



Participatory Budgeting

Risk Mitigation



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Mitigating Risks & Challenges of PB



What are the main risks and challenges associated with PB?
How have some experiences tried to overcome these challenges?



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Unfortunately, not all of the case studies are successful cases, and not all communities have managed to establish a functioning PB mechanism. Therefore, in this presentation, we are going to explore the main risks and challenges associated with the implementation of PB, and how different experiences have tried to overcome these challenges.

Main Risks Associated with PB



Main risks:

- Lack of capacity and/or resources
- Raised expectations
- Quality of participation
- Civil society co-optation
- Tension with elected representatives
- Sustainability
- Focus on participation instead of results



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It is important to stress that PB is not a silver bullet that has the ability to solve all management and governance problems. Since there is no single PB model and all experiences are different, the risks and challenges may vary according to the context. Generally, the main risks associated with the implementation of PB are:

- Lack of capacity and/or resources;
- Raising false expectations;
- Quality of participation;
- Civil society co-optation;
- Tension with elected representatives, and
- Sustainability

We'll now go through each of these risks in detail.

Lack of Capacity and Resources

Government needs to:

- Invest time and financial resources
- Train public officials on how to interact with public and organize activities
- Improve budget literacy of citizens
- Educate citizens on the roles and responsibilities
- Generate a process of systemic capacity building linked to PB



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Many governments lack the capacity and/or resources to train public officials on how to interact with the public, organize PB activities, and create internal processes that allow PB projects to leave the annual budget to be implemented. There is a risk associated with lack of basic capacity that might compromise the implementation and sustainability of the PB process. Moreover, improving the budget literacy of all citizens and generating a process of systematic capacity building linked to PB is also a crucial task for the government and/or local CSOs. Beyond budget literacy, citizens often need to understand the basics of who is responsible for what. The government must invest time, financial resources and training for public officials and citizens.

Raised Expectations



- Citizens unaware of fiscal constraints may demand services and goods that the government cannot deliver
- Poor financial management creates tensions that undermine credibility and sustainability of PB



Where a government cannot provide fiscal information or a budget forecast, citizens are unaware of the fiscal constraints and may demand services and goods than the government is not able to deliver. For instance, public officials must be able to exclude projects that are too costly or will take too long. For example, housing is often complicated because of unclear property rights regimes. Moreover, public officials also need to think about timing and sequencing of project. For example, a drainage system should come before roads. Likewise, people may seek to use their new political rights to gain access to social rights/goods but it may be that the level of resources is so low that citizens will not be able to gain much. Thus, in many cases, governments have not been able to execute the PB process due to poor financial management, creating tensions that have undermined the credibility and sustainability of PB as a whole.

Quality of Participation



- **Challenge: include *everyone* into the PB process:**

- No additional value generated through PB for middle classes and private sector
- High cost in time and transportation for marginalized groups
- High knowledge disparities between the poor and the wealthy affects quality of participation and equity of final budget priorities
- Significant differences within low-income groups such as links to government, attitudes related to “right to have rights”
- Differences in gender, kin, and ethnic groups



It is often challenging to include everyone into the PB process, especially the most marginalized groups, middle income classes, academia, and the private sector. The middle classes and the private sector usually already have good access to public services and thus do not see the value added in PB activities. Marginalized groups often encounter a high cost in time and transportation to participating in PB. The knowledge disparities between the poor and the wealthy also affect the quality of participation and the equity of final budget priorities. Even within the low-income groups, that are the main participants in PB activities, there are often significant differences. For example, their spatial location, links to government, attitudes related to “right to have rights.” In addition, the knowledge gap between and within classes also affects the quality of participation. Thus, even within a targeted social class, there will significant differences.

Moreover, there are also differences in who speaks and really have a voice within the targeted groups. There may also be differences in gender, class, kin, ethnic group, etc. as well as there is always a risk of elite capture within these selected groups. All of these affect the overall legitimacy of the PB process.

Civil Society Co-optation

Risk of clientelist practices:

- Autonomy of civil society organizations and legitimacy of PB process can be undermined
- Governments insisting of “their projects”
- Delegates may not be voted into PB council in a democratic process



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The autonomy of civil society organizations can be undermined if PB practices are used to increase clientelism. If governments insist on “their project,” then co-optation is an issue. But when individuals from social classes are engaged in deliberation and negotiations, this is not co-optation.

Tension with Elected Representatives




- Legislative members fear losing representative power
- Lack of political will and support for PB
- Decrease in funds allocated to the process



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Tensions can appear when elected members of the legislature become afraid of losing their representative power. As the budget arrives in the Municipal Council with a substantial degree of popular legitimacy, some legislators may fear that their role in the budgeting process becoming a mere formality. This can lead to a lack of political will and to a decrease in the funds that can be allocated to the process.



Sustainability

- Citizens' can drop out of the process after demands are met and goals are achieved
- Elections can undermine the quality of participation, turning discussions into political debates
- Political changes in the administration can disrupt the PB process
- PB may be used as a political tool in short- and-long term



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Generally speaking, when citizens' demands have been met they have a tendency to not participate in future PB processes. These citizens would look more like the middle classes because they have achieved their goals. They may drop out and then return when they have demands. Additionally, election periods usually also undermine the sustainability of the process, as discussions turn into political debates. Opposition parties are less keen to mobilize their constituencies and support the PB process. Political changes in the administrations can potentially disrupt the PB process, particularly when PB is not institutionalized legally, which is often the case, and may be used as a political tool.

Participation: Processes vs. Results




- *Processes/Means* leading to sustainable, long-term *results* as an *end*, improving the lives of citizens
- Strong focus on participatory processes and little or no focus on monitoring and evaluation of outcomes
- Lack of results-based and output-oriented PB processes



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In a successful PB mechanism, participation should be the means leading to sustainable long-term results that improve the lives of citizens as an end. Still, many PB processes today focus mostly on the participatory practices to increase citizens' voice, without monitoring and evaluating the outcomes of this process. PB processes must aim to be more results-based and output-oriented (without compromising the participatory process, of course) to in fact improve the lives of the citizens.



Overcoming PB Challenges

- Promoting budget transparency mechanisms and fiscal literacy initiatives
- Establishing a stronger link between PB and revenue and expenditure planning
- Improving the mechanisms and spaces for citizens' participation
- Enhancing the link between direct and representative democracy
- Institutionalizing key building blocks and principles of PB
- Creating a link between results-based budgeting to PB



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As the above risks and the previously mentioned case-studies illustrate there they are some significant challenges associated with PB. That said, experience and studies have shown that there are mechanisms by which these challenges can be overcome. Some of these mechanisms have been highlighted throughout this module. These include:

- Promoting budget transparency mechanisms and fiscal literacy initiatives
- Establishing a stronger link between PB and revenue and expenditure planning
- Improving the mechanisms and spaces for citizens' participation
- Enhancing the link between direct and representative democracy
- Institutionalizing key building blocks and principles of PB
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Review

- **Main risks and challenges:**
 - Lack of capacity and/or resources
 - Raising false expectations
 - Quality of participation
 - Civil society co-optation
 - Tension with elected representatives
 - Sustainability
 - Focus on participation instead of results
- How to overcome challenges



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In this presentation, we surveyed some of the main risks and challenges that have been shown to surface with the worldwide implementation of participatory budgeting. These include a lack of capacity and/or resources, raising false expectations, ensuring a high quality of participation, civil society co-optation, tension with elected representatives, sustainability, and a focus on participation rather than on results. Finally, we gave some brief examples of strategies that have been used to successfully overcome these challenges and to successfully design and implement participatory budgeting programs.