UN-HABITAT 2004

Although the above goals have been accepted globally and nationally adopted, their achievement requires the translation of this ambitious global development agenda to ones at the local government level by before their aspirations can become a concrete reality. This means that for the Millennium Development Goals to be realized they should be achieved locally. For that reason alone local governments should also be involved, given that the challenges and main constituencies of the goals exist at the local level. Localizing the goals, therefore, entails stronger promotion of public participation in democratic and development processes, and responsive participatory planning and budgeting on the part of local government bodies (UNDP, 2005:2). This should involve the traditionally voiceless segments of society such as the poor and disadvantaged, women and children.

According to UNDP (2005: ibid), localizing the millennium goals concerns more than small, local situations. Organizing for localizing the goals requires thinking and cooperation

at the local, national, regional and global levels. Effective localizing efforts, in turn, determine the development of national level policy and monitoring mechanisms. This allow citizens to hold local and national governments to account for their actions, and influence the ways in which the goals are implemented at all levels by making them more effective, efficient and meaningful for the people directly concerned. On the other hand, for localization of the goals to succeed and become meaningful for all, much energy and resources must be invested in building the capacities of different local stakeholders. This must be done in such a way that local government officials, community based organizations, minorities, women and children, as well as the disabled are able to participate effectively in, and take charge of, the local development processes and learn to work cooperatively.

The link between participatory budgeting and the goals is, therefore, easy to see; the reason being that the goals represent a useful tool for conducting discussions and the identification of local problems, development needs and priorities. They also provide the possibility for citizens to prioritize their local development needs through consultation. Moreover, the goals are an important tool for social or stakeholder inclusion. However, the goals are not there for themselves. In fact, agreement on them by 189 nations has been consensual. Their aim is to help the countries reveal their priorities in achieving the goals by 2015. The goals should also be adapted in the context of the country, in respect of their local context. In this regard also, the link between participatory budgeting, the local community endeavours and the localized goals is evident.

Indeed, one of the most important elements in achieving the goals through their localization is for local governments to prioritize the use of the budget resources toward the needs of the poor. Participatory budgeting is one of the new tools that can promote the interests of marginalized groups and direct public funds to better meet the needs of the poor.

Budget allocations are the primary means for translating the goals into practical action, and one of the more effective approaches for ensuring greater budgetary allocations toward meeting the goals has been participatory budgeting, which tends to increase significantly the proportion of local resources that goes toward basic social services that so fundamentally affect the attainment of the goals. Through its participatory processes, conditions that relate to the wellbeing of citizens tend to improve. In other words, besides helping with the promotion of a more democratic and transparent administration of resources, reducing corruption and the mishandling of public funds, participatory budgeting also encourages public investment in society's most pressing demands for the benefit of the greatest number of needy people.

Even though implementation of the goals lies at the local level, it requires supportive national policies. In particular, government has to allocate resources to relevant social expenditures and to ensure that this expenditure takes place in a targeted and effective way. Despite such effort, governments still need to do more to counter poverty. In most developing countries, even though funding may be allocated to social needs, genuine and significant reductions in poverty have not been achieved because money fails to reach the targeted beneficiaries, or because the funds are not spent in the most efficient way. To correct this problem, the Uganda Debt Network, an advocacy and lobbying coalition that monitors utilization if Poverty Action Funds in seventeen (17) districts in Uganda, developed a community monitoring system to ensure that expenditures from the national government actually reached individual schools and hospitals and was spent as intended. As a result, corruption and other leakages in the system were prevented and local schools and hospitals received a much greater proportion of the funds as intended.

1.7 Self Assessing Questions

i. What is participatory budgeting in your own words?

ii. Is budgeting in your local authority participatory?

iii. In your own local authority what problems do you expect to encounter in mobilizing citizens to participate in the budgeting process?

iv. Can you list some of the benefits that participatory budgeting can bring to your community and to your local government?

v. In your opinion, what contributions can participatory budgeting make toward the achievement of the Millennium Development Goals in your own city and improving urban governance?

Chapter 2

BUDGET AND BUDGETING CONCEPTS

Before remarking on the principal questions of the participatory budgeting cycle, it is helpful to examine the concepts of the budget and budgeting, the key components of a local government budget, the purpose of a budget, the need for a balanced budget, the budget cycle, and the important roles of the mayor.

The local government needs to ensure that citizens understand the budget and what stages and processes are involved. This would facilitate meaningful discussions and dialogue among the stakeholders. The local government should also inform citizens on the benefits of participating in community affairs in general and participatory budgeting process in particular. This can be enhanced through use of community radios, newspapers, videos, posters, observatories, and role plays. To ensure effective dissemination of information, these sessions should be organized throughout the local government jurisdiction – in every neighbourhood, ward, or town and make sure everyone understands the presentations.

It is important that during this session the facilitator should encourage citizens to question officials and get answers from them about every detail in the presentation. Nothing should be left unanswered or secretive. This is because a budget is a public document and everything has to be transparent.

2.1 Definition of a Budget

A budget is a document that includes the local government's expenditure and revenue proposals, reflecting its policy priorities and fiscal targets. The budget shows the cost and sources of funding to finance the identified activities (see box 2.1 below). It consists of approved estimates of revenues to be collected and received and the estimates of expenditures in a financial year.

Although local governments have discretionary planning and budgeting powers in Africa, their plans and budgets also need to reflect the priorities set out in national policies, plans and budgets. This implies that the local governments' planning and budgeting cycles have to fit into their respective national planning and budgeting cycles.

Box 2.1: Definition of a Public Budget

"Public budgets are more than a collection of numbers; they are a declaration of a community's … priorities".

Source: J. Shultz (2002) Promises to Keep: Using public budgets as a tool to advance economic, social and cultural rights. Conference Report. Mexico City: Ford Foundation / Funder.

2.2 Important Aspects a Local Government Budget

- The local government budget is made up of two parts: revenue and expenditure. The estimates of both of these parts are also divided into two, that is the recurrent and capital expenditure components.
- The recurrent expenditure component consists of the day- to- day running expenses such as electricity, fuel, repair and maintenance and salaries.
- The capital expenditure component refers to expenses on projects such as clinics, schools, roads, and many other infrastructure development projects. These expenses normally stretch beyond one financial year, depending on the allocation provided to each particular project in a given year.
- The annual plan on which the projects are normally based on is taken from the strategic or a multi-year development plan of the local authority or municipality, which is normally a five- or ten-year plan.
- Through the budget, citizens are informed of the tariffs the council intends to charge in the coming year. The budget also informs them of the intended use of the collected revenue. By doing so, this enhances the opportunity for bringing accountability and transparency to the council's operations.
- Although in the past the budget used to be allowed to break-even, nowadays every expenditure account of the council should budget for a surplus. This means that for each expenditure account, no expenses should exceed revenue.

Purpose of a Budget

The local government needs a budget in order to achieve its mission through identified activities. A budget permits a local government to undertake its programmes with effectiveness, efficiency, and economy. Through the budget it informs its citizens of the estimated level of revenue to be collected during the year, while also reflecting the types of activities on which revenue will be spent. By releasing such information, a local government enhances accountability and transparency in its operations.

2.3 Key Components of a Local Government Budget

As highlighted, the revenue and expenditure budget estimates should be divided into two parts: recurrent (which is operational) and development (which is capital).

Recurrent revenues and expenditures refer to that which will be incurred in one financial year, while development revenues and expenditures (capital) relate to expenditure items in durable goods (such as long-term assets on public works and services) that generally stretch beyond one financial year.

As we have also already indicated above, the annual budget is derived from an approved multi-year development plan of local government. Thus, yearly estimates of revenue and expenditure should be consistent with the multi-year Development Plan. Actually, there is little difference between a family budget and a municipal budget as the contents of Box 2.2 below reveals.

Box 2.2: A Municipal Budget vs. a Family Budget

A municipal budget is not different from a family budget, and we all know that it is wise for a family to have one. Each individual in the family needs to know how much money and which assets the family has. Even the young ones, the children, should know that!

Source: Discussion during the Municipal Development Partnership for Eastern & Southern Africa radio programme on participatory budgeting April 2007.

Table 2.1: A Balanced Local Government Budget

Example of a Balanced Local Government Budget			
Expenditure by functions	**Amounts $ 000**	**Revenues by Sources**	**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**

Source: Compiled by the Municipal Development Partnership for Eastern & Southern Africa

Balanced Budget and Fiscal Year

The fiscal year of a local government runs typically for 12 months, which may be from 1July to 30 June, or from 1 January to 31 December. The planning and budgeting cycle starts about eight months before the beginning of the fiscal year. Generally, all local government budgets should be balanced in conformity with national legal requirements. Table 2.1 below illustrates a good example of a balanced local government budget.

2.4 Budgets and Accountability

In order to hold local government accountable and make informed investment choices, citizens need to be involved in the budget process. Budgets and public interest in them and their implementation are instrumental in the practice of democracy. Without access to the relevant public documentation and information, however, it is hardly possible to contribute fruitfully to budget-related debates. This highlights the importance of budget transparency, which is provided for in the Constitution of South Africa. Also see Boxes 2.3 and 2.4 below.

Box 2.3: Budgets and Accountability

"National, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector."

Source: The Constitution of the Republic of South Africa, 1996 (Act 108 of 1096)

Box 2.4: What do Transparency and Accountability Mean?

Fiscal transparency refers to the public availability of comprehensive, accurate and useful information on a government's financial activities. Transparency is, in part, an end in itself: taxpayers have the right to know what the government does with their money. Efforts to increase transparency can also improve accountability and reduce corruption. One international standard for transparency is contained in the International Monetary Fund Code on Fiscal Transparency. The code is built around the following standards:

- *The roles and responsibilities in government should be clear;*
- *Information on government activities should be provided to the public;*
- *Budget preparation, execution, and reporting should be undertaken in an open manner;*
- *Fiscal information should be subjected to independent assurances of integrity.*

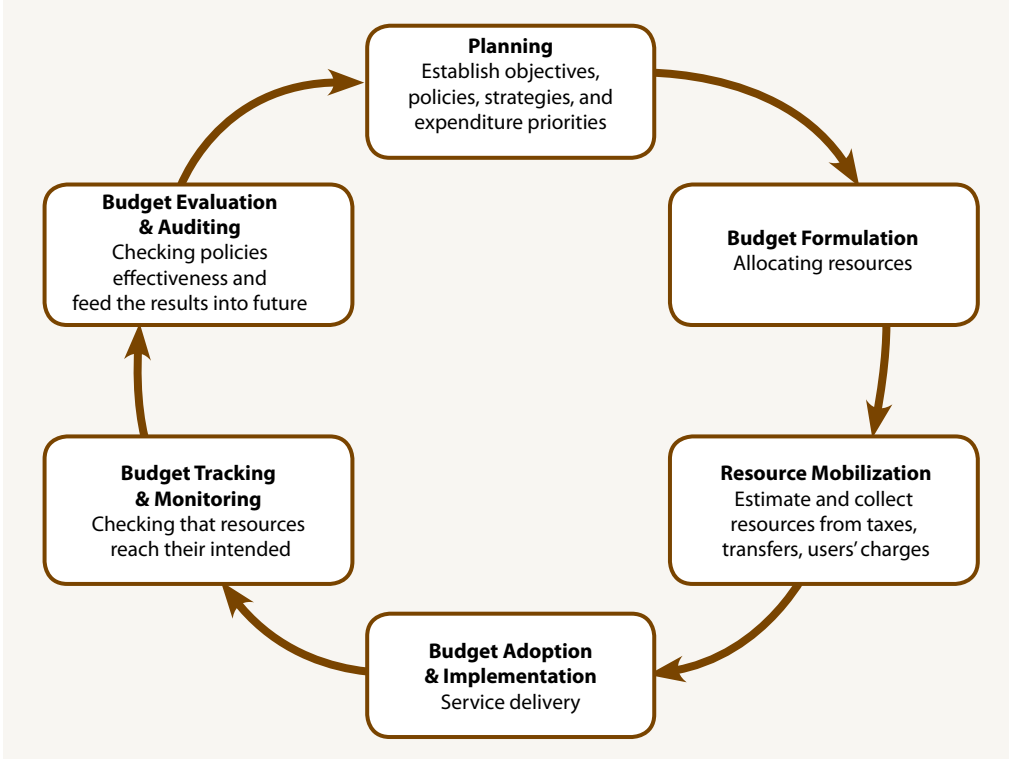
Fiscal accountability refers to the responsibility on government to account to parliament of the way public funds are collected, managed and spent.

Source: Streak, J. (ed.) (2003). "Monitoring Government Budgets to Advance Child Rights". Appendix 2, IDASA Children's Budget Unit, Budget Information Service.

2.5 Stages of the Traditional Budget Cycle

Typically a traditional local government budget cycle consists of at least five stages, which is repeated every budgeting period, but without the participation or involvement of citizens in all these stages. These stages are illustrated in figure 2.1 below and explained briefly thereafter.

Figure 2.1: The Traditional Budget Cycle



Source: Compiled by the Municipal Development Partnership for Eastern and Southern Africa

2.5.1 Planning

This initial stage of the traditional budget cycle is meant to review the previous planning and implementation period as well as to establish the resource framework, objectives, policies, strategies and expenditure priorities for the current budget. Given the importance of linking policy objectives to the available resources, this is a very important stage in the budgeting process because it allows the municipality to avoid duplication and ensure that plans are realistically costed, time bound and affordable. The municipality, taking into account policy guidelines from central government, is responsible for undertaking the activities of this stage.

2.5.2 Budget Formulation

This is when the municipality prepares its annual budget plan in conclave. Under the traditional budgeting system, the coordination and management of the budget formulation function is exclusively the responsibility of the office of the treasurer. This office requests information from other municipal departments and then proposes the trade-offs necessary to fit competing priorities in the municipal budget's total expenditures.

2.5.3 Resources Mobilization

In addition to expenditure, a budget also has to consider revenue. In other words, the authorities must know where to find money to pay for intended expenditure. Hence, during this stage, the treasurer is required to estimate and collect revenue from sources such as taxes, transfers and users charges. These revenue estimates are those that the municipality uses to set budgetary guidelines for its departments in preparing their own financial requests. Accurate revenue estimates can go far in helping municipal officials plan wisely and avoid financial crises.

2.5.4 Budget Adoption and Implementation

This stage includes the municipality's review, approval and implementation of the budget. Application starts when the municipality carries out budgetary policies, with its treasury often exercising strong central control over spending, reviewing allocations to departments and approving major expenditures.

2.5.5 Budget Tracking and Monitoring

This is carried out to see whether spending is consistent with allocations made in the budget and to track the flow of funds to the departments and agencies responsible for the delivery of goods and services. This function under the traditional budgeting system is also executed by the municipal authorities, with treasury playing a key role. For example, in situations where departments are more independent the treasury monitors and tracks expenditures by requiring each department to report its spending receipts regularly in order to ensure that purchases are made within budgetary, legal, and contractual restrictions. Site visits to check that resources reach their intended recipients also compliments the reporting and monitoring effort.

2.5.6 Budget Evaluation and Auditing

This is when the actual expenditures of the budget are accounted for and assessed for effectiveness: it is the last stage of the budget cycle. Again, the municipal authorities are expected to produce performance reports on the effective use of public resources. Regular reviews are also carried out by independent audit institutions with the capacity to produce accurate and timely reports.

2.6 The Administrative Process of the Traditional Budget Cycle

The administrative process of the traditional budget cycle is explained below assuming a 12-month budgeting period and a fiscal year starting on 1January and ending on 31 December.

i. Revenue Forecast

Starts in the second quarter of the fiscal year once the executed figures of the previous budget year are known and once central and state governments announce some estimates of intergovernmental transfers.

ii. Budget Preparation

The local government tentatively sets budget ceilings across all its administrative units. These expenditure ceilings are ideally determined based on a participatory municipal development plan.

iii. Budget Revision

In principle, the municipal budget director, with each department or administrative unit, receives and reviews the corresponding expenditure proposals.

iv. Budget Submission and Approval

Once an agreement has been reached within the local government, the mayor submits the budget proposal to the municipal council for its review, discussion, and final approval. If the local government is designed to operate without a mayor, the municipal budget officer, or whoever else has this responsibility, submits the proposal.

v. Budget Execution

Immediately after the budget is approved by the end of the fourth quarter (usually in December), the mayor signs the budget, which becomes a legal document that must be executed starting on 1 January. The budget implementation process usually involves the complex process of contracting services or public works that include detailed planning, writing the terms of reference, calls of interest, tendering, tender opening and selection, awarding of tenders, signing of memoranda of understanding with winning bidders and then execution of the projects.

Table 2.2: Steps in a Municipal Budget Process in South Africa

1. Planning	• Schedule key date • Establish consultation forums • Review previous processes
2. Strategising	• Review Integrated Development Plan • Set service delivery and objectives for next three years • Consult on tariffs, indigent, credit control, free basic services etc. • Consider local, provincial and national issues, previous year's performance and current economic and demographic trends etc.
3. Preparing	• Prepare budget, revenue and expenditure • Draft budget policies • Consult and consider local, provincial and national priorities
4. Tabling	• Table draft budget IDP and budget related policies before council • Consult and consider formal local, provincial and national inputs or responses • A suggested time frame for the process of tabling would look like this: • March: Table municipal and entity budgets, resolutions, Service Delivery and Budget Implementation Plan, Independent Development Plan revisions and budget related policies • April: Call for public submissions, council to have meetings with key stakeholders • April/May: Council hearings and meetings to consider submissions • Council meetings – mayor to submit amended budget
Approving	• Council approves budget and related policies
Finalizing	• Publish and approve Service Delivery and Budget Implementation Plan and annual performance agreements and indicators

Source: National Treasury, Ministry of Finance Management Act (Circular No 10 of 2004)

2.7 Key Players in the Budgeting Process: The Case of South Africa

The mayor and the municipal manager, who acts as the accounting officer, are the two most important officials in the budget process in South Africa. Their respective responsibilities are outlined in Boxes 2.5 and 2.6.

Box 2.5: Role of the Mayor in the Budget Process

Section 21 of the Ministry of Finance Management Act states that the mayor of a municipality "must coordinate the process for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the development plan and budget-related policies are mutually consistent and credible".

Tabling a time schedule

The mayor must table a time schedule at least ten months before the start of the budget year (that is, by 31 August of the year). The schedule should outline the deadlines for:

- *Preparation, tabling and approval of the annual budget*
- *Annual review of the integrated development plan; and*
- *Any consultative process.*

The exact dates may differ for each municipality, and can be obtained from the mayor's office.

Considering other budgets, policies and considerations

In the preparatory phase of the budget process the mayor has to take into account:

- *The municipality's Integrated Development Plan;*
- *The national budget;*
- *The relevant provincial budget;*
- *National government's fiscal and macroeconomic policy;*
- *The annual Division of Revenue Act; and*
- *Any agreements reached in the Budget Forum.*

The mayor is obliged to hold consultations with other relevant district and local municipalities, the provincial and national treasuries, as well as government departments that have responsibility to provide services such as water, electricity, and sanitation. It is, therefore, recommended that the municipal budget is not analysed as a stand-alone document.

Additional responsibilities

The mayor's responsibilities are further delineated in Chapter 7 of the Act. Among others, the mayor has to:

- *Exercise oversight over the work of the accounting officer and the chief financial officer.*
- *Within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of the municipality*
- *Coordinate the annual revision of the Integrated Development Plan and determine how this plan should be aligned with the budget*
- *Ensure that the annual budget is approved before the start of the budget year*
- *Within 28 days of the approval the mayor has to*

approve the municipality's Service Delivery and Budget Implementation Plan
- *Ensure that annual performance agreements of municipal officials are in line with measurable performance objectives contained in the budget and the Budget Implementation Plan.*
- *Ensure that the public is informed within 14 days of the revenue and expenditure projections for each month and the service delivery targets and performance indicators that have been set for each quarter in the budget.*
- *Take remedial action if the municipality faces financial problems. These include reducing spending if revenue is anticipated to be less than projected. In such cases the mayor must inform the council as well as the relevant provincial member of the Executive Council and recommend appropriate interventions in terms of section 139 of the Constitution*

Box 2.6: General Role and Responsibilities of a Municipal Manager

The Ministry of Finance Management Act spells out the responsibilities of the municipal manager who acts as the accounting officer. Together with the manager's other duties, as accounting officer, the manager is responsible for all aspects of revenue and expenditure management (MFMA Section 64 and 65)

The accounting officer's role in the budget preparation process is to assist the mayor by providing administrative support, resources and any necessary information (MFMA Section 68).

Budget implementation

It is the responsibility of the accounting officer to implement the budget once it is approved. The duties to be performed by the accounting officer in this capacity include:

- *Monitoring revenue and expenditure trends and making the necessary adjustments and reductions to spending*
- *Preparing a draft Service Delivery and Budget Implementation Plan for the budget year*
- *Reporting impending shortfalls, overspending and overdrafts in writing to the council, giving full details and reasons for the condition (MFMA Section 70).*

The accounting officer has to provide the mayor with monthly budget statements no later than 10 days after the end of each month. A mid-year financial assessment is another important reporting requirement. The municipality's financial state of affairs has to be assessed by looking at monthly statements, the Budget Implementation Plan's service delivery targets and performance indicators. This assessment should be done in comparison to progress made in the previous year. Based on this assessment, the accounting officer can make recommendations as to whether an adjustment of the budget is necessary.

A novel provision promoting access to information is contained in Section 75 of the Act. The accounting officer is obliged to publish a whole range of documents on the municipality's Web site. These include:

- *The annual and adjusted budgets*
- *All budget related policies*
- *The annual report*
- *All service delivery agreements*
- *All public-private partnership agreements*
- *Quarterly reports and*
- *Performance agreements*

The Act's budget reporting requirements

- *The budget should be divided into a capital budget and an operating budget in accordance with international best practice.*

- *The budget has to be set out in a prescribed format with:*

  - *Realistic projections of revenue-raising*
  - *Spending plans for the financial year*
  - *Indicative projected revenue and expenditure for the next two financial years*

- *The projections of revenue and expenditure must be given for the different programmes*
- *The budget has to show what the actual revenue and expenditure was for the previous financial year (MFMA Section 17)*
- *The budget should show the salary, allowances and benefits paid to each political office bearer, councillors, the manager, the chief financial office bearer and each senior manager.*
- *Some of the documentation that must accompany the budget when it is tabled before the municipal council include:*

  - *Draft resolutions to approve the budget*
  - *Municipal taxes and tariffs for the financial year*
  - *Measurable performance objectives for revenue raising*
  - *Cash flow projections for each month; and*
  - *Proposed amendments to the municipality's Integrated Development Plan.*

2.8 Self Assessing Questions

i. What is the definition of a budget?

ii. Explain the purpose of a local government budget?

iii. What are the key components of a local government budget? Explain each of them in detail.

iv. Which are the key stages of the traditional budget cycle? Explain each of them fully.

Chapter 3

THE PARTICIPATORY BUDGETING CYCLE

3.1 The Participatory Budgeting Cycle

A participatory budgeting cycle in general is built around the normal budgetary cycle of the local authority with the normal cycle extended to cater for wider input by citizens. It has more activities added to it with specific timelines and outputs. It should also be noted that the process is still confined to meeting the legal budget deadline.

The specific characteristics of a participatory budgeting cycle might differ from one country to another. For example, the initial sequence might be different. Some activities may be omitted in some countries. Some terminology may also differ from country to country.

A participatory budgeting process needs to be well planned in advance, with a clear timetable of all the events as well as the resources needed. At this stage, a review of the key participatory budgeting stakeholders and their interrelationships is necessary.

Local governments start the budgeting process according to what is described in the laws or the policy guidelines that the central authority issues periodically through the ministry responsible for local government. These can be modified according to the best practices from the interactions during the budgeting process. Each municipality might have defined a number of stages and activities involved, depending on the local circumstances and rules established.

The chief executive officer of Mutoko Rural District Council, making a presentation during the participatory budgeting pilot training workshop, May 2007. Photo © MDP-ESA

In this section we will, therefore, go progressively through the local government participatory budgeting cycle, highlighting the major activities to be undertaken and the responsibilities of various stakeholders at each stage. At this early stage, each participatory budgeting process will vary from one local authority to the other, and within the same local authority from one year to the other. This is often the result of different prevailing economic, social and political conditions. In general, a participatory budgeting process will reflect four distinct phases:

- The preparatory stage;
- The budget formulation and approval stage;

- The budget implementation stage; and
- The monitoring and evaluation stage.

In many such budgeting experiences in Africa, the municipality is the driving force of the process while engaging civil society actors in the policy and budget-making processes. The municipality organizes meetings, provides information, ensures that council officials meet with the citizens and guarantees that selected policies will be implemented. In particular, in this respect, the influence of the mayor, councillors and management staff is substantial.

3.1.1 The Preparatory Stage

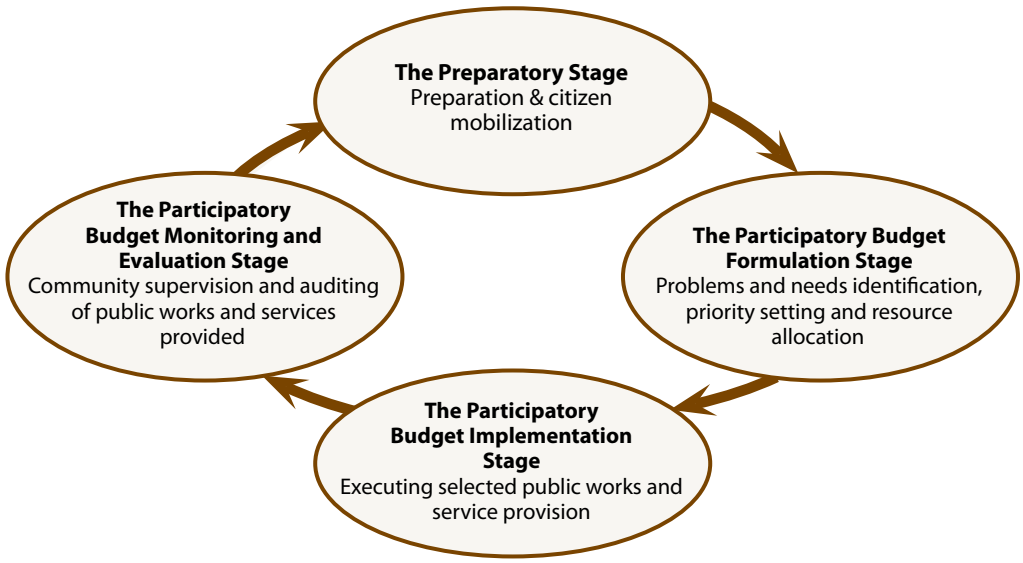
This is basically the design stage of the budget. It involves mainly the distribution of information, the initial discussion of policies and priorities by citizens in their localities, estimation of revenue, establishment of the general resource allocation or budgeting criteria and methodology, putting in place the relevant participatory structures and the election and establishment of the number of elected representatives. It is also at this stage at which the participants and the institutions that drive the participatory budgeting process are established. All this can take six months to one year to accomplish. The preparatory stage is characterized by the following steps:

STEP 1: Informative Plenary Sessions in the City Wards or Zones

This is the earliest step of the preparatory stage of the participatory budgeting process. The main purpose of these meetings is to explain the process to local communities and key participatory budgeting stakeholders. The mayor could chair these meetings. Activities to be carried out at this level include the following:

- Local authority staff jump-start the preparatory stage by collecting information on the previous year's audited results, budget performance for the half-year and the projected performance, including capital projects implementation status and projections to year end. The municipality then explains to the citizens the **financial situation** for the current year, the financial performance of previous year, the basis of revenues and expenditures, how resources were spent, what was realized and the potential and constrains for next fiscal year. It also presents revenue and expenditure forecasts, so that the participants become acquainted with potential budget limitations.
- During these meetings the mayor also explains what the municipal budget is and the **participatory budgeting process** as a vehicle of public participation in decision-making. In some instances, videos films and several other appropriate communication tools can be used to explain the entire process. The plenary sessions provide a learning process as well. This is important given the fact that the complexity of the issues involved also requires that citizens and their representatives have substantial technical and analytical skills to weigh the relevance of different argument.

Figure 3.1: The Participatory Budgeting Cycle



Source: Compiled by the Municipal Development Partnership for Eastern and Southern Africa

STEP 2: Situation and Problem Analysis Meetings in Each Ward or Zone.

These meetings are intended to assist citizens with problems and needs identification: After carrying out a situational analysis of their locality, they must be in a position to know the real issues affecting the development of their municipality, including those issues on which they must take action. The ward councillors should be responsible for the organization and chairing of these meetings. Activities to be carried out at this stage:

- The municipal staff, civil society representatives and community leaders identify the problems and needs in their specific areas of concern and assess the technical and financial feasibility of possible solutions;
- The municipal staffs also assist local citizens in defining their demands and priorities. This means that at this stage the citizens will be required to deliberate and list those activities needed to achieve the stated goals and ultimately to provide the solutions to the identified problems and needs;
- It is also at this stage that the rules of participatory budgeting are established and responsibilities are allocated.

STEP 3: Capacity Building, Training of Citizens and Key Participatory Budgeting Stakeholders

Based on a needs assessment, stakeholders should receive adequate training, which is in the technical terms and procedures of budgeting and accounting. Citizens involved will be empowered to obtain a genuine understanding of how decisions have been made throughout the complete participatory budgeting cycle, the true costs of those decisions, and the real economic, political and social situation of the municipality.

3.1.2 The Participatory Budget Formulation and Approval Stage

This stage is concerned mainly with setting priorities and allows citizens, directly or through their representatives, to set priorities and decide on investment projects. The stage involves mainly the convening of Participatory Budgeting Committee Meetings and the debating and voting of the budget proposal by the committee or an equivalent institution. This is the phase where the policies and projects that will be implemented by the municipality in the coming fiscal year (or even two years) are discussed. Main activities associated with this stage are coming up with:

- Prioritization criteria;
- The prioritization matrix; and
- Decision-making mechanisms for priorities.

STEP 1: Ward or Zone Deliberative and Decision Making Plenary Sessions

A number of problems will emerge from the participatory situational analysis of the municipality; but it is impossible to solve all these problems at once, so there is need to decide or prioritize which problems should be tackled first. The mayor is, again, usually expected to chair these meetings. Activities to be carried out at this stage are:

- The municipality, usually the mayor, explains each demand and its technical and financial feasibility.
- This is followed by negotiations among groups and participants attending these plenary sessions in order to favour all wards or zones of the city, equally.
- Discussion of local and thematic priorities.
- Participants elect their representatives (participatory budgeting councillors) whose main tasks will be to safeguard their interest, needs and approval of priorities in the regular meetings of the Budgeting Committee. They also will be responsible for preparing the budget and annual plan of investments.

STEP 2: Participatory Budgeting Committee Meetings

This is the apex of participatory budgeting preparatory stage. One question frequently asked is who drives the participatory budgeting process? The answer is the members of the committee with the help of the municipal authorities. The committee links citizens to the local authority. The committee's capacity will determine how well citizens' priorities are accepted in allocating resources.

The committee's composition varies from one city to another in the number of members as well as in the social and institutional actors it represents. Generally, those included in the committee include representatives from the municipal government, popular movements, unions; excluded groups, such as women, youth, ethnic minorities, people with special needs; and sectoral representatives. The committee's role is to bring together all these local participants, including the local government, to discuss the budget openly and, in some cases, to keep track of its expenditure. Representatives of the council's legislative arm may also attend and participate in the committee's meetings, but not necessarily have voting rights.

Once the participatory budgeting councillors are selected it can be followed by the below activities:

- A formal ceremony for the elected representatives can be organized. They will formally hold the sworn statement for the mayor and given their seats as participatory budgeting representatives in the Participatory Budgeting Committee.

- Organization of informative and capacity building activities to support the development of the committee's representatives (councillors) as a way to prepare them for the deliberations that the committee will take. All these activities are geared to facilitate the negotiations and the process of conflict resolution.
- Understanding the overall situation through organizations of field "priority trips" can be part of this process. Participants visiting all the sites of proposed projects can personally evaluate the proposal. This helps to sensitive the participatory budgeting councillors about everyone's problems, and also to build a broader understanding and holistic view of the city and its problems.

Technical and financial analyses to fit the proposals according to technical criteria and reconciliation of demands with budget.

- Analysis of the priorities based on a prioritization matrix, and approval by the Participatory Budgeting Committee. Implying that ward or zonal priorities find their way into the budget matrix

STEP 3: Debate and Voting of the Budget Proposal

After the above activities, the municipal authorities draft a budget based on the viable priorities submitted from the wards. This draft is submitted to the mayor, heads of departments and the Budgeting Committee. The important activities at this stage of the participatory budgeting process include the following:

- The committee submits its deliberations as a type of investment plan as part of the municipal budget. It also discusses the budget proposal, revenue and expenditure items and the criteria for resource allocation. The mayor then submits to the full council the complete budget, in which the committee's deliberations are included.
- Participatory budgeting councillors and citizens may attend the sessions of the legislative chamber and follow the debates. After the deliberations councillors vote on the budget proposal by simple majority and submit to council.
- Council holds the final decision.
- After approval the budget becomes law for the subsequent fiscal year. However, approval can be accompanied by few modifications because prior to full council vote, participatory budgeting councillors actively lobby the councillors and department heads to support their investment plan.

3.1.3 The Participatory Budget Implementation Stage

This is the actual problem solving stage; all that was planned and agreed on in the participatory planning meetings are being worked on. Usually the budget implementation process will continue throughout the fiscal year.

Activities to be carried out at this stage are:

- In dialogue with the Participatory Budget Committee, municipal staffs from various administrative agencies prepare technical plans and contracts. At this stage the budget implementation process usually involves the complex process of contracting services or public works that include detailed planning, writing the terms of reference, calls of interest, tendering, tender opening and selection, awarding of tenders, signing of memoranda of understanding with winning bidders and then execution of the projects.
- Community based organizations could

also contribute with community realization.

- Participatory budgeting councillors and citizens monitor the budget implementations, on-site monitoring and evaluation of project implementation. This is also done in a participatory way to ensure that all goes on as was planned in terms of physical resources and deadlines. Besides looking at the implementation process, this step helps to adjust, where necessary, and to draw strategies for progress, using the lessons learnt and best practices during the course of implementation. Participants also discuss necessary changes in the rules of participatory budgeting.
- Start of a new participatory budgeting cycle.

3.1.4 The Participatory Budget Monitoring and Evaluation Stage

Local authorities must give periodic budget performance reports to citizens. These reports will state project implementation status and problems encountered. Periodic participatory site visits to inspect projects can also be organized as a way of project implementation. Some of the tools mentioned below can be used for monitoring and evaluation of project implementation at the municipal level:

- Participatory site inspection and supervision
- Reporting
- Use of community score cards - this is a hybrid process of the techniques of social audit, community monitoring and citizen report cards
- Use of Citizen Report Cards involving the use of questionnaires
- Service delivery surveys
- Preparation of socioeconomic profiles

The most important aspect of this stage is that the municipality supplies detailed information on a regular basis about the way the budget is being implemented. The mayor and others responsible for budget management and implementation will prepare clear reports citizens and the committee can understand. Stakeholders can also ask about specific issues and demand supplementary information in order to achieve the necessary transparency during this phase.

3.2 Self Assessment Questions

i. Outline the main differences between the traditional and participatory local government budget cycles.

ii. Who participates in your budgeting process and who drives it?

iii. Do you consider your current budgeting process to be participatory?

iv. What are the major activities that must be undertaken in preparing for the start of the participatory budgeting process?

v. What aspects of the participatory budgeting cycle have been dealt with within your local authority and which ones are still remaining?

vi. What ought to be done to further improve the participatory budgeting process of your local authority?

Chapter 4

KEY DIMENSIONS OF PARTICIPATORY BUDGETING

Dimensions influence the manner in which participatory budgeting is practiced or organized in a local authority. Although there are many dimension associated with the participatory budgeting process, our interest in this section is to discuss in detail only six of them. These are the participatory, financial,legal,territorial, communication, cultural and gender dimensions.

Figure 4.1: African Countries where Participatory Budgeting is Being Practiced.

Source: Compiled by the Municipal Development Partnership for Eastern and Southern Africa

4.1 The Participatory Dimension

The success of the participatory budgeting process is based on the extent of popular participation, either by way of direct or representative participation. In these circumstances representative democracy is viewed as a choice of last resort, although logistically it is the most favoured way of popular participation.

4.1.1 Forms of Participation

There are three different main forms of public participation which all complement each other in implementing the participatory budgeting process. These are direct participation, representative participation and mixed system participation.

(i) **Direct Participation:** This involves the direct and voluntary citizen engagement. In this case participation does not require membership to an organization. In fact, it is the mobilized citizens, whether or not organized, who decides. Examples of this form of participation abound in Brazil and Europe. Direct participation is possible in small communities. In the African context direct participation is possible at the lowest levels of local government, which are the ward or neighbourhood and village.

(ii) **Representative Participation:** This involves indirect participation where both appointed and elected representatives of existing organizations engage their local authorities on their behalf. In this case, the participation is mediated by delegates. In all the African countries studied - namely Ethiopia, Kenya, Malawi, Mozambique, Namibia, South Africa, Uganda and Zimbabwe - it was observed that this was the form of participation which was taking place.

(iii) **Mixed System:** This system revolves around the neighbourhood, the ward and villages in the form of ward and village development committees. This form of participation tends to broaden the budgetary discussions to include all citizens.

Stakeholders on their way to a participatory budgeting meeting, Illustration © MDP-ESA

4.1.2 Levels of Participation

Number of Participants Involved: It is unlikely that all citizens in a locality will participate directly or indirectly in participatory budgeting. Experiences in cities which practice individual, direct participation reveal that the levels of involvement normally rank between 1 percent and 15 percent of voters. Cases with more than 15 percent participation are considered exceptional. Generally, participation is greater in small cities or when the assemblies are made in smaller geographic subdivisions such as wards a nd villages. In addition, as in the case of Mutoko, Zimbabwe, there is a high degree of yearly turnover. At the same time it may be low during the initial stages but as the process is refined the

numbers tend to increase. In cities where participation occurs through representatives of social organizations, the number of participants tends to be lower relative to the aforementioned cases. However, this low turnout is gradually changing due the availability of the new information and communication technologies such as the Internet, for example in Belo Horizonte, Brazil, at one stage the new digital participatory budgeting process managed to rally 200,000 voters.

In order to fulfil this key dimension of participatory budgeting, it is important to devise mechanisms and strategies for effectively including the participation of the minorities and diverse groups of people in the budgeting process. Such diversity should take into account, for example, issues of gender, ethnicity, race, disability and age groups.

4.1.3 The Role of Local Government in Participation

Local Government Participation: The local government's role is decisive in each stage, from determining the priorities to the implementation of decisions. The local government facilitates the process, while the mayor legitimizes it politically. In addition the local government also acts as protagonist with the responsibility to create mechanisms that ensure a holistic vision of the problems and needs of the city.

Participatory budgeting councillors discussing priorities submitted by citizens. Illustration © MDP-ESA

The manner in which the local government participates in participatory budgeting will determine the level of success of the process. The entire staff of the municipality must be included because if any unit or department of the municipality opposes the process the probability of the exercise collapsing will be very high. This is why it is also important to undertake the initial training and capacity building in participatory budgeting processes.

Table 4.1: Selected Examples of Participatory Budgeting in Nine African Countries

COUNTRY	LEVEL OF PARTICIPATION
Botswana	• Budget planning in Botswana is a closed process with no participation on the part of the legislature, civil society or any external stakeholders. • Civil society is largely apathetic to the budget process and has failed to demand an active role in the debate around public resources. Fortunately, a growing number of civil society organizations are now beginning to engage more critically with budget issues and to advocate for more effective access points in the budget process. • Elected representatives need to interrogate budget proposals and reports in a more informed way and provide a forum for broader public debate around budget issues.
Burkina Faso	• The budget process in Burkina Faso is dominated by public officials and a small pool of specialists. Public participation is hamstrung by a lack of effective access points, as well as low literacy and capacity amongst most citizens to engage with the budget. • However, Burkina Faso has a relatively strong civil society and nongovernmental sector. A growing number of civil society organizations are exploring ways to engage more actively with budget issues and improve transparency in the budget system.
Ghana	• Civil society in Ghana is beginning to develop a more active role in the budget process. Government has also shown its interest and commitment to public discourse around good governance and accountability. • However, there is still a severe shortage of access points and opportunities for civil society to participate in budget policy formulation, budget deliberation and, monitoring. • No public consultation takes place specifically around budget issues and there is no public forum where interest groups can formally give input into the budget process. • Due to the technical language and formats of budget information, most members of the public are effectively excluded from participation. • The media play an important role in disseminating budget information and providing critical assessments and perspectives on budget issues. However, they have limited capacity to investigate certain policies or engage public officials in thorough debate.
Kenya	• There is no legal basis for civil society participation in the budget process and no obligation on government to encourage or accept contributions from civil society. • Public participation in the budget process is further limited by inadequate budget information, as well as a lack of capacity and mobilization on the part of civil society. • Though public engagement with the budget process remains limited and fragmented, the Medium Term Economic Framework has begun to provide a basis for more meaningful interaction between civil society organizations and the legislature. • The media play an important role in disseminating discretionary budget information. There is great scope for the media to undertake more critical, analytical reporting on the budget.
Namibia	• The legal framework provides for public participation in the legislative phase of the budget process. Any civil society organization or citizen is free to attend budget hearings and make submissions to relevant parliamentary committees on budget issues of concern. • However, there is a great deal of scope to improve and increase civil society participation in the budget process, especially during the drafting phase when priorities are set. • Civil society organizations need to develop their capacity and mobilize more effectively to draw the broader public into budget debates which will impact on their livelihoods. • Poor access to and quality of budget information further undermines the ability of civil society and the media to research, monitor and comment on government budgeting.

Nigeria	• Civil society and the Legislatures are entirely excluded from participation in budget planning. There is no way for civil society to communicate its needs and concerns to government as it prepares the budget. • Civil society, the organized private sector and the media have some opportunities to attend budget readings and hearings during the legislative phase. However, there is currently no real scope or time for these role-players to make substantial contributions to the budget debate within the legislatures.
South Africa	• The participation of Finance and Public Accounts committees in the budget process has improved a great deal. This is reflected in the growing openness, quantity and depth of budget hearings, as well as their involvement in the development of budget legislation. • Civil society is also participating more actively in the budget process, with increasing numbers of budget-related submissions are being made to portfolio committees. Citizens have also engaged in fiscal debates via a number of public campaigns. • The nature, quality and availability of budget information in South Africa generally create a sound basis for the legislatures and civil society to play a significant role in the budget process. However, they have not yet made optimal use of available information and opportunities to influence decision-making on budget issues. • The meaningful participation of the legislatures is partially impaired by the way the budget process is organized and scheduled. There is a need to revise the way the legislative phase is conducted and to devolve expenditure oversight more effectively to committees.
Uganda	• Civil society participation in the budget process is most firmly established during the budget drafting phase. While some civil society organizations have questioned whether their input on budget issues is given due consideration by government, most role-players acknowledge that progress is being made towards a more participative budget system. • Existing mechanisms for public participation in the budget include sector working groups, budget workshops at local government level, the preparation of budget framework papers, as well as public expenditure review and consultative group meetings. • Civil society can make better use of available opportunities by strengthening its own capacity to engage in pre-budget lobbying, as well as budget monitoring and advocacy. • The media play an increasingly substantial role by disseminating information on budget issues and providing a forum for budget debate.
Zambia	• There is currently no legal framework or clear government policy regarding the role of civil society and other stakeholders in the budget process. • However, the introduction of the Medium Term Economic Framework will create a number of mechanisms and access points for non-state actors to engage more actively and substantially with the budget. • The participation of the legislatures will also be enhanced by the publication of a pre-budget Green Paper, allowing them to give input during the budget drafting phase. • The quality and effectiveness of participation in the budget process can only be enhanced if there is a corresponding improvement in the budget information made available by government. Civil society will also have to strengthen its own capacity and organise itself for purposeful engagement.

Source: Idasa Web site

4.2 The Financial Dimension

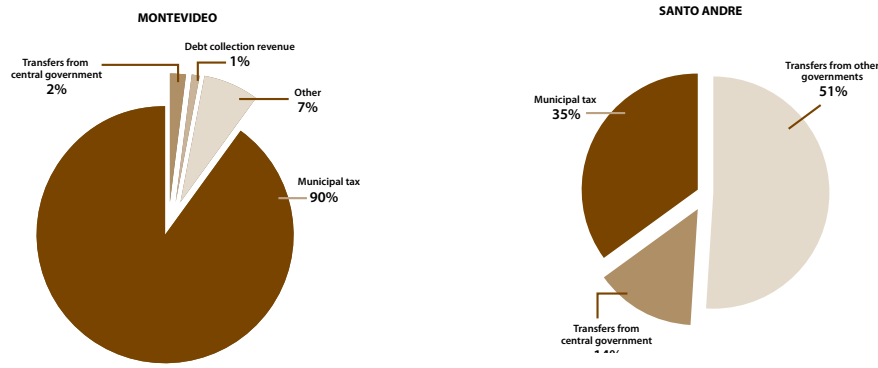
There are various aspects to consider under this dimension. First the local government's funds to facilitate the participatory budgeting process will influence the scope of activities and its success. Second, the disclosure or availability of the budget to be subjected to public scrutiny will determine the level of transparency. Within a country, the proportion placed for consideration in participatory budgeting can also vary.

A number of factors contribute to the varying percentages in the amounts subjected to budgeting. These include the level of fiscal autonomy, borrowing powers, amount of revenue collected relative to the tax base, political will, conditions placed on central government transfers, and the sufficiency, predictability and reliability of the flow of these transfers, and donor funds. The sources of municipal revenue in many participatory budgeting processes are supplemented by voluntary community contributions, either in cash or in kind, or through smart public and private community partnership.

Where there is a high degree of fiscal autonomy, liberal central government transfers, political will and tolerance with a good level of understanding of the participatory budgeting process, participation is likely to be greater. There is no prescribed optimal percentage of the municipal budget that should be subjected to participatory budgeting and these range from as low as 1 percent to 100 percent participation. In most instances municipalities may be in a position to know clearly the proportion of the budget that can be subjected to this budgeting process before it starts, if the authorized amounts are voted for by the municipality. However, in some cases this is known after the process, based on the demands and the municipal resources available.

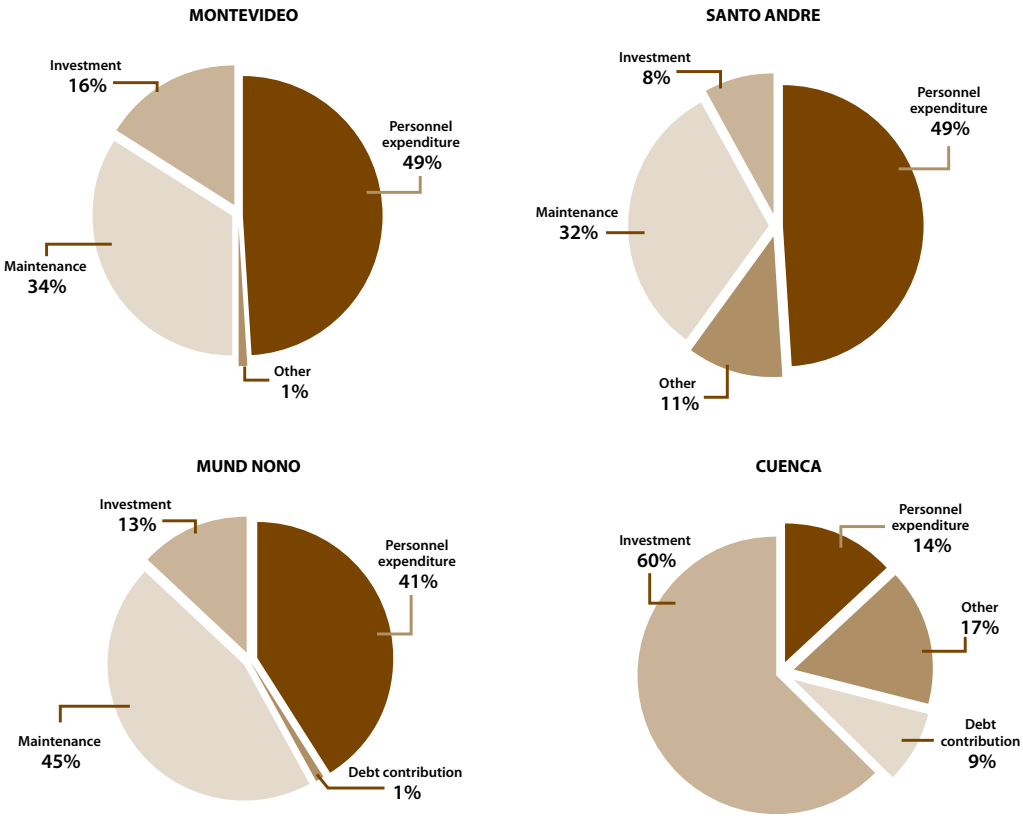
Few cities subject more than 10 percent of their total budget to participatory budgeting and this usually relate to the capital budget. In Porto Alegre and Mundo Novo (Brazil) as well as Cotacachi in Ecuador 100 percent of the budget is subject to discussion. In Europe the participatory budgeting process is allocated around 1 percent of the municipal budget. In Mutoko Rural District Council, Zimbabwe, up to 74 percent of the budget is open to discussion during participatory budgeting. The other 26 percent, which is the salary component of the budget, is not open for discussion.

Figure 4.2 Distribution of Municipal Revenues in Montevideo (Uruguay) and Santo Andre (Brasil)



Source - Cities' information, Study of Local Government Financial Management and Participatory Budgeting, 2003, Yves Cabannes, Urban Management Programme UN-HABITAT

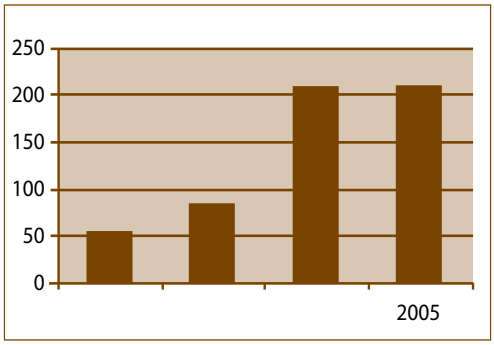
Figure 4.3 Distribution of Municipal Expenses in Latin American Cities



Although a small component of the total budget is often open for discussion, in order to be really transparent with the budgeting process it is advisable that the whole budget be presented and explained to citizens. This should be so even if only the part of the budget that is available for investments and projects will be discussed, allocated and distributed throughout the participatory budgeting process.

The impact of the process on the tax collection has often been noted and improvements in the local revenue have been reached throughout the process, for instance in the revenue of Adjarra, in Benin.

Figure 4.4 Evolution of Revenues in Adjarra (Benin)



Source: Adjarra Municipality, presentation by mayor, May 2006

4.3 The Legal Dimension

A determining factor for participatory budgeting feasibility is the level of autonomy assigned to local governments by national legislation. Such autonomy is provided by the authorities and duties assigned to such local governments. Autonomy also comes from the nature of the authorities' election or appointment, the existence of removals or changes, the existence of coordination agencies between the local government and citizens, and the local government's right to legislate on its own account and adopt its own regulations.

For example, the participatory budgeting process will be of more interest to the population:

- if the main public services are of a municipal jurisdiction;
- if central government ministries and social funds create consultation spaces integrated with the municipality to allow citizens to place their demands and prioritize expenditures; and
- if decentralization exists and the subsidiarity principle is applied

This dimension relates to the extent to which the participatory budgeting process is institutionalized. The degree of formalization varies widely from informal processes that rest on the political will of the mayor and the mobilization of civil society, to an institutionalization of some key aspects, accompanied by an annual self-regulation of other aspects to preserve the flexibility of the process. The existence of set rules, legislation or both ensures that the budgeting process would be managed efficiently. Ultimately, it is assumed that a stable environment for participatory governance, and in particular budgeting, would directly enhance a local investment climate and improved governance, which in turn would result in increased local economic development.

In Brazil, the participatory budgeting is neither institutionalized nor legalized. It depends on the will of the local government, and the mobilization and desire of citizens. The internal rules of procedure and regulations are decided by people involved in the budget process. The rules define such areas as; the system for electing delegates, forms of representation, criteria for the distribution of resources, responsibilities of different organs, number of plenary meetings and thematic areas of concern. In a city like Porto Alegre, working manuals containing guidelines for transacting business and making decisions back the rules.

The reason given for not institutionalizing participatory budgeting is to preserve the dynamics of the process and avoid bureaucracy and political co-optation. The annual discussion modifies the rules of participatory budgeting, adjusts them to the local reality and preserves the creativity needed. In many Latin American countries ordinances and other legal instruments are issued. The reason given for this is that legalization of the process ensures its continuity and avoids the risk of it being abandoned by any future administration.

In African, participatory budgeting is not specifically institutionalized by law but the legislative frameworks that facilitate decentralized governance and devolution of powers to local authorities set the environment for practice participatory budgeting. In Mozambique, South Africa, and Uganda the laws are explicit that people have a right to participate in local governance.

In Uganda for example, Chapter Eleven of the nation's Constitution stipulates that

"decentralisation shall be a principle applying to all levels of local government and, in particular, from higher to lower local government units to ensure peoples' participation and democratic control in decision making". Uganda's Local Government (Amendment) Act 1997 gives effect to the decentralization and devolution of powers, functions and services to local government and administrative units. Section 78 of the Act defines the local government budgetary powers and procedures. Section 36 provides that the district council shall prepare a comprehensive and integrated development plan incorporating plans of lower level local governments for submission to the National Planning Authority, and lower level local governments shall prepare plans incorporating those of lower councils in their respective areas of jurisdiction.

In Mozambique, Article 186 of the Constitution allows for the organization of local communities to participate in local planning and governance. In South Africa, the Local Government Act of 1996 contains information that allows communities to play an active role in the formulation of an Integrated Development Plan.

In Tanzania the Local Government (Urban Authorities) Act of 1982 and its amendment Local Government (Miscellaneous) Act of 1998 and Regional Administration Acts of 1997(URT 1997, 1998) provides for the establishment of Mtaaa, a structure of local governance that is intended to facilitate community participation in local planning and governance.

In Kenya, the Local Authorities Transfer Fund under the Authorities Act No. 8 of 1998 seeks to strengthen participatory development by involving stakeholder participation in local authority activities.

In South Africa Section 5(1) of the Municipal Systems Act of 2000 provides the following right for members of a local community:

- To submit written or oral recommendations to the municipal council or a political office bearer or to the administration of the municipality;
- The right to be informed of the decision of the municipal councils or another political structure or any political office bearer of the municipality, on matters affecting their rights, property and reasonable expectations;
- To have access to information on the state of affairs of a municipality including its finances;
- To access municipal council and committees except when it is not reasonable to do so.

In Central America, there are countries where participatory budgeting is formally institutionalized. In El Salvador, for example, the by-law confers the following rights to citizens which give participatory budgeting process legal status:

- The right to request and receive information;
- The right to be consulted and to make proposals;
- The right to participate in decision-making;
- The right of co-management; and
- The right to oversee and denounce.

Bolivia is another country which is clear on participation through the Law of Popular Participation 1995.

The cases of El Salvador and South Africa provide are good examples of effective legislation that clearly stipulates the rights of citizens in the participation process. This is not so in many countries. In Uganda, for example, whilst civic organizations are anxious to participate in budget meetings, the culture of suspicion and confrontation between them

and local authorities force local authorities to sideline them. The councils are able to get away with this because the legislative framework is not definitive on what the involvement of civic organizations entail. As a result, these organizations find it difficult to sue the councils for excluding them in various meetings.

In Zimbabwe, whilst there is no specific enforcing community participation in budget processes, there is a ministerial directive to local authorities requiring proof that citizens were consulted by the local authorities in preparing the annual budget. This requires mayoral certification that citizens were consulted and consented to increases in rates, tariffs and fees.

The institutional set up of participatory budgeting varies from city to city depending on the characteristics of the citizens. In Porto Alegre, for example, the set up has three kinds of organs. First is the administrative unit of the municipal executive who are responsible for managing the budgetary debate with citizens. This unit is called the Planning Office. Second are the community organizations; these are autonomous vis-à-vis the municipal government and are constituted mainly by regionally based organizations. Community organizations mediate between public participation and the choice of priorities for the city districts. Such organizations are variously called Popular Councils, or Township Unions. Third, mediating institutions of community participation bodies link the first two institutions. They are known alternatively as the Participatory Budget Council, the Regional Plenary Assemblies, the Regional Budget Forum, the Thematic Plenary Assemblies, or the Thematic Budget Forum.

In some towns like Mutoko, Zimbabwe, a council resolution institutionalized participatory budgeting.

In between formal institutionalization and self-regulatory, there are a wide range of participatory mechanisms that are guided by traditional norms and values. Examples are Harambe in Kenya and Obudehe in Rwanda.

4.4 The Territorial Dimension

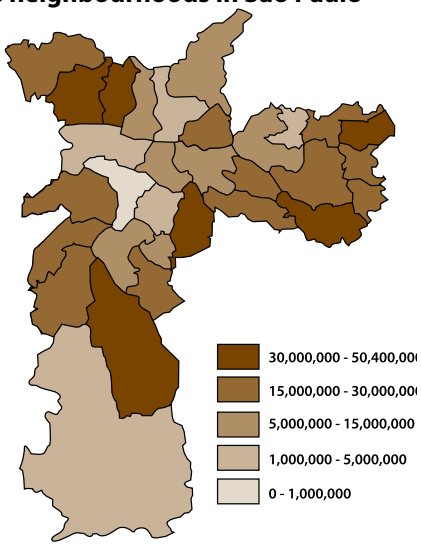
Public needs and priorities begin to emerge from people's neighbourhoods, wards, villages, compounds and zones.

The territorial dimension of participatory budgeting - that is of these geographical enclaves - is taken to imply three things: namely the degree of investment in physical priorities; the level of intra-municipal decentralization of the participatory budgeting process; and the degree of its ruralization.

First, in terms of the degree in investment in physical priorities, it is argued that participatory budgeting often helps with the redistribution of investments from higher to lower income areas or previously excluded communities. In other words, participatory budgeting allows for the "inversion of priorities". In most instances the latter is a deliberate measure by the municipality to redistribute resources in favour of those areas where the poorest citizens live. In such situations, the intended goal is to narrow the gap between the rich and poor areas of the municipality by implementing the participatory budgeting process. Although there is no clear evidence in African cities to support this "inversion of priorities" through practicing participatory budgeting, in many Latin American cities ample evidence exists. For example, some investigations carried out in Porto Alerge indicate that the most disadvantaged communities and neighbourhoods have benefited greatly from the participatory budgeting process. The same holds true for Sao Paulo., Brazil.

Second, with respect to the level of intra-municipal decentralization of the participatory budgeting process, it is possible that whilst preparing for the implementation of participatory budgeting, its management can be organized following the existing decentralized administrative divisions of the municipality. However, it is also possible that this can go beyond these administrative divisions. It is possible, for example, depending on the opinion of the participatory budgeting organizers, that an existing district of the municipality can be further subdivided. Alternatively, two or more existing districts can be combined for the purpose of defining the participatory budgeting territorial assemblies for implementing the budgeting process. The idea is to turn participatory budgeting into a more inclusive effort, in terms of territorial coverage.

Figure 4.5: Map of education investments across neighbourhoods in Sao Paulo



Source: Municipal Government of São Paulo.

4.5 The Cultural Dimension

There are sociocultural factors that could influence the level of participation in the budgeting process. These could be religious, ethnicity, social status or political. Some religions, for example, forbid do not promote men and women to sit together or, in some instance, to work on certain days of the week. In some cultures, one is not allowed to express dissent or criticize higher authorities in public meetings. In others, age is a serious issue where the young people cannot oppose the views of the elders. In that regard, the socioeconomic and sociocultural dimensions call for the local government to be sensitive to diversity among citizens. In addition, cognisance should taken of constraints imposed to effective participation in the budgetary process by the language barrier due the multiethnic composition of many African countries which calls for the use of indigenous languages during participatory budgeting meetings.

In many countries, however, there are efforts to remove this constraint through clear gender national policies supported by legislation and affirmative action. Cases in point are Ghana, South Africa, and Uganda. From Latin America, the case of Cotacachi in Ecuador is also a good example. In December 2001, the municipal council in Cotacachi set up the Commission for Women and the Family under a municipal by-law which is a legal body tasked with promoting and furthering gender policies designed to give effect to the rights of women. As a result, women's participation in the town's governance today is increasing (see International Observatory of Participation Democracy, 2006). Although these policy frameworks also exist in some African countries, however, in many instances local authorities do not seem to be aware of the contents of such instruments.

Box 4.1: The Case of Singida District, Tanzania

Local tradition and custom holds sway in Singida District. These are often oppressive to women, restricting married women for example from speaking before men, lest they be regarded as prostitutes in the community. Husbands restrict their wives from participating in social and economic activities, and men seize any income generated by women which leaves them even more dependent on their husbands. Widows may, however, engage in the community decision-making process as they are perceived to be heads of households like men. The elderly do not normally have the opportunity to participate in decision-making at community level. High bride price that men pay as dowry make them feel superior to women, which increases their social power over women who cannot seek divorce for fear that the dowry would be reclaimed.

Box 4.2: Sociocultural, Economic Factors Influencing Women's Participation: The Case of Uganda

There are a number of factors that influence women's participation in the decision-making process in Uganda. Most of these factors are related to gender-biased cultural norms and traditions. Women headed households constitute the majority, which are below the poverty line in Uganda and Entebbe municipality is not an exception. Women also constitute the majority of least education in Entebbe. Related to this is lack of exposure to and understanding of the council procedures such as planning, budgeting and accounting, which prevents women from significantly influencing local council outputs and making a greater impact on budget decisions. Women also lack an understanding of the local government system and councils and how they operate.

Women are involved in much of the household activities and have little time to attend council meetings. As a result men dominate council meetings and influence decision-making. It has also been noted that for women to attend meetings and participate in council activities they usually require the consent of their husbands. Since some men refuse to grant this permission it means that women's contribution to the municipal planning and budgetary processes is minimal. Women sometimes find it difficult to travel long distances to attend council meetings due to cultural restrictions on mobility particularly at night. However, women organizations are trying hard to make sure that such socio-cultural norms are countered and that women's voices are heard in the planning and decision making processes.

4.6 The Gender Dimension

The gender dimension in participatory budgeting takes into account the unique needs of men, women and children in a balanced manner. Gender-responsive budgets have caught the attention of the gender and development community. Governments, intergovernmental organizations, development agencies, parliamentarians, and civil society groups are promoting the use of gender-responsive budgets as a central part of their strategy to advance gender equality. This enthusiasm reflects the varied purposes gender responsive budgets can serve. These include:

- Improving the allocation of resources to women;
- Supporting gender mainstreaming in macroeconomics;
- Strengthening civil society participation in economic policy-making;
- Enhancing the linkages between economic and social policy outcomes;
- Tracking public expenditure against gender and development policy commitments; and
- Contributing to the attainment of the Millennium Development Goals.

Figure 4.6: Community Members at a Situation Analysis Session of their Village

The importance of gender responsive budgeting is further highlighted in Box 4.3 Below.

In Rosario, Argentina, participatory budget requires that anyone who votes at a budget assembly selects one male and one female delegate to promote gender equality. In India, it took a constitutional amendment mandating that women must form at least one-third of the

Box 4.3: Valuing Women

The use of gender-responsive budget analysis is a valuable tool to redress inequalities that exist between government revenues collected from, and expenditures that benefit, women and girls as compared to men and boys. Gender-responsive budgets are neither separate for women, nor do they try to increase spending only on women-specific programmes. Rather, budgets that reflect a gender perspective aim to ensure that women and men benefit equally from the distribution and use of public resources. They also recognize ways in which women contribute to their societies and economies through their unpaid labour in the productive economy as well as in their roles as caregivers for families and communities. As such, they provide a means for governments to translate commitments to gender equality and women's human rights into action.

Source: Gender Budgets and Valuing Women's Voluntary Work: UNIFEM and UNV Launch New Initiative in Latin America, 2005

councillors in panchayats (village-level councils) to create real opportunities for women's voices to be heard in municipal leadership.

In Africa: Malawi, Mozambique, Namibia, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe have gender budget analysis inside government while civil society coalitions undertake gender budget initiatives focusing on such areas as education, health and agricultures regarding poor women.

Box 4.4: Gender Inclusive Planning and Budgeting in Uganda

In Uganda, the District Development Project (DDP) made a significant contribution towards inclusion of gender concerns in planning and budgeting. In conjunction with the Ministry of Gender, Labour and Social Development, the Ministry of Local Government embarked on a comprehensive gender orientation strategy for the Technical Planning Committees at the District and sub-county (sub-district) levels.

According to the new strategy, all the sub-counties and districts are in possession of well outlined planning and budgeting guides. The planning guidelines emphasize a bottom-up approach to the soliciting of planning ideas and their prioritization. Gender inclusion in planning and budgeting systems and processes happens through ensuring that the needs of women and girls are incorporated into the village, parish, sub-county and district plans. Fair women representation in the expanded planning meetings is emphasized.

Like most government programmes, the DDP design relies on the various sector-wide plans for achieving the various concerns. Notable among these is the Education Plan which is supposed to ensure equitable opportunities for women and men, correcting education and career imbalances through increased education for girls, and ensuring a cut in the illiteracy rate currently at an average of 60 percent for women and 38 percent for men.

The Health Plan emphasizes promotions of health education, provision of maternal health services in order to curb maternal mortality rates currently at 130/1000

Major Achievements

The programme has made remarkable steps in the inclusion of gender concerns.

- *The inclusion of women and men on the planning and investment committees at sub-county and parish levels.*
- *The programme has introduced expanded planning meetings that as much as possible incorporates the planning views of women and men.*
- *DDP has opened out the participation of women in non-traditional areas such as construction of health units and other facilities. This has increased ownership.*
- *For the first time, there is a system for tracking gender inclusion in the development plans.*
- *A gender task force was constituted with representatives from the Ministry of Gender, United Nations Development Programme/UN Capital Development Fund, the United Nations Children's Fund and Ministry of Local Government. The Task Force will oversee the incorporation of gender concerns in the DDP and other local government development programmes.*
- *A study to engender all training materials and develop a mainstreaming strategy for local governments is underway,*

Source: Ministry of Local Government, Kampala

Box 4.5: Participatory Budgeting as a Tool for Consolidating Women's Participation in Local Democracy in Cotacachi, Ecuador

The International Observatory of Participatory Democracy in Ecuador provides an interesting case of the Municipality of Cotacachi where the mayor, Auki Tituana Males, put in place mechanisms to promote the inclusion of indigenous women in local management. Participatory budgeting was used as a framework to achieve this goal. Citizens benefited as they took a leading role in public decision-making regarding programmes such as, health, education, and literacy affecting their livelihood. On the other hand, the municipality gained greater efficacy and optimization of human and financial resources. The women groups expressed their testimonies as follows:

- *We have become part of the municipality.*
- *Our needs have been listened to.*
- *We have the confidence of municipal leaders.*
- *Women now take decisions and give opinions.*
- *Women have the chance to learn.*
- *Previously you needed to be well-connected with the mayor; not now.*
- *There is more direct intervention in the communities.*
- *We have been able to find out about and monitor projects.*
- *You have to admit that women have gone 90 percent of the way*

These comments contrast with previous statements made by women.

- *The local councils do not call and do not attach importance to women ideas.*
- *Other women and neighbours pan those women who do participate in these bodies.*
- *Husbands do not let them take part.*

Source: International Observatory of Participatory Democracy (2006), Ecuador

4.6.1 A Process That Enhances a Gender Budget

A Gender Budget requires transparency and expertise to analyze the data. The process requires analysis with advocacy. Steps include (adapted from VeneKlasan):

- Identifying and prioritizing the problems facing marginalized groups like women and girls.
- Assessing existing government policies and programmes in relation to these priorities including the extent to which they are responsive to marginalized groups.
- Assessing the extent to which the government budget is adequate to implement the policies and programmes.
- Monitoring the extent to which resources are used for their intended purpose and reach intended beneficiaries.
- Evaluating the impact of the resources spent on the problems identified in the first step.
- Developing gender-sensitive policies to integrate into the next budget

Box 4.6: Country Examples of Gender Budget Initiative Outcomes

In Tanzania, Gender Budgeting Indicatives resulted in budget guidelines instructing line ministries to submit gender-sensitive budgets. Malaysia plans to do the same.

In India and in the Western Cape Province of South Africa, examination of the imbalances resulted in some gender analysis being included in budget background documents.

Australia, Gauteng Province of South Africa and Rwanda produce budget performance statements that include gender statements.

The Indian state of Kerala requires 10 percent of development expenditures to target women's priorities.

The Philippines requires 5 percent of the budget of each public agency to deal with gender issues.

The Indian 9th Plan (1995-2000) required 30 percent of expenditures on various poverty alleviation programmes to target women.

Mexico in the late 1990s required that 50 percent of poverty alleviation beneficiaries be women.

South Africa's public works programmes require that 60 percent of beneficiaries should be women. Its skills development programmes require that 54 percent of beneficiaries should be women (and 85 percent black South Africans).

4.7 Self Assessing Questions

i. Outline the main dimensions or aspects of participatory budgeting you are aware of and explain in your own words what each means?

ii. State the three main forms of participation used in the participatory budgeting process. From your own point of view what are the advantages and weaknesses of using each of these forms of participation?

iii. Observations show that women's participation in the participatory budgeting process is characteristically lower that that of men. What are some of the reasons for this and how can this be overcome?

iv. In your local authority what percentage of the budget is open to participatory budgeting discussions?

v. Are there any formal or informal laws relating to participation in the budgeting process in your country? If there are any, list them

vi. Do citizens in your country know about these laws?

Chapter 5

CONDITIONS FOR PARTICIPATORY BUDGETING

There are a number of basic preconditions that must be met for the successful implementation of a participatory budgeting process. However, in most instances, four basic conditions are mandatory within a municipality to make participatory budgeting feasible. These conditions are:

- Political will of the mayor and other municipal decision-makers;
- Presence and interest of civil society organizations and the citizenry in general;
- Clear and shared definition of the rules guiding participatory budgeting; and
- The willingness to build the capacity of the population and the municipal practitioners.

5.1 Political Will of the Mayor and Municipal Decision-Makers

The willingness of the mayor and other municipal decision-makers to create the necessary conditions for civic participation in decision-making and budgetary processes is essential to the successful implementation of participatory budgeting in any given local authority. Hence for any successful participatory budgeting process that intends to truly deepen democracy, an important necessary condition is that the political will of the mayor and other municipal decision-makers should not be comprised.

The display of political will also means that the elected and appointed municipal practitioners must resist pressures to cancel the participatory budgeting process during its formative stages, when everyone will still be learning through trial and error and whilst frustrations also tend to be many due to lack of tangible benefits. The municipal authorities also need to have a commitment to accept conflict fuelled mainly by different political ideologies. At the same time, a successful participatory budgeting process requires the political will and democratic processes that take initiatives to reduce the exclusion of those who are less likely to participate. The aim here will be to make special efforts to reduce internal inequalities and to avoid concentration of knowledge and the perpetuation of power in the hands of a few local politicians, municipal practitioners and local elites (Schugurensky, 2004).

In addition, the mayor and other municipal decision-makers' commitment to the initiation and implementation of the participatory budgeting process should also include the creation of an enabling legal and policy environment

for participation, especially to ensure the equitable distribution of resources. In addition, the mayor and other municipal decision-makers' facilitation of stakeholder involvement in civic issues is a demonstration of commitment to institutionalize participation in municipal budgeting.

In many parts of the world where participatory budgeting is practiced, including Africa, in addition to governance and political structures that extend from the village level up to local government, a number of municipalities have also created an enabling environment for the establishment and operation of civil society organizations in local decision-making and the budgetary process. In some cases a number of actions have been used to enhance the inclusiveness of the participatory budgeting process. These range from outreach programmes and awareness campaigns, frequent holding of public meetings to the mounting of road shows that demonstrate determination of municipal practitioners

Political will to enhance participation in local government in African cities manifests itself in various forms. For example, a few years after the civil war in Mozambique civic groups in Dondo and Manhica were allowed to participate in priority-setting and budget formulation. Constitutionally, local authorities in Mozambique are allowed to engage citizens in the decision-making and budgetary processes. Government programmes also show the degree of political will to execute a programme.

The Mutoko Rural District Council in Zimbabwe demonstrates a unique combination of the ruling party political structures, legal structures and traditional leaders, work together to promote an inclusive participatory budgeting process in the district. In most cases this kind of situation prevails when there is political will to increase civic participation in sub-national issues at local and national levels. A senior official of the city of Gweru resisted the programme that Mutoko Rural District Council had welcomed, citing that the Urban Councils Act of Zimbabwe did not spell out the inclusion of civic society organizations in the budgeting process.

This case illustrates that appointed officials can be crucial elements in seeing any process through. They must themselves believe in civic participation for it to work as they are the implementers. Some of these cases are discussed in detail below with respect to the context; issues that were at stake at that particular point in time; the actors and their roles: processes and instruments for reflecting the political will of the municipal officials: the results of the actions undertaken by the municipal leadership; and lessons learnt.

Box 5.1: Manhica Municipality (Mozambique) on Setting up Civic Participation Processes for Budget Formulation

The end of armed conflict and demonstration of political will to decentralize have enhanced civic participation in local decision-making and the budgeting process.

The municipality set up bairro or ward development committees composed of profiled locally-based civic society organizations like churches, youth and women's organizations. The local authority spearheaded this process through assembling civic groups in meetings for awareness-raising, needs identification and project formulation. The local authority arranged for meetings at ward level for budgets of the ensuing years. The local authority acted as the secretariat and ensured that the projects the community identified became the authority's projects.

Meetings are the most popular way of achieving consensus on projects to be implemented in communities of Manhica city. These are attended by local councillors and chief officers. The community is involved in implementing the projects and also jointly reviews them with the local authority.

As a result of this political support, participatory budgeting has been systematically entrenched. The community identifies reviews and monitors its projects at ward level. The community has been able to provide street and park cleaning services as well as road maintenance using their own equipment. The community has put up simple health shelters in their bairros that are manned by trained locals. A local newspaper to disseminate local news and raise civic awareness has been set up. The local authority now knows the composition of its society better and works with it closely.

Box 5.2: Outreach visits in Entebbe Municipality in Uganda

The mayor of Entebbe provides a good example of political leadership through the outreach visits. The outreach was planned to be a joint venture between the council and representatives of civic organizations that supported the introduction of participatory budgeting. The purpose of the outreach was to (i) mobilize citizens and (ii) reach out to the city's citizens who are unable to attend participatory budgeting meetings. The mayor and his team call upon anyone who is willing to receive them. These visits provide opportunities for interacting with the citizens and getting to know their concerns, pressing needs and priorities.

The mayor and his councillors went on to attend capacity building workshops that are intended to create awareness about the budget process. In addition, a wide range of promotional materials were produced and distributed widely to municipal officials, councillors and Entebbe citizens.

5.2 Interest of Civil Society Organizations and the Citizenry

The general interest of civil society organizations and ordinary citizens to take part in the process is also an important necessary condition for participatory budgeting. There are a number of cases where in some African cities the triggers of the participatory budgeting process have been members of civil society organizations together with the help of ordinary citizens. In some instances participatory budgeting related tasks are possible to undertake or implement if ordinary citizens volunteer their services for free. The interest to participate in the budgeting process has been aroused either by an unforeseen crisis or escalating service charges as the two case studies below from the city of Gweru and Kabwe municipality show.

Box 5.3: The Role of the Ratepayers Association in Changing Budgetary Practices the City of Gweru, Zimbabwe

Prior to 1995, some senior officials of the city of Gweru used to hide behind meeting the minimum legal requirements to bar civic participation in local issues, accusing civic groups of being illegitimate and engaging in backdoor means of unseating democratically elected councillors. Through petitions to the local government minister for "not being consulted" in the budgetary processes and civil suits, organizing demonstrations against increases in charges, the Residents and Ratepayers Associations of Gweru forced the local authority to move into a participatory gear for local decision-making and budgeting in that the city finally accommodated citizens' demands by profiling its stakeholders and conducting workshops with them for strategic planning and annual budgeting.

Consequences and Impact

The city was forced to identify profile and work with its stakeholders in the planning and budgeting process. The city came out of its cocoon of merely meeting legal formalities to enhanced civic participation. The relationships between the local authority and its citizens improved remarkably. The objections to the budget have declined significantly enabling timely budget implementation and lower defaults in payments.

Source: Former Treasurer

5.3 Shared Definition of the Rules on the Participatory Budgeting Process

If the initiation and implementation of participatory budgeting is to succeed, another important precondition is the development of clear and shared definition of the rules guiding the budgeting process. These rules refer to the amounts to be discussed, the stages and their respective time periods, the rules for decision-making (and in the case of disagreement, the responsibility and decision-making authority of each actor), the method of distributing responsibility, authority and resources among the city's different districts and neighbourhoods, and the composition of the Participatory Budget Council. These rules cannot be decided unilaterally. They must be determined with full participation of the population and subsequently adjusted each year, based on the results and functioning of the process.

Box 5.4: Mutoko Rural District Council on Establishing Clear Rules of Engagement to Solve Conflicts

When Mutoko Rural District Council introduced participatory planning that was beyond minimum legal provisions, it faced problems of role conflicts between these elected representatives and emerging civic society leaders. It was able to resolve these conflicts through a signed social contract.

The local authority organized a workshop attended by representatives of the various stakeholders in which general agreements on the way forward were agreed. To ensure the ground rules took root in the participants' way of life, representatives of the various groups signed a social contract, called a Restructuring Action Plan, which locally defines participatory planning and budgeting.

Source: Former Treasurer

5.4 Will to Build the Capacity of the Population and the Municipal Officials

The success of any participatory budgeting process also hinges on building the capacity of citizens and municipal officials to participate effectively in the process. As a consequence training and capacity building of citizens and municipal officials should be given high priority in preparation for a participatory budgeting process. This is the basis for empowerment of citizens as well as municipal officials to act meaningfully in the participatory budgeting process. For example, citizens need to know the workings of a budget and the participatory budgeting process. They need to appreciate that their involvement does not stop at identifying needs and prioritizing them. Rather, they need to have the capacity to monitor the implementation of the budget as well as evaluate the results. Municipal officials, on the other hand, need to acquire skills in areas such as negotiation, communication, listening and targeting.

It is advisable to direct capacity building efforts toward a broader view of community priorities. For example, citizens should be encouraged to look at the city as a whole rather than concentrating on the problems specific to their neighbourhood. This is part of the larger empowerment or "citizenship school" component of the participatory budgeting process; citizens are encouraged to envision and work for broader social change. Further, it is advisable that special attention should be given to empowering the marginalized and disadvantaged groups such as the youth, women, the children, or the elderly to engage effectively in participatory budgeting. The starting point is to carry out a training needs assessment through consultation with the beneficiaries. Then, a synthesis of the needs and design appropriate training programmes with illustrations, based on real life experiences, should be done. Facilitators need to be identified and exposed to methods and approaches. The case study of Illala Municipal Council is outlined below as an example on how the willingness to build the capacity of citizens and municipal officials helps in enhancing the participatory budgeting process.

Box 5.5: Illala Municipal Council on Capacity Building of Ward Representatives, Dar es Salaam, Tanzania

Having embraced the need for participatory budgeting as an obligation under government policy to involve people in decision-making and ensure sustainability, the Illala Municipal Council prepared the sub-ward leaders for their new task.

The council developed a training programme on participatory planning and budgeting in collaboration with the Institute of Regional Development Planning and Development. Residential and field training sessions were conducted to council extension staff, ward executive officers and representatives of NGOs and community based organizations from each ward using Participatory Poverty Assessments and the Opportunities and Obstacles to Development techniques. The council management team was exposed to three days of training while all councillors were received a day's training on planning, budgeting, advocacy skills and role assignment to all groups of stakeholders. Furthermore, the council established 22 community level planning and budgeting support teams, one in each ward with 10 members to empower communities with the requisite skills.

5.5 Self Assessment Questions

i. Lack of political will as well as the will to build the capacity of citizens are seriously considered as constraints to the introduction or further enhancement of the participatory budgeting process. Is this the case within your own local authority?

ii. If the above is true, what strategies do you think should be adopted to overcome these challenges?

iii. For participatory budgeting to succeed an active civil society is a necessary prerequisite. Discuss.

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Introduction of participatory budgeting can be a sound vehicle in realizing good governance and fighting poverty. It is a mechanism that involves elected leaders, public officials, service providers, and non-state actors - civil society, private sector and development partners.

This Training Companion is part of the effort to build capacity of local government practitioners in introducing participatory budgeting in local government in Africa. The Companion was developed with a view to providing users with information, tools, methodologies, case studies and tips on how participatory budgeting can be introduced. The materials in the Companion were collected from various local governments in Africa and beyond that are already practicing participatory budgeting. Users are encouraged to adopt the material to their local condition.

Volume 1: Concepts and Principles, introduces participatory budgeting, outlines key tenets of the traditional budget cycle, and looks at the cycle, dimensions and conditions for participatory budgeting. Volume 2: Facilitation Methods, covers introduction and implementation of participatory budgeting with examples and experiences from eastern and southern Africa, Latin America and Europe. It also discusses the main constraints to implementing participatory budgeting in Africa.

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Volume I: Concepts and Principles

UN-HABITAT

United Nations Human Settlements Programme
P.O.Box 30030 GPO 00100, Nairobi, Kenya
Fax : (254-20) 7623092 (TCBB Office)
E-mail : tcbb@unhabitat.org
Web site : www.unhabitat.org

Municipal Development Partnership Eastern and Southern Africa (MDP-ESA)
7th Floor Hurudza House, 14-16 Nelson Mandela Avenue,
Harare, Zimbabwe
Fax: (263-4) 774387
Email: region@mdpafrica.org.zw
Web site: www.mdpafrica.org.zw