Review of a Decade of Participatory Budgeting as a Mechanism for Civil Society Participation - A Case Study for Peru

Janine Wittek

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Abbreviations

CS  Civil Society
CSO  Civil Society Organization
ICT  Information and Communication Technologies
MCLCP  Mesas de Concertación para la Lucha contra la Pobreza
(Roundtables to Support the Fight Against Poverty)
MEF  Ministerio de Economía y Finanzas (Ministry of Economy and
Finance)
MIDIS  Ministerio de Desarrollo y Inclusión Social (Ministry of
Development and Social Inclusion)
NGO  Non-Governmental Organization
PRS  Poverty Reduction Strategy
PB  Participatory Budgeting
UN  United Nations
USAID  United States Agency for International Development
USD  United States Dollar
WB  World Bank

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Table 1: Important Milestones of the Implementation of PB in Peru
1. Introduction

Peru has a long history of centralist government that has concentrated resources on the capital city. Since two decades the country has been undergoing a process of reform, decentralization and democratization of the state in order to promote a comprehensive economic, social and political development. Part of that process is to build a “modern” relationship between the state and the civil society (CS). This relationship is based on the right and obligation of the individual and/or the collective voice to actively express interests in order to influence the political decision-making processes on three levels of the public sector. CS participation strengthens inclusive Governance and Democracy because it allows shared management of sustainable development and in this way, it will increase the rates of human development. After years of an authoritarian regime of, Peru was facing the major challenge of how to construct a relationship of trust between the population and the government institutions.

The present essay focuses on an almost worldwide established mechanism for CS participation and social inclusion: Participatory Budgeting (PB)\(^1\) – a direct-democracy approach to budgeting, highly relevant in the area of international cooperation as it has been strongly disseminated and promoted as poverty reduction strategy (PRS) in Latin America by international development agencies such as The United Nations (UN-Habitat Division)\(^2\), the World Bank (WB)\(^3\) and the U.S. Agency for International Development (USAID), amongst others, during the past decade. It is a transformative process that may cost governments almost nothing, since it reallocates already existing funds and it is a process worth to be exploited in detail as more and more communities hold a magnifying glass to budgetary data to hold the governments transparent and accountable. Moreover, it addresses two distinct but interconnected needs: improving state performance and enhancing the quality of democracy.

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\(^1\) Original denomination in Portuguese: Orçamento Participativo; Denomination in Spanish: Presupuesto Participativo.


In the first section, the essay will provide a brief review of the reform and decentralization process of the Peruvian state. Section two outlines how Peru achieved inclusion of CS participation in the policy-making process. Section three presents what PB is, its strength and opportunities and weaknesses and challenges. Finally, section four concludes and gives an outlook over the future contribution of PB to Good Governance and Democracy in public institutions.

The methodology comprises desk research of literature that investigates the implementation of PB i.e. assessments conducted by academics, non-governmental organizations (NGOs), government evaluations, donors evaluating their own interventions and papers of other public and private institutions involved in the process. The critical reflection of some key dimensions relates to a decade (2003-2013) of PB implementation experience in Peru.

2. Peru’s Public Sector Governance

The Republic of Peru is a decentralized unitary state with a multi-party system. Unitary because it is governed as one single entity having common duties and pursuing shared goals such as general welfare or civil security. The national Government is supreme and the subnational divisions only exercise functions that their central government chooses to delegate. Furthermore, it is decentralized because the Peruvian government should be exercised on three levels – national, regional and local4 – each with specific competences. Peru is divided into 25 regions (Departamentos)5 and the Province of Lima, 195 Provincial Municipalities and 1841 Districts6.7

Despite of more than two decades of reform efforts that were only partly successful, the country still suffers from unsatisfactory and frequently dysfunctional governance systems that tolerate rent seeking and red tape, inappropriate allocation of resources, inefficient revenue systems, and weak delivery of public services. Such

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4 Comprises province and district level
5 Including the city of Callao i.e. The Constitutional Province of Callao; It has a special status because it belongs to the Province of Lima.
7 Proyecto USAID/Perú ProDescentralización 2010: 7
poor governance leads to unequal and unfair development that in turn entails internal and external migration, rural exodus and increasing poverty.  

2.1. Reform and Decentralization

After the fall of Fujimori's authoritarian regime in September 2000, the transition government integrated dialogue and negotiation to achieve consensus and respect for the democratic framework prioritizing citizen participation and transparency, particularly as tools for achieving more inclusive development. Then, three national processes were initiated: (i) roundtables to support the fight against poverty, (ii) formulation of national development goals, and (iii) decentralization.

i. The Roundtables for Poverty Reduction (Mesas de Concertación para la Lucha contra la Pobreza (MCLCP)) were created in January 2001, and provide a forum for dialogue and negotiation for government ministries and CS representatives to design social policies. From these roundtables emerged the Concerted Development Plans (Planes de Desarrollo Concertado) and an even more proactive role of Civil Society Organizations (CS) in local development processes.

ii. The roundtables contributed to elaborate national development goals in early 2002, which were then formalized in the National Agreement (Acuerdo Nacional). It states 31 state policies in four areas: (1) institutionalization of democracy, (2) social equity and the fight against poverty, (3) competitiveness, and (4) anti-corruption.

iii. The decentralization process aims at inclusive and sustainable development to the benefit of the population. Furthermore, decentralization is closely related to good governance, democratization and legitimizing the state. It is promoted not as an end but a means to de-bureaucratize public administration in order to provide better services to citizens, to promote their democratic participation in

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8 World Bank 2012: 6-7
10 „Concertación” stems from the spanish verb „concertar”, and results a difficult concept to translate. In the latinamerican language use, it means discussing issues and coming to agreement or consensus in participatory policy-making processes such as development plans, roundtables, PB etc.
11 Acuerdo Nacional 2002
decision-making and thus, responding to their social, cultural, economic and political needs.\textsuperscript{12}

The main principles of Peru’s decentralization process are as followed:
- Transfer of public sector power, responsibilities and competences from national government to sub-national governments
- Redistribution of state resources among the three levels of government and promotion of inclusive public expenditure
- Self-sustaining, equal and inclusive economic and social development
- Promotion of competitiveness of regions and provinces
- Participation and watchdog function of CS\textsuperscript{13}

Within this essay, the decentralization process will not be discussed in greater detail. Though, there is one particular aspect for establishing CS participation in the area of inclusive public expenditure management that will be of further interest: the implementation of \textit{Participatory Budgeting}.\textsuperscript{14}

3. Participatory Budgeting

3.1. What is Participatory Budgeting?

There is no general definition of PB; it rather depends on the local political, social and economic environment. In general terms, it is a direct-democracy approach to allocate public funds. It emphasizes on democratizing, empowering and poverty reduction aspects and strengthens the demand for good governance.\textsuperscript{15} PB is a policy procedure that actively involves the CS in government expenditure practice, as residents throughout the democratic PB approach actively intervene on how to spend part of the public budget on an annual basis. Therefore, PB enables the taxpayers to take part in the policymaking process vital to their quality of life.\textsuperscript{16}

\footnotesize
\textsuperscript{12} Feliciano and John-Abraham 2004: 1-2; Proyecto USAID/Perú ProDecentralización 2010: 9-15
\textsuperscript{13} Proyecto USAID/Perú ProDecentralización 2010: 10; Ley N°27783 §2,3,4; World Bank 2012: 15-16
\textsuperscript{14} Hordijk 2009: 47
\textsuperscript{15} Shah 2007: 1
\textsuperscript{16} Goldfrank 2012: 1-5; Wampler 2007: 21. Further definitions can also be found in UN-Habitat 2004.
The UN-Habitat report (2004: 23) notes the following benefits of PB: “The Participatory Budget:
- Improves the transparency of public administration and efficiency in public expenditures.
- Encourages citizen participation in decision-making and in the allocation and oversight in the use of public funds.
- Demands increased accountability from public leaders and managers.
- Enables collective prioritization and co-management of resources.
- Generates increased trust between the government and the population.
- Creates a democratic culture within the community and strengthens the social fabric."}

Furthermore, including the public in decision-making (i) supports in demystifying municipal budgets, (ii) turns passive citizens into active voters and informed surveillants of government procedures and (iii) helps communities explore participation opportunities. (iv) It also serves as an important gateway to engagement with local government for a variety of residents, especially traditionally underrepresented, vulnerable or discriminated groups.

PB was first developed in the late 1980s in Brazil under the Worker’s Party – a bottom-up initiative – as part of a larger effort to establish democracy and citizen participation in urban centers and small towns after decades of military dictatorship, political patronage and corruption.

Three stages can be identified in the development of PB:
1. 1989 – 1997: PB was invented and implemented as an experimental phase in a limited number of small cities in Brazil (> one million inhabitants).
2. 1997 – 2000: PB spread in Brazil, when more than 130 municipalities adopted the model with regional variations and expanded to cities in Uruguay.
3. 2000 to present: PB is expanding to other Latin American and European countries such as Spain, Italy, etc.

17 According to the Business Dictionary, social fabric is „the composite demographics of a defined area, which consists of its ethnic composition, wealth, education level, employment rate and regional values“. http://www.businessdictionary.com/definition/social-fabric.html. Access: 10.03.2014.
18 Goldfrank 2012: 1-5; Wampler 2007: 21
Over the last decade, the practice of PB “globalized” as a number of countries in Asia and Africa started to adopt PB. It is important to mention that the PB process is still mostly embraced on municipal level.  

3.2. Participatory Budgeting in Peru

It is evident that the transition to democracy and the decentralization process generated a favorable environment for the development of a PB platform in Peru (see table 1). Regional and Local Governments prepare part of their budgets in a participatory manner. This according to the requirements of the Constitution of Peru, the Organic Laws of Regional Governments and Municipalities and the regional and local instructional ordinances issued annually by the Ministry of Economy and Finance (MEF). For this end, the Framework Law on Participatory Budgeting and its regulations establishes minimum standards for the development of the Participatory Budget: Since 2003, it requires all the Municipal and Regional Governments to institutionalize a yearly PB process. It also provides rules and instructions to plan the specific strategies and mechanisms for its implementation. This planning process always goes hand in hand with the participatory planning of the Concerted Development Plans (at regional, provincial and district level).

Thus, PB cannot be perceived as an isolated instrument since together with the Concerted Development Plans it is part of a joint planning process focusing on three objectives:

a) The efficiency and effectiveness of public governance

b) Increasing citizenship and participation at national, regional and local level

c) The quality and effectiveness of development processes.

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20 McNulty 2012: 2
21 Original denomination in Spanish: La Constitución Política del Perú.
22 Original denominations in Spanish: Ley N°27867.- Ley Orgánica de Gobiernos Regionales/Ley N°27972.- Ley Orgánica de Municipalidades
23 N°28056.- Ley Marco del Presupuesto Participativo (“Framework Law on Participatory Budgeting”)
24 Colectivo Interinstitucional de Presupuesto Participativo 2006: 3
It is important to keep in mind that PB in Peru is now a strictly top-down initiative as it is mandatory by law. However, before the law mandated to establish PB there were a few cases spread over the country\footnote{E.g. in the Municipalities of Ilo in Moquegua, San Marcos in Cajamarca, Limatambo in Cusco, Villa El Salvador in Lima, Huanta in Ayacucho among others} where PB began as a local initiative by social and political will of social organizations and local authorities.\footnote{Colectivo Interinstitucional de Presupuesto Participativo (2006): 1-2; Goldfrank 2012: 109}

3.3. The Rules of the Game

There is no strictly defined model for PB programs. While there are similar methodologies and institutional mechanisms, each PB process must be structured in response to the particular political, social and economic context and within a regulatory framework.

In Peru, according to Law N°29298 (§4)\footnote{N°29298. - Ley que modifica la Ley N°28056 (“Law that modifies the Law N°28056. - Framework Law on Participatory Budgeting”)} paraphrased below, the PB process comprises four phases:

1) **Preparation:** Identifying, registering, and training participating agents (March-April).

2) **Consensus:** Participating agents meet to discuss the respective development plan and prioritize the “themes” of projects that should be funded in the new budget. The

<table>
<thead>
<tr>
<th>Year</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Creation of the Roundtable for Poverty Reduction comprising coordination with 24 departments.</td>
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<tr>
<td>2002</td>
<td>The Directorate General for the Budget of the Ministry of Economy (Dirección Nacional del Presupuesto Público) implemented in coordination with the Roundtable for Poverty Reduction a PB-pilot project in 9 regions with an investment of S/ 433 million nuevos soles (more than 150 million USD) even before the relevant laws were adopted</td>
</tr>
<tr>
<td>2003</td>
<td>Formalization of PB by law</td>
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<tr>
<td>2004</td>
<td>24 regions develop Concerted Development Plans and Participatory Budgets. Simultaneously, 873 municipalities reported their PB processes that prioritized over 6,000 projects.</td>
</tr>
<tr>
<td>2005</td>
<td>PB is widespread throughout the country, converting it into a laboratory of participatory practices.</td>
</tr>
</tbody>
</table>

Source: Colectivo Interinstitucional de Presupuesto Participativo 2006: 2; Hordijk 2009: 48
technical team then evaluates each proposed project and, based on the agreed upon priorities, recommends the projects that should be funded (April-May).

3) Coordination among the different levels of government: Meetings between the regional president and the local mayors to make sure that spending is coordinated, sustainable, and has local impact (May-June).

4) Formalization of investment projects: During a regional meeting all participating agents are given a vote in the final project list. This final list is sent to two regional governmental bodies, the Local/Regional Coordination Council\(^{28}\) for its last revision. Then, it is handed over to the Local and Regional Council, for approval (June). After approval the implementation begins.

The participating agents form (i) the Regional Coordination Council, (ii) the Local Provincial Coordination Council, or (iii) the Local District Coordination Council. E.g. in the local provincial case the council is composed of the Provincial Mayor as Chairman, the provincial councilors, the District Mayors of the respective CSOs such as peasant communities, associations, producer organizations, business associations, NGOs, professionals, neighborhood councils, etc. This is an important distinction from other PB experiences such as in Brazil, where only individuals or representatives from neighborhood organizations participate. The coordination councils are responsible for coordinating and arranging both the development plan and the participatory budget.\(^{29}\) In order to support the whole PB process with digital mechanisms for access to information and monitoring, in 2005 the MEF in cooperation with the ProDescentralización (PRODES) and USAID created an interactive online application accessible for individuals and the governments.\(^{30}\)

4. Opportunities and Challenges of the PB process in Peru

The following chapter highlights the achievements and opportunities created, but also the risks and challenges encountered in a decade of PB implementation. The analysis will focus on six key dimensions: the regulatory framework, the participating agents and social inclusion/exclusion, budget transparency, allocation of public

\(^{28}\) Original Denomination in Spanish: Consejo de Coordinación Local Provincial (CCLP) or Consejo de Coordinación Regional

\(^{29}\) McNulty 2012: 3-4; Municipalidad Provincial del Cusco 2013: 1

resources and project execution, political will and international donors. The findings were synthesized from investigations published between 2005 and 2012.

4.1. Achievements and Opportunities

4.1.1. Regulatory Framework

In general, the Peruvian regulatory framework – in compliance with the obligation of Regional and Local Governments to gradually democratize some of the most important components of decentralized governance – sets clear norms, rules, mechanisms and instruments for CS participation at three levels. Its official and binding character contributes to the consolidation of PB as a state policy to govern participative procedures. The MEF revises the PB guidelines every year, in response to suggestions formulated by participating agents. Furthermore, it is positive that PB projects have to coincide with the corresponding development plans because building development objectives and strategic guidelines facilitate thematically-territorially aligned articulation of project development and budget allocation.

Participation through the defined interventions is a solid vehicle of empowerment for CS and brings together the state and the population. Therefore, the right implementation of the existing laws enables the citizens to discover and understand that democratic principles go further than the simple election of authorities and that local development does not only lie in the hands of politicians but also in their own.\(^{31}\)

4.1.2. Participating Agents and Social Inclusion

In general, the participating agents represent a variety of CSOs and public agents. The quality of participation is pro-active and engaging during coordination meetings. The number of participants has been increasing constantly between 2005 and 2009, thanks to motivation and capacities of authorities, initiatives of CSOs, programs of international cooperation, the MEF and the roundtables, among others, as well as the cumulative effects of previous participation experiences. Recent evaluations of PB in Peru highlighted its role in improving the voice of the poor in investment

\(^{31}\) MEF 2005: 9; Colectivo Interinstitucional de Presupuesto Particptivo 2006: 4-5; Goldfrank 2012: 111
decisions through their inclusion in the process, leading to more pro-poor investments.\textsuperscript{32}

4.1.3. Budget Transparency

Information and communication technologies (ICT) are an opportunity to promote participation and allow monitoring and dissemination of information of the process.\textsuperscript{33} The use of social media, including websites of local/regional governments and ministries – although insufficient – has had positive effects on the PB procedure in relation to transparency, accountability, monitoring and evaluation.\textsuperscript{34}

4.1.4. Allocation of Public Resources and Project Execution

Since the introduction of PB, budget allocation has improved as well as the quality of public spending.\textsuperscript{35} Currently 36\% of local investments are determined via PB processes. This percentage is estimated to increase according to progress in the decentralization process when more power and resources are transferred from the central level to subnational. Furthermore, there is a constant and substantial increase of the governments’ financial resources mostly because of income of mining royalties in certain regions such as Cusco or Arequipa. Therefore, a variety of local and regional governments are under pressure to assign a higher percentage of their budget to PB in order to execute more projects of collective interest. \textsuperscript{36}

4.1.5. Political Will

The attitude of the local governments is crucial because they can either foster or undermine successful PB implementation: improved outcomes could be identified in local governments where the mayor – usually from a leftist, indigenous, or union background – stands behind the initiatives. Anyway, it is necessary to have the regional president/mayor to advocate for the cause, as it is a top-down initiative.\textsuperscript{37}

\begin{footnotes}
\item[32] Colectivo Interinstitucional de Presupuesto Participativo 2006:5 -6; World Bank 2012: 16
\item[33] ICTs such as the virtual voting modules implemented by the Municipality of Lima (IPB 2013) or the interactive application for PB procedures and the “Consulta Amigable” (For more information see: \url{http://www.mef.gob.pe/index.php?option=com_content&view=article&id=504&Itemid=100944.} Accessed: 24.01.14.) for monitoring of budget execution offered by the MEF.
\item[34] Colectivo Interinstitucional de Presupuesto Participativo 2006: 4-6; World Bank 2012: 16
\item[35] MEF 2005: 9
\item[36] World Bank 2011: 6; World Bank 2012: 16
\item[37] Colectivo Interinstitucional de Presupuesto Participativo 2006: 11; Hordijk 2009: 44; Goldfrank 2011: 112
\end{footnotes}
4.1.6. International Donors

International Development Agencies and NGOs have played a crucial role in promoting PB in Peru from its beginnings. Resources were spent on advocacy, advice, training, research, methodological design, data management or analysis of preliminary results. There is still a tendency towards building alliances with international development agencies and local NGOs for developing PB processes. Through experience, knowledge and resources they provide capacity building to participating agents to firstly, enhance bottom-up structures and secondly, institutionalize them in the local governments in order to make PB less susceptible to political discontinuity and top-down predominance. Promoting opportunities for participation of international cooperation programs can serve as a strategy to diversify funding sources and generate multiple investment options versus limited public budgets.38

4.2. Risks and Challenges

4.2.1. Regulatory Framework

The success of PB strongly depends on the performance of implementing the existing laws. However, an array of difficulties in implementation is still prevalent because of bad governance and inertial, dysfunctional public peruvian institutions. E.g., the prioritized projects do not always meet with the objectives of development plans – even though the law prescribes this participating agents do not have capacities of alignment and harmonization of the plans – and therefore, projects are not results-based and end up as isolated interventions and do not generate long-term investment.39 Also the law does not provide a systematic monitoring and evaluation system for the PB process. In 2012, the Ministry of Development and Social Inclusion (MIDIS) installed the “Citizen Transparency and Control Committee” to monitor and control social projects. However, it works on a voluntary basis and does not provide optimal preconditions to deliver adequate information.40

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38 World Bank 2011: 3; UN-Habitat 2004: 65; Colectivo Interinstitucional de Presupuesto Participativo 2006: 14
39 World Bank 2011: 15
4.2.2. Participating Agents and Social Exclusion

Participation is still deficient in many parts of the country due to weak convening and organizing participatory processes as well as the lack of intensive information flows and communications campaigns and the absence of systematic follow up of the same process, generating information and knowledge in a suitable manner. In some cases, these shortcomings reflect the economic precariousness of government institutions but also getting citizens to attend meetings remains difficult for reasons such as the time and financial cost (the total cost for an average agent would be around S./ 570 nuevos soles (approx. 190USD), i.e. 95% of a monthly minimum salary)\(^1\), general indifference or laziness, little interest in institutionalized participation, lack of awareness of PB. Another problem are the lack of capacitation materials and poorly qualified representatives.\(^2\) Participation is also affected by the registration standards for CSOs, as they have to meet certain criteria. These criteria vary around the country, but some governments are not flexible enough about the criteria in order to allow more informal or traditionally excluded/vulnerable groups that lack legal standing to participate.\(^3\) Participatory processes also run the risk of capture by interest groups. Captured processes may continue to promote elitism in government decision-making.\(^4\)

4.2.3. Budget Transparency

Systematic or institutionalized monitoring and evaluation do not accompany the PB process from neither of the parties (public institutions/CS) nor an independent committee. It is indispensable to ensure the transparency and accountability in relation to allocation of the money and the results of PB projects.

4.2.4. Allocation of Public Resources and Project Execution

A centralized and uneven distribution of the national budget is persistent. Until the end of 2006 30% of the national budget was assigned to subnational governments. Divided among all local governments funding is low. To date local governments remain dependent on unreliable and stingy central government transfers.\(^5\)

\(^{1}\) World Bank 2011: 9
\(^{2}\) Wampler 2007: 35; World Bank 2011: 9-10; Goldfrank 2012: 110
\(^{3}\) Colectivo Interinstitucional de Presupuesto Participativo 2006: 5; Goldfrank 2011: 110; World Bank 2011: 8-9
\(^{4}\) MEF 2005: 9-13; Banco Mundial 2011: 9; Goldfrank 2012: 110
\(^{5}\) Goldfrank 2011: 110
In terms of financing, PB requires adequate staffing and resources in order to make it efficient. There are significant overhead costs to consider, e.g. for planning, organizing, training, outreach, evaluation and monitoring. Often, subnational governments do not count with the budget necessary for correctly implementing the process.\textsuperscript{46} The World Bank (2011: 10-11) states that there is a low level of implementation of the prioritized participatory spending projects. This problem arises on the one hand because even though it is mandatory by law to establish a budget in a participatory manner, the execution of these projects is not legally required. On the other hand, many of the prioritized PB projects do not meet the technical conditions to become enforceable investment projects. Also the time frame of implementation of one year is quite short. These system failures firstly, lead to a loss of credibility of the PB within CS and secondly, distort the orientation towards pro-poor projects. It seems to remain challenging to adapt methodological and technical design these issues.

\textbf{4.2.5. Political Will}

Certain tensions between the representative and participatory democracy occur in the PB processes, because not a few elected officials erroneously believe that PB weakens their authority. Yet, what happens in reality is that their authority is reinforced, for gain in representativeness and legitimacy. There are still authorities with little commitment to the process and meet with it formally because they are obliged to, which reduces the possibility that the PB will generate positive effects. The strength of political actors who are opposed should not be underestimated; they are able to block effective participation or refuse to implement PB decisions, fearing losing power through this process.\textsuperscript{47}

\textbf{4.2.6. International Donors}

Alliances with international donors are not a magic bullet when it comes to influence certain aspects of the PB process. Goldfrank (2012: 13) states for example “…(…) the World Bank has virtually no influence over key aspects of the local context like the bureaucratic competence of municipal administrations, the strength of political actors opposed to PB, and the vitality of local civic associations. Indeed, a key lesson from studies of participatory budgeting is that the results are frequently not what the

\textsuperscript{46} UN-Habitat 2004: 51; World Bank 2011: 9-10
\textsuperscript{47} MEF 2005: 20; Goldfrank 2012: 13
promoters intended.” Implementation agencies have to be aware of the before mentioned problem areas and adaptation strategies need to be worked out.

Conclusion
While doing the in-depth literature study on the topic of PB and its role for democratization and social inclusion, it appears that there is far more valuable research available than expected. This refers to PB in general and in relation to the PB process in Peru. However, the dimensions of the PB process are far wider than what was discussed previously and some important and interesting aspects could not be assessed due to the length foreseen for this paper. The following expresses some general lessons and indications about future directions of PB. Several of the sources state that the first two years of PB are not considered to have thrived in promoting participation, transparency, effective planning, or improvements in public infrastructure and public service provision. An array of factors has undermined PB, from problems in design to political resistance and manipulation, insufficient resources, a lack of CS initiative and the economic, social, and political conditions in which it is implemented. Preliminary, it must be acknowledged that despite of early difficulties PB has evolved positively in Peru and its implementation represents an important step toward social inclusion and good governance. CS participation is progressing rapidly also because PB has been subject to steady adjustments: the legal and political frameworks have become more favorable, the number of participating agents in the process has been increasing steadily as well as projects implemented, knowledge and capacities of the participating agents was enhanced which in turn made the process itself more effective and efficient in a lot of sectors.

Thus, it can be concluded that the decade of PB has unquestionably had positive impacts on CS participation within the broader framework of the decentralization and modernization of the Peruvian state. The legal rules and regulations created an enabling environment for civic engagement and PB is one of the pieces building the foundations for change. The size of the territory of Peru and its distinctive social, economic, political and ecological differences remain a challenge because it practically requires a heterogeneous PB process in order to develop projects to each given context and exploit the full potential for development within the four
dimensions. This decade of PB has to be understood as a phase evolution meaning to find the practices appropriate for each regional and local context in order to generate successful experiences. However, there are still a few undesirable features to debate.

In my opinion, an important modification to initiate is the adoption of a multi-annual and results-based Participatory Budget Plan in order to give PB a long-term perspective and an advantage to overcome bureaucratic barriers within the frequently inertial public institutions in relation to efficient project implementation. In addition, this would adjust PB with the multi-year development plans. Furthermore, it seems important to mention, that more systemized and long-term research is for example needed about the outcomes and outputs of the PB processes at regional and local level. Transparent monitoring and evaluation do not accompany PB procedures: Namely, it lacks of monitoring, evaluation and follow-up of every single project prioritized nationwide and its impacts on democracy, social inclusion and poverty reduction. For this purpose, the interactive online application could be used as a database to facilitate the work done by the Citizen Transparency and Control Committee. The MEF has to make the application more attractive to users, use spending outcomes as indicators, augment and improve the documentation that should be sent by officials in charge of coordination councils and control its quality, articulate with other project planning systems and report results in the localities to reflect the decisions made through PB. By this means, citizens are willing to invest their time when they believe that outcomes actually benefit them and their demands will be strongly linked to the governments’ commitment to implementation. However, often these activities exceed the monetary and human resources capacities, particularly, of local governments. Therefore, to compile a complete evaluation of PB in Peru remains an ambitious objective, also because it is a relatively young and heterogeneous experience.

There is no single recipe for creating a transparent, accountable and democratic budget process that promotes efficiency and effectiveness of public governance. However, in Peru Participatory Budgeting is a mechanism that has the potential to generate successful experiences of pro-poor investments and development. For this purpose, initiatives need to include horizontal and vertical alliances between
stakeholders of all levels, production of legitimate information, legal empowerment and international support.

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