

# Participative budgeting

Finance



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Running head: participative budgeting 6th July The people's budget? Politics, participation and pro-poor policy

Participation is a central element of democracy and increasingly citizen participation in economic policy is advocated as a way of making government spending more pro-poor. The cases of pro-poor spending, whether or not they involved participatory budgeting, pro-poor strong democratic and ideologically left-of-center political parties initiated spending (Braeutigam, 2005). Citizens should participate in budgeting through formal or informal means so that they can examine cases of pro-poor policies. In good governance, the citizens should be shown the importance of participating in economic policy so that accountability and transparency can follow the rule of law (Beckett, 2003). In the case where Costa Rica, Chile and Mauritius were selected to investigate the performance of pro-poor outcomes, evidence showed that the project was indispensable not only to strengthen democracy in the countries but also to ensure that the most pressing needs of the population were reflected in the government spending (Liao and Zhang, 2012).

#### Citizen participation in budgeting theory

Methods like public meeting, focus groups, simulation, committee and surveys have been used so that the citizens can participate in the budget adoption (Jason et al, 2009). However, public meetings are not very good at giving citizens direct influence but they can be used as forums for preliminary information sharing (OToole and Marshall, 1988). Citizen participation in budgeting, brings out potential goals like informing decision-making, educating participants on the budget, gaining support for budget proposals, influencing decision making and enhancing trust and creating a

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sense of community.

Participatory budgeting in Porto Alegre: social innovation and the dialectical relationship of the state and civil society

In Brazil, the state and civil society have always been much more intertwined than the liberal conceptualization. Capitalism was implemented in Brazil by the Portuguese patrimonial state with royal court as the center for the power (Novy and Leubolt, 2005). In Porto Alegre as all over Brazil, neighborhood movements emerged in the 1970s. Residents mainly of irregular, poorer districts rebelled against the government lack of interest in acting for their benefits. Participatory budgeting involves direct and indirect democracy since there is sharing of power with the people and thus it will satisfy the basic needs like in Brazil where improvement in education was seen (Mirko, 2014). Participatory budgeting was an attempt to elaborate an alternative model of governance. The strategy showed legitimacy in strengthening civil society in the local forms of socialism. Social innovation and an open democratic state in a participatory budgeting is the core elements in a new form of local governance where public come to discuss and collectively plan urban development.

Producing a citizens' guide to the budget: why, what and how?

Efforts to promote more effective public accountability for the way in which government raise taxes, borrow and spend public fund has been a concern up to date (Zainuddin, 2013). To bring the management of public finances out from the behind closed doors transparency in budgeting is emphasized so that public fund will not be spend irresponsibly. The government should publish a citizens' guide to the budget so that the citizens will understand how the government is using its entrusted powers to tax, borrow and spend

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public resources (Petrie and Shields, 2010). The characteristic of a citizens' guide to the budget is that it should have a purpose and coverage and should have nature and qualities (Ebdon and Franklin, 2006). Citizen guide should contain core substantive elements and a room for possible additional information.

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