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Abstract

This article addresses the long-standing controversy over the World Bank's role in the promotion of participatory budgeting (PB). Some on the left have celebrated the Bank's funding and advocacy for PB as signifying the legitimacy or mainstream success of the process, while others see the Bank's endorsement of PB as a sign that participatory budgeting is becoming watered down and losing its transformative potential, if it ever had such potential. This debate has mostly been an ideological one, and little research has been done to provide evidence to either side. The article is the first to address what the Bank is doing to promote PB and why. It makes six main points. First, the originators of participatory budgeting, the Workers' Party in Brazil, is not promoting it as strongly as it used to. Second, the World Bank has become the most active promoter of PB (perhaps alongside the United Nations Development Program). Third, within the Bank, some promote PB as part of its fairly standard pro-market agenda, while others share many of the same goals as PB's originators. Fourth, though the Bank has become very important for the diffusion of PB, overall PB remains marginal within the Bank. Fifth, the Bank has little influence over the eventual outcomes of PB in different countries because it has little or no control over many of the factors that affect PB in practice. And sixth, because PB's effects have strong potential to be positive, the Bank's role in promoting PB should be encouraged.

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It is no secret that the practice of participatory budgeting (PB) globalized over the past decade, expanding well beyond its South American origins. Hundreds of thousands of people now contribute directly to decision-making on municipal budgets on an annual basis in over a thousand cities across the world. More surprising is that one of the primary organizations behind this dissemination of PB is the World Bank. Not only has the World Bank surpassed the Workers' Party – which, along with social movements in various Brazilian cities, has been credited with inventing PB in the late 1980s – as the main advocate of PB in recent years; the Bank has arguably become its most important and influential exponent and unquestionably its champion with the greatest resources. How did this happen? How has participatory budgeting gone from local innovation in democratic practice by avowedly socialist parties to international aid project? Why does the World Bank promote PB? And what are the effects of such promotion on how PB functions? Should those who supported the autochthonous versions of PB in Brazil and elsewhere be wary of World Bank attention to PB or welcome it?

In this article I attempt to start to answer these questions, focusing mostly on the World Bank's motives. After documenting the stagnation or even decline of PB promotion by the Workers' Party and the extension of such promotion by the World Bank (and other international development organizations), I examine competing perspectives on the World Bank's advocacy of participatory approaches and particularly PB. Borrowing from Jeffrey Jackson's *The Globalizers* (2005), I go on to suggest that some World Bank officials have adopted PB as a "global script" for modern municipal governments, a recipe that facilitates the Bank's neoliberal agenda (that is, an agenda of following the so-called Washington Consensus policies of privatization, liberalization, deregulation, and generally reducing the role of the central state). Yet I also show that the World Bank is not monolithic. On one hand, many of the Bank's PB promoters share several of the same goals as PB's originators; on the other, overall, PB remains marginal within the Bank despite the Bank's importance for PB's diffusion. In the last section, I argue that in general the introduction of PB often has unintended consequences and that the Bank has little influence over the outcomes eventually produced. Because of the potential for those outcomes to be positive, I conclude that the Bank's promotion of PB should be welcomed.

The Fall of the PT and the Rise of the Bank in the Diffusion of Participatory Budgeting

In the early 1990s, roughly a dozen cities in South America practiced what would now be called participatory budgeting, including not only the well-known Brazilian cases such as Porto Alegre under the Workers' Party (PT), but also the Uruguayan capital of Montevideo and Ciudad Guyana in Venezuela under similar political parties on the left. Twenty years later, PB is practiced in hundreds of

cities and on every continent. Other studies have examined the diffusion of PB in specific countries (Hernández-Medina 2007; Wampler and Avritzer 2005; Spada 2010), in Latin America (Goldfrank 2007a; 2007b), and world-wide (Sintomer et al. 2010). My aim here is to suggest that while the PT was originally the most important actor advancing the spread of participatory budgeting, in the past decade the World Bank – and other international development organizations – has surpassed the PT. Of course, it seems natural that global diffusion of a successful experiment like participatory budgeting would be undertaken by international organizations rather than a political party. Yet there is a sense, in many of these studies of diffusion and in the pronouncements of the major networks of local authorities supporting participatory democracy (Red FAL 2007), that the diffusion of PB has entailed its being watered down, pasteurized, or made into “PB-lite” (Chavez 2008). In other words, the fear is that, under its new development agency sponsors, participatory budgeting no longer represents a genuinely transformative instrument of popular sovereignty but rather a technical tool for efficient local government.

When did the PT’s enthusiasm for participatory budgeting begin to wane while World Bank support for it waxed? My best guess is around 2003. Until then, the PT had rapidly expanded participatory budgeting to nearly every large city under its mayors. After the 1996 United Nations Habitat II meeting in Istanbul, where Porto Alegre’s PB won the distinction of international “best practice,” the Workers’ Party mandated that its mayors in all cities with populations of 100,000 or more introduce PB (Wampler and Avritzer 2005). By the 1997-2000 period, 96 percent of the cities with 50,000 people or more controlled by the PT were using participatory budgeting, it was present in over 100 Brazilian cities, and several PT-controlled state governments had begun to adopt it at the state level (Spada 2010, 13; Wampler and Avritzer 2005; Goldfrank and Schneider 2006). Furthermore, Workers’ Party officials were traveling across Brazil, Latin America, and the world to disseminate participatory budgeting, either through bilateral contacts between municipalities or through development donor-sponsored international conferences and exchanges. The PT seemed to believe in the slogan adopted by the Porto Alegre municipal administration in 1999: “Orçamento Participativo – Bom para todo mundo” (Participatory Budgeting – Good for Everyone, or Good for the Whole World). However, in the early 2000s, after winning the presidency under Lula, the PT failed to promote participatory budgeting either within or from the national government. Unlike the PT’s national program for government in 2002, which suggested an attempt at a national participatory budgeting process, neither the 2006 nor the 2010 program directly mentioned participatory budgeting. And, at the municipal level, in the 2005-2008 period, the percentage of PT-controlled cities with over 50,000 inhabitants using participatory budgeting had declined to 73 (Spada 2010, 13).

Altogether, of Brazil's roughly 5,500 municipalities, currently about 200 use PB (Sintomer et al. 2010, 9), but Brazil no longer houses the largest number of cities with PB.¹

That claim belongs to Peru, where, supported by millions of dollars of World Bank programmatic social reform loans, PB is mandatory for all of the country's 2,040 sub-national governments according to a 2003 law (World Bank 2004, 2; Goldfrank 2007a, 119). Indeed, a recent study conducted by the Bank reports the participation of approximately 150,000 Peruvians in PB every year, and that only counts those in the 600 regional and municipal governments that took part in the study (Banco Mundial 2011, 1-2). The World Bank's support for PB in Peru – the world's most important site of the practice – is emblematic of the Bank's leading role in the global diffusion of PB. Other international organizations clearly play or have played important roles in supporting PB as well – especially, for example, the German aid organization GTZ in the Dominican Republic (Hernández-Medina 2007) and elsewhere, USAID in El Salvador (Bland 2011), and the European Union more generally (Sintomer et al. 2010) – but the World Bank stands out for the number of PB programs it supports, the number of methods it uses to promote PB, and the amount of resources and research it has dedicated to PB. Only the United Nations Development Program (UNDP) and its Habitat Division match or rival the Bank in these regards, and frequently the UNDP and the Bank jointly promote PB.

Precise figures detailing World Bank financial support for PB remain elusive on the Bank's websites, even with its new Open Data initiative. Nonetheless, by my estimate, the Bank has provided loans or grants of at least 280 million dollars in support of PB and PB-related projects in at least fifteen countries since 2002. These figures most likely underestimate the amount of money and the number of countries involved, but they include Bank-supported PB projects in: Albania, Bangladesh, Bosnia, Dominican Republic, Ecuador, Gambia, Honduras, Indonesia, Kyrgyz Republic, Madagascar, Mozambique, Peru, Philippines, Uganda, and Uruguay.² In addition to offering grants and loans in support of PB projects, at some additional cost, the World Bank has also

¹ Nonetheless, one sign that part of the PT remains supportive of participatory budgeting is that after winning the gubernatorial election in 2010, the party re-started its PB process in the state of Rio Grande do Sul following two terms in which other parties had discontinued it.

² Other sources indicate further countries, including India and Russia, but I was only able to locate confirmation in more than one document of Bank-supported PB projects in those countries listed above. This list does not include the Kecamatan Development Program (KDP) in Indonesia, which is similar to participatory budgeting but the Bank does not use the term to describe it. From 1998 to 2008, the KDP spent 1.3 billion dollars, including Bank loans and grants and government financing (http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFIC/EXT/EXTEAPREGTOPSOCDEV/0,,contentMDK:20477526~menuPK:502970~pagePK:34004173~piPK:34003707~theSitePK:502940,00.html#Key_Principles), accessed September 6, 2012.

sponsored several PB workshops in Eastern Europe and Africa and trained hundreds of citizens in PB through its Community Empowerment and Social Inclusion program (World Bank 2005a, 26), as well as joining with UN-Habitat to fund “regional participatory budgeting knowledge and action centers” in Latin America and Africa, CIGU (Centro Internacional de Gestión Urbana) and MDP-ESA (Municipal Development Partnership – Eastern and Southern Africa), respectively (World Bank 2009, 5). These centers, and the Bank itself, offer e-learning courses on PB and provide advice, training, and research to local government officials and NGOs wishing to introduce or improve PB. The Bank even has a program designed to promote PB through South-South cooperation, the Africa-Latin America Peer-to-Peer Mutual Action Learning Initiative. Finally, the Bank has published extensively on PB, from short notes to research papers to an entire volume in its Public Sector Governance and Accountability Series (Shah 2007) alongside books on topics such as fiscal management, public service delivery, performance accountability, and combating corruption. In Latin America, according to Sintomer et al. (2010, 26): “The World Bank is now the most important body publishing research on PB at the continental level.”

The Bank, the Left, and PB: Persuasion or Co-optation?

Many studies have noted the rise of PB promotion by the World Bank, yet very few have directed more than a few words to the specific question of what has driven the Bank – once best known and often reviled for structural adjustment programs and dam-building projects – to become one of PB’s most active advocates.³ At the same time, several scholars have examined the World Bank’s turn towards participatory, civil society-based approaches to poverty reduction in general, and particularly the Poverty Reduction Strategy Papers or PRSPs (Armah 2008; Dijkstra 2011; Rückert 2007). Contrasting the Bank’s own publications regarding PB with that of most outside observers of PRSP, one finds a persuasion perspective and a co-optation perspective. In many publications, Bank officials seem to have been convinced of arguments in favor of citizen participation as beneficial for development; they advance essentially the same reasons for supporting PB as its original leftist party and social movement advocates; and they often use the same language in their advocacy. On the other hand, the Bank’s critics view its adoption of participatory approaches in general as an attempt to co-opt the ideas and the activists of its civil society opponents in order to neutralize them or to use them to help advance a neoliberal agenda.

In most World Bank publications on PB, such a neoliberal agenda is absent, and the democratizing, empowering, and poverty reduction aspects of PB are strongly emphasized. The opening lines of the “Overview” chapter from the

³ There are too many studies to list here, but good starting points for the Bank’s promotion of PB would include Sintomer et al. (2010); for the Bank and structural adjustment, Abouharb and Cingranelli (2006); and for the Bank and dam construction, Jackson (2005: Chapters 6 and 7).

Bank's book on participatory budgeting provide a good example, as they were written by Anwar Shah, the head of public sector governance at the World Bank Institute:

Participatory budgeting represents a direct-democracy approach to budgeting. It offers citizens at large an opportunity to learn about government operations and to deliberate, debate, and influence the allocation of public resources. It is a tool for educating, engaging, and empowering citizens and strengthening demand for good governance. The enhanced transparency and accountability that participatory budgeting creates can help reduce government inefficiency and curb clientelism, patronage, and corruption. Participatory budgeting also strengthens inclusive governance by giving marginalized and excluded groups the opportunity to have their voices heard and to influence public decision making vital to their interests. Done right, it has the potential to make governments more responsive to citizens' needs and preferences and more accountable to them for performance in resource allocation and service delivery. In doing so, participatory budgeting can improve government performance and enhance the quality of democratic participation. (Shah 2007, 1)

Other Bank publications on PB in specific countries reflect similar language and goals. For instance, the Bank's PB toolkit on Albania includes "social inclusion, poverty reduction, and empowerment" as potential benefits of PB, and states:

The traditional budgeting process can often contribute to social exclusion and poverty due to elite capture, lobbies, and powerful interests. By increasing the voice of ordinary citizens and the most vulnerable groups, PB can potentially re-direct public investments towards basic services in poor neighborhoods. The social learning and civic mobilization mechanisms embedded in PB helps empower vulnerable groups to increase their voice in budget decisions. (Social Development Team 2006, 3)

And the latest World Bank report on PB in Peru maintains: "Conceptually, PB's objective is to democratize and make more transparent the public budgeting process by creating formal channels of participation and thus promoting the inclusion of economically and politically weak sectors in negotiations over

spending allocation. The ultimate desired goal of implementing PB is the reduction of poverty” (Banco Mundial 2011, 3; my translation).⁴

These texts sound quite similar – though not identical – to the arguments made by the political parties on the left that introduced participatory budgeting processes in the early 1990s. The PT in Porto Alegre, the Frente Amplio in Montevideo, and La Causa R in Caracas all called for new channels of citizen participation to democratize local government, grant citizens greater power over public spending, increase transparency, and extend public services to previously neglected areas (see Goldfrank 2011, 37-45). The one study I found that is focused on explaining World Bank support of PB argues, as the subtitle states, that it is a case of “convergence of leftist and neoliberal approaches” (Theuer 2010). Daniela Theuer (2010) documents the rising importance of participation in World Bank publications over the course of the 1990s and shows how the Bank was both responding to civil society actors’ demands for participation and good governance and also attempting to avoid cost overruns and corruption in its projects. One piece of evidence for her convergence thesis is that: “Former members of Porto Alegre’s administration were hired as consultants for Hugo Chávez in Venezuela as well as for the World Bank” (Theuer 2010, on-line). It is tempting to see the Bank’s adoption of key ideas promoted by the left in recent years – like participation, inclusion, and empowerment – as a victory.

Many academic observers of the World Bank’s participatory turn, however, express a greater degree of skepticism (see Rückert 2007). As mentioned, the critics focus mostly on the Poverty Reduction Strategy Papers, which were introduced to accompany the second round of the Bank’s Highly Indebted Poor Countries (HIPC) Initiative and which called on the recipient countries to formulate macroeconomic and social policies to reduce poverty in a participatory fashion in order to receive the HIPC funds. Reviewing the World Bank’s annual development reports and other publications to deconstruct its approach to participation and poverty reduction, Paul Cammack (2004, 204) finds evidence that the Bank intended to use participation to redefine and reduce the state’s role in providing public services and collective goods and to push that role onto citizens instead. Cammack (2004, 190) portrays the Bank as guarding ulterior motives: “While the Bank’s commitment to poverty reduction is real, within limits, it is conditional upon, and secondary to, a broader goal. Its principal objective is the systematic transformation of social relations and institutions in the developing world, in order to generalise and facilitate proletarianisation and

⁴ Some of the Bank-supported advocates of PB go even further in their claims. George Matovu, the head of the MDP-ESA, concludes his presentation on the MDP-ESA’s promotion of PB with the following: “It has emerged from this paper that participatory governance in general and participatory budgeting in particular can be a panacea to most developmental problems faced by African countries” (Matovu 2007, 20).

capitalist accumulation on a global scale, and build specifically capitalist hegemony through the promotion of legitimating schemes of community participation and country ownership.”

In her examination of the PRSP process in Nicaragua, Arne Rückert (2007) agrees with Cammack, and adds the notions that the rise of participatory discourse represents the international financial institutions’ response to the questioning of the neoliberal policy prescriptions of the Washington Consensus and that this response is an attempt at co-optation. According to Rückert (2007, 97):

International institutions have the function of coopting elites from the periphery and absorbing counterhegemonic ideas to create or ensure the dominance of the hegemonic ideology. First, hegemonic institutions involve peripheral elites to give an appearance of broad representation and to legitimize the policies they pursue. In the PRSP process, incorporating CSOs into the policymaking process could be seen as an attempt to coopt civil society actors in the developing world into the development framework of the IFIs, and to legitimize the contested neoliberal policy reforms in developing countries. Second, hegemonic institutions absorb counterhegemonic ideas and concepts to make it seem as though the concerns of critics are being heard and taken seriously.

Rückert (2007, 103-109) goes on to detail how the supposedly participatory process for developing Nicaragua’s PRSP in fact involved very little if any influence by Nicaraguan civil society organizations, how the International Monetary Fund team controlled the macroeconomic policy portion of the PRSP, and how the ultimate product retained most of the neoliberal prescriptions of the old structural adjustment programs while adding some spending to reduce poverty.

Is it fair to apply these evaluations of the World Bank’s PRSP processes to participatory budgeting? That is, is it fair to suggest that participatory budgeting is a counterhegemonic idea that has been co-opted by the Bank as a way, ultimately, to legitimize neoliberal policies? Or should one view the Bank’s support of PB as genuine convergence with the left? My own interpretation, laid out further below, is that within the World Bank one can find both kinds of PB advocates – those who believe in PB’s democratizing potential and those who use the language of participation as a kind of Trojan horse for their own marketizing agenda – but that the Bank as an institution is not committed to PB in the same way that it has embraced Poverty Reduction Strategy Papers. The few hundred million dollars the Bank has loaned or granted to PB-related projects (some of

which are related to PRSPs in any case) represents a minute portion of total Bank funding, something on the order of less than one tenth of one percent just of IBRD loans.⁵ In other words, despite the Bank's importance in the globalization of participatory budgeting, PB is not very important to the Bank. As the globalization of PB proceeds, the results of Bank-promoted PB continue to differ considerably from city to city, likely depending less on which type of Bank advocates are doing the promoting than on the varying local political, social, and economic contexts, including the kinds of politicians in office, the civil society organizations willing to participate, and the level of resources available.

Participatory Budgeting as a Global Script

My understanding of the World Bank's role in the globalization of participatory budgeting builds on the work by Jeffrey Jackson (2005). In his study of how development agencies operate in Honduras, Jackson offers a number of ideas about globalization that help illuminate the diffusion of participatory budgeting. First, he posits that globalization is done by "globalizers" – international development workers – and that their motivations are not entirely altruistic. For Jackson (2005, 2), globalization is about development agencies like the World Bank creating "a framework of global governance that develops and maintains the policies necessary to promote their various global agendas throughout the world." Importantly, while the overall goal is "to advance global capitalism" there is no one single agenda but rather "a multiplicity of agendas" with varying degrees of importance; and, like the development agencies themselves, some agendas are "hegemonic and others are peripheral" (Jackson 2005, 10, 9). Jackson (2005, 9-10) calls these agendas "global cultural scripts" or "the various recipes, rules, and frames of reference that define and constrain how independent nation-states can operate in the global context.... [G]lobalization entails nations following the same recipes (more or less) for how societies should function.... I argue that development organizations are the main promoters of these global scripts." Certainly, PB is one of many recent global scripts, especially for municipal governments, and the leading development agency – the World Bank – is promoting it. Yet, as we have seen, PB is something of a peripheral agenda within the Bank.

Promotion of PB is spread across various units of the Bank, mostly less important ones in terms of resources, including especially the Social Development Department. Much of the Bank's PB promotion and research activities have been financed not by the Bank's main sources but by specific Northern European

⁵ Perhaps it would be fairer to compare PB-related projects to all those geared towards social development. Rough calculations, based on an average of four percent of IBRD loans (\$11 billion annually from 2002 to 2010) going towards the Social Development, Gender, and Inclusion (SDGI) thematic portfolio (World Bank 2005b, 58), suggest that PB-related projects made up about six percent of the SDGI portfolio.

funds, particularly the Norwegian-Finnish Trust Fund for Environmental and Socially Sustainable Development and the Bank Netherlands Partnership Program (TFESSD), or in partnership with Northern European governments. The Swedish and Dutch governments, for example, paid for the World Bank Institute's research and publication of its volume, *Participatory Budgeting* (Shah 2007, xvii), and TFESSD supports CIGU and MDP-ESA (World Bank 2009, 5). As Michael Watts (2001, 283, 284) once wrote concerning the Bank's attention to social capital, participatory budgeting has been a way for the "Bank's disenfranchised... to stimulate debate within and among the Bank's divisions and provide a ground on which the hegemony of the neo-liberal doctrine might be engaged"; but "in terms of staffing, resources and legitimacy within the Bank structure, the social capital [read PB] group remains wholly insignificant. The center of gravity within the institution resides elsewhere, quite specifically with the unassailable power of the 'structural adjustment people.'"

Sam Dallyn's (2008) study of the Bank's PB pilot program in Albania supports such an interpretation. For example, Dallyn (2008, 1-2, 16-17) finds that the Bank only provided \$10,000 to support the initiation of PB in four regions, compared to a budget of over \$225 million for total projects in Albania at the time, and that while the Social Development Department team wanted to place PB within the Bank's Country Assistance Strategy for Albania, the more powerful Poverty Reduction and Economic Management unit prevented that. Moreover, key players in the Bank remain unconvinced by PB. Take Anwar Shah, cited earlier. Shah (2008, 209-213) lists participatory budgeting as a development approach that has not met high expectations in improving government performance in providing citizens access to basic services. Though Jackson (2005) notes the competition *among* international development agencies over which global scripts are prioritized, clearly there is competition *within* the major donor organizations as well. In the World Bank, one finds competition among detractors of PB and both kinds of advocates mentioned above, the mostly Northern European-funded true believers and those who support PB as part of a modernizing neoliberal agenda.

The latter type of advocate fits into a second key theme in Jackson's take on globalization, the notion that the development agencies are gradually changing nation-states in the developing world (so-called "emerging markets") into "neoliberal states" that are functional for global governance. According to Jackson (2005, 138-40), these neoliberal states offer three main services: providing infrastructure like ports and roads that facilitate global trade; adopting neoliberal reforms such as "fiscal and monetary policies that ensure macroeconomic stability, foreign investment, and export-oriented economic growth"; and supplying social order through "a wide range of activities under the broad rubrics of 'poverty reduction,' 'social development,' and 'social safety

nets.’’⁶ Some World Bank officials view participatory budgeting precisely in this way, that is, as a local government reform that facilitates the performance of these services. The former manager of the World Bank Institute’s urban program, Tim Campbell, for example, sees PB and other new forms of local participation as part of a “new model of governance” – one that is more fiscally disciplined and more efficient – in many Latin American cities (Campbell 2003, 145). According to Campbell (2003, 98, 175), the World Bank should continue to support the consolidation of this new model and expand it for reasons that Jackson would find familiar:

The Bank and its borrowers have new reasons to resuscitate the idea of an urban strategy to foster an appropriate role for cities, to gauge their potential contribution to speeding or enhancing growth, to address problems of large agglomerations, and to steer them away from self-defeating ventures like city-sponsored enterprises of several decades ago. Trade-induced growth is itself a reason to coordinate city efforts in planning and coordinating infrastructure to link urban markets and manufacturing with intraregional investments such as railways, highways, and ports.

Cities not only have a crucial role in providing infrastructure and boosting trade. Campbell (2003, 98) stresses that “local democratic participation is becoming a potentially important underpinning in the responsible management of the financial system and, ultimately, part of the mechanism to guarantee macroeconomic stability.” Throughout his discussion of the new local governance model in Latin America, Campbell holds up PB and Porto Alegre as exemplary: “Municipalities in leading cities began to take on attributes of private businesses attending to customers. No practice is more illustrative of this change than participatory budgeting in Porto Alegre” (Campbell 2003, 151). For the new fiscally responsible municipal government model, Campbell (2003, 171-172) sees participatory budgeting as co-existing with and even helping to reinforce privatization of public services and reduction of municipal personnel costs. He approvingly – and in my view mistakenly – reports that “Tarso Genero [*sic*] reduced Porto Alegre’s staff by one fourth” (Campbell 2003, 152; cf. Goldfrank 2011, 62-63). The other type of Bank advocate of PB, what I have called the true

⁶ Of course, a state need not be neoliberal to provide infrastructure, stability, and a social safety net. And in recent years some of the political parties on the left that first introduced participatory budgeting at the local level – like the PT in Brazil and the Broad Front in Uruguay – have reached national office and adopted policies similar to what Jackson describes here. In that sense, and particularly with regard to macroeconomic stability, there has been a convergence from the left towards policies long supported by the Bank.

believers, also mention PB's benefits for fiscal discipline and reducing costs, but they emphasize more Jackson's final prong for neoliberal states – poverty reduction and social development (see, e.g., Social Development Team 2006, 2-3).

A third set of ideas in Jackson's work may help illuminate how both kinds of Bank advocates of PB have achieved such importance in disseminating PB. Specifically, Jackson (2005, 64-71, 142-146) notes how the development agencies seek to position themselves as beneficial experts, as holders of specialized knowledge, and how they use four mechanisms of power – insertion into local politics (most helpfully by invitation from local authorities), surveillance to gather information, agenda setting to place their recipes at the top, and garnering consent of local authorities and citizens – both to maintain that expertise and to ensure their policy prescriptions are followed. With regard to PB, we have already seen how the Bank has published numerous studies to set itself up as the “Knowledge Bank” that former Bank president James Wolfensohn wanted it to become (Cammack 2004, 196). And the Bank now offers “expert” advice on participatory budgeting through its on-line courses, site visits, and publications. In the Preface to its book on participatory budgeting, World Bank Institute Manager of the Poverty Reduction and Economic Management unit Roumeen Islam writes that the book “advances the World Bank Institute's agenda on knowledge sharing and learning from cross-country experiences in reforming public governance. It is intended to assist policy makers and practitioners in developing countries in making more-informed choices” (Shah 2007, xv). The Bank's expertise on PB now garners invitations to research local PB processes and offer recommendations for improvement, something it has carried out not only in Peru (Banco Mundial 2011, 3) but even in one of the original sites of PB, Porto Alegre (De Souza 2010, 39).

These invitations lead to a final pair of Jackson's (2005, 15, 17) arguments that offer some insight: that “local agendas succeed only as they are capable of linking into the global agendas” and that “the greater benefits of the activities of the international development profession accrue to the donor countries” (and I would add development agencies) rather than to the recipient countries. The literature on the global diffusion of participatory budgeting indicates that in many if not most cases of sustained PB, local authorities linked up to external supporters like the World Bank. It is more questionable, however, whether the Bank received greater benefits from promoting PB than the local governments that implemented it. Jackson (2005) highlights the contracts awarded to donor country corporations and the jobs created for Northern development experts as the major benefits they derive from providing development aid. Potential benefits the Bank may gain from supporting PB include a more positive public image, stronger collaborative relations with other international development agencies,

and access to information on loan recipients. Possibly most important, the Bank may benefit by using PB as a selling point for its loans and as a way to reduce development project losses and failures due to corruption. With regard to the former, in a Bank document selling itself to the Russian government, labeled “World Bank Group: Comparative Advantages,” the Bank highlights its role in promoting PB in several developing countries, including a pilot project in rural Russia (World Bank 2006, Annex 3, p. 4). With regard to the latter, the Bank frequently touts PB’s role in reducing corruption; some observers speculate that this is a key reason the Bank supports PB (Dallyn 2008, 6, 19-20); and the Bank’s website hosts a research paper offering evidence that Brazilian municipalities that use PB have fewer and less serious corruption cases than those that do not use PB (Zamboni 2007).

Of course, corruption is an important issue at the World Bank, given the increasingly strident arguments against foreign aid on the basis that it is squandered by corrupt local authorities (see, *inter alia*, Moyo 2010). Still, despite the potential (but difficult-to-measure) benefits to the World Bank of promoting PB, the fact that the Bank dedicates only a minute percentage of its resources to doing so suggests that most Bank officials are not convinced that any benefits derived outweigh the costs to the Bank, if indeed such benefits exist. But if they do exist, would they outweigh the potential benefits to recipients of Bank-supported PB? The next section addresses that question with a brief look at the effects of participatory budgeting promoted by the World Bank.

Consequences of PB Promotion

Some observers argue that the Bank’s promotional role has negative effects on the practice of participatory budgeting. Sintomer et al. (2010, 31) set up a contrast between the original empowering Porto Alegre model of PB and a Bank-supported model; they argue that “many Latin American PBs are mainly top-down and are not based on the independent mobilization of civil society”; that these PBs “only control a limited amount of money” and “rely on methodologies that do not give any real decision-making power or control to community organizations, which means they are highly unlikely to achieve an empowerment of the poor”; and that the World Bank “wields major influence over these PBs.” If true, these arguments would suggest that Bank-supported PB does not have much to offer to recipients and that PB advocates should be wary of any Bank role. However, the claims are difficult to verify, as Sintomer and his colleagues do not provide evidence for them nor do they specify which cases of PB they think meet these criteria.

Other studies have suggested a less nefarious role for the Bank. Dallyn (2008, 22-30) finds several indications that the Bank-sponsored pilot projects of participatory budgeting in Albania at least partially succeeded in mobilizing citizens, including the poorest and most marginalized groups (like the Roma), in

creating a reasonably empowering PB process, and in becoming independently sustained by continuing and spreading to other cities in Albania without Bank support.⁷ In Peru, the emblematic case of Bank-supported PB, the results have been mixed – in terms of level of participation, improving and equalizing access to infrastructure and services, and including impoverished groups – but they have improved over time (Goldfrank 2007a; Banco Mundial 2011). It is unclear whether the Bank has played an important role in producing either the mixed results or the improving results, but my sense is that it is unlikely.

Many factors affect the success of participatory budgeting, including how it is designed, and the economic, social, and political conditions in which it is implemented (Goldfrank 2007a). While at an initial point the World Bank may influence the design of PB, the incumbent political authorities have the most influence – and several Bank publications even complain about political incumbents who fear losing power with PB and block effective participation or refuse to implement PB decisions (Social Development Team 2006, 35; Banco Mundial 2011, 9-13). And, like incumbents, the World Bank has virtually no influence over key aspects of the local context like the bureaucratic competence of municipal administrations, the strength of political actors opposed to PB, and the vitality of local civic associations. Indeed, a key lesson from studies of participatory budgeting is that the results are frequently not what the promoters intended (Goldfrank 2007a, 100, 106). Often, this means that democratizing intentions are frustrated, but incumbents attempting to use PB as a merely cosmetic change to please international organizations or as a way of shoring up their own support may face surprises as well. As Dallyn (2008, 30) concludes: “Ultimately... it is the participants themselves who give PB life.”

Should supporters of the early experiments with participatory budgeting then welcome World Bank promotion of it? A few orthodox Marxist critics of PB have pointed to the Bank’s approval of it as a sign that PB helps to maintain the status quo rather than hasten revolutionary changes and thus should be rejected by the left (Fontana and Flores 2001); for several reasons, in my perspective this would be a mistake. First, I am not convinced by the view apparently held by some (Campbell 2003) that by adopting PB, citizens will come to recognize the correctness or necessity of the neoliberal agenda of downsizing the state. That certainly does not seem to have happened in Peru, where PB is most prevalent. Whether one sees PB in Peru as top-down and disempowering or as gradually improving, it has coincided with more resistance to neoliberalism than acceptance in recent years, as witnessed by the rise of widespread anti-neoliberal protest as

⁷ The Social Development Team (2006, 33-35) also report improvements in services, inclusion, and transparency as well as increased revenues for local governments in the pilot cities. Sintomer et al. (2010, 40) recognize that after this pilot project, Albania became “one of the countries in South-East Europe with the largest number of participatory budgets.”

well as by the election of Ollanta Humala (whose campaign differed from how he has governed). Second, as described above, some officials within the Bank, especially those within the Social Development Department, share most of the same goals as the early experimenters with PB. Persuading the rest of the Bank of PB's worth – and thereby deserving of more funding – would seem a superior strategy. Recent econometric studies of PB in Brazil convincingly showing that cities that adopt it tend to see a larger decrease in infant mortality than do cities without it (Gonçalves 2009; Touchton and Wampler 2012) could help in that regard.

Furthermore, even in the supposedly top-down cases of PB supported by the Bank, Sintomer et al. (2010, 31) claim to see improved transparency and accountability as well as less corruption and “some ‘pro-poor policies’ that help mitigate somewhat the huge inequalities of Latin American societies.” Participatory budgeting as promoted by the Bank – or by anyone else – may not be a panacea for all that prevents egalitarian development, and it may not always lead to major achievements by local government, yet, as Dallyn (2008, 31) writes, “one of the reasons for its immediate appeal across many regions in developing countries is that it is, in many cases, a drastic improvement on what has preceded it.” In the end, participatory budgeting helps start a broad conversation about social and economic priorities, and once started – even by a World Bank-supported pilot project – it can develop into the democratizing and redistributive process that would be, as the Porto Alegre slogan claimed, “good for the whole world.”

Conclusion

This article has tried to offer a nuanced view of World Bank support for participatory budgeting. To sum up, I have suggested that, while certain units of the World Bank have promoted participatory budgeting as a script or recipe for local governments across the globe – some as true believers in PB's transformative, democratizing, poverty-reducing potential and some who see PB as supporting a neoliberal agenda that includes efficiency in local government – in fact PB is quite marginal within the Bank. I have also hinted at what I think is one reason for PB's peripheral status among the Bank's global agendas: the most important units of the Bank are not persuaded that participatory budgeting does enough to support neoliberal policy or to provide other benefits to the Bank and the major donor countries. I agree with Dallyn's (2008, 5, 32) assessment that PB “will keep a small but significant place” in one of the Bank's units, the Social Development Department, but that it likely will remain marginal within the Bank's activities more generally. Nonetheless, even from this peripheral position, advocates within the Bank likely will continue – and should continue – to play a major role in the diffusion of participatory budgeting.

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