THEORY OF PARTICIPATORY DEMOCRACY IN LATIN AMERICA: A COMPARATIVE ANALYSIS OF PARTICIPATORY BUDGETING IN BRAZIL PERU, AND GUATEMALA

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Abstract

Participatory governance structures, such as participatory budgeting have created new interest in empirical applications of participatory democracy to contribute a new theoretical perspective to the discourse on democratic theory. The practice of participatory democracy and the potential it has to balance and improve relations between the state and society, by limiting the control of the elites and making political actors more accountable has sparked scholarly interest in recent years. Moreover, theoretical investigations aimed at bridging the gap between normative and empirical levels of participatory democracy have captured the attention of scholars, researchers, and humanitarian-development practitioners alike. Applying the theory of participatory democracy to diverse case studies across Latin America contributes a broader understanding of societal conditions that are conducive to participatory democracy's success, while simultaneously identifying societal conditions that are not. The application of participatory theory of democracy to Brazil, Peru, and Guatemala, countries who have experimented with participatory budgeting as a form of participatory democracy, provides empirical evidence for participatory democracy as a democratic theory and will be explored in depth throughout this thesis.

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INTRODUCTION

As developing countries have positioned themselves further away from Authoritarian rule and aligned themselves closer to democratic systems of governance, countries in Latin America have noticeably expanded the spaces for subordinate politics.[1] Although democratic transitions have occurred and seem to incrementally lessen the disparity between the state and society, there is still a severe democratic deficit in developing countries in Latin America. Although the democratic deficit seems to have been reduced through the consolidation of formal representative institutions and the visible gains in associational freedoms, extensive inequalities between citizens along class and socio-economic lines continue to taint citizen and state relationships, and negatively affect representativeness of democratic institutions.[2]

This fundamental deficit of representative democracy in developing countries have impeded the subordinate groups capacity for collective action and have severely restricted the possibilities of building an effective welfare state. [3] The disjuncture between representation and substantive outcomes is the unequal nature of citizen participation in democratic institutions in developing countries located in the global South.[4] According to Patrick Heller, the fundamental source of democratic deficiency in developing countries is lack of, "effective citizenship" which he defines as, "closing the gap between formal legal rights in the civil and political arena, and the actual capability to meaningfully practice those rights." [5]

[1] Heller, ""Democracy, Participatory Politics and Development: Some Comparative Lessons from Brazil, India, and South Africa.", 645
[2] Ibid.,645
[3] Ibid.,645
[4] Ibid.,645
[5] Ibid., 646

Classical and contemporary theories of democracy assume all individuals have the capacity to make decisions and use this capacity as the basis for democratic life.[6] These theories take for granted that all citizens have basic human rights, and the ability to exercise free will, associate with whom they choose, and vote for whom they prefer.[7] Democratic theories gain legitimate political authority based on citizens' practice of association, deliberation, and ability to form preferences.[8] Additionally, dominant discourse on democracy often equates status of citizenship with the practice of citizenship; however, in developing democracies, where inequalities are exceptionally high and the access to rights is often restricted by social position or compromised by institutional weakness, associational autonomy is so severe it brings the very notion of citizenship into question. [9] Although most countries in developing countries in Latin America, including Brazil, Peru, and Guatemala, have consolidated, representative democracies, citizens do not actively participate in the national political process, making effective citizenship almost non-existent.

Democracy in the developing countries of the global South function much differently than in the developed countries of the global North and in order to highlight this difference and understand their functionality, one must look beyond the realm of formal and electoral institutions and examine the role citizens play in democratic processes, as an alternate form of representative democracy. In order to make sense of *how* civil society is constitutive of citizens interests,' civil society actors must be differentiated from the political and market realm and be

6 Ibid.,646
7 Ibid.,646
8 Ibid.,646
9 Ibid.,646

examined along a horizontal and vertical dimensions.[10] The horizontal dimension is consistent with Tocquevillian notion of democracy that primarily focuses on how citizens engage with the state, through daily associations within the society.[11] Tocquevillian notion of democracy This line of democratic argument s"Democracies function well when citizens make use of their associational capacities and recognize each other as rights-bearing citizens" (Heller, 2010, 646). Robert Dahl, more recently has defined the horizontal dimension of civil society in terms of political equality and posits, "Equality of capacities to participate in political life is the centerpiece of the theory of democracy" (Dahl, 2006/Heller 2012, 646).

In newly established democracies located in the developing world, representative democracy suffers from two acute deficiencies. First, new democracies tend to be institutionally weak and are often dominated by patronage networks and populism.[12] This domination of corrupt governing bodies disincentives citizens to hold the government accountable and leads to disengagement between the state and the citizens.[13] The problem arises when citizen engagement with the state on the national and local level is absent.[14] Second, since the local government is largely absent or extremely weak, the actual possibility for citizens to engage with the local governing bodies is almost non-existent, which leads to further political exclusion of the population by the state.[15] Therefore, the, "The vertical problem of state-society relations and the horizontal problem of perverse social inequalities undermine the associational autonomy of

10 Gianpaolo, Baiocchi, Heller, Patrick, Silva, Marcelo, K. 2011. *Bootstrapping Democracy: Transforming Local Governance and Civil Society in Brazil*. Stanford: Stanford University Press.

11 Gianpaolo, Baiocchi, Heller, *Bootstrapping,* 5

12 Patrick Heller, "Democracy, Participatory Politics and Development: Some Comparative Lessons from Brazil, India, and South Africa." *Polity* 44(2012): 644.

13 Ibid.,644

14 Heller, ""Democracy, Participatory Politics and Development: Some Comparative Lessons from Brazil, India, and South Africa." 645.

15 Ibid,. 645,

citizens, of any effective democracy." [16] The central problem of representative democracy within developing countries is how ineffective citizenship leads to lack of civil and political participation by a vast majority of the population; and this lack of citizen participation at the local and state level contributes to the expansion of the democratic deficit in the developing world.

If citizen engagement with the state is largely absent and there is limited possibility for actual engagement with governing bodies, the following questions arise: How do people being governed in developing countries convey their rights and demands in light of pervasive societal inequality and ill-equipped representative forms of democracy? How can democratic practices take root and enable meaningful citizen participation in countries that have recently experienced a transition from authoritarian to democratic rule? Society's where authoritarian tendencies are still very much present and elite manipulation of politics and social life is the norm?

Answers can be found in the renewed interest of the examination of the empirical application of participatory democracy as a sustainable societal practice and governing system. The practice of participatory democracy and the potential it has to balance and improve relations between the state and society, by limiting the control of the elites and making political actors more accountable has sparked scholarly interest in recent years. Moreover, theoretical investigations aimed at bridging the gap between normative and empirical levels of participatory democracy have captured the attention of scholars, researchers, and humanitarian-development practitioners alike.[17] Applying the theory of participatory democracy to diverse case studies across Latin America will contribute a broader understanding of societal conditions that are

16 Heller, ""Democracy, Participatory Politics and Development: Some Comparative Lessons from Brazil, India, and South Africa." 647.

17 Zittel, Thomas and Fuchs, Dieter, Participatory Democracy and Political Participation: Can participatory engineering bring citizens back in? (New York: Routledge. 2007),1.

conducive to participatory democracy's success, while simultaneously identifying those that are not. The application of participatory theory to Brazil, Peru, and Guatemala, countries who have experimented with participatory budgeting as a form of participatory democracy, will provide empirical evidence for participatory democracy as a democratic theory.

The process of participatory democracy was originally formulated by Pateman (1970) and Macpherson (1977) and is defined as:

> Participatory democracy is a process of collective decision-making that combines elements from both direct and representative democracy: Citizens have the power to decide on policy proposals and politicians assume the role of policy implementation. The electorate can monitor politicians' performance simply by comparing citizens' proposals with the policies actually implemented. As a result, the discretion of politicians is severely constrained. In this system, the extent to which citizens can affect policy and determine social priorities is directly aligned with the degree to which they choose to involve themselves in the process.[18]

The theory of participatory democracy as formulated by Thomas Zittel and Dieter Fuchs posits, "Participatory theory envisions citizens who engage in political decision-making in great numbers and who share a sense of collective responsibility." [19] Scholars add to this formulation by saying, "That this vision can be achieved by increasing opportunities to participate through institutional reform.[20] While several scholars praise participatory democracy for the role active citizens play in shaping political decision-making, other theorist support for participatory theory of democracy is founded on their critique of liberal democracy. Bachrach and Borwinick (1992) argue, "The institutional restraints impinging on political participation within the frame of liberal democracy lessen political engagement and spawn political apathy in the long term.[21] Despite the

18 Held, D., 1987. Models of Democracy. Stanford University Press, Stanford. Macpherson, C.B., 1977. The Life and Times of Liberal Democracy. Oxford University Press, Oxford. Pateman, C., 1970. Participation and Democratic Theory. Cambridge University Press, Cambridge. In Enriqueta Aragone's and Santiago Sanchez. 2008. "A Theory of Participatory Democracy based on the real case of Porto Alegre." *European Economic Review* 53 (2009) 56–72. Accessed May, 21, 2012. doi:10.1016/j.euroecorev.2008.09.006.

19 Zittel and Fuchs, *Participatory Democracy, 9*

20 Ibid., 9

21 Zittel and Fuchs, *Participatory Democracy, 10*

scholarly praise from some theorists, participatory democracy has received, extensive theoretical critiques from various disciplines. For instance, liberal democratic theory views, "The preoccupation with private concerns and the hesitancy to participate in pubic affairs as quasi-anthropological constants at the individual level that can hardly be influenced by institutional frameworks." [22] Critique of participatory democratic theory is grounded primarily on the belief that the theory is driven by normative concerns without opening itself up to empirical inquiry and application of theoretical claims.[23] Zittel and Fuchs formulate the three main critiques of participatory democratic theory as follows:

> First participatory theory fails to tell which particular institutions could have a positive effect on participation. Secondly, participatory theory is criticized for being silent on the contextual conditions under which these institutions might affect political behavior. Thirdly, Participatory democracy is denounced for lacking a plausible explanation of how and why particular institutions foster which type of political behavior.[24]

Despite the critics' accusations of participatory democracy as being empirically flawed, the most well-known example of participatory democracy in practice has captured the attention of scholars, researchers, and development practitioners alike. Brazil's successful experience with participatory democracy in the institutional form of participatory budgeting, introduced in the city of Porto, Alegre is often viewed as the exception and not the rule. None the less, and contrary to the first critique, the successful implementation of participatory budgeting, as an institutionalized process, that is practiced at the municipal level, is the product of enhanced citizen participation in the participatory budgeting process, which demonstrates the positive affect citizen participation has had on influencing the success of the participatory budgeting process in Porto Alegre. Citizen participation, as represented in participatory budgeting is the

22 Ibid., 10

23 Ibid.,10

24 Ibid., 10

political institution that positively effects participation. Participatory budgeting embodies a direct-democracy approach to budgeting that offers citizens the opportunity to deliberate, debate, and influence the distribution of public resources.[25] As an institutional reform, participatory budgeting was designed to promote civil society participation in Brazil in the 1980‘s and originated from the idea that citizens should play a direct role in influencing how the budgets of the towns and cities in which they live should be configured and distributed. The first experiments with Participatory Budgeting initiated from 1988-2004, by the Workers' Party government in Porto Alegre, Brazil are the first cases in which active citizen participation was directly and successfully incorporated into the normally elite-driven, municipal budgetary process.[26] The unhindered success of participatory budgeting experienced in Porto Alegre during the sixteen-year reign of the Worker's Party captured the attention of national governments, researchers, activists, and development experts and is the reason why national governments across Latin America are currently implementing similar participatory budgeting reforms.

Increasing numbers of successful cases throughout Latin America has heightened academic interest in the process of participatory democracy, especially where political and social actors have made intensive efforts to turn direct and civic instances of participation into institutionalized processes of citizen engagement.[27] According to Fung and Wright, recent empirical work shows how new institutional designs can significantly transform the scale, quality, and impact of citizen participation.[28] Additionally, Abers (2001), Biaocchi (2005), and Avritzer (2002) have all demonstrated, how the introduction of participatory budgeting in Porto

25 Brian Wampler. 2007. "A Guide to Participatory Budgeting." *Pubic Sector Governance and Accountability Series.* 21-53. Accessed May, 5, 2014. http://siteresources.worldbank.org/PSGLP/Resources/ParticipatoryBudgeting.pdf.

26 Gianpaolo, Baiocchi, Heller, Patrick, Silva, Marcelo, K. 2011. *Bootstrapping Democracy: Transforming Local Governance and Civil Society in Brazil*. Stanford: Stanford University Press.

27 Gianpaolo, Baiocchi, Heller, *Bootstrapping,* 2

28 Fung and Olin Wright, *Deepening Democracy,* 10-12

Alegre, Brazil has created new channels of participation, and helped democratize civil society practices.[29] Overall, scholars generically acknowledge the positive influence participatory budgeting has on citizen participation, and the potential to transform civil society practices through deeper engagement with the state.

Participatory democracy has taken many forms and has resulted in varying degrees of success and failure throughout Latin America and the developing world. Some forms of participatory democracy have emerged as a result of highly organized demands, while others have surfaced from less developed intentions and ideas.[30] Participatory democracy, as a governing structure, is not universally applicable, but rather a product of specific, and often diverse societal conditions. According to Baiocchi, Silva, and Heller, this variation helps explain why scholarly research has not produced the quality of empirical research commonly associated with studies of electoral systems, political parties, and more formalized expressions of representative democracy.[31] Although cases of participatory democracy, especially successful cases, have received extensive attention, supported by strong theoretical claims and justified on a moral-philosophical grounds, "empirical evidence is weak and results are fragmented."[32] Empirical findings from studies conducted on participatory democracy often suffer from two limitations: First, they have proven difficult to asses and isolate the impact of participation and determine why and how participation makes a difference; Second, since most of the dominant discourse focuses on making normative arguments contesting the role of representative

29 Gianpaolo Baiocchi, Patrick Heller, Marcell Kunrath Silva. 2008. "Making Space for Civil Society: Institutional Reforms and Local Democracy in Brazil." *Social Forces* Vol(86)3 911-936. Accessed April 21, 2014. http://www.ufrgs.br/pgdr/arquivos/667.pdf.

30 Gianpaolo, Baiocchi, Heller, *Bootstrapping*, 3

31 Ibid., 3

32 Ibid., 3

democracy and representative institutions, the literature has largely failed to examine the role between participatory practices and state institutions (paraphrased).[33]

33 Gianpaolo, Baiocchi, Heller, *Bootstrapping*, 1 (paraphrased).

CHAPTER 1 - RESEARCH QUESTION

The current literature has identified general societal conditions under which participatory budgeting was introduced, while also acknowledging institutional designs that may be conducive to participatory budgeting's success. However, the current literature fails to theoretically connect societal conditions to the institutional design features most likely to facilitate or weaken the process of participatory budgeting. Therefore, the gap in the academic literature can be identified: the design of participatory budgeting and the conditions under which it is introduced have not been theoretically connected.

The purpose of this research is to theoretically connect how societal contexts affect participatory budgeting by answering the following research question: How do societal conditions affect the institutional design features most likely to facilitate or weaken participatory budgeting in diverse settings across Latin America? Additionally, how do these findings advance the theoretical implications of the theory of participatory democracy as a democratic theory?

Applying the theory of participatory democracy to diverse case studies across Latin America will contribute a broader understanding of societal conditions that are conducive to participatory democracy's success, while simultaneously identify societal conditions that are not. Application of participatory theory to Brazil, Peru, and Guatemala, who have experimented with participatory budgeting as a form of participatory democracy, will provide empirical evidence for participatory democracy as a democratic theory.

CHAPTER 2 - LITERATURE REVIEW

In 2000, a book documenting empirical research conducted on Porto Alegre's experiments with participatory budgeting, entitled, *Inventing Local Democracy: Grassroots Politics in Brazil*, by Rebecca Abers, was the first body of literature to reveal the successful impact active citizen participation had in the normally elite dominated municipal budgetary process. The first generation of scholars, who wrote on participatory democracy focused on Porto Alegre's success with citizen participation in institutionalizing reforms such as participatory budgeting. This first generation of studies celebrates the idea of the, "Participatory Promise" and revives the inherent power of human agency in the democratic process in light of pervasive structural and institutional inequalities throughout much of Brazil's history.[34] The first wave of literature written from 1990-2000's primarily relates the success of the Porto Alegre experience with common themes of popular participation, citizen participation in the participatory budgeting process, who participates, how they participate, and democratic outcomes of participation. The second generation of studies on participatory budgeting focuses on the innovative processes and how diverse methodologies can be applied to a broad range of empirical cases. The second-generation literature looks at cases beyond Brazil and analyzes the successes, failures, and the diverse range of outcomes in between.[35] In order to fully understand the current debate on participatory budgeting, literature and ideas characterizing the first and second generation will be discussed and contextualized in the following paragraphs.

34 Nylen, William, R. 2011. "Participatory Institutions in Latin America." *Comparative Politics* Vol (43), 4: 481 Accessed May 3, 2014. doi: http://dx.doi.org/10.5129/001041511796301560.

35 Ibid., 481.

Porto Alegre's experience with participatory budgeting can be seen in how the process functioned. Porto Alegre was divided into sixteen administrative regions in order to most effectively serve the population of 1.25 million. Each municipal district comprised of locally based civil society organizations and local authorities organized open Regional Plenary Assemblies or open forums for interested citizens and members of the local administration to come and discuss local interests and city-wide needs. [36] Each Regional Plenary Assembly met twice per year. Porto Alegre's success can be contributed to a conscious effort to surpass the top-down, one-way information exchanges between governing officials and citizens and is summarized by Archon Fung and Erik Olin Wright as followed:

> Delegates are elected from those present at the first plenary assembly to participate in more or less weekly meetings over the following three months to work out the regions spending priorities for the following year. These delegate meetings are held in neighborhoods throughout the region and discuss a wide range of possible projects that the city might fund in the region, including issues such as transportation, sewage, land regulation, day care centers, and health care. At the end of the three months, these delegates report back to the second regional plenary assembly with a set of regional budget proposals. At this second plenary, this proposal is voted on by the two delegates and substitutes are elected to represent the region in a citywide body called the Participatory Budgeting Council, which meets over the following five months to formulate a citywide budget out of these regional agendas...City officials estimate that some 100,000 people or 8 percent of the adult population, participated in the1996 round of Regional Assemblies and intermediate meetings.[37]

Citizens worked together with elected representatives to construct informed budget proposals that were sent to the municipal budgeting council for final approval.[38] During the final stages of budgetary approval that took place at the City Assembly Hall, Abers notes how Assembly members often supported the budget proposals with minimal amendments because

36 Ibid.,479.

37 Fung and Olin Wright, *Deepening Democracy,* 10-12 as cited in Nylen 2011, 480

38 Nylen 2011, 480

they were in a public meeting, surrounded by PB activists supporting, "their" budget proposal, which was often enough to persuade opposition Assembly members to support the proposed budget.[39] As PB enticed greater citizen participation in local democratic processes of governance over time, policy output as measured by the increased number of infrastructure projects demonstrates the distributive capabilities and transparency of the process.[40] Citizens who were elected as delegates to serve on the Participatory Budgeting Council and other citizens who lent their support by attending the regional assemblies and intermediate meetings created a parallel civic governing body which not only helped guarantee that the demands of the people were met, but helped guarantee government accountability through the processes' transparent structure. The success of participatory budgeting as it developed in Porto Alegre spread to 250 other municipal governments throughout Brazil between 1990 and 2004 and has continued to inspire the practice of participatory governing structures throughout other Latin American countries today; in fact, according to Andrew Selee and Enrique Peruzzotti, "Cases of participatory innovation are surprisingly common and appear to represent a growing trend toward experimentation with participatory forms of democracy in local governments throughout Latin America." [41]

Highlighting the potential for PB to invigorate democratic practices and entice democratic innovations in other Latin American countries, indirectly acknowledges a deficiency in the quality of democracy experienced in those countries. The disparity between those who are governing (state) and those who are being governed (society) has lessened over time in Latin

39 Abers, Rebecca. 2000. *Inventing Local Democracy: Grassroots Politics in Brazil.* Boulder: Lynne Rienner. (71-89). In Nylen, William, R. 2011. "Participatory Institutions in Latin America." *Comparative Politics* Vol (43), 4: 481 Accessed May 3, 2014. doi: http://dx.doi.org/10.5129/001041511796301560 (480).

40 Nylen 2011, 480

41 Andrew Selee and Enrique Peruzzotti 2009., eds., *Participatory Innovation and Representative Democracy in Latin America*, Baltimore, Washington, D.C., Johns Hopkins University Press/Woodrow Wilson Center. In Nylen, William, R. 2011. "Participatory Institutions in Latin America." *Comparative Politics* Vol (43), 4: 481 Accessed May 3, 2014. doi: http://dx.doi.org/10.5129/001041511796301560 (xi).

American countries. Countries who have transitioned from authoritarian to democratic governing systems as expressed by the consolidation of formal representative institutions and advancements made in associational freedoms commonly associated with the democratic transitions. Despite incremental societal gains, extensive inequalities between citizens along class and socio-economic lines continue to compromise the effectiveness of representative democratic institutions. The incapacity for subordinate groups in Latin America to collectively demand and build an effective welfare state highlights the existence of fundamental deficits in these representative democracies and will be further explored in this thesis by looking at participatory governing structures as they exist in Brazil, Peru, and Guatemala.

Porto Alegre's successful experience with participatory budgeting has caused several other Latin American countries to follow suite based on the allure of the, "Participatory Promise." [42] The Participatory Promise demonstrates how the existing inequality in democratic institutions can be counter balanced by institutionalized participatory reforms that focus on bringing the people back in to participate in making budgetary decisions that will directly affect their community and lives. Specifically, the Participatory Promise focuses on mechanisms that will enhance the quality of democracy by giving a voice to the most disadvantaged in society by creating outlets for communication to occur between the people and governing representatives. Scholars such as Peruzzotti and Selee argue, these novel forms of civic engagement as embodied in the, Participatory Promise complement and enhance democratic representation.[43] In conclusion, the first generation literature demonstrates a general acceptance that the Participatory Promise associated with participatory innovations and reforms can be effective.[44]

42 Nylen 2011, 481

43 Selee and Peruzzotti 2009 in Nylen 2011, 481, 482

44 Nylen, 2011, 481

As mentioned above, the second-generation scholarship focuses on analyzing experiences of local level participatory innovations as they unfold in a particular locality and tend to look beyond the scope of Porto Alegre's particular experience. The multitude of case studies have led researchers to look more in depth at the differing societal conditions to try and conceptualize how, why, and when certain participatory experiences succeed, while others fail. In conceptualizing these conditions, several scholars generally agree that participatory budgeting and other participatory practices are not pure examples of participatory, direct, nor radical democracy, but instead, "constitute a new layer of representation, one that involves a heightened level of interaction between governing officials and participants." [45] Perhaps, when studying this, "new layer of representation" it is important to contemplate in greater detail the association of participatory budgeting innovations and the Participatory Promise to existing theoretical models of participatory democracy.[46] Contextualizing participatory budgeting as a distinct and alternate version of representative democracy tends to deny its true capacity to be an inspirational model of reform, capable of continuous renovation inside the boundaries of representative reproduction.[47] David Held's contemporary interpretation of John Stuart Mill, Carole Pateman, and C.B Macpherson's identifies, participatory democracy as:

> The extension of the sphere of democratic participation that fosters human development, enhances a sense of political efficacy, reduces a sense of estrangement from power centers, nurtures a concern for collective problems and contributes to the formation of an active and knowledgeable citizenry capable of taking a more acute interest in government affairs.[48]

Held's interpretation of participatory democracy also aligns with Fung and Wright's notion of, "deepening democracy" which frames PB within the literature of deliberative

45 Nylen 2011, 482

46 Ibid., 482

47 Ibid.,482

48 Held, *Models of Democracy, 3rd ed.*210. In Nylen, 2011, 482

democracy.[49] Moreover, second generation scholars tend to agree that the institutional designs of participatory budgeting in Latin America are not universally applicable and understanding conditions that enable or disable successes and failures of the process, but could potentially inform future participatory governance innovations and designs.[50] Although scholars agree there is no universal application of a particular institutional design that would guarantee the success of participatory reforms, there are generalities among societal conditions that enable advances in success. These observations include how participatory budgeting and other forms of participatory engagement tend to rely on consistent support of the mayors or governors at the municipal level. Local level institutional designs put few checks and balances on mayors and governors entitlement privileges which gives them the power to implement a reform and allow effective citizen participation or divesting power from the participatory process.[51] Therefore, in order for participatory budgeting to have the desired effects, mayors instituting participatory budgeting must establish new institutions and practices that enable public participation in the decision making process, ultimately subjecting their decisions and proposals on the community's budgets to be scrutinized by the citizens.[52]

Where first generation scholars focused on the role of citizen participation in the participatory process and the democratic alliances made between leaders and citizens that supported participatory budgeting reforms, the second generation scholars focus on the particular ambitions of powerful leaders and political motivations behind foraging alliances with electoral representatives and civil society activist (in the participatory process).[53] The sustainability of democratic practices as measured by the success of participatory budgeting are also investigated

49 Fung and Wright, "Deepening Democracy", 7

50 Fung and Wright, "Deepening Democracy" 26

51 Nylen 2011, 483

52Ibid., 483

53 Ibid, 483

by second generation scholars in order to understand the role, "short term strategic considerations" of the mayors in power play in producing political and civic alliances.[54] An examination of the participatory process in the face of continually changing political contexts has intrigued researchers and scholars alike.[55] The academic literature relates the success of participatory structures to their ability to remain sustainable in the face of continually changing political contexts. The sustainability of participatory structures relies on the balance between a committed mayor and administration who is willing to allow citizens and civil society into the decision-making process, while at the same time keeping them from undermining their ability to keep the power they have. The power that mayors have to design and implement participatory practices in a top-down fashion, without input from citizens and civil society organizations asks why the politically elite, such as mayors, are willing to compromise the power they have in order to allow and promote direct citizen engagement in the political process of institutionalizing societal reform? Generally speaking, Avritzer says, "The connection between political parties and civil society in implementing forms of participation became a key variable-but one that is not explained in theory." [56]

54 Ibid, 483

55 Ibid, 483

56 Leonardo Avritzer, *Participatory Institutions in Democratic Brazil*. Washington D.C.: John Hopkins University Press, 2009, 7. In Nylen 2011, 490

CHAPTER 3 - THEORETICAL FRAMEWORK

As developing countries have become fiscally decentralized over the years, an acute awareness among politics and citizens alike has emerged addressing the quality of their current democratic state. Civic apathy towards governing institutions and the political sphere more generally, has prompted some national governments to initiate reforms aimed at providing more opportunities for citizens to engage with the state.[57] The notion of, "bringing the state back in" as originally formulated by Evans, Rueschemeyer and Skopol, have been replaced with notions of, "bringing the citizens back in" by providing opportunities for citizens to participate in political institutions in order to increase democratic legitimacy.[58] Zittel and Fuch's theoretical assumptions regarding participatory democracy and political participation include conscious efforts by politicians to engineer political participation through institutional reforms.[59] Zittel and Fuch's, argue, implementing institutional forms or participatory democracy with the aim at increasing citizen participation, will inevitably enhance the legitimacy of any democracy[60] Policies of participatory democracy are debated on the basis of decreasing democratic legitimacy, claiming the democratic procedure is compromised when citizens are appointed by other citizens to voice a communal demand in a political institution with our being elected." [61] The current debate in participatory democracy involves answering if participatory democracy, as measured by the implementation of reform policies, increase or decrease democratic practices as measured by citizen participation. The lack of empirical evidence in testing if participatory

57 Zittel and Fuchs, Participatory Democracy, 1

58 Evans, Peter B, Rueschemeyer, Dietrich, and Skocpol, Theda. 1985. Bringing the State Back In. New York: Cambridge University Press., 1985, 6. In Nylen 2011, 2

59 Zittel and Fuchs, Participatory Democracy, 1

60 Ibid., 1

61 Ibid., 1

democracy is able to increase, decrease, or sustain citizen participation in political engagement.[62] Debates and concerns over the theoretical applicability has lead theorists' to critique the theory of participatory democracy on three foundations, which are listed as followed:

Participatory theory is critiqued for failing in three respects:

1. Participatory theory fails to tell which particular institutions could have a positive effect on participation.[63]
2. Participatory theory is criticized for being silent on the contextual conditions under which these institutions might affect political behavior.[64]
3. Participatory democracy is denounced for lacking a plausible explanation of how and why particular institutions foster which type of political behavior.[65]

The theory of participatory democracy as formulated by Thomas Zittel will be the theoretical basis of this thesis. Zittel and Fuchs identify the theory as followed:

> "Participatory theory envisions citizens who engage in political decision-making in great numbers and who share a sense of collective responsibility and claim that this vision can be achieved by increasing opportunities to participate through institutional reform."[66]

In conclusion, Zittel summarized how the critiques claim the theory of participatory democracy "is solely driven by normative concerns without opening itself up to empirical inquiry and to empirical testing of its claims."[67]

In response to Zittel and Fuch's critiques, this research aims to disprove the above mentioned critiques of the theory of participatory democracy by applying empirical evidence gathered from Porto Alegre, Brazil's and Ilo, Peru's successful experience with participatory democracy. These findings will be further legitimated by the unsuccessful experience with participatory democracy found in Panajachel, Guatemala. The empirical application of data provided from case studies in Latin America who have experimented with participatory

62 Ibid., 1

63 Zittel and Fuchs, Participatory Democracy, 10

64 Ibid., 10

65 Ibid, 10

66 Zittel and Fuchs, Participatory Democracy, 9

67 Zittel and Fuchs, Participatory Democracy, 10

democracy as a form of governance, will provide empirical evidence for participatory democracy as a democratic theory and help disprove its' critiques.

CHAPTER 4 - RESEARCH METHOD: COMPARATIVE ANALYSIS USING CASE STUDIES

Generally, applying the theory of participatory democracy to diverse case studies across Latin America will contribute a broader understanding of societal conditions that are conducive to participatory democracy's success, while simultaneously identifying societal conditions that are not. Application of participatory theory to Brazil, Peru, and Guatemala, who have experimented with participatory budgeting as a form of participatory democracy will provide empirical evidence for participatory democracy as a democratic theory.

Specifically, the aim of research is to disprove the theoretical critiques of the theory of participatory democracy by applying empirical evidence gathered from Porto Alegre, Brazil's successful experience with the process of participatory budgeting and by extension, Brazil's overall experience with participatory democracy. The empirical application of data provided from case studies in Latin America who have experimented with participatory democracy as a form of governance, will provide empirical evidence for participatory democracy as a democratic theory and help disprove its' critiques.

As mentioned previously in the introduction of this thesis, The current literature has identified general societal conditions under which participatory budgeting was introduced, while also acknowledging institutional designs that may be conducive to participatory budgeting's success. However, the current literature fails to theoretically connect specific societal conditions to the institutional design features most likely to facilitate or weaken the process of participatory budgeting. Therefore, the gap in the academic literature can be identified: the design of participatory budgeting and the conditions under which it is introduced have not been connected.

The purpose of this research is to theoretically connect how societal context may affect participatory budgeting design (and if it does, how) answering the following research question: How do societal conditions under which the process of participatory budgeting has been introduced, affect the institutional design feature that are most likely to facilitate or weaken participatory budgeting in diverse settings across Latin America?

In other words, identifying each societal condition as operationalized by, legal foundation, political will, social capital, and sufficient resources and analyzing if they have an effect on the specific institutional design: deliberation, centralized supervision, accessible rules and information the participatory budgeting process takes will be discussed using information provided by Benjamin Goldfrank's case study. The design feature choses for each case, will provide insight possibly relating societal conditions to participatory budgeting's institutional design.

4.1 Identification of Societal Conditions

The specific research objective is to theoretically connect how and or which societal conditions affect the institutional design features identified as the key institutional design feature of participatory budgeting in Brazil, Peru, and Guatemala using a number of case studies as points of reference and comparison. Although a theoretical framework will be applied and referenced throughout this thesis, the term, "theoretically" used here is to identify similarities and differences among the different societal conditions (as operationalized below) in order to extract common associations, themes, and patterns, found within the three different countries, Brazil, Peru, and Guatemala during the deliberation process of participatory budgeting.

The societal conditions that will be identified in each case study are taken directly from Benjamin Goldfrank's article, "Lessons from Latin America's Experience with Participatory Budgeting" published in the *Pubic Sector Governance and Accountability Series* operationalized as followed:

1. Political will: The commitment of the current ruling party or mayor of the municipality to citizen participation and sharing of decision-making power.[68]
2. Sufficient resources: Revenue sufficient to enable investment in public projects and social programs. Controlled by the municipal government.[69]
3. Political decentralization: The presence of municipal officeholders, who have been democratically elected.[70]
4. Social capital: Presence of civil society associations who participate in municipal affairs and are relatively autonomous.[71]
5. Legal foundation: Existing laws that allow (and promote) citizen participation in budget decisions.[72]

The findings found on table 3.1 (below) titled, *Characteristics of Case Study Municipalities in Bolivia, Guatemala, and Nicaragua, and Peru* [73] will help identify and measure the societal conditions such as, political will, sufficient resources, political decentralization, social capital, and legal foundation in each case study. The cases this research focuses on are Brazil, Peru, and Guatemala. You will notice Brazil is not in this table. Information provided by Benjamin Goldfrank's study focuses on four countries, Bolivia, Peru, Nicaragua, and Guatemala. The author does not include Brazil in the table because he uses Brazil's experience of participatory

68 Benjamin Goldfrank, "Lessons from Latin America's Experience with Participatory Budgeting"., *Pubic Sector Governance and Accountability Series*, ed. Anwar Shah et al. (Washington D.C: The Wold Bank, 2007), 99-100

69 Goldfrank , "Lessons from Latin America", 99-100

70 Ibid, 99-100

71 Ibid, 99-100

72 Ibid, 99-100

73 Goldfrank,"Lessons from Latin America", 101.

3.1 Table-*Source:* Bolivia: WBI (2002, 2003, 2004b, 2004c, n.d.-b); Guatemala: Fundemos (2003), WBI (2004a, 2004d, 2004e); Nicaragua: Pineda Gadea (2003, 2004), WBI (2004f, 2004g); Peru: Ventura Egoávil (2003, 2004a, 2004b, 2004c, 2004d, 2004e, 2004f).a. Internationally and nationally based NGOs provided extensive funding and technical aid and encouraged the mayor to implement participatory budgeting.

budgeting as the model or the point of reference in which to compare the findings of the other cases to.

TABLE 3.1 Characteristics of Case Study Municipalities in Bolivia, Guatemala, Nicaragua, and Peru

Level of success/location	Population	Ethnicity	Level of financial resources	Incumbent party	Opposition party	Level of social capital	NGO presence
High level of success							
Curahuara de Carangas, Bolivia	5,937	Aymara	High	Indigenous	None	Strong	Very strong[a]
Huaccana, Peru	11,289	Quechua	Low	Indigenous	None	Weak+	Very strong[a]
Ilo, Peru	60,053	Mixed	High	Left	Weak	Strong	Weak
Limatambo, Peru	9,264	Quechua	Low	Indigenous/left	Medium+	Medium+	None
Santo Domingo, Peru	10,209	Quechua/mixed	Medium	Peasant Union	None	Strong	Strong
Villa El Salvador, Peru	344,657	Mixed	Very low	Left	Weak	Strong	Strong
Moderate level of success							
El Alto, Bolivia	632,372	Aymara/mixed	Medium?	Center	Medium	Medium	Weak
Tarabuco, Bolivia	20,000	Quechua	Medium	Peasant Union	Strong	Medium+	Medium
Estelí, Nicaragua	110,000	Mixed	Low	Left	Weak	Medium	Strong
Santo Tomás, Nicaragua	19,778	Mixed	Low	Right	Weak?	Weak	Weak
Independencia, Peru	210,807	Mixed	Very low	Center	Weak?	Medium	Weak
Low level of success							
La Union, Guatemala	24,213	Ladino	Low	Center	Medium	Weak	Weak?
Panajachel, Guatemala	10,919	Maya/mixed	Medium	Nonpartisan civic committee	Medium	Weak	Weak?
Nandaime, Nicaragua	38,800	Mixed	Very low	Right	Weak	Weak	Strong

Source: Bolivia: WBI (2002, 2003, 2004b, 2004c, n.d.-b); Guatemala: Fundemos (2003), WBI (2004a, 2004d, 2004e); Nicaragua: Pineda Gadea (2003, 2004), WBI (2004f, 2004g); Peru: Ventura Egoávil (2003, 2004a, 2004b, 2004c, 2004d, 2004e, 2004f).

a. Internationally and nationally based NGOs provided extensive funding and technical aid and encouraged the mayor to implement participatory budgeting.

4.2 Identification of Institutional Design features of Participatory Budgeting:

The following design features as operationalized below will be used as the following criteria to analyze the affect societal conditions have on citizen participation in participatory budgeting. The design features that will be identified in each case study are taken directly from Benjamin Goldfrank's article, "Lessons from Latin America's Experience with Participatory Budgeting" published in the *Pubic Sector Governance and Accountability Series* operationalized as followed:

1. Deliberation: Qualitative deliberation which entails face-to face discussion and debate. Participants should be given some decision making power over the budgetary process.[74]
2. Centralized supervision: The Mayor's office should be directly in charge of coordinating the participatory budgeting process[75]
3. Accessible rules and information: The rules governing the participatory process should include, criteria for allocating resources and funds across the city. Provide standardized rules and procedures for the decision-making process and budgetary planning process in order for participants to make informed decisions. In order for results to be monitored, all the decisions and information should be available to the public.[76]

The findings found on table 3.2 titled, Key aspects of Institutional Design and Measures of Success of Participatory Budgeting in Case Study Municipalities [77] (below) will help identify key aspects of the institutional design, such as formality of structure, decision-making power, participation rate, expansion and distribution of services and transparency in order to help measure if the institutional design feature deliberation, centralized supervision, or access

74 Goldfrank,"Lessons from Latin America", 101

75 Ibid., 101

76 Ibid.;101

77 Goldfrank,"Lessons from Latin America", 115

Table 3.2-*Source:* Bolivia: WBI (2002, 2003, 2004b, 2004c, n.d.-b); Guatemala: Fundemos (2003), WBI (2004a, 2004d, 2004e); Nicaragua: Pineda Gadea (2003, 2004), WBI (2004f, 2004g); Peru: Ventura Egoávil (2003, 2004a, 2004b, 2004c, 2004d, 2004e, 2004f).

to rules and information institutional are affected by societal conditions. Again, the cases this research focuses on are Brazil, Peru, and Guatemala. You will notice Brazil is not in this table.

The author does nt include Brazil in the table because he uses Brazil's experience of participatory budgeting as the model or the point of reference in which to compare the findings of the other countries and societies to.

TABLE 3.2 Key Aspects of Institutional Design and Measures of Success of Participatory Budgeting in Case Study Municipalities

Country/ municipality	Formality of structure	Decision-making power	Participation rate	Expansion/redistribution of services	Transparency
Bolivia					
Curahuara de Carangas	Formal –	High	High	High	High
El Alto	Formal –	Medium	High	Some	Improved
Tarabuco	Formal	Medium	High	Some	Low
Guatemala					
La Union	Informal	Medium	Low?	Some	Improved
Panajachel	Formal –	Medium	Low?	Some	Improved
Nicaragua					
Estelí	Formal –	Medium	High	Some	Improved
Nandaime	Formal	Low	Low/medium?	Low	Low
Santo Tomás	Formal –	Medium	High?	Some	Improved
Peru					
Huaccana	Informal	High	Very high	High	High
Ilo	Informal	High	Very high	High	High
Independencia	Formal –	High	Medium	Some	Improved
Limatambo	Informal	High	High	High	High
Santo Domingo	Formal –	High	High	High	High
Villa El Salvador	Informal	Medium	Very high	High	High

Source: Bolivia: WBI (2002, 2003, 2004b, 2004c, n.d.-b); Guatemala: Fundemos (2003), WBI (2004a, 2004d, 2004e); Nicaragua: Pineda Gadea (2003, 2004), WBI (2004f, 2004g); Peru: Ventura Egoávil (2003, 2004a, 2004b, 2004c, 2004d, 2004e, 2004f).

4.3 Case Study Selection: Porto Alegre, Brazil, Ilo, Peru, and Panajachel, Guatemala

In order to determine which societal conditions as measured by: legal foundation, political will, social capital, and sufficient resources, affect which institutional design the participatory budgeting process takes: deliberation, centralized supervision, accessible rules and information, most likely to facilitate or weaken participatory budgeting, societal conditions specific to Porto Alegre, Brazil will be identified. Since the study uses Porto Alegre's experiments as the model to be held up. Porto Alegre was chosen as a case study based on its specific institutional design features: The informal participatory budgeting structure, high decision making power, high participation rate, high expansion and redistribution of resources, and high transparency in the governing municipality.

Peru, was chosen as a case study to be analyzed based on characteristics of institutional design as well including, The informal participatory budgeting structure, high decision making power, very high participation rate, high expansion and redistribution of resources, and high transparency in the governing municipality.

Guatemala, was chosen as a case study to be analyzed based on characteristics of institutional design as well including: The formal participatory budgeting structure, medium decision making power, low participation rate, some expansion and redistribution of resources, and improved transparency in the governing municipality.

Comparing differing societal conditions in Brazil, Peru, and Guatemala will provide context for possibly connecting the institutional design of participatory budgeting to the success

or failure of the participatory democracy in each societal context. The sections below will be identified with subheadings evaluating societal conditions and institutional design features in all three countries, specifically focusing on, Porto Alegre, Brazil; Ilo, Peru; and Panajachel, Guatemala.

CHAPTER 5 - CASE STUDY 1: BRAZIL

5.1 Porto Alegre, Brazil-Identification of Societal Conditions

In order to determine which societal conditions as measured by: legal foundation, political will, social capital, and sufficient resources affect which institutional design the participatory budgeting process takes: deliberation, centralized supervision, accessible rules and information that is most likely to facilitate or weaken participatory budgeting societal conditions specific to Porto Alegre, Brazil will be identified. Since the study uses Porto Alegre's experiments as the model to be held up.

Porto Alegre's experience with participatory budgeting has been one of the most successful cases of citizen participation in institutionalized reform, and this fact should not be over looked. Porto Alegre's effectiveness at incorporating citizen participation into the participatory budgeting process at the local level should be viewed as the exception and not the rule, when reviewing the results provided by this case study and by extension, this thesis. Porto Alegre's experience was selected for comparative purposes based on its' success relative to the other case studies under review in this Goldfrank's article and this thesis.

In order to assess how societal conditions affected the institutional design of participatory budgeting, the key societal conditions in Porto Alegre will be identified and contextually analyzed. The key societal conditions are as followed: Political decentralization, legal foundations, political will, social capital, and sufficient resources.

Political decentralization: The presence of municipal representatives, who have been democratically elected. In Brazil, municipal representatives are democratically elected at the provincial and regional levels.

Legal foundation: Existing laws that allow (and promote) citizen participation in budget decisions currently in Brazil (including Porto Alegre) there are no national laws requiring participatory budgeting as a governance structure. However, as a result of government decentralization, Brazil's 1988 Constitution systematized institutional spaces for local actors to carry out innovative reforms.[78]

Political will: The commitment of the current ruling party or mayor of the municipality to citizen participation and sharing of decision-making power. Origins of participatory budgeting in Brazil can be linked to the newly, "renovated and post-authoritarian" left that emerged from movements that worked against the repressive military regime.[79] These movements were fundamentally guided by the notion to re-legitimate the state by effectively and transparently redistributing the municipal budget, based on four key elements, which are as followed: direct citizen participation in government decision-making; administrative and fiscal transparency in order to avert corruption; tangible improvements in infrastructure and community services; and helping the poor. [80] In efforts to meet these goals, national laws did not mandate the participatory budgeting, each municipal mayor was responsible for choosing whether to implement participatory governance or not. Therefore, mayors who chose to mandate participatory budgeting in their municipality were more likely to be committed to citizen participation (unlike

78 Gianpaolo, Baiocchi, Heller, Patrick, Silva, Marcelo, K. 2011. *Bootstrapping Democracy: Transforming Local Governance and Civil Society in Brazil*. Stanford: Stanford University Press.
(Gianpaolo, Baiocchi, Heller, 2011. 1-116) 39
79 Goldfrank, "Lessons From Latin America", 95
80 Ibid., 95

other national case studies). According to William Nylen, between 1990-2004, participatory budgeting was adopted by over 250 Brazilian municipalities cities mandated participatory budgeting [81]. Demands for participatory budgeting in Porto Alegre originated from both the community organizations, such as neighborhood associations and the The Workers' Party municipal administration.[82] All early experiences with participatory budgeting in Porto Alegre was implemented by parties, "that opposed the party in power at the national level" The Workers' Party opposed the Authoritarian government in power, but was able to positively effect the region and interject the idea of participatory budgeting because Brazil's national government allowed opposition parties to exist, gave municipalities notable spending responsibilities, and held relatively fail mayoral elections.[83]

Social capital: Presence of civil society associations who participate in municipal affairs and are relatively autonomous. Porto Alegre's Neighborhood Union Association was highly autonomous and is the group responsible for conveying the original need for participatory budgeting in Porto Alegre; The Neighborhood Union Association presented a report to the municipal government, The Workers' Party at the time, demanding participation in formulating the local budget.[84]

Sufficient resources: Revenue sufficient to enable investment in public projects and social programs. Controlled by the municipal government. Brazilian municipalities experience a relatively high degree of fiscal decentralization and are the reasons why they have more revenue to spend on the local communities. According to Cabannes, 2004, most Brazilian cities were

81 Nylen 2011, 480

82 Goldfrank, "Lessons From Latin America", 93

83 Goldfrank,"Lessons from Latin America", 93

84 Ibid., 93

spending $240-$400 per resident.[85] Additionally, civil society organizations tend to work together in Brazilian municipalities and contribute to fair allocation of funding spread evenly throughout the province or given region.[86]

5.2 Porto Alegre, Brazil-Identification of Institutional Design

In order to assess how Porto Alegre's societal conditions affected the institutional design of participatory budgeting, a brief description of the key institutional design features, as expressed in table 3.2 of the study, will be operationalized in relation to Porto Alegre's experience. Operationalizing institutional design features helps measure as they were instituted in Porto Alegre, to help assess the impact of societal conditions on participatory budgeting's design and contribute to the overall aim of the analysis, which is to theoretically connect societal conditions with participatory budgeting's institutional design. The institutional design features or measurements of participatory budgeting, identified on table 3.2, that will be used are as followed: Country and municipality, formality of structure, decision making power, participation rate, expansion and redistribution of services, and transparency. Although Porto Alegre, Brazil is not listed as one of the countries or municipalities identified on the table, contextual support provided by the study includes Porto Alegre and categorized the design features accordingly. The formality structure of Porto Alegre's municipality was labeled informal.[87] According the World Bank Study, an informal municipal structure is consistent with one that is open to the public and does not privilege preexisting groups.[88] Porto Alegre's decision making power was categorized as high, which means citizen participants debated, deliberated in making decisions regarding

85 Cabannes, Yves. 2004. "Participatory Budgeting: A Significant Contribution to Participatory Democracy." *Environment and Urbanization* 16 (1): 27–46. In Goldfrank 2007, 101

86 Goldfrank,"Lessons from Latin America", 116

87 Goldfrank, Lessons From Latin America", 102

88 Ibid., 102

how to plan and spend the municipal budget and the government representatives honored the decisions. [89] Porto Alegre's participation rate was categorized as high, which is consistent with the number of citizens participating and the number of organizations participating through civil society representatives.[90] The expansion and distribution of services as well as the transparency throughout the entire participatory budgeting process in Porto Alegre was categorized as high.[91]

89 Ibid., 103

90 Ibid., 103

91 Ibid., 103

CHAPTER 6 – CASE STUDY 2 PERU

6.1 Ilo, Peru-Identification of Societal Conditions

In order to assess how societal conditions affected participatory budgeting's institutional design in Peru, data on societal conditions collected from Peru's national experience with participatory budgeting reforms will be detailed below. Since design features/measurements of participatory budgeting are specific to the particular city/locality of its implementation, the city of Ilo, Peru will be analyzed in order to assess how societal conditions affect the design of PB.

The disjuncture between applying societal conditions found in Peru at the national level to a participatory budgeting design practiced in Ilo, at the local level, can be supplanted with data found in table 3.2. Although acknowledging this disjuncture as a potential limitation to providing accurate results, the data in the table provides evidence from five other local level cases of participatory budgeting and found they all experienced similar levels of success with participatory budgeting as Ilo. Like Ilo, the other case studies' experiences with participatory budgeting were categorized as highly successful. For the purpose of this research, the high level participatory budgeting's effectiveness in all six local cases, can be considered indicative of similar societal conditions found at the national level. Therefore, for the purpose of this comparison, societal conditions found at the national level can be considered conducive to societal conditions found at the local level and therefore justifies the disconnect for the purpose of this research. Also taken into account, is the acknowledgement that local level instances of participatory budgeting are generally, not always, more compatible with higher levels of success and effectiveness.

Political decentralization: The presence of municipal officeholders, who have been democratically elected. Peru is politically decentralized, as regional and local governors are democratically elected at the regional and local levels.[92]

Legal foundation: Existing laws that allow (and promote) citizen participation in budget decisions. In Peru, passage of national laws in 2003, "obligated all regional, provincial and district governments to promote citizen participation in the formulation, debate, and agreement of their development plans and budgets through the creation of coordination councils and through public assemblies." [93] The creators of these laws considered local experiences.[94] The ruling party, *Peru Posible* who are responsible for engineering the national laws of 2003, were originally from the United Left, the party that had a long history with municipal participation programs in the 1980's, prior to President Alberto Fujimori's ten year reign of centralized authoritarian rule.[95] In opposition to authoritarian rule, The United Left, other opposition parties, and civil society actors, embraced decentralization as a measure towards greater democratization and was highly supported by international organizations (specifically, U.S. Agency for International Development, USAID).[96]

Political will: The commitment of the current ruling party or Mayor of the municipality to citizen participation and sharing of decision-making power. Although most decentralization reforms were fairly consensual, laws related to citizen participation were highly contested by several congressional representatives from traditionally conservative parties such as Aprista Party, on the basis that citizens, as unelected representatives taking part in city planning and

92 Goldfrank, "Lessons from Latin America" 101

93 Goldfrank, "Lessons from Latin America" 109

94 Ibid., 109

95 Ibid,. 109

96 Ibid., 109

budgetary council meetings undermined representative democracy and almost failed to pass.[97] Since the Aprista Party was the second largest congressional party and had the largest share of power at the subnational level, the government was forced to make a compromise when faced with resistance from the opposition to the participation laws.[98] In order to share power with the opposition, the ruling party, Peru Posible, a center-left party, passed a compromised version of the participation law in 2003, which gave local authorities sixty percent of the seats on the municipal councils.[99] However, absence of the mayor's political will or commitment inciting citizen participation in the decision making is has effected participatory budgeting negatively. In a study conducted by Diaz Palacios in 2004, of thirty provincial and district level participatory budgeting experiences, mayors were complying, "with constituting the local coordination council more for formal reasons than out of democratic conviction" and local coordination councils were not taking on planning and budgeting roles permissible by the participation laws.[100] In fact, according to another study conducted by Chirinos Segura in 2004, shows how Congress had to implement additional laws forcing regional governments to create coordination councils that were supposed to implement citizen participation, but still often failed to do so.[101] Instances where regional governments did organize coordination participation councils, elections were either not held or not democratically conducted.[102] On one end of the spectrum, the regional mayors supplanted the election process by inviting politically friendly organizations to the municipal assemblies in order to directly select representatives, and completely circumventing

97 Chirinos Segura, Luis. 2004. "Participación ciudadana en gobiernos regionales: El caso de los consejos de coordinación regional." In *La participación ciudadana y la construcción de la democracia en América Latina,* ed. Grupo Propuesta Ciudadana. Lima: Ser, Consode, Oxfam, Grupo Propuesta Ciudadana, Participa Peru, DFID, EED, and USAID-Peru, In Goldfank, "Lessons from Latin America" 109

98 Goldfrank, Lessons from Latin America" 110

99 Goldfrank, "Lessons from Latin America" 109

100 DiazPalacios,Julio.2004."Losconsejosdecoordinaciónlocal."In*Laparticipaciónciu- dadana y la construcción de la democracia en América Latina*, ed. Grupo Propuesta Ciudadana. Lima: Ser, Consode, Oxfam, Grupo Propuesta Ciudadana, Participa Peru, DFID, EED, and USAID-Peru. In Goldfrank, "Lessons from Latin America"110

101 Chirinos Segura, 2004. In Goldfrank, "Lessons from Latin America" 110

102 Goldfrank, "Lessons from Latin America" 110

the entire democratic process; while on the opposite end of the spectrum, local authorities completely ignored the three year rule and other technicalities in order to let more civic organizations participate in the participatory and budgetary process.[103]

Social capital: Presence of civil society associations who participate in municipal affairs and are relatively autonomous. In Peru, the participation laws allows all social organizations, with three years of public experience to participate in the elections for regional and local councils that would be in charge of organizing and developing the planning and budgeting process.[104] The purpose of the three-year restriction was to avoid the creation of, "overnight", top-down organizations, but in practice it excluded organizations that represented the poor who did not have the three year credential granting legality.[105] Despite the intention of the participation laws to include those who are most disadvantaged in society, the laws in Peru ended up excluding the poor: Of the sixty percent decision making designated to local municipal councils, a forty percent share of decision making power was given to civil society and the remaining third was reserved for regional business representatives.[106]

Sufficient resources: Revenue sufficient to enable investment in public projects and social programs. Controlled by the municipal government. Taken all the prior societal conditions into account, even when mayors are committed to the participatory budgeting process by circumventing the restrictions placed on them by the national participation laws, local governments remain dependent on financial transfers from the central government.[107] The lack of fiscal independence and overall lack of autonomy contributes to a weak civil society that has

103 Ibid., 110
104 Ibid., 110
105 Ibid., 110
106 Ibid., 110
107 Ibid., 110

little interest in institutionalized participation nor any motivation to find out exactly how the participation laws can potentially benefit their communities'[108]. Generally, municipal governments rely on transfers from the central government that amounted to four percent of the national governments budget in 2004.[109] Although the participation laws provide the possibility for local municipal governments to levy local taxes, only wealthier cities actually have the financial resources to do so.[110] Overall, national funding for municipalities are generally low, equaling four to thirteen dollars per capital.[111] To add further complexity to an already fragile process, The Ministry of Economy and Finance have set forth strict guidelines, making it difficult for municipalities to gain access to national funding, causing most municipalities to forgo the fund allocation process entirely.

6.2 Ilo, Peru-Identification of Institutional Design

The formality structure of Peru's municipality was labeled informal. According the World Bank Study, an informal municipal structure is consistent with one that is open to the public and does not privilege preexisting groups.[112] Ilo's decision making power was categorized as high, which means citizen participants debated, deliberated in making decisions regarding how to plan and spend the Ilo's municipal budget and the government representatives honored the decisions.[113] The participation rate was categorized as high, which is consistent with the number of citizens participating and the number of organizations participating through civil

108 Ibid., 110

109 Schneider, Aaron, and Rebecca Zuniga-Hamlin. 2005. "A Strategic Approach to Rights: Lessons from Clientelism in Rural Peru." *Development Policy Review* 23 (5): 567–84. In Goldfrank, "Lessons from Latin America", 110

110 Goldfrank, "Lessons from Latin America", 111

111 Ibid., 111

112 Ibid.,111

113 Ibid., 111

society representatives. Additionally, the expansion and distribution of services as well as the transparency throughout the entire participatory budgeting process in Ilo was considered high.

CHAPTER 7 - GUATEMALA

7.1 Panajachel, Guatemala-Identification of Societal Conditions

In order to assess how societal conditions affected participatory budgeting's institutional design in Guatemala, data on societal conditions collected from Guatemala's national experience with participatory budgeting reforms will be detailed below. As in Peru, the disjuncture between applying societal conditions found in Guatemala at the national level to a participatory budgeting design practiced in Panajachel at the local level is acknowledged as problematic. In Guatemala's case however, unfavorable societal conditions experienced in Guatemala at the national level directly translates into unfavorable societal conditions at the at the centralized and localized levels, and can be considered indicative of participatory budgeting's overall lack of success and effectiveness on both the national and local level. Table 3.2 confirms this general assumption by providing data on another local level case study. Both case studies are categorized as experiencing low levels of success with participatory budgeting. [114]

Political decentralization: The presence of municipal officeholders, who have been democratically elected. Guatemala is politically decentralized; however, regional and local governors are not democratically elected at the regional and local levels, but are appointed by the national government. Political appointments of local governors by the national administration could be considered a political strategy deployed by the national government in order to concentrate national resources in the regional governments and maintain national interests at the regional levels in order to avoid supporting municipalities held by the opposition parties.[115]

114 Goldfrank, "Lessons from Latin America", 110 Table 3.1

115 Goldfrank, "Lessons from Latin America", 110 Table 3.1

Legal foundation: Existing laws that allow (and promote) citizen participation in budget decisions. Although the participation laws in Guatemala were consensually agreed to, they are connected to the 1990's peace process that were strongly encouraged by the international organizations.[116] Additionally, decentralizations reforms, outlined in the 1996 Peace Accords, under President Alvaro Portillo required citizen participation laws to be put in place and honored in order to receive debt relief funding from the international community though funds from the, "Heavily Indebted Poor Countries." [117]

Political will: The commitment of the current ruling party or Mayor of the municipality to citizen participation and sharing of decision-making power. Since the participation laws were not organically adopted in reaction to the decentralization process of the 1990's, but instead were adopted largely under pressure from the international community and non-governmental organizations, there is a genuine lack of political commitment to the participatory process on part of the national leaders.[118] Municipal participatory councils are hollow and have been created to coordinate administrative tasks, not develop into a forum for citizen participation.[119] According to a Benjamin Goldfrank, "The concept of community participation in the municipal budget is just discourse raised as an initiative, not a process."[120]

More importantly, the general failure of participatory budgeting in Guatemala has been directly connected to the unwillingness of the mayors to share power with the citizens. A majority of the municipal mayors belong to the ex-military dictatorship party of the Guatemalan

116 Goldfrank, "Lessons from Latin America", 106

117 Goldfrank, "Lessons from Latin America", 94

118 Ibid., 106

119 Ibid., 106

120 Donald P. Moynihan. 2009. "Citizen Participation in Budgeting: Prospects for Developing Countries"., *Pubic SectoIr Governance and Accountability Series,* ed. Anwar Shah et al. (Washington D.C: The Wold Bank, 2007), 56. Accessed May, 5, 2014, http://siteresources.worldbank.org/PSGLP/Resources/ParticipatoryBudgeting.pdf

Republican Front and have not been willing to share power with the citizens by relinquishing any commitment to the participatory process.[121] The community councils do not elect representatives in an democratic forum, open to the entire community, but instead citizen representatives are hand-picked for participation in the councils by the mayor. [122]

Social capital: Presence of civil society associations who participate in municipal affairs and are relatively autonomous. Overall lack of qualified personnel in the municipal government combined with lack of citizen interest in developing the communal and municipal councils have caused civil society organization to either be absent or unwilling to work together towards a common objective.[123] One study has cited, "The weak and fragmented nature of civic participation in Guatemala stems from the survival of authoritarian traits, the internal armed conflict, and the introduction and application of policies that encourage individualism and social atomization."[124]

Sufficient resources: Revenue sufficient to enable investment in public projects and social programs. Controlled by the municipal government. Guatemalan municipalities remain relatively dependent on fiscal transfers from the central government; however, even with (irregular) resource allocation from the national government, the overall poor state of Guatemalan municipalities remains.[125] Even when resources are properly allocated to the Departmental governments, whose leaders are appointed by the central government, the sub-national department often does not distribute funding to the municipalities where the elected

121 Goldfrank, "Lessons from Latin America", 106
122 Ibid., 107
123 Ibid., 107
124 Ibid., 107
125 Ibid., 107

mayor is from a different political party.[126] Overall lack of funding from the central government combined with qualified personnel working in the municipal governments greatly contributes to lack of success in the participatory budgeting process in Guatemala.

7.2 Panajachel, Guatemala-Identification of Institutional Design

The formality structure of Panajachel's municipality was labeled formal. As mentioned above, an informal municipal structure is consistent with one that is open to the public and does not privilege preexisting groups.[127] Panajachel's decision-making power was categorized as medium. The participation rate was categorized as low, which is consistent with the few citizens participating and perhaps a reduced number of organizations participating through civil society representatives. Additionally, the expansion and distribution of services in Panachel was labeled, some, which means distribution of services was possibly limited and as transparency was labeled improved.[128]

In comparison to the success of the participatory budgeting process in Ilo, Peru and Guatemala's relative lack of success can possibly be linked to the fact that participatory budgeting in Ilo was considered a local initiative, taken on by the municipal government, civic organization, and individual participation, where as in La Union, the participatory budgeting process was implemented in a formal, top down fashion, following the national participation laws that were mandated by the national government in 2003, under pressure from the international community and did not arise as a local, grassroots initiative spawned by the local population or municipal government.

126 Puente Alcaraz, Jesús, and Luis Felipe Linares López. 2004. "A General View of the Institutional State of Decentralization in Guatemala." In *Decentralization and Democratic Governance in Latin America*, ed. Joseph Tulchin and Andrew Selee. In Goldfrank, "Lessons from Latin America" 106

127 Goldfrank, "Lessons from Latin America", 111

128 Goldfrank, "Lessons from Latin America",Table 3.2, 114,115

CHAPTER 8 - COMPARATIVE ANALYSIS OF CASE STUDIES: SOCIETAL CONDITIONS

In terms of political decentralization, as measured by the presence of governing representatives, who have been democratically elected: All three case studies are politically decentralized. Brazil and Peru, both have democratically elected municipal representatives; while Guatemala does not. In Guatemala, municipal representatives are appointed by the national government.

In terms of legal foundation or existing laws that allow (and promote) citizen participation in budget decisions, Brazil does not have national laws mandating or promoting citizen participation through participatory budgeting; however, as a result of decentralization measures, the national government has allotted institutional space for societal innovations to occur. Both Peru and Guatemala have national laws mandating citizen participation, through measures similar to participatory budgeting at the regional and local level.

Peru's national law of 2003 obligates regional promotion of citizen participation in the budgeting process. The ruling Party, *Peru Posible* who are responsible for engineering the national laws of 2003, were originally from the United Left, the party that had a long history with municipal participation programs in the 1980's. Because the ruling party factored local level experience into the participatory budgeting and planning process, which can help explain why it was relatively unrestricted in terms of technical bureaucracy, which increased it's sustainability- despite the national law.[129]

Guatemala has participation laws that mandate citizen participation in local municipalities; however they are rarely enforced and contribute to the overall failure of

129 Goldfrank, "Lessons from Latin America", 107

participatory practices in Guatemala at the national and local level. Low enforcement of the participation laws, and overall lack of public interest in the practice of participatory budgeting, can be connected to the 1990's peace process where the participation laws were originally formulated. The Guatemalan government was strongly encouraged by the international organizations and to adopt participation laws in return for international aid.[130] Therefore, there was no incentive to enforce these laws on the national or regional levels.

Political will, as measured by the commitment of the current ruling party or mayor of the municipality to citizen participation and sharing of decision-making power, the results of the three case studies are below. One scholar in Goldfrank's article found, political will or the commitment to sharing decision making power as the most indicative of participatory budgeting's success. Brazil's political will or commitment to sharing decision-making power was comparable to Peru's and much stronger than Guatemala's. Since national laws did not mandate the participatory budgeting, each municipal mayor was responsible for choosing whether to implement participatory budgeting or not. Therefore, mayors in Brazil who chose to mandate participatory budgeting in their municipality were more likely to be committed to citizen participation in the participatory budgeting process.[131]

Peru's political will or commitment to sharing decision-making power is not as strong as Brazil's, but can be considered comparable, especially in local level settings, like Ilo, Peru (which will be addressed a little further down). Peru's political commitment to participatory budgeting can be interpreted as mixed. Results at the provincial or district level show mayors complying with the nationally mandating laws as an administrative formality, not necessarily out

130 Ibid., 107

131 Ibid., 108

of "democratic conviction." [132] At one point political will was so low in Peru, the national government had to mandate additional laws forcing regional compliance to create coordination councils that were in charge of implementing local level participatory governing reforms.[133] However, not all instances of Peru's commitment to share decision-making power were honored. In some instances local authorities ignored the three-year rule and other technical restrictions in order to let more civic organizations participate in the participatory and budgetary process.[134] The Peruvian city of Ilo shows the ruling party's commitment to sharing decision making power or promoting citizen participation by the existence of highly organized civic associations that actively participated in the budgetary process.[135]

Guatemala's political will or commitment to the participation laws exemplifies a genuine lack of political commitment to the participatory process on part of the national leaders.[136] Participatory councils at the local level have only been developed in order to comply with administrative tasks and do not function with the purpose of promoting and practicing citizen participation in local budgeting or other participatory practices. However, the greatest signifier of Guatemala's overall failure with participatory budgeting has been directly connected to the unwillingness of the mayors to share power with the citizens. This stems from authoritarian tendencies, passed down by the political party of the ex-military dictatorship in which a majority of the mayors still belong. Additionally, the overall lack of political will in Guatemala can be linked to the external support of non-governmental organizations. The national government did not have a true incentive to implement and enforce the participation laws because the NGO's

132 Goldfrank, "Lessons from Latin America", 110

133 Chirinos Segura, 2004. In Goldfrank, "Lessons from Latin America" 110

134 Goldfrank, "Lessons from Latin America" 110

135 Goldfrank, "Lessons from Latin America" 110

136 Goldfrank, "Lessons from Latin America" 111

were on the ground monitoring the process; further detaching the national government from the practice and implementation of participatory budgeting.

Social capital as measured by the presence of civil society associations who participate in municipal affairs and are relatively autonomous. In the case of Brazil, civil society organizations tend to work together in Brazilian municipalities, which contributes to fair allocation of funding spread evenly throughout the province or given region.

Similarly there is a civil society presence in Peru. Of the sixty percent decision-making designated to local municipal councils, a forty percent share of decision-making power was given to civil society and the remaining third was reserved for regional business representatives.[137] The Peruvian city of Ilo shows the ruling party's commitment to sharing decision making power or promoting citizen participation by the existence of highly organized civic associations that actively participated in the budgetary process.[138]

Conversely in the case of Guatemala there is an overall absence of civil society and organizations. Overall lack of qualified personnel in the municipal government combined with lack of citizen interest in developing the communal and municipal councils have caused civil society organization to either be absent or unwilling to work together towards a common objective.

Sufficient resources, as measured by revenue sufficient to enable investment in public projects and social programs controlled by the municipal government will be discussed in relation to the Brazilian context. Brazilian municipalities experience a relatively high degree of fiscal decentralization and are the reason why they have more revenue to spend on the local

137 Goldfrank, "Lessons from Latin America" 110

138 Goldfrank, "Lessons from Latin America" 111

communities. According to Cabannes, 2004, most Brazilian cities were spending $240-$400 per resident.[139]

In the case of Peru, municipal governments generally rely on transfers from the central government, which amounted to four percent of the national governments budget in 2004.[140] Although the participation laws provide the possibility for local municipal governments to levy local taxes, only wealthier cities actually have the financial resources to do so.[141] Overall, national funding for municipalities are generally low, equaling four to thirteen dollars per capital.[142] To add further complexity to an already fragile process, The Ministry of Economy and Finance have set forth strict guidelines, making it difficult for municipalities to gain access to national funding, causing most municipalities to forgo the fund allocation process entirely.

In the Guatemalan case municipalities remain relatively dependent on fiscal transfers from the central government; however, even with (irregular) resource allocation from the national government, the overall poor state of Guatemalan municipalities remains. Even when resources are properly allocated to the Departmental governments, whose leaders are appointed by the central government, the sub-national department often does not distribute funding to the municipalities where the elected mayor is from a different political party.[143] Overall lack of funding from the central government combined with qualified personnel working in the municipal governments greatly contributes to lack of success in the participatory budgeting process in Guatemala.

139 Cabannes, Yves. 2004. "Participatory Budgeting: A Significant Contribution to Participatory Democracy." Environment and Urbanization 16 (1): 27–46. In Goldfrank, "Lessons from Latin America" 111

140 Schneider, Aaron, and Rebecca Zuniga-Hamlin. 2005. "A Strategic Approach to Rights: Lessons from Clientelism in Rural Peru." Development Policy Review 23 (5): 567–84. In Goldfrank, "Lessons from Latin America" 111

141 Goldfrank, "Lessons from Latin America" 111

142 Goldfrank, "Lessons from Latin America" 111

143 Puente Alcaraz and Linares Lopes, 2004. In "Goldfrank, Lessons from Latin America", 106

CHAPTER 9 - COMPARATIVE ANALYSIS OF CASE STUDIES: INSTITUTIONAL DESIGN OF PARTICIPATORY BUDGETING

In terms of political decentralization, as measured by the presence of governing representatives, who have been democratically elected: All three case studies are politically decentralized. In terms of legal foundation or existing laws that allow (and promote) citizen participation in budget decisions, Brazil does not have national laws mandating or promoting citizen participation through participatory budgeting; however, as a result of decentralization measures, the national government has allotted institutional space for societal innovations to occur. Brazil does not have a national law mandating the introduction of participatory budgeting, but still has a high rate of citizen participation in participatory budgeting.

For Brazil: How does the societal condition as measured by the legal foundation affect the design feature of citizen participation? The absence of a participation law affects the design feature of citizen participation positively. In the absence of a national mandate, citizens are more likely to participate in participatory budgeting.

Both Peru and Guatemala have national laws mandating citizen participation, through measures similar to participatory budgeting at the regional and local level. Although Peru and Guatemala both have nationally mandated participation laws, only Peru has a high rate of citizen participation, while Guatemala's citizen participation is categorized as low.

For Peru: How does the societal condition as measured by the legal foundation affect the design feature of citizen participation? The presence of a participation law affects the design feature of citizen participation positively. In the presence of a national mandate, citizens are more likely to participate in participatory budgeting.

For Guatemala: How does the societal condition as measured by the legal foundation affect the design feature of citizen participation? The presence of a participation law affects the design feature of citizen participation negatively. In the presence of a national mandate, citizens are less likely to participate in participatory budgeting.

Theoretical framework is not applicable. Connecting societal condition of legal foundation of the law to the design feature citizen participation cannot be made with these results. There is no conclusive evidence legal foundation to citizen participation (at this stage). Other societal conditions must be responsible for high or low rate of citizen participation.

In terms of political will or the commitment of the current ruling party or mayor of the municipality to citizen participation and sharing of decision-making power, Brazil has high political will as does Peru. In contrast to Guatemala, whose municipal government shares less decision making power with the citizens and can be seen through the designation of, "medium" as measured by table 3.2.[144]

The formality structure of each municipality is central to understanding the extent of deliberation (identified as a key institutional design feature) and how it impacts sustainability of participatory budgeting in a specific location. Generally, as seen through these cases studies, an informal municipal can be associated with more deliberation, and more deliberation indicates more successful implementation of participatory budgeting in a given location. According the World Bank Study, an informal municipal structure is consistent with one that is open to the public and does not privilege preexisting groups. The formality structure of Porto Alegre's municipality was labeled informal, as was Peru's; in contrast Panajachel Guatemala had an

144 Goldfrank, Lessons from Latin America", 115

formal municipal structure.[145] Guatemala's formal structure can be associated with decision-making happening at the politically centralized level and less at the societal level. Panajachel's decision-making power was categorized as medium. The participation rate was categorized as low, which is consistent with the few citizens participating and perhaps a reduced number of organizations participating through civil society representatives. Additionally, the expansion and distribution of services in Panajachel was labeled, some, which means distribution of services was possibly limited and as transparency was labeled improved.[146] In conclusion, taking into consideration all the other institutional design features listed, less deliberation among citizens, civil society, and political actors can be associated with the formal structure of the municipality.

For Porto Alegre, decision-making power was categorized as high, which means citizen participants debated, deliberated in making decisions regarding how to plan and spend the municipal budget and the government representatives honored the decisions. [147] Porto Alegre's participation rate was categorized as high, which is consistent with the number of citizens participating and the number of organizations participating through civil society representatives.[148] In Peru, Ilo's decision making power was categorized as high, which means citizen participants debated, deliberated in making decisions regarding how to plan and spend the Ilo's municipal budget and the government representatives honored the decisions.[149] The participation rate was categorized as high, which is consistent with the number of citizens participating and the number of organizations participating through civil society representatives.

145 Ibid.,111

146 Goldfrank, "Lessons from Latin America",Table 3.2, 114,115

147 Ibid., 103

148 Ibid., 103

149 Ibid., 111

Additionally, the expansion and distribution of services as well as the transparency throughout the entire participatory budgeting process in Ilo was considered high.[150]

150 Ibid., 115

CONCLUSION

In conclusion, results from the comparative analysis of case study findings, as indicated by societal factors do impact the effect on the institutional design participatory budgeting takes in each locality. The most notable consist of the relationship between the existence or non-existence of a national law requiring the implementation of participatory budgeting and the influence the law may or may not have on the formation of the municipal governing structure that regulates the practice of participatory budgeting in each case. The implementation of this law can be associated with the degree of formality taken in each municipality. Generally, as proven by Brazil and Peru, and informal municipal governing structure is associated with high participation, high decision-making power, higher distribution of services and more governing transparency. While on the contrary, Guatemala has proven the formal municipal governing structure is associated with low participation, medium decision making power, lower distribution of services, and less governing transparency in the participatory budgeting process. However, as proven by these case studies and in addition to the scholarly findings, there is no universal application of a particular institutional design that would guarantee the success of participatory reforms. There are generalities among societal conditions that enable advances in success as well as failures of the democratic process in each instance of participatory budgeting. Therefore, using the findings from the case studies provided, the theory of participatory democracy as a democratic theory can be empirically implicated, but not necessarily proven. Therefore, the basis of the theoretical critique, as summarized by being, solely driven my normative concerns and not allowing empirical inquiry to empirical testing of its' claims, has been disputed by the theoretical

application of participatory budgeting's success or failure in there empirical settings in Latin America, but not concretely defined or completely applicable.

In answering the three main critiques with information specifically generated from the Benjamin Goldfrank's article, "Lessons From Latin America's Experience with Participatory Budgeting" the following assumptions can be made and are addressed below in relation to each critique.

The first critique of the theory of participatory democracy as a democratic theory says the theory fails to tell which particular institutions could have a positive effect on participation. This critique is theoretically disputed by the empirical application of participatory democracy to Porto Alegre, Brazil and Ilo, Peru's. The particular institution that positively effects citizen participation is the institutionalization of participatory budgeting at the municipal level. To clarify, participatory budgeting is a political institution, which is a part of a political competition.[151] This political competition consists of political leaders strategically introducing and designing participatory budgeting to serve numerous ends; which include, gaining electoral support, weakening opponents, forming alliances, and fulfilling ideological commitments.[152] The outcome of this political competition do not only depend on local contexts, but strategies of the actors involved in the participatory budgeting process and this is important to keep in mind when examining each case study.[153]

The second critique of the theory of participatory democracy as a democratic theory says the theory fails to convey the contextual conditions under which the institutions might affect political behavior. However, this critique can be counter balanced by reviewing how differing

[151] Goldfrank, "Lessons from Latin America", 100
[152] Ibid.,100
[153] Ibid.,100

societal conditions found in all three cases affected the institutional design participatory budgeting took. Generally, when the participatory budgeting process was locally initiated, more citizens' participated and the process was overall more successful. Specifically, Porto Alegre, Brazil and Ilo, Peru prove when the reform process was locally initiated, the institutional design structure was informal. In Porto Alegre, when the local mayor initiated the participatory budgeting process, it was usually more successful because the local mayor took ownership over the process by incorporating the citizens' demands and needs into the municipal budget, in order to see the initiative succeed. In Ilo, Peru, where the budgeting process was locally initiated by the local party in power, the United Left administration, the process was more successful because the party was supported by a highly organized civil society. Therefore conditions that are conducive to the success of the participatory budgeting process are internal influences and initiation at the local level.

In Guatemala, the process did not influence the states' political behavior. Panajachel had a formal structure, which means the participatory budgeting process was highly susceptible to official over sight committees at the national level and were subjected to strict regulations which stalled the potential for the participatory budgeting process to be successful. Additionally, the non-governmental organizations and external support from the international community did not allow for a genuine political and societal reform process to take root on the state level, nor local level. Therefore conditions that are non-conducive to participatory budgeting process are external influences at the state or international level.

The third critique of Zittel and Fuchs formulation of participatory democratic theory which says the theory lacks a plausible explanation of how and why particular institutions foster a certain type of political behavior, is much harder to apply, as these case studies do not offer a

plausible explanation as to how and why particular institutions foster a certain type of political behavior. A more thorough investigation into each society's historical and current context would be relevant to developing ideas that would help answer or disprove this particular critique.

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