

# **R**ATIONALES AND BARRIERS TO CITIZEN PARTICIPATION IN PUBLIC BUDGETING: *A systematic literature review*

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DOI: 10.1590/0103-3352.2022.39.258470

## Introduction

The idea of democratic governance – along with its multiple approaches to public budgeting – compels states to become more open and permeable to citizens' voices and oversight in order to enhance their legitimacy, justice, and effectiveness (BRINKERHOFF, 2001; WAMPLER, 2007, 2012; FUNG, 2015). Nonetheless, despite this normative claim, many complexities and concerns have been raised whenever citizen participation in public budgeting is put into practice, especially regarding its effectiveness in promoting significant change (BAIOCCHI; GANUZA, 2014; HONG, 2015; CABANNES; LIPIETZ, 2018).

Seminal studies have contributed significantly to discussions on this topic by comparing positive and negative claims and evidence (NYLEN, 2003; BAIOCCHI; HELLER; SILVA, 2011; MCNULTY, 2019), providing a comprehensive taxonomy for classifying Participatory Budgets (CABANNES; LIPIETZ,

1 Para replicação dos dados: <https://doi.org/10.7910/DVN/IXFEMJ>

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2018), aggregating the literature, identifying knowledge gaps, and calling for more evidence-based theorization (CABANNES, 2004; EBDON; FRANKLIN, 2006; BAIOCCHI, 2003). Usually, the call for citizen participation in public budgeting is understood as a response to the principal-agent problem, an attempt to help close the gap between what citizens want and what is delivered by public policies (MOGUES; ERMAN, 2020). In other words, participation is needed to effectively address issues of responsiveness and trust in public governance in an accessible way (LAWTON; MACAULAY, 2014; TORMEY, 2014; WEYMOUTH; HARTZ-KARP; MARINOVA, 2020).

Many authors see responsiveness and trust issues as a problem in the decision-making process in public budgeting. This shared premise has led public and international institutions and the scientific literature to focus on developing mechanisms that primarily aim at including more public participation in the first two stages of the budget cycle: the initial formulation phase, usually carried out by the executive branch, and the debate phase, which is conducted by the legislative branch. Yet this convergence is a natural development of this reading, and it does not show the whole picture, since it neglects the fact that elected officials are not completely free to exercise decision-making powers and define public policies according to the will of their constituents.

This study thus addresses the potential limitations in decision-making processes. It is designed to analyze the state of the art in the literature on citizen participation in public budgeting, and it focuses specifically on understanding the rationales of participatory initiatives and the institutional barriers that these mechanisms face to change public budgets. A systematic literature review (SLR) was conducted based on peer-reviewed journal articles, and the data was scrutinized using a mixed-methods approach – bibliometric and content analysis of the selected material was performed in order to organize the base of knowledge shared through scientific outlets and develop analytical propositions to support future empirical studies that may operationalize these research gaps.

First, we present a bibliometric and quantitative content analysis to provide an overview of the literature and highlight some research gaps that will be further discussed in the paper. Then we describe the rationales behind the call for more citizen participation in public budgeting and categorize the initiatives into two main approaches: political-electoral and good governance. These two

categories of participatory initiatives are built upon different understandings of the causes of responsiveness and trust issues related to public governance, which have led to the creation of distinct implementation characteristics for each category. However, underlying both categories of participatory initiatives is a shared assumption that citizen participation can improve decision-making processes in public budgeting. The following section challenges this assumption and explores the limitations faced by initiatives from both approaches when seeking to change decision-making processes. It also categorizes these limitations into institutional, design, and personal barriers, reflecting three levels of constraints to effective citizen participation. Finally, the paper discusses the theoretical and empirical implications of these barriers and offers propositions for future research based on our findings and on the literature gaps we identified.

### Methodological approach

SLRs differ from narrative methods because they adopt transparent and objective criteria for document selection to minimize potential bias associated with non-systematic approaches (DAVID; HAN, 2004; NEWBERT, 2007). In this study, the review protocol comprised four main steps, summarized in Table 1. We focused on Scopus since it is the largest abstract and citation database, with peer-reviewed literature, strong quality standards, broad coverage in the social sciences, easy-to-download data for bibliometric, and content analyses (HARZING; ALAKANGAS, 2016; HERRERA-FRANCO, 2020); moreover, it allowed us to narrow down the results to peer-reviewed journal articles. The papers analyzed were published from 1969 to December 2020, since no initial date filters were applied.

Table 1. Literature review protocol

|        |   |                |
|--------|---|----------------|
| STEP 1 | <b>BASILINE SEARCH</b><br>participat* W/2 budget*   | 1031 documents |
| STEP 2 | <b>REFINED SEARCH</b><br>(participat* W/2 budget*) AND (govern* OR public OR citizen OR politic* OR policy OR democr* OR social) AND NOT (hospital OR firm OR company) AND(LIMIT-TO (SRCTYPE, "j")) AND (LIMIT-TO (DOCTYPE, "ar ")) AND LIMIT-TO(LANGUAGE, "English") OR LIMIT-TO(LANGUAGE, "Portuguese") OR LIMIT-TO(LANGUAGE, "Spanish")) LIMIT-TO(LANGUAGE, "French")) | 513 documents  |
| STEP 3 | <b>ITEM-BY-ITEM REVIEW</b><br>Eliminate duplicated, unavailable, and unrelated documents that did not study participation in public budgeting   | 371 documents  |
| STEP 4 | <b>READ AND ANALYZE FULL PAPERS</b>   | 371 documents  |

Source: Created by the authors.

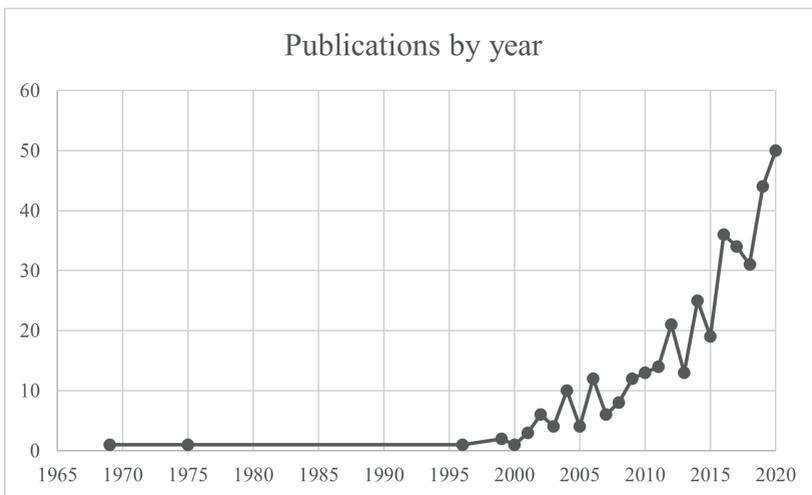
After selecting the corpus database, all documents were carefully read and classified in terms of year of publication, journal in which they were published, and country under investigation. If participatory initiatives were described or analyzed, they were also identified with respect to level of government, competent branch of government, and phase of the budget cycle in which participation occurred.

We also performed an inductive content analysis, as proposed by Khirfan, Peck, and Mohtat (2020), through which categories emerged from the literature and helped build the two analytical frameworks presented in this. The categories we identified were discussed with important scholars in the field of public budgeting to deepen the debate on the topic and provide a theoretical basis for developing propositions.

### Publication analysis

The literature review included peer-reviewed journal papers about citizen participation in public budgeting from 1969 to 2020. Figure 1 shows an upward trend in the number of published studies throughout the years. The number of publications started to rise after the 2000s and rapidly increased after the 2010s, reaching a peak in 2019-2020, with almost 100 published studies out of the 371 analyzed. This finding suggests that citizen participation in budgeting is still a hot topic in the fields of political science and public administration.

Figure 1. Number of publications on citizen participation in public budgeting by year



Source: Created by the authors.

The literature on citizen participation in public budgeting is dispersed in 223 different journals, generally in the fields of public administration, political science, and urban studies. Surprisingly, only 7 out of the 371 studies analyzed were published in journals specialized in public budgeting – in 3 of them the authors are the same, and 3 of them were published in 2020. In contrast, 302 papers were found in generalist outlets. This disparity suggests that citizen participation is not a relevant issue for public budgeting scholars, despite its importance for political scientists and public administration scholars focused on democratic governance schemes.

Similarly, although the educative function of participatory practices in public budgeting is frequently promoted – along with the potential learning outcomes – as one of these practices' main benefits, only 8 out of the 371 studies analyzed were published in education journals, and very few papers cite education authors or build on their theories, which suggests that there is a theoretical and empirical gap in this research field.

As for their content, 72% (267) of the 371 papers identify citizen participation in public budgeting as a local level issue, linked to the municipality or its subdivisions, and 68% (254) are case studies, most of which describe decision-making mechanisms exclusively (96%). Figure 2 shows the main countries and regions discussed in these cases.

Interestingly, despite the prevalence of international journals in the Scopus database and the worldwide diffusion of Participatory Budgeting (PB) (DIAS; ENRÍQUEZ; JÚLIO, 2019), a significant part of the case studies is focused on Latin American initiatives (130), particularly on Brazilian cases (94). This suggests that, even though 30 years have passed since the creation of the PB in Porto Alegre, Brazil is still seen as a relevant country for the participatory movement and is commonly examined in comparative studies. Publications about the United States (34) are also noteworthy and might be explained by the well-studied experiences of PB in New York and Chicago.

Figure 2. Cases by country/region



Source: Created by the authors.

Most of the publications were written or have a version in English (315), 36 studies are in Portuguese, 26 in Spanish, and 6 in French. The prevalence of studies in the English language is probably related to a limitation in the research method since the Scopus database only indexes journals with abstracts and titles in English. Nonetheless, it may also be that, apart from the international scholars working on Latin American studies, there are Latin American scholars also publishing their research in English.

### Participation in public budgeting

Our qualitative content analysis of the literature corpus reinforces what we have previously stated: Participation in public budgeting is often assumed to be an answer to citizens' dissatisfaction with public officials and feeling of disconnection from governments and political processes (MCNULTY, 2019). Our analysis, however, also reveals that, instead of a one-sided interpretation, the call for participation in budgeting is approached mainly through two different lenses regarding the principal-agent problem: political and technocratic. These two approaches have led to different ways of designing solutions.

## Participation as a political-electoral connection

In the first approach, the lack of responsiveness and trust in governments is directly associated with a democratic deficit, and it is thought to be caused by citizens' dissatisfaction with the quality of traditional mechanisms of representative democracy. Thus, participation is offered by elected officials as a complement to traditional channels for consent (MAINWARING, 2006). What is offered as a solution is to create power-sharing initiatives with emancipatory rhetoric to include voices otherwise relegated to the periphery of the state, and also to change the established roles of politicians and technicians (GANUZA; BAIOCCHI; SUMMERS, 2016).

Historically, this approach has been advocated and disseminated worldwide mainly by the political left that sees the PB in Porto Alegre as an ideal image of what grassroots participation and pro-poor governance should be (ABERS, 2001; GANUZA; BAIOCCHI, 2012). From this perspective, participation in public budgeting usually involves bottom-up experiences rooted in social movement activities, and it mobilizes a discourse that focuses on the inclusion and distribution of financial resources to marginalized people. The premise is that democratic deficit is intertwined with the systemic problem of non-inclusion of specific groups (WAMPLER, 2007).

On the one hand, this call for affirmative action is considered the main rationale behind these participatory initiatives: while they establish new power relations within decision-making processes and foster democratic ideals, they are also part of a political-electoral strategy that may yield electoral and branding dividends, improve electoral connection, and enhance governability (PEREIRA; RODER FIGUEIRA, 2020; PIN, 2020a; GUGLIANO, 2004).

On the other hand, participatory initiatives have been criticized for focusing on procedures to the detriment of a more substantial inclusion – a form of inclusion that not only takes attendance into consideration but also acknowledges that social and bureaucratic structures might mediate and hinder meaningful participation for excluded groups (SU, 2017; MELÉNDEZ, 2020). In fact, scholars have identified a tension between abstract democratic values of inclusion and material racial, ethnicity, and gender exclusions (PIN, 2020b; MCNULTY, 2018).

Studies have shown that despite the frequent connections between PBs and civil society organizations (CSO), PBs are highly dependent on the level of commitment of the elected officials responsible for implementing these initiatives, and, consequently, they are highly dependent on the electoral cycle (GUGLIANO, 2004; RENNÓ; SOUZA, 2012; MELGAR, 2014). This relationship between PB and the elected official is also evidenced by the fact that the same outreach strategies are frequently used in the PBs and in the election (WEBER; CRUM; SALINAS, 2015). Therefore, because PBs have a political-electoral nature and close relations with groups of interest and CSOs, new officeholders are incentivized to constrain previous political networks within the administrative state. The case of Porto Alegre reveals that the original PB design was maintained during the four consecutive Worker's Party administrations; however, since 2004, it has lost traction due to a mix of lack of commitment by the following mayors (MELGAR, 2014) and a process of institutional change that has weakened PB's connections with civil society (FEDOZZI; MARTINS, 2015). In other words, even an initiative built on grassroots participation (bottom-up) may lose its core principles due to changes in the political environment. Similarly, the cases of Chicago's 49th Ward (U.S.), Alagoas (BR), and Rio de Janeiro (BR), in which participatory initiatives are sponsored and maintained due to the individual efforts of members of the legislative branch, further support the argument that a change in office will most likely result in termination or major change in participatory mechanisms.

In fact, most of the constraints and threats to initiatives born under the political-electoral model of participation in public budgeting are related to the power network built between officials, branches of government, bureaucracies, CSOs, and citizens. The fact that there are incentives for elected officials and their parties to coopt participants and CSOs is considered one of the main risks for participatory initiatives since it would benefit both sides in the short term by minimizing inside opposition and by favoring a pragmatic logic of obtaining resources for the community. On the other hand, in the long term, it might also undermine people's trust in the independence of the process and lower public support for these initiatives (SCHWARZKOPF, 2019; HOLDO, 2016; MELGAR, 2014). Interestingly, however, cooptation is less frequent than expected because elected officials and community leaders can

benefit if they are seen as independent from each other. Therefore, when both sides adopt mutually assured autonomy as their strategy, they can provide legitimacy and increase political trust in the process of participation in public budgeting (HOLDO, 2019).

Another issue with this approach concerns its power-sharing essence. Participatory initiatives rely on redistributing influence and authority to citizens (AVRITZER, 2003). Nonetheless, the central question is: From whom was this power taken? Since public budgeting is a process that permeates the executive branch, legislative branch, and the bureaucracy, the initiative's design will have real effects on one or more of these actors, which could lead to strong opposition to the initiative, possibly limiting its capacity to create trust and responsiveness outcomes. In Rio Grande do Sul (BR), for instance, state legislators reacted to the creation of a state-level PB by the governor since they saw this participatory mechanism as a means for the governor to gain political support and undermine legislators' roles in defining budget priorities. Their reaction was to create another PB, in the legislative branch, so that they could regain their agency powers. These political disputes eroded support for both initiatives, and they were both discontinued shortly thereafter (FARIA, 2006; GOLDFRANK; SCHNEIDER, 2006).

Similarly, the experiences of PBs in New York City, Chicago, and Cordoba have shown that technocratic skepticism within the bureaucracy about the participation and influence of "non-educated" citizens may significantly constrain the development of projects financed via PB, generate conflicts about technical aspects of policy development, and lead to a model of managed participation in which constituents are not seen as co-producers of public policies (GANUZA; BAIOCCHI; SUMMERS, 2016; JABOLA-CAROLUS, 2017; SU, 2018).

### Participation as good governance

In the second approach to the call for participation, responsiveness issues and participation are not seen through democratic theory lenses. The disconnection between governments and citizens is interpreted as the result of bad public governance: governments are not effective in solving the problems they are supposed to address because of a range of factors, including limited capacity to respond to voice, lack of transparency, low quality of their

regulatory system, corruption, and weak rule of law. (KAUFMANN; KRAAY; MASTRUZZI 2007; FUNG, 2015). This perspective has been supported mostly by international development organizations, and it emphasizes the managerial aspects of public governance. Thus, to improve their institutions, governments should promote structural administrative reforms, for example, creating initiatives to increase openness, since participation can be an effective way to reach the ideals of good governance (FUNG, 2015). In fact, the most prominent wave of dissemination for PB initiatives across the globe came after the UN-Habitat, the WBG, and USAID labeled these initiatives “best practices” that could help improve public administration (GANUZA; BAIOCCHI, 2012).

In this approach, PB is considered part of New Public Management (NPM) reforms, and it represents a movement to decentralize power from central to local governments so that local administrations can improve their efficiency and performance (REZNIK *et al.*, 2019; JAYASINGHE *et al.* 2020). Usually, this approach does not articulate any political discourse about fostering participatory democracy and citizen empowerment; also, it depends on national and international bodies to be financed and implemented. In other words, these initiatives are frequently built upon top-down policy decisions at the national level or upon multilateral organizations that disseminate “best practices” to the local level (MCNULTY, 2019). Indonesia’s Musrenbang process is an example of a local participatory planning tool being mandated by national regulations, embedded within the formal budgeting process, and initially managed by the WBG (GRILLOS, 2017).

One of the main features of the technocratic perspective on participation in public budgeting is that the original discourse, centered on inclusion and political rights, is replaced by a technical and managerial language (WALKER, 2013), which allowed this perspective to adapt in many different contexts and realities. Because it lacks the values of democratic innovation and citizen control over the decision-making process, this perspective can be adopted by many hybrid and authoritarian regimes without challenging the established political forces. China has been successfully implementing local initiatives to promote “citizens’ orderly participation” (FRENKIEL, 2021) in public budgeting with positive results, such as increased accountability, transparency, and responsiveness and lower corruption perception (YAN; XIN, 2017;

FRENKIEL, 2021). Nonetheless, unlike the political-electoral model of participation, the technocratic model has a more utilitarian rationale that enhances the communication between citizens and authorities but keeps participation at a manageable level.

The Chinese cases indeed highlight some of the benefits and limits of the technocratic approach to participation. While this approach may solve responsiveness and trust issues and bring more citizens to decision-making and oversight processes, it may also keep access to voice unequal and civil society weak, since democracy and inclusion of marginalized citizens are not the main goals of these initiatives. In China, for instance, PB experiments have opened up spaces for new elites, and even in places where they were open to all citizens, they used a system through which participants are randomly selected, which has resulted in easily won consent (WU; WANG, 2012), probably at the cost of hindering the creation of more organized groups.

On the other hand, such flexibility also favors the dissemination of these initiatives to more places without challenging the power of local authorities. Moreover, the top-down approach has usually involved some level of institutionalization, with national or subnational laws and international agreements enforcing and sustaining participatory mechanisms in the long term. In fact, Peru and Poland, two of the countries with the highest number of participatory initiatives in public budgeting, have enacted national laws mandating that cities and districts create participatory fora for deciding some aspects of local public spending (JARAMILLO; WRIGHT, 2015; KEMPA; KOZŁOWSKI, 2020). And other countries such as Ukraine, Latvia, Croatia, Bolivia, South Korea, and Indonesia have followed similar paths.

In sum, these two different perspectives through which participatory mechanisms in public budgeting are built have contrasting views on the original problem of lack of responsiveness and trust in government, which consequently leads to distinct ways of addressing these issues and specifying aspects concerning implementation. Table 2 presents these two perspectives and summarizes their main characteristics.

**Table 2. Categories of participation in public budgeting**

|                  | <b>PARTICIPATION AS GOOD GOVERNANCE</b>   | <b>PARTICIPATION AS A POLITICAL-ELECTORAL CONNECTION</b>   |
|------------------|---|--|
| Problem          | Bad governance  | Democratic deficit   |
| Solution         | More participation in decision-making   | More participation in decision-making  |
| Approach         | Technocratic  | Political  |
| Characteristics  | Technical and managerial language   | Participatory democracy discourse  |
|                  | Focus on efficient states   | Affirmative action   |
|                  | More institutionalization   | Electoral connection   |
|                  | Top-down  | Bottom-up  |
| Risks and Limits | Perpetuate unequal access to voice  | Electoral cycle  |
|                  | Managed participation   | Cooptation   |
|                  |   | Managed participation  |
| Examples         | Indonesia, China, Peru, Poland, Ukraine, Latvia, Croatia, Bolivia, South Korea, Indonesia, Uruguay, Congo | Porto Alegre, Chicago, Alagoas, Rio de Janeiro, New York City, Rio Grande do Sul, Buenos Aires, Paysandú |

Source: Created by the authors.

However, as shown in Table 2, dividing the experiences of participation in public budgeting into two major categories does not mean that they are strictly distinct since they might be subject to hybridism. The approaches and characteristics of the proposed solutions are different but not antagonistic, both theoretically and empirically. In other words, these two perspectives should be taken as ideal types to be used for analytical purposes, to systematize knowledge and create conceptual maps.

### Limits of decision-making

Additionally, both perspectives on participation share the premise that responsiveness and trust issues are problems in the decision-making process of public budgeting. Therefore, many cases of participatory initiatives still have many similarities despite adopting a more technocratic or political approach to citizen participation. On the one hand, this premise has drawn attention to the participatory initiatives that influence the first two stages of the budget cycle: the initial formulation phase, usually carried out by the executive branch, and the debate phase led by the legislative branch. On the other hand, this premise ignores that elected officials are not completely free to define public policies according to the will of their constituents due to many institutional

constraints that will be further analyzed in this section.

Since the expansion of the welfare state and the adoption of planning methods, public budgets have been entangled in a system of commitments, responsibilities, and constraints that has led to a narrow margin for adjustments and reorientation (YSANDER; ROBINSON, 2008). These limitations have been extensively studied by scholars of budget rigidity and policy legacies; they include mandatory spending such as that used for maintaining the state apparatus, social policies, mandatory transfers, and interest expenses. When budgetary inflexibility reaches a large portion of revenues, it disrupts the processes of setting public policy priorities and reallocating resources in different sectors, consequently decreasing public authorities' ability to make changes in public expenditures (ECHEVERRY; BONILLA; MOYA, 2006). Recent studies on participatory mechanisms have pointed out that since mandatory spending has taken up much of public budgets, the space for PBs to promote significant change is likely to be hindered due to the few financial resources available for citizen deliberation (MOGUES; ERMAN, 2020; PERES, 2020; MINÁRIK, 2020; HAGELSKAMP *et al.*, 2020).

These constraints might affect developing and less decentralized countries more profoundly since their subnational governments have restricted revenue autonomy – facing challenges for increasing their funding resources – and restricted expenditure autonomy due to their low level of discretion (VEIGA; KURIAN; ARDAKANIAN, 2014; MOGUES; ERMAN, 2020). The flexibility issue is thus intensified since most participatory initiatives are developed in and for the local level – the level where budgeting processes are supposed to be more evident (POZZEBON; CUNHA; COELHO, 2016; MÆRØE *et al.*, 2020). Such limitations are found in the cases of Brazil, the Czech Republic, Chile, Estonia, Poland, and Mozambique, where scholars have identified a high level of mandatory expenses, high dependence on central government transfers, and an unbalanced institutional framework in which municipalities have more responsibilities than the ability to generate resources to comply with legal obligations (MÆRØE *et al.*, 2020; MINÁRIK, 2020; PERES, 2020; CAROLINI, 2017; MONTECINOS, 2006).

Another concern related to this emphasis on the formulation and debate phases is that it relegates the execution and control of public policies to

a secondary role in solving responsiveness and trust issues. In fact, of all papers analyzed, only 7 out of the 254 case studies describe mechanisms aimed at enhancing participation in the execution and control phases of public budgeting.

There are several reasons why execution and control phases have significant impact on PB outcomes. First, the execution phase is not just the operationalization of budget laws. After all, public budgets are planning tools that authorize expenditures based on a set of estimated revenues that governments expect to collect in the following year (VEIGA; KURIAN; ARDAKANIAN, 2014). Therefore, the central issue in this phase is to analyze how changes in the environment and on the revenue side will impact the implementation of authorized spending (RUBIN, 2016). In other words, even if there are monitoring structures within participatory mechanisms, projects and policies will only be implemented through direct spending after mediation by the executive branch and the state bureaucracy, which indirectly gives government officials and bureaucrats additional power in the final decision (GUGLIANO, 2004). Decision-making power in the execution phase might be bolstered in the case of governments facing a fiscal crisis and embarking on austerity measures since the executive branch will have to constantly choose which parts of the authorized public budget will be implemented, thus limiting the ability of participatory processes to mold states priorities (MELGAR, 2014; SU, 2018; JAYASINGHE *et al.*, 2020) and possibly undermining the public trust in these initiatives (ROSA; GOULART; TROIAN, 2018).

Secondly, when it comes to indirect spending, government policies become opaquer when engrafted onto public budgets (METTLER, 2011). Since the 1970s, many national and subnational budget laws have a special provision for exceptions to the normative tax system that aim to meet economic and social objectives: they are called tax expenditures. The concept of tax expenditures implies that exemptions, deductions, or other tax benefits are combined processes of an “assumed payment of the proper tax by the taxpayer involved and an appropriation by the Government of an expenditure made to that taxpayer in the amount of the reduction in his actual tax payment from the assumed payment” (SURREY, 2013). Consequently, in budget laws, this indirect spending is vaguely described since public policies based on these financial resources depend on decisions made by legal persons rather than by the government. Hence, this means that enterprises, non-governmental organizations, and individuals

will have the final say in defining which and how public policies dependent on tax expenditures will be carried out. This fact has two main implications: it highlights that decision-making power is being delegated from the state to other actors (LEVMORE, 1998) and that a potential participatory and decentralized mechanism for public budgeting execution exists within the tax system, a mechanism that has, however, been inaccessible to most citizens due to wealth and technical knowledge barriers (PEREIRA; RODER FIGUEIRA, 2020).

Thirdly, along with the administrative state's expansion in size and scope, governing has become increasingly complex and specialized due to the many functions to be performed in a modern economy, especially under the premises of the welfare state. However, more duties and responsibilities also entail more institutions dedicated to reviewing and controlling the performance and achievements of government according to what was established and described in the budgeting process. The assumption is that as programs and commitments of governments become more diffuse and complex, it would be harder for citizens, the media, or elected officials to oversee the administrative state without the help of accountability professionals due to their lack of time or specialized knowledge (POSNER; SHAHAN, 2014; VEIGA; KURIAN; ARDAKANIAN, 2014).

On the one hand, some of the participatory budgeting initiatives indeed have non-professional control bodies responsible for ensuring that their decisions are carried out accordingly, even though few studies have focused on this issue (CABANNES, 2004). On the other hand, when these bodies do exist, they usually lack the powers to enforce decisions, thus relying exclusively on symbolic sanctions. In our analysis, we found only two cases – Rio Grande do Sul (BR) and Chengdu (CN) – in which the objective of using participation to improve the control phase of public budgeting was explicitly associated with the participatory initiatives created. However, while in the Porto Alegre case this goal was described without further information on how it happened, the Chengdu case has shown a participatory mechanism that pervades the whole budget cycle, starting with a collective decision-making process and ending with an evaluation framework in which the Budget Oversight Group, composed of elected citizens, was responsible for assessing the execution of the projects and approving the money transfers to the contractor responsible for the implementation (ZHUANG, 2014).

Thus, in most institutional frameworks, even when there are participatory mechanisms in public budgeting, the main control functions are performed by audit professionals. Auditing permeates all other phases of public budgeting, with several types of technical analysis being provided before, during, and after budget execution, ranging from simple information-sharing to recommendations for corrective actions and activities to prevent future gaps in accountability (POSNER; SHAHAN, 2014; VEIGA; KURIAN; ARDAKANIAN, 2014). In recent years and following a shift in public accountability since the dissemination of NPM premises, professional audits gained legitimacy and evolved from focusing on the regularity and legality of financial transactions (procedures) to emphasizing evaluations of the efficiency and effectiveness of government actions (performance) (POSNER; SHAHAN, 2014).

This boost and change in the roles of auditing, however, has been accompanied by criticism of the fact that auditing institutions are assuming new political and policy activities beyond their purview, subverting the authority of elected officials in deciding on public budget matters (POSNER; SHAHAN, 2014; POWER, 2005). At the same time, audit institutions have historically been considered one of the most insulated, technocratic, and impermeable entities in public administration, usually resistant to encouraging public or other external participation and oversight (BAIMYRZAEVA; OMER KOSE, 2014; TORRES; ROYO; GARCIA-RAYADO, 2020; ROCHA; ZUCCOLOTTO; TEIXEIRA, 2020). Such tendency has prevented these institutions from fulfilling what is expected of accountability: to be an arena that fosters public dialog and reduces information asymmetry between representatives and the represented (ROCHA; ZUCCOLOTTO; TEIXEIRA, 2020; FUNKHOUSER, 2011). In fact, despite the current importance of audits to public budgeting and policy development, none of the papers analyzed have addressed cases of participatory initiatives aimed at opening the audit phase of the budget cycle to citizen voice, which corroborates previous findings regarding the lack of permeability of audit institutions.

So far, these facts sustain the proposition that decision-making power is not circumscribed to the first two phases of public budgeting, as most of the literature analyzed seems to assume. There are previous decisions that cannot be changed due to institutional constraints, especially at the local level and in participatory fora. At the same time, the power dynamics in the execution and control

phases also play important roles in defining public policies, notably after NPM reforms, which hinder the ability of both elected officials and participatory initiatives to make substantial changes to public budgets. Additionally, these limitations are intensified by three other barriers to participatory processes: the nature and small share of financial resources allocated to PBs, an exclusive focus on the demand side, and citizens' lack of technical knowledge on budget matters.

With respect to the first barrier, PBs are rarely responsible for deciding on a significant amount of available budgetary resources. Their designs usually allocate less than 5% of the capital resources in municipalities' budgets to participatory initiatives; otherwise, they depend exclusively on resources under the discretion of alderpersons, city councilors, or members of parliament, which are commonly capital funds likewise. These characteristics have two main implications: they restrict participatory projects to small-scale improvements, which may force citizens to focus on secondary priorities (SU, 2018; HAGELSKAMP *et al.*, 2020), and they make PB funds especially vulnerable to cuts when revenues are lower than expected (CABANNES, 2004; VOZNYAK; PELEKHATYY, 2017). In fact, these limitations have been reported in many cases worldwide, for example, in the U.S. (HAGELSKAMP *et al.*, 2020), Scotland (O'HAGAN *et al.*, 2020), France (CHO; JÉRÔME; MAURICE, 2020), Colombia (MERA; RENDÓN, 2020), and Brazil (PEREIRA; RODER FIGUEIRA, 2020), which suggests not only that citizen influence has been compromised, but also that this type of participatory forum embodies a contradiction, in the sense that it may provide the means for building a school without ensuring that teachers will be hired.

Second, the fact that participatory initiatives focus exclusively on the demand side of public budgeting has been scarcely studied. Even though participation is widely seen as essential for bridging the gap between citizens and governments, whenever an effective mechanism for vocalizing preferences is in place, citizens are only able to discuss expenditures rather than review the tax burden or find new revenue sources (PERES, 2020). In other words, most studies have hitherto been guided by the premise that citizens are spenders, unable to decide on tax increases or service cuts (which would be summarily rejected if discussed), thus relegating the distributive conflict within participatory public budgeting to the competition among projects for the small amount of resources available (JIMENEZ, 2014; PERES, 2020). Nonetheless, Jimenez's

(2014) findings suggest that in more participatory municipalities citizens are more likely to choose cutting strategies that would affect the level of services, especially when cities are facing fiscal stress; they would also be willing to support revenue-raising measures if they can link payments to service consumption. Hence, contrary to previous predictions, citizens might be reasonable in their decisions and inclined to help their governments close budget gaps as long as they are given information and their voices are heard (JIMENEZ, 2014).

Finally, this leads us to the third barrier in current participatory designs: technical education. Contemporary public budgeting is essentially a technical language that requires a profound knowledge of economics and law, two social science disciplines frequently known for their insular nature (MEDVECKY; MACKNIGHT, 2017; KOPPER, 2019; KRAUSS; SANDÄNG; KARLSSON, 2020). At the same time, citizens usually have a low level of literacy in these disciplines and do not understand how public budgeting works, especially the processes and responsibilities of each actor during the budget cycle (PEREIRA; RODER FIGUEIRA, 2020; MÆRØE *et al.*, 2020; MEDVECKY; MACKNIGHT, 2017). These are two challenging issues for improving democracy or governance through any participatory initiative since they pose an inherent barrier to quality participation.

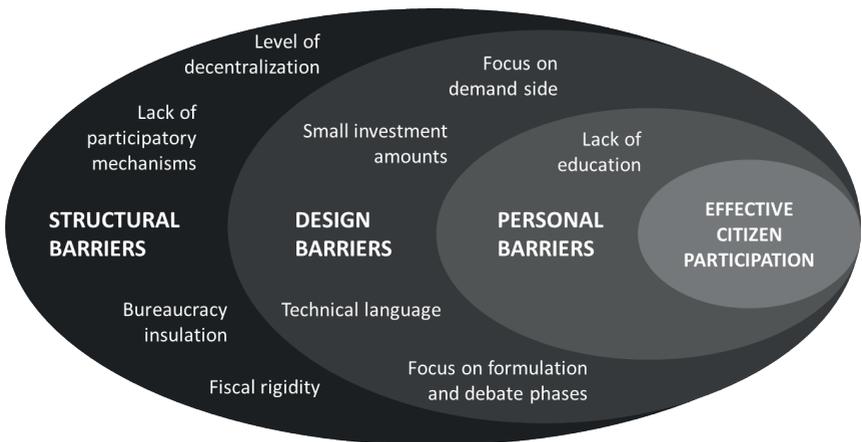
On the one hand, since the first studies on participatory democracy, participation is supposed to have an educative function, one in which “individuals learn to participate by participating” (PATEMAN, 1970, p.30) and, in the process, improve their democratic skills and become more familiar with democratic procedures. As for public budgeting, PBs are frequently recognized as “schools of citizenship” or “schools of democracy” (COHEN; SCHUGURENSKY; WIEK, 2015) for their abilities to promote civic learning and reduce information asymmetry between citizens and governments (BOCATTO; PEREZ-DE-TOLEDO, 2020; LIM; OH, 2016).

On the other hand, many studies have shown that participatory initiatives might not yield these predicted educational benefits, or at least not equally to all participants. Even though most cases reveal that participants do acquire some knowledge on budgeting, citizens’ rights, and neighborhood matters, this knowledge acquisition is frequently restricted to those participants with high levels of formal education and income. Moreover, those who can dedicate more time

and effort to the process are usually favored, thus limiting the educational benefits for many participants (PAPE; LIM, 2019; PIN, 2020b). In fact, the educational issue is considered the greatest challenge (MÆRØE *et al.*, 2020): Bureaucrats often do not believe that the population needs more technical training to participate (FELIX JÚNIOR *et al.*, 2020), and they frequently act as gatekeepers, filtering issues and information in the participatory process, managing participation, and often expecting deference on budgeting issues (TAMANO, 2020; SU, 2018; GANUZA; BAIOCCHI; SUMMERS, 2016; BELLO, 2006).

In sum, we argued in this section that restricting the problems of responsiveness and trust exclusively to the first two phases of public budgeting neglects the power dynamics at play throughout the budgeting process. Thus, if the fundamental mismatch between what citizens want and what is being delivered by the state is to be tackled, we need to address potential barriers (institutional, in design, and personal). We should focus on developing citizens' abilities to vocalize their priorities and on building state capacities to respond to these voices. Figure 3 summarizes the three levels of barriers to citizen participation in public budgeting discussed throughout this section.

Figure 3. Barriers to participation in public budgeting



Source: Created by the authors.

However, what are the theoretical implications of acknowledging these barriers? How can this scientific evidence we gathered help us understand the

conditions and incentives for citizen participation in public budgeting? These questions and the significance of these three levels of barriers will be further discussed in the following section.

### **Theoretical implications and propositions**

In the previous section, we highlighted the importance of examining the extent to which elected officials can effectively modify public budgets, how much decision-making power they are willing to share with citizens, and in which phases of the budget cycle these changes are more likely to be carried out. After analyzing evidence in previous studies, we found that decision-making processes in public budgeting might be less flexible than generally assumed by the literature on citizen participation due to institutional barriers such as fiscal rigidity and low level of decentralization. At the same time, most participatory initiatives are designed to influence the formulation and debate phases, with very few opportunities for citizens to participate in the execution and control stages, which has led to the proposition that elected officials and participatory arenas might not have enough power to promote substantial changes in public budgets.

Nonetheless, these first two phases – formulation and debate – are to some extent already permeable to citizens' voices through political channels of representation, which might be complemented by PBs. On the other hand, execution is mainly carried out by technocrats within public bodies, and participatory mechanisms such as those that use tax expenditures (PEREIRA; RODER, 2021) are considered inaccessible to most citizens due to wealth and technical knowledge barriers. Similarly, controlling public budgets has become a very specialized practice – moreover, the insulation of audit institutions restricts participation opportunities. Therefore, this evidence suggests that when moving from the political state toward the administrative state, participation in public budgeting becomes scarcer and requires specific competencies, thus making these mechanisms less accessible to regular citizens. The argument for this lack of accessibility may also be supported by the fact that participatory mechanisms are frequently depend on a political sponsor to be created and maintained, which indicates that there is permeability in political channels but not in bureaucratic channels.

However, could citizens participate more actively in the control phase of public budgeting? We may assume a positive answer because most institutional

and design barriers, such as fiscal rigidity, size of investments, decentralization, and focus on the demand side, would be overcome as participation would not directly affect the resource-allocation decisions, and it would give citizens more power to trigger control institutions, fostering horizontal accountability. Mechanisms for citizen participation in the control phase would be developed more in line with modern concepts of public administration and performance accountability since it would shift the focus from inputs to outputs. In addition, participation could help guarantee, legitimize, and rectify the political and administrative decisions of public officials. To be carried out, however, these initiatives would still have to face the technical knowledge and insulation barriers.

Furthermore, when spaces for participation are available and citizens want to vocalize their preferences, they ultimately need to be under the tutelage of the administrative state to understand budgeting language. In fact, since Porto Alegre's PB, it is quite common for participatory mechanisms to have technical employees to help participants in formulating proposals and analyzing the feasibility of projects. However, does this mean that participation in public budgeting leads to managed participation when citizens lack technical knowledge? And can managed participation solve the responsiveness and trust issues that stimulated the creation of the participatory mechanism? The evidence from cases based on political-electoral and good governance approaches suggests that managed participation can indeed increase responsiveness and trust. However, this proposition needs to be further analyzed.

Besides, the scientific literature often advocates that participation inherently teaches democratic skills, that people learn to participate by participating. Nonetheless, what is frequently neglected is that the administrative state is becoming increasingly professionalized and specialized while regular and marginalized citizens have difficulties understanding administrative functions because of the complexities involved and the technical knowledge and language commonly used. Moreover, the literature on participation is based on the normative premise that participation is a right inherent to citizenship and that if citizens are able to participate, they will do so since they want to engage in and shape state priorities according to their wills. However, electoral participation is the status quo – anything beyond that might not be properly understood by most citizens since they have not learned that other types of participation are

or should be a right. In other words, in this perspective, not only does participation have an educational function, but non-education might also condition behaviors likewise. And if citizens see themselves as not having enough knowledge or competence to make such decisions, they may not want to engage in decision-making or may not understand it as a right. After all, in theory, decision making has been delegated to those who understand it properly and are able to make decisions on other citizens' behalf.

In other words, the more complex and specialized the state is, the more citizens and bureaucrats might understand public budgeting as an exclusively technocratic function. Therefore, the lack of participatory mechanisms in the execution and control phases would be the result of two movements: on one side, there are bureaucrats who see themselves as specialists and seek to preserve their autonomy from external influences; on the other side, we have citizens who do not demand participation since they do not see it as a right. Thus, to make any change in this cycle, it is necessary to address its roots, the understanding of what participation is. However, in contemporary societies, elections are disseminated as a "school of democracy" for both citizens and bureaucrats, and the only type of participation it teaches is representation.

Contrasting these considerations with bibliometric findings reinforces the perception that citizen participation is not a relevant issue for practitioners and scholars in the field of public budgeting, despite its importance for elected officials, political scientists, and public administration scholars focused on democratic governance schemes. Therefore, another proposition is that there is a disconnection between the political and technical discussions of public budgeting, which may hinder the development of integrative theoretical and conceptual frameworks.

Similarly, although educative functions and learning outcomes are frequently promoted as the main benefits of participatory practices in public budgeting, bibliometric findings also show a disconnection between participation studies and the literature on education. At the same time, previous civic and technical education has been reported as an important precondition to effective participation. So, two questions arise: Why are education authors not looking into participatory initiatives? Why do authors in the field of political science and public administration rarely establish a dialogue with those in the education field, even though they seem to consider education a significant part of participatory

mechanisms in public budgeting? This leads to two other propositions: first, civic and technical learning have secondary roles in participatory initiatives in public budgeting; second, participatory mechanisms are not designed to have an educative function. If we consider any of these two statements as true, we could better understand the scholars’ lack of interest in further investigating the educative function of participatory budgets and similar initiatives through educational lenses. Nonetheless, if true, these propositions would also challenge the effectiveness of these participatory frameworks in being schools of citizenship since they are not designed to be schools of citizenship.

In sum, this section discussed barriers to effective citizen participation and offered some propositions for future empirical investigations. Table 3 compiles these propositions according to the level of the barrier they may help understand.

**Table 3. Propositions for future research**

|            |   |
|------------|---|
| Structural | Decision-making power is not circumscribed to the first two phases of public budgeting.                               |
| Structural | Elected officials and participatory arenas do not have enough power to promote substantial changes in public budgets. |
| Structural | There is a disconnection between political and technical discussions of public budgeting.                             |
| Design     | Participatory mechanisms are not designed to have an educative function.  |
| Design     | Citizens are demanders and not coproducers in participatory mechanisms.   |
| Personal   | Citizens do not want to participate because they do not see participation as a right.                                 |
| Personal   | Public budgeting leads to managed participation when citizens lack technical knowledge.                               |
| General    | Managed participation can increase responsiveness and trust   |

Source: Created by the authors.

### Concluding remarks

This study shows that the theme of citizen participation in public budgeting has recently gained momentum, with publications peaking in the last two years. However, the variation in the types of study has been relatively low. Most authors conduct single case studies or compare a small number of initiatives, focusing on changes in decision-making processes. Even though the research design had a global perspective, studies focused on Latin American countries – especially Brazil – are still prevalent. Porto Alegre’s PB is still seen as a baseline model, despite the many recent initiatives revealing different rationales for building participatory mechanisms.

The paper proposes conceptual lenses for analyzing the rationales and characteristics of participatory mechanisms and for investigating institutional barriers to citizen participation. Our analysis identifies two important approaches in the development of participatory mechanisms – political-electoral and good governance. Nonetheless, they are not inherently antagonistic, and the diversity of cases demonstrates that there is room for hybridization. At the same time, the fact that these two approaches have shared assumptions regarding the budgetary decision-making process has led participatory initiatives to face similar structural, design, and personal barriers to fulfilling their goals.

These barriers seem to be rooted in two interdependent factors: the increase in size and specialization of the administrative state and citizens' lack of knowledge of budgetary matters. In other words, while the administrative state insulates itself with its technicalities, its citizens are prevented from understanding how the state works. However, this only happens in the absence of effective measures to educate citizens and provide meaningful dialog.

Hence, our findings suggest that to ensure that participation in public budgeting is a solution to responsiveness and trust issues, participatory mechanisms should be developed with a twofold focus: addressing not only citizens' capacities to understand public budgeting but also states' capacities to speak citizens' language and take their voices into consideration.

Yet these are the two main research gaps we found. Despite consistent normative and evidence-based discussions on the importance of education and the educative function of participation, we found little dialog between the field of education and the literature on citizen participation in public budgeting. Integrating these fields of study is essential to assess the extent to which – and under which conditions – participation can be an effective tool for teaching democratic skills.

Finally, our results also indicate that those studies with a more technical view on public budgeting are possibly insulated; moreover, we highlight that the bureaucracy and bureaucrats frequently constrain citizen participation and act as gatekeepers since they understand public budgeting as a technical territory. Therefore, future research should examine these barriers more closely and propose integrative approaches that may help mitigate institutional constraints.

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## Rationales and barriers to citizen participation in public budgeting: a systematic literature review

**Abstract:** This study conducts a systematic literature review on citizen participation in public budgeting, focusing on understanding the rationales of participatory initiatives and the barriers to promoting significant change in public policies. It scrutinizes the data with a mixed-methods approach that involves conducting bibliometric and content analyses and develops analytical propositions to support future studies. The two main rationales of participatory mechanisms – political-electoral and good governance – are highlighted, and the barriers to effective citizen participation are discussed. Our findings suggest that to develop participatory innovations it is necessary to consider not only citizens’ capacities to understand public budgeting but also states’ capacities to speak citizens’ language and consider their voices. Future research may benefit from incorporating perspectives from the education field and from integrating technical and political views on public budgeting.

**Keywords:** public participation; public budgeting; SLR; participatory budgeting; citizen education; democratic governance.

## Fundamentos e barreiras à participação social no orçamento público: uma revisão sistemática de literatura

**Resumo:** O estudo realiza uma revisão sistemática da literatura sobre a participação social no orçamento público, com foco na compreensão dos fundamentos e lógicas por trás das iniciativas participativas e das barreiras à promoção de mudanças significativas nas políticas públicas. A pesquisa explora os dados a partir da utilização de método misto de pesquisa, com a realização de análises bibliométricas e de conteúdo, e desenvolve proposições analíticas para subsidiar estudos futuros. Destacam-se os dois principais fundamentos dos mecanismos participativos – político-eleitoral e boa governança – e debate-se as barreiras à efetiva participação dos cidadãos. Os resultados sugerem que o desenvolvimento de inovações participativas precisa considerar as capacidades dos cidadãos de entender o orçamento público, mas também as capacidades dos Estados de “falarem a sua língua” e levarem suas “vozes” em consideração. Pesquisas futuras podem beneficiar-se da inclusão de

perspectivas oriundas do campo da educação e da integração de visões técnicas e políticas sobre orçamento público.

**Palavras-chave:** participação cidadã; orçamento público; RSL; orçamento participativo; educação cidadã; governança democrática.

## **Fundamentos y barreras para la participación ciudadana en el presupuesto público: una revisión sistemática de la literatura**

**Resumen:** El estudio realiza una revisión sistemática de la literatura sobre la participación ciudadana en el presupuesto público, centrándose en la comprensión de los fundamentos de las iniciativas participativas y las barreras para promover cambios significativos en las políticas públicas. La investigación explora los datos utilizando un método de investigación mixto, realizando análisis bibliométricos y de contenido, y desarrolla propuestas analíticas para apoyar estudios futuros. Se destacan los dos pilares principales de los mecanismos participativos –político-electoral y de buen gobierno– y se discuten las barreras a la participación ciudadana efectiva. Los resultados sugieren que el desarrollo de innovaciones participativas debe considerar las capacidades de los ciudadanos para comprender el presupuesto público, pero también las capacidades de los Estados para “hablar su idioma” y tener en cuenta sus “voces”. Las investigaciones futuras pueden beneficiarse de la inclusión de perspectivas desde el campo de la educación y de la integración de puntos de vista técnicos y políticos sobre los presupuestos públicos.

**Palabras clave:** participación social; presupuesto público; revisión sistemática; presupuesto participativo; educación ciudadana; gobernanza democrática.

Submetido em 22 de novembro de 2021

Aprovado em 5 de maio de 2022