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DECENTRALISATION OF BUDGETING PROCESSES

RAPID EVIDENCE ASSESSMENT, JANUARY 2017

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This photo, titled 'Women participating in Gram Sabha' was taken at the Gram Panchayat Bagor in the town of Jhabua in the Indian state of Madhya Pradesh on 7 June, 2012. It shows a full house during the Special Gram Panchayat in which almost 300 people attended and almost 70% of the participants were women.

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LIST OF ABBREVIATIONS

CDD	Community Driven Development
CSO	Civil Society Organisation
GRB	Gender-responsive budgeting
OBI	Open Budget Index
PFM	Public Financial Management
REA	Rapid Evidence Assessment
UNIFEM	United Nations Development Fund for Women

EXECUTIVE SUMMARY

This study examines evidence about the impact of public financial management (PFM) interventions in the field of decentralisation of budgeting. The research questions for this study, derived from the terms of reference, are:

- What is the effectiveness of devolved budgeting models in relation to the efficiency of PFM systems, service delivery, budget allocation, citizen involvement, accountability and anti-corruption?
- What factors contribute to, or prevent, the decentralisation of budgeting?
- Under what circumstances does devolved budgeting yield the greatest impacts? (Including effectiveness of interventions, critical success factors and barriers, and the dynamics between central ministries and devolved/decentralised units).

A total of 20 studies of high and medium quality were used for the analysis in this Rapid Evidence Assessment (REA). The analysis is organised around three different types of devolved budgeting: participatory budgeting, budget consultations, and gender-responsive budgeting. The overwhelming majority of studies fall under the category of participatory budgeting (16 studies, half of which are assessed as high quality, and half of medium quality). Two medium quality studies concern budget consultations, and two studies (both scoring at the lower end of medium) concern gender-responsive budgeting.

The included material, especially on participatory budgeting, contains evidence on a number of outcomes, as shown in the table below.¹

Outcome	Likely impact	Consistency of findings	Quality of evidence	No. of studies
<i>Participatory budgeting</i>				
Budget allocation	Positive	Consistent	High	5
Service delivery	Positive	Consistent	Moderate	3
Efficiency of PFM systems	Positive and negative	Mixed	Moderate	2
Citizen involvement	Positive	Consistent	High	7
Accountability	Positive and negative	Mixed	Moderate	6
Anti-corruption	Positive and negative	Mixed	Moderate	4
<i>Budget consultations</i>				
Citizen involvement	Positive	Consistent	Moderate	2
Accountability	Positive and negative	Consistent	Moderate	2
<i>Gender-responsive budgeting</i>				
Budget allocation	Positive	Consistent	Moderate	2
Efficiency of PFM systems	Positive	Consistent	Moderate	2

It shows that participatory budgeting has a good chance of being associated with positive outcomes, if properly and sustainably implemented, particularly in the form of greater pro-poor budget allocation and increased citizen involvement, and potentially also in improving

¹ The table presents an assessment of the body of evidence, which is based on a methodology presented in DFID's *How to Note: Assessing the Strength of Evidence* (DFID, 2014). This methodology is described in Appendix 2.

service delivery. The evidence on whether it can improve the efficiency of PFM systems, enhance accountability and support anti-corruption is mixed with both positive and negative outcomes associated with participatory budgeting.

A small number of the case studies included in this REA provide analysis of the drivers of decentralised budgeting. Three inter-related drivers can be identified from these cases: 1) participatory budgeting emerged as a response to a commonly perceived problem; 2) stakeholders understood the value of participatory budgeting, and 3) societal conditions were favourable to participatory budgeting.

A larger number of studies included in this REA identify factors seen to be contributing to effective decentralisation of budgeting. As indicated in the table below, strong cases are made both for ensuring there is political buy-in from central and local government for the participatory processes, and for ensuring the presence of a strong, able, motivated and supportive civil society. Budget transparency is also identified as an enabling factor in participatory budgeting.

Success factor	Consistency of findings	Quality of evidence	No. of studies
<i>Participatory budgeting</i>			
Political buy-in from central and local government	Consistent	Moderate	6
Strong local level organisations and supportive civil society	Consistent	Moderate	4
Favourable regulatory environment	Inconsistent	Moderate	3
Budget transparency	Consistent	Moderate	2
<i>Budget consultations</i>			
Political buy-in from central and local government	Consistent	Moderate	2
Buy-in from civil society organisations and media	Consistent	Moderate	1
Favourable regulatory environment	Consistent	Moderate	1
<i>Gender-responsive budgeting</i>			
Presence of gender advocates in central government	Consistent	Moderate	1

The material also identifies a number of critical barriers for effective decentralisation of budgeting. As indicated in the summary table below, there is relatively strong evidence of several factors blocking participatory budgeting processes, including political and elite capture, lack of capacity and understanding among stakeholders, lack of resources, and cultural barriers for civic engagement.

Barrier to success	Consistency of findings	Quality of evidence	Number of studies
<i>Participatory budgeting</i>			
Political capture of the participatory process	Consistent	High	4
Lack of sub-national level autonomy	Consistent	Moderate	2
Lack of capacity and understanding among stakeholders	Consistent	Moderate	3
Cultural and other barriers for civic	Consistent	Moderate	3

Decentralisation of budgeting processes

engagement			
Lack of resources to promote and sustain participatory processes	Consistent	Moderate	4
<i>Budget consultations</i>			
Lack of understanding and motivation among stakeholders	Consistent	Moderate	1
<i>Gender-responsive budgeting</i>			
Short time horizons for donor support	Consistent	Moderate	1

Following DFID's methodology on assessing the strength of a body of evidence, the body of evidence for participatory budgeting falls under the 'medium' strength category while the small number of studies concerning budget consultations and gender-responsive budgeting makes those bodies of evidence fall under the 'no evidence' category (see appendix 2 for information about the categories).

The review also identified areas for further research. We suggest that it feeds into future commissioned empirical research aiming to (1) establish a theory of change on the processes involved in developing effective participatory budgeting, and (2) research that further our knowledge about causality vis-a-vis participatory budgeting and a number of outcomes where evidence about cause and effect is weak.

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1.0 INTRODUCTION

DFID has identified public financial management (PFM) as a thematic area which not only has high operational relevance for its policy and programming but also is a topic which requires further clarity on the strength, nature and accessibility of the evidence base. The objective of this rapid evidence assessment (REA) is to provide a clearer view of the evidence base, which can inform policy and programming decisions in the future.

This study examines evidence about the impact of PFM interventions in the field of decentralisation of budgeting, in particular participatory budgeting, budget consultations, and gender-responsive budgeting. It draws on the literature identified by an earlier study (De Lay et al., 2015) which mapped evidence available across a broader range of PFM topics. The study examines the quality of the available evidence and summarises what the literature says about the impact of interventions and reforms in these areas. The methodology used (search strategy, inclusion criteria and list of consulted experts) is described in Appendix 2.

Two further studies in this series will examine other topics within PFM: legislative oversight and procurement.

The research questions for this study, derived from the terms of reference, are:

- What is the effectiveness of devolved budgeting models in relation to the efficiency of PFM systems, service delivery, budget allocation, citizen involvement, accountability and anti-corruption?
- What factors contribute to, or prevent, the decentralisation of budgeting?
- Under what circumstances does devolved budgeting yield the greatest impacts? (Including effectiveness of interventions, critical success factors and barriers, and the dynamics between central ministries and devolved/decentralised units?)

The study is organised as follows: Section 2 discusses the methods used in this REA, while section 3 looks at the available material in terms of regional coverage, types of interventions, research designs, and assessed quality. Section 4 presents an analysis of the evidence on outcomes from the three forms of decentralisation of budgeting. Section 5 provides an analysis about the drivers of decentralised budgeting. Section 6 provides a discussion around a number of identified factors contributing to effective decentralisation of budgeting, and section 7 looks at the other side of the coin: the barriers. Section 8 concludes this REA.

2.0 METHODS

Our starting point was the database of literature identified in the earlier mapping study (De Lay et al., 2015) which searched a range of key academic and development-oriented databases and identified 197 studies across a range of subjects within the field of PFM. From that database, we selected material from academic sources and grey literature relating to decentralisation of budgeting. We supplemented this with examination of references listed in key sources already identified, and with additional literature searches using key words and phrases including, participatory budgeting; gender-responsive budgeting; devolved budgeting; and budget consultations.

The study was limited in geographic scope to include low and middle income countries in Sub-Saharan Africa, Middle East and North Africa and South Asia. In addition, only relatively recent studies, those published from 2005 onward, were included. Both of these selection criteria could present some limitations to the evidence base and analysis. Theoretical and conceptual work was excluded; only studies focusing on empirical evidence were included.

We assessed the quality of each study using criteria derived from DFID's (2014) guidance on assessing the strength of evidence. Primary empirical studies were evaluated using the following criteria:

- *Conceptual framing*: Does the study acknowledge existing research? Does the study pose a research question or outline a hypothesis?
- *Transparency*: Is it clear what is the geography/context in which the study was conducted? Does the study present or link to the raw data it analyses? Does the study declare sources of support/funding?
- *Appropriateness of method*: Does the study identify a research design and data-collection and analysis methods? Does the study demonstrate why the chosen design and method are well suited to the research question?
- *Internal validity*: To what extent is the study internally valid?
- *Cultural/context sensitivity*: Does the study explicitly consider any context-specific cultural factors that may bias the analysis/findings?
- *Cogency*: To what extent does the author consider the study's limitations and/or alternative interpretations of the analysis? Are the conclusions clearly based on the study's results (rather than on theory, assumptions or policy priorities)?

Meta-reviews and other secondary studies were evaluated using the following criteria:

- Does the study *describe* where and how studies were selected for inclusion?
- Does the study *assess* the quality of the studies included?
- Does the study *draw conclusions* based on the reviews conducted?

Studies were rated as high, medium, or low quality depending on whether the way they addressed the topic in focus showed any causes for concern. Studies rated as high or medium quality were included in the subsequent analysis, and studies rated as low quality

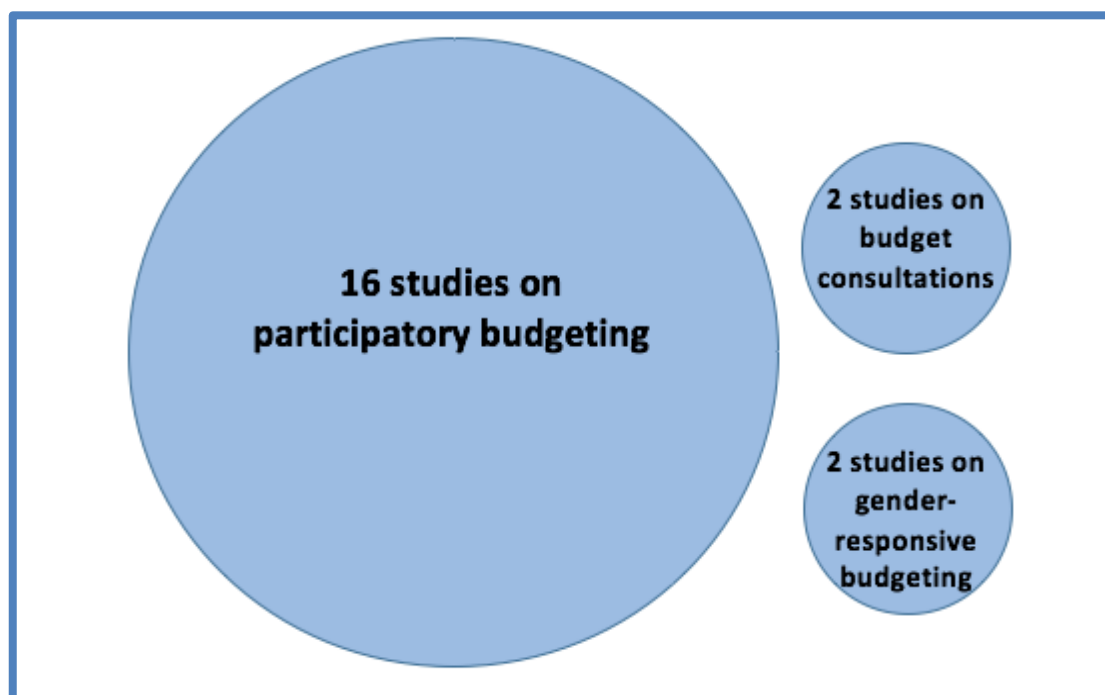
were discarded.² It is important to note that a low quality rating according to these criteria does not necessarily imply that a study was poorly designed or executed, or that its conclusions are incorrect. A low quality rating can simply mean that the report of the study did not fully explain its design or methods. More details of this methodology are contained in Appendix 2.

Two narrative approaches to evidence synthesis were used: content analysis and thematic summaries. Each study included in the analysis was coded following a schema derived from the research objectives and the literature to identify the topics that it addressed. For simple descriptive factors (research design, geographic scope, institutions examined), a yes/no coding was used. For more nuanced factors (type and description of reform, outcomes, success factors, and barriers to success), short thematic summaries were written for each factor. Summaries of each paper that fulfilled the selection criteria were also prepared to summarise overall findings (see Appendix 1).

² Eight studies were rated as low quality in the final list of papers but many more had already been discarded from the original database of the earlier mapping study due to low quality and/or lack of empirical emphasis.

3.0 THE EVIDENCE BASE

A total of 20 studies of high and medium quality were used for the analysis in this REA. The analysis is organised around three different types of devolved budgeting: participatory budgeting, budget consultations, and gender-responsive budgeting. The overwhelming majority of studies fall under the category of participatory budgeting (16 studies, half of which are assessed as high quality, and half of medium quality). Two medium quality studies concern budget consultations, and two studies (both scoring at the lower end of medium) concern gender-responsive budgeting.



The overall evidence base for the three types of devolved budgeting can be assessed using DFID's *How to Note* on assessing the strength of a body of evidence (see appendix 2). The body of evidence for participatory budgeting falls under the 'medium' strength category, which can be summarised in the following way.

Category of evidence	Quality + size + consistency + context	Typical features of the body of evidence	What it means for a proposed intervention
Medium	Moderate quality studies, medium size evidence body, moderate level of consistency. Studies may or may not be contextually relevant.	Research questions aimed at isolating cause and effect (i.e. what is happening) are answered using moderate to high-quality quantitative observational designs. Research questions aimed at exploring meaning (i.e. why and how something is happening) are considered through a restricted range of qualitative observational research methods addressing contextual issues.	We believe that the intervention may or may not have the effect anticipated. The body of evidence displays some significant shortcomings. There are reasons to think that contextual differences may unpredictably and substantially affect intervention outcomes.

The bodies of evidence for budget consultations and gender-responsive budgeting fall under the ‘no evidence’ category due to the very limited number of studies of high enough quality for these two types of devolved budgeting.

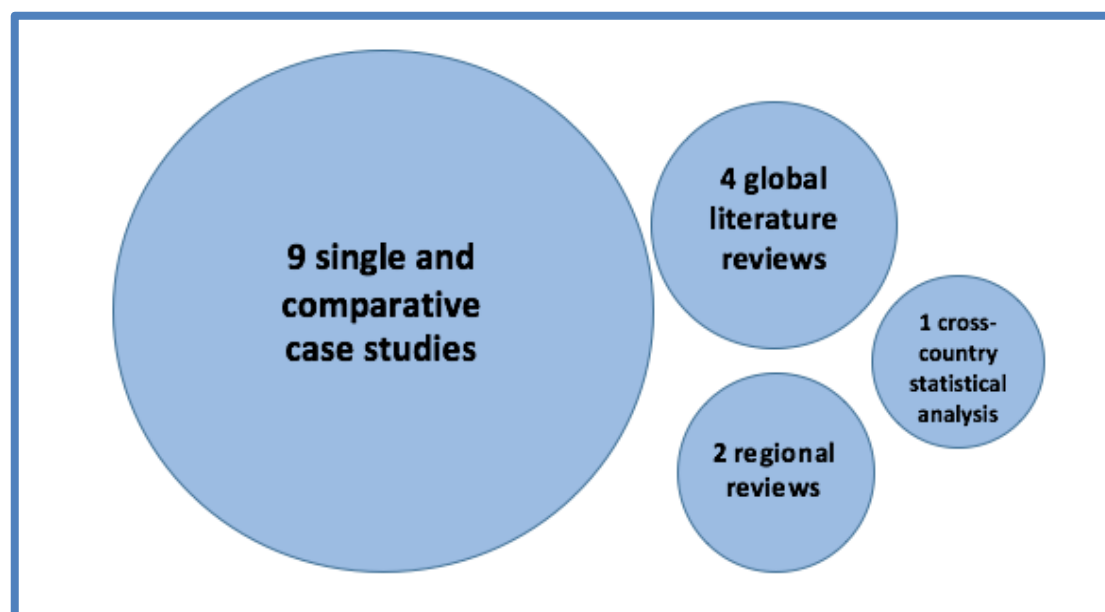
Category of evidence	Quality + size + consistency + context	Typical features of the body of evidence	What it means for a proposed intervention
No evidence	No/few studies exist.	Neither cause and effect, nor meaning is seriously interrogated. Any available studies are of low quality, and are contextually irrelevant.	There is no plausible evidence that the intervention does/does not have the effect indicated.

The rest of this section will look closer at the evidence base of the three types of devolved budgeting. The diversity of interventions, countries, and methodologies within the included studies – some of which are based on perception data – presents a formidable challenge in terms of succinctly synthesising the evidence, and it should be explicitly stated that the best use of this synthesis would be as part of future research efforts.

3.1 MATERIAL ON PARTICIPATORY BUDGETING

Goldfrank (2007, p.92) defines participatory budgeting as a process by which citizens can voluntarily and regularly contribute to decision making over at least part of a public budget through an annual series of scheduled meetings with government authorities. As such, participatory budgeting is inherently about community input to formal government structures. Participatory budgeting therefore describes a narrower category of interventions than Community Driven Development (CDD); a concept that was originally coined by the World Bank in the 1990s. As described by Dongier et al (2002, p. 303), “CDD gives control of decisions and resources to community groups. These groups often work in partnership with demand-responsive support organisations and service providers, including elected local governments, the private sector, NGOs, and central government agencies.” As such, CDD is organisationally broader and can include partnership with NGOs and the private sector, and can be focused on specific groups of citizens, such as farmers. In addition, the broader concept of CDD, while encompassing participatory budgeting, oftentimes also includes the design and active participation in the delivery of community projects. As the specific focus of this REA is decentralisation of the budgeting of public (government) funds, we have centred the evidence around the narrower definition of participatory budgeting as opposed to the wider concept of CDD.

The material concerning participatory budgeting consists of nine observational single and comparative case studies, four global literature reviews, two regional meta reviews, and one cross-country statistical analysis.



3.1.1 SINGLE AND COMPARATIVE CASE STUDIES

Among the nine single and comparative case studies, four focus on countries in the South Asian context, four are about sub-Saharan Africa countries and one focuses on a North African country. While all the studies included concern citizen participation in budgeting, the budget engagement ranges from firmly institutionalised participatory budgeting for small dedicated village funds to medium-term municipal level planning.

Three high scoring studies, all of which have a quantitative or mixed-methods approach, focus on a participatory budgeting model in India called the People's Campaign for Decentralised Planning. It originated in the Indian state of Kerala and later spread to other parts of India (Ananthpur et al, 2014; Besley et al, 2005; and Heller et al, 2007). In this form of participatory budgeting local governments are granted discretionary budgeting authority over 35-40% of the state's developmental expenditures. Participation in the annual planning and budgeting cycle consists of four different stages: at the village level open fora (Gram Sabhas) – called by the elected local government – are held in which residents identify local development problems, generate priorities, and start the process of building specific budget proposals. A meeting of representatives of different stakeholders are then tasked to develop solutions to the problems identified in the Gram Sabhas, and the solutions are further developed and formulated into specific project proposals by selected task forces. The last phase of the annual planning exercise is the actual formulation of the municipal budget. The resources used in participatory budgeting are state grants and other project funds as well as locally generated resources.

A similar form of participatory budgeting is the focus of a high quality study on Afghanistan. In this context a national development grant is allocated to villages from the national level for the implementation of village projects, usually infrastructure focused projects. These projects are selected by an elected community development council in consultation with the village community (Beath et al, 2015).

Four qualitative studies (one high scoring and three medium scoring) focus on participatory budgeting in the sub-Saharan African context.

The most extensive version of participatory budgeting, with seven stages, is found in the Senegalese region of Fissel. In the first stage, participants attend courses to prepare them for the participatory budgeting process. This is followed by village fora where the budget is presented by the rural council and the most important problems and highest priority actions are identified and agreed. The village level lists are then synthesised and presented at a community forum alongside budget estimates for the upcoming year. The lists are then turned into concrete investment proposals in special budget meetings. The last phase of the budgeting stage is the budget vote and implementation. Following this process are three community feedback fora: one to present the new budget for the community to assess how well it aligns with the identified priorities, and one mid-term forum to assess budget implementation. The last forum is held at the end of the fiscal year, to present and collectively evaluate the budget results (Guère, 2010).

Three other sub-Saharan African cases discuss participatory processes that are less thorough. A case study on Uganda looks at participatory budgeting in one district in which each village council convenes a budget meeting to come up with a list of priority items to be included and funded in the coming budget. A parish council meeting then discusses the village level budget proposals and come up with agreed activities. It forwards this list of priorities to the sub-county council, which after having received technical inputs on the listed items, debates and approves them (Kasozi-Mulindwa, 2013). A similar process is discussed in a study on participatory budgeting in an urban municipality in Tanzania (Kihongi and Lubuva, 2010). Much less information about the format of participatory budgeting is provided in the South African case study. It only alludes to community fora being held to develop five-year Integrated Development Plans which flag municipalities' development goals (Landau et al, 2013).

Finally, there is one North African study; a medium scoring case study on Morocco. This case looks at the embryonic state of participatory budgeting in Morocco in comparison to the more mature case of participatory budgeting in Porto Alegre, Brazil. It does not go into great detail about the format of participation but rather looks at an intervention developed to enhance the collaboration between village associations at the very local level – where budgetary requests are being made – and local government at the commune level through the establishing of federations of village associations (Bergh, 2010).

3.1.2 REGIONAL REVIEWS

There are two medium scoring regional reviews of cases concerning participatory budgeting; one on Asia and one on sub-Saharan Africa. These reviews are chapters of the same World Bank publication from 2007 titled *Participatory Budgeting*. The publication also contains a chapter dedicated to the Middle East and North Africa region. However, since there were no examples of participatory budget initiatives from this region, that chapter is not included in the material for this REA.

The book chapter on sub-Saharan Africa explores approaches to participatory budgeting by sub-national governments in seven African countries: Kenya, Mozambique, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. It synthesised a set of case studies that were undertaken in the seven countries in 2004, and apart from looking into the effects of participatory budgeting, it also provides a detailed run-through of the legal framework for budgetary participation in the seven countries (Shall, 2007). The chapter on Asia explores

the various approaches to participatory budgeting by sub-national governments in five countries: Bangladesh, India, Indonesia, the Philippines, and Thailand. It provides a brief and non-technical description of various budget participatory approaches, including to improve transparency and accountability, to involve citizens in consultation and joint decision making, and initiatives that give local communities control over funds. It also provides an analysis of the political and historical context in which participatory governance has emerged in the Asian context (Fölscher, 2007).

3.1.3 CROSS-COUNTRY STATISTICAL ANALYSIS

Also included in the material for this REA is one high scoring cross-country statistical study which explores the relationship between the quality of the budget process – measured by the Open Budget Index (OBI), including a sub-section of the index which concerns participation in budgetary processes – and various human development outcomes. The underlying hypothesis is the following: countries with higher levels of budget transparency will achieve better human development outcomes than less transparent countries because open and participatory budgeting will help both to ensure that more public money is allocated to development priorities and that more information about these allocations will flow to stakeholders thus reducing the possibilities for ‘leakage’ (Fukuda-Parr et al, 2011).

3.1.4 GLOBAL LITERATURE REVIEWS

Finally, four literature reviews relating to participatory budgeting (two of high quality and two of medium quality) met the inclusion criteria for this REA. While none of these reviews specifically focuses on participatory budgeting as a topic they all relate to the topic from a couple of different perspectives. Three of the reviews look at the broader issue of fiscal openness, including open budgets and transparency and accountability in the budget process, and one review looks at decentralisation of budgeting from the broader perspective of participatory governance. Where the material referenced in these reviews have met the geographical and time criteria for this REA they have also been included as studies of their own.

3.2 MATERIAL ON BUDGET CONSULTATIONS

Whereas participatory budgeting refers to direct citizen participation in planning and budgeting at the local level, budget consultation refers to a looser form of participation (although there can be a fine line between consultative and participatory processes). Only two medium scoring studies on budget consultations, both of them evaluations of pilot projects, passed the selection criteria.

The first study is a medium scoring comparative case study about a project initiated by the Asian Development Bank in Indonesia, Marshall Islands, and Pakistan. In two sites in each of the three countries budget fora were initiated in which the annual budget was discussed openly and subjected to suggestions from the public. The type of decentralised budgeting described in this case, which is called consultative budget planning, is different from participatory budgeting in that the budget fora informed the communities about an already drafted budget as opposed to involving the community in deciding priority projects. The project team chose to focus on consultative budget planning as opposed to participatory budgeting because the political context in the countries - whereby participation is dictated by the central government without political support among local government and local

governments face fiscal constraints – meant that initiating a participatory budgeting process would have likely failed (Asian Development Bank, 2006).

The second study on budget consultations features a World Bank financed intervention in Cameroon on enhancing citizen engagement with budgets. This case study differs in focus from the other studies in which local government budgets are at the centre of the participatory process. Instead, in this case budgets from a whole set of institutions, both local government tiers (regions, divisions and municipalities), and service-delivery points (primary and secondary schools, and health centres) were simplified and disseminated through community meetings as well as posters and radio programmes (Alton and Agarwal, 2013).

3.3 MATERIAL ON GENDER-RESPONSIVE BUDGETING

Gender-responsive budgeting is an approach used to make sure that planning and budgeting is gender neutral and does not over represent the priorities and needs of the male or female population. This approach can take several different forms and can be applied at any level of government. Gender-responsive budgeting usually starts with conducting analysis of whether current budget programmes are gender responsive, i.e., to what extent government policy affects different groups of men and women, as service users and taxpayers (Bosnic, 2015). While decentralisation of budgeting in its various forms as described above means that some decisions are moved from the centre of government closer to the people, that is not directly the case with gender-responsive budgeting. The ministry of finance is still the main decision-maker in this form of budgeting.

The total empirical literature base on gender-responsive budgeting is very small, and only two studies (of lower medium quality) met the inclusion criteria for this REA. One is an evaluation of a multi-country gender-responsive budgeting programme by UNIFEM in Ecuador, Morocco, Mozambique and Senegal. This project had the objective of transforming national-level policy, budget allocations, and processes to reflect principles of gender equality (UNIFEM, 2009). The other study is a meta review which synthesises a set of descriptive case studies on gender budgeting at the central government level in Mozambique, Morocco, India, Uganda, Tanzania, Rwanda, Nepal, Cameroon, Peru and Ethiopia (Budlender, 2009).

4.0 ASSESSMENT OF THE EVIDENCE

The overarching research question for this REA asks what effects the various forms of devolved budgeting have on budget allocation, service delivery, the efficiency of PFM systems, citizen involvement, accountability and anti-corruption. The answer to this question provides a good starting point for deciding whether it is worth engaging in these forms of devolved budgeting. It also constitutes the first building block towards developing a theory of change in regard to citizen involvement in budgeting. However, this research approach cannot effectively give answers to the ‘why’ questions – what exactly was being done, why was it possible, and what steps were taken together (or not) – which would inform us whether it is relevant for a country to consider reform in this area. This is an issue to keep in mind when reading this section.

This section is organised around the abovementioned results components and the evidence is presented separately for the three forms of devolved budgeting: participatory budgeting, budget consultations, and gender-responsive budgeting (where evidence exists). The results table below summarises the findings from this discussion.³

Outcome	Likely impact	Consistency of findings	Quality of evidence	No. of studies
<i>Participatory budgeting</i>				
Budget allocation	Positive	Consistent	High	5
Service delivery	Positive	Consistent	Moderate	3
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Citizen involvement	Positive	Consistent	High	7
Accountability	Positive and negative	Mixed	Moderate	6
Anti-corruption	Positive and negative	Mixed	Moderate	4
<i>Budget consultations</i>				
Citizen involvement	Positive	Consistent	Moderate	2
Accountability	Positive and negative	Consistent	Moderate	2
<i>Gender-responsive budgeting</i>				
Budget allocation	Positive	Consistent	Moderate	2
Efficiency of PFM systems	Positive	Consistent	Moderate	2

4.1 PARTICIPATORY BUDGETING

4.1.1 BUDGET ALLOCATION

The mechanism by which participatory budgeting would lead to pro-poor budget allocation is as follows: through participating in planning and budgeting at the local level citizens have a chance to express their priorities, and if these priorities align with poverty reducing

³ The table presents an assessment of the body of evidence, which is based on a methodology presented in DFID’s *How to Note: Assessing the Strength of Evidence* (DFID, 2014). This methodology is described in Appendix 2.

policies we should see more resources being directed towards benefiting the poor. **There is relatively strong evidence (5 studies) from both quantitative and qualitative research across the regions that participatory budgeting can have a positive effect of budget allocation towards the poor, both in terms of direct benefits to the poor in the form of welfare and pro-poor spending, and more indirectly in the form of increases in health and educational budgets.**

Evidence from the Indian People's Campaign is consistently positive in terms of the impact on pro-poor resource allocation from participatory budgeting. Heller et al (2007), in their analysis of large scale survey data found that the perceived high impact areas of the People's Campaign were in housing to the poor, child services and roads, which indicate pro-poor resource allocation. Their survey also asked respondents to indicate who they thought were the prime beneficiaries of the People's Campaign, by which 89% answered the 'socially and economically disadvantaged'.

Besley et al (2005) examined the same question about the outcome of the People's Campaign using a different methodology. Specifically, they looked at whether having community budget meetings, *Gram Sabha*, affected poor villagers' access to so-called 'below poverty line cards'. The access is influenced by the elected village council and the card gives villagers access to an array of public benefits. They found that marginalised people (illiterate, landless, and those belonging to a scheduled caste/tribe) were significantly more likely to receive these 'below poverty line cards' in villages that practiced participatory budgeting compared to villages that did not organise these community budget meetings. Ananthpur et al (2014) also found, in the context of the People's Campaign that budget increases in the elected village councils led to increases in the implementation of various welfare programmes, such as rural employment schemes.

Findings from the cross-country statistical analysis by Fukada-Parr et al (2011) indicate that an increase in budget participation in a country is associated with an increase in per capita health spending, even when controlling for countries' economic development and applying regional dummies.

While this material shows consistently positive impact on pro-poor resource allocation from participatory budgeting, lessons from the case study on Afghanistan (Beath et al, 2012) tells us that village projects chosen through secret ballot could have produced even better outcomes than participatory budgeting in terms of aligning community spending with needs. The researchers, by randomising whether 250 villages across Afghanistan selected projects by secret-ballot referenda or by consultation meetings, found that referenda reduce the influence of local elites, so-called elite capture, over both project type and location.

Another divergent finding is the idea that it is not the direct planning and budgetary participation by the poor that leads to pro-poor budget allocation but rather the participation of pro-poor political parties and coalitions. Ling and Roberts (2014) refers to research on Mauritius from 2004, which found that the poor in that country, by being represented through a progressive left-of-centre political party, were encouraged to participate in the budgeting process.

4.1.2 SERVICE DELIVERY

There is some evidence that participatory budgeting systems, compared to non-participatory forms of policy making, can have positive impact on service delivery. Also, linked to pro-poor resource allocation and increased budgets in health-related services, there is some evidence of an association between participatory budgeting and positive human development outcomes.

Heller et al (2007) provide some evidence from survey responses in India on the link between participatory budgeting (in the form of the People's Campaign) and improved service delivery. Respondents were asked – referring to a number of categories, including health care, education and roads – whether the quality of services had improved, deteriorated or stayed the same during the five years of the People's Campaign (1996-2001). The findings indicate that a large majority of respondents felt there had been improvement in services, especially in child care, housing for the poor, and roads.

There was no evidence on impact of participatory budgeting on service delivery from the included material on Africa although Speer (2012) refers to a case study from 2000 on bottom-up planning in Uganda which found that participation in the planning process was a necessary, but not sufficient condition for improving the quality of service delivery.

In terms of indirect evidence of improved services, Fukada-Parr et al (2011) found in their cross-country statistical analysis that greater openness in budgeting (higher scores in the Open Budget Index) was associated with lower rates of under-five mortality and increased share of people with access to improved drinking water.

4.1.3 EFFICIENCY OF PFM SYSTEMS

There is relatively sparse evidence in the material of an impact from participatory budgeting on the efficiency of PFM systems. Only two references touch upon the issue: one from sub-Saharan Africa being positive about outcomes from participatory budgeting and one case from South Asia reporting negative outcomes.

Project sustainability was a positive aspect of participatory budgeting reported in the qualitative case study on urban participatory budgeting in Tanzania. The authors state, with reference to the construction of water projects, that participation contributed to project sustainability because communities fully participated in planning and implementation, and because decisions on water pricing based on affordable user fees had been agreed upon by the community (Kihongo and Lubuva, 2010).

In the case of the People's Campaign in India, one paper states that this form of participatory budgeting appears to have been less successful in creating efficient mechanisms for implementing the projects planned by the communities, resulting in some communities having difficulty spending their money (Heller et al, 2007).

4.1.4 CITIZEN INVOLVEMENT

There is relatively strong evidence (7 studies) of a positive association between participatory budgeting and citizen involvement, including increased involvement by women and minority groups. However, evidence also shows that participatory planning and budgeting at the local level can have exclusionary impact on migrants and therefore have negative consequences in highly migratory societies.

In the case of the People's Campaign in India, data from an extensive survey of 858 key respondents across 72 villages showed a widespread perception that associational life had increased during the period of the Campaign in the form of increased levels of activity across different civil society sectors, in particular women's organisations (Heller et al, 2007). Also in the case of India, researchers found evidence that the People's Campaign of participatory budgeting had changed all the elected village councils from being largely dormant to becoming hubs of activity (Ananthpur et al, 2014). The case study on Tanzania also state that community participation improved relations with civil society and brought a new spirit of cooperation in all municipal programmes and projects (Kihongo and Lubuva, 2010). However, in the case of Uganda, the researcher found that those civil society organisations (CSO) that were considered to be critical in the community budget meetings were blacklisted and the ones that participated in the meetings did so in order to be allocated funding (Kasozi-Mulindwa, 2013).

With regard to participatory budgeting's effect on inclusiveness, Besley et al (2005) in their study on the Indian People's Campaign looked specifically at the question of who attends the participatory planning and budgeting village meetings. They found that women and illiterate people were less likely to attend the meetings whereas marginalised groups (scheduled castes/tribes) and the landless were more likely to attend the meetings. By contrast, wealthy and upper castes were less likely to attend the meetings. Based on these findings the authors argue that this participatory budgeting institution provides a political venue for disadvantaged groups but not for women. Subsequent research, however, has challenged these findings (Heller et al, 2007), pointing at evidence that women's relative participation increased over time. These researchers also looked at inclusiveness up the hierarchy of local level budgetary decision-making and found similarly that disadvantaged groups (scheduled castes) were over-represented also at the upper echelons while women represented around 39% of representatives at the middle level and 30% of representatives at the top community decision level (Heller et al, 2007).

Another source of evidence on citizen involvement in the context of the People's Campaign come from answers to the following survey question: 'In your opinion, compared to before the Campaign, did the Campaign and its activities help bring women more into the public arena and empower them in raising development issues?' Fully two-thirds of the respondents answered in the affirmative that there had been a 'drastic change' with representatives of women's organisations choosing this response over 80% of the time. Fewer respondents thought that the People's Campaign had brought about more empowerment for other disadvantaged groups (Heller et al, 2007).

Evidence from Senegal showed that participatory budgeting had allowed women and youth, which traditionally are less involved in local decision-making, to better understand the local planning process and make it possible to place the needs expressed by women among the highest priorities for the community investment plan (Guèye, 2010). Likewise, the case study

from Tanzania showed that increased participation of women and youth in budgetary decision-making and resource allocation created a focus on social services and these groups' employment needs (Kihongo and Lubuva, 2010).

Finally, a cross-country statistical analysis of open budgeting showed a strong and significant relationship between open budgeting (proxied by the Open Budget Index) and two gender equality measures published by the United Nations Development Programme: The Gender Development Index and the Gender Empowerment Measure. The authors concluded that countries that practise more open budgeting also tend to do a better job of ensuring more equal opportunities and outcomes for women and for men, at least insofar as existing metrics can measure this complicated social, political and cultural phenomenon (Fukada-Parr et al, 2011).

While these studies show a consistently positive picture of citizen involvement being induced through participatory budgeting processes, a case study on highly migratory municipalities in South Africa presents a different picture. This qualitative comparative case study found that communities' involvement in budgetary decisions tends to result in 'backward looking programming'; that community members rarely ask for resources to be dedicated to future, potential residents. In addition, given public attitudes towards migrants and a limited knowledge about migration dynamics, officials are less likely to insist that resources be dedicated to an unpopular group of potential residents. In municipalities facing high levels of immigration this means in practice that a large share of the population is excluded from planning and budgeting simply because they were not yet there when consultations took place (Landau et al, 2013). This would obviously constitute a greater problem in cases where community budgeting occurs at longer intervals.

4.1.5 ACCOUNTABILITY

Evidence from six studies on participatory budgeting's impact on accountability and responsiveness is ambiguous, showing both positive and negative impact. Accountability in this regard can be looked at from three different angles: whether or not citizen participation in budgeting has induced accountability in state institutions, including local government, and whether or not the participatory institutions themselves are responsive and accountable. Participatory budgeting's impact on accountability can also be viewed more indirectly, via taxation and improvements in citizen-state relations.

In terms of inducing political accountability through citizen involvement in budgeting, the evidence is mixed. Responses to a large scale survey in India concerning the People's Campaign showed widespread support for the idea that the Campaign had helped make elected representatives more responsive to the needs and opinions of citizens. The research also showed that people had very positive perceptions about an alignment between prioritised projects expressed at community meetings and the final budget decisions (Heller et al, 2007). The authors of the case study on Tanzania also concluded that participatory budgeting has helped induce accountability, both by improving performance of the municipal council in national benchmarking for good governance, but also by increasing accountability of implementing civil society organisation since their projects had been incorporated into the budget and development plans of the municipal council (Kihongo and Lubuva, 2010).

A contrary picture of state accountability as an outcome of participatory budgeting is painted in a case study on Uganda where the researcher found civic participation to be treated as a ritual that had never been taken seriously at neither administrative nor political level (Kasozi-Mulindwa, 2013).

With regard to accountability within the participatory budgeting process, evidence is also mixed. Heller et al (2007) found, from responses to their survey in India, that most people felt that powerful private interests or ruling-party favouritism did not exert significant influence over local project or beneficiary selection. The opposite was true in the case of Afghanistan and Uganda where the researchers found that the local elite dominated the community planning and budgetary meetings (Beath et al, 2015; Kasozi-Mulindwa, 2013).

The final category of accountability concerns citizen-state relations. There is some evidence that participatory budgeting has had a positive impact on people's willingness to pay taxes. As argued in a recent OECD report, taxation engages citizens collectively in politics and leads them to make claims on government. The government is compelled to respond to these citizen demands in order to enhance tax compliance and sustain state revenues. This relationship induces accountability and responsiveness (OECD, 2010, p.17).

The case study on Senegal tells such a story, with many citizens declaring that participatory budgeting has made them more willing to pay their rural taxes because they have more control over the use of their contributions and because they have a monitoring mechanism (Guèye, 2010). The Tanzanian case study even attempts to put a monetary figure on the impact of participatory budgeting, arguing that the accountability that emerged from participatory budgeting was associated with a 53% increase of own source, largely tax-based, revenue between 2002 and 2005 (Kihongo and Lubuva, 2010).

Focusing on budget participation across Asia, Fölscher (2007), however, warns that building trust in government through participation is a double-edged sword.

“If participation fails to deliver real benefits, trust in government can decline. If participation represents mere process without substance, it can entrench poor governance practice and deteriorate the citizen-state relationship.” (Fölscher, 2007, p. 182).

4.1.6 ANTI-CORRUPTION

Four of the included papers touch upon the subject of corruption; whether or not participatory budgeting can help combat it or if, on the contrary, it induces corruption. The material is ambiguous and presents evidence supporting both outcomes.

Positive outcomes are reported from India where a large-scale survey concerning the Indian People's Campaign asked respondent about their perception about corruption; whether it had increased or decreased with the Campaign. A full 74% of respondents had answered 'decreased' (Heller, et al, 2007).

Contrary to this finding, another paper on the People's Campaign – using a mixed methods approach of statistical analysis coupled with anthropological research – found that increases in the budget for community projects led to sharp increases in political competition partly because greater number of community projects increased the scope for corruption. The

research also argues that there was “overwhelming evidence” that local bureaucrats were complicit in processes that appropriated funds from the community construction contracts, and that proceeds were shared between members of the elected community council and officers from the public works department (Ananthpur et al, 2014). The qualitative case study on Uganda provides a similar finding. According to the researcher, interviewees from civil society groups as well as ordinary citizens were of the view that decentralised budgeting represented decentralised corruption to the benefit of political leaders and technical staff (Kasozi-Mulindwa, 2013). This observation is in line with that reached in the case study on Morocco where the researcher found a perception among stakeholders that the additional administrative layer that was created by uniting village association into federations had created a source of rent-seeking and corruption (Bergh, 2010).

4.2 BUDGET CONSULTATIONS

As previously mentioned, only two studies on budget consultations passed the selection criteria (Asian Development Bank, 2006; Alton and Agarwal, 2013). This makes evidence of results from this form of devolved budgeting both sparser and weaker than the more widely researched area of participatory budgeting, and only enough to provide a discussion on some of the results categories from the previous section.

4.2.1 CITIZEN INVOLVEMENT

Neither the report from the Asian nor the African initiative discusses citizen involvement at length although both initiatives organised public fora, which of course required public involvement. In the case of Cameroon, the study noted that low level of attendance in the first round of meetings had been improved through the use of various promotional activities, including drama, a dedicated Facebook page, and media advertisement.

What the reports from both initiatives do emphasise is how the consultations helped create greater citizen awareness, which to some extent can be seen as the precursor of later citizen involvement in budgeting. In the case of Cameroon, the researchers found that public awareness had been raised in a number of budget-related areas, including (1) the importance of budget disclosure and transparency; (2) the role and responsibilities of public institutions (local councils and councillors); (3) the constraints often faced by officials; and (4) the importance of performance indicators and their linkage to expenditures (Alton and Agarwal, 2013). From the pilot initiatives in the three Asian countries (Indonesia, Marshall Islands and Pakistan) the report states that the project helped create greater awareness of the budget process by the public and greater understanding by civil society of the government’s role and function (Asian Development Bank, 2006).

4.2.2 ACCOUNTABILITY

Evidence gathered from stakeholder interviews showed that the Cameroon initiative produced a number of accountability enhancing results. First, by creating fora in which citizens could engage officials on budgetary issues in public and empowering them to raise issues and ask questions, including about unearthed irregularities and waste, the initiative enhanced accountability of public officials. The research also highlights that several public officials – and mayors in particular – reported improved relations with their constituents and increased trust between citizens and themselves as a result of the budget fora. An increased

willingness of parents to contribute to the financing of schools was also observed (Alton and Agarwal, 2013).

The findings from the three Asian countries were also positive in regards to the pilot projects' effect on accountability with government officials having committed to disseminate budget information and hold future consultation fora as a result of the project. According to the report, the projects also gained buy-in from legislators and spurred them to renew their commitment to fulfil their oversight and monitoring functions (Asian Development Bank, 2006).

In the regional meta review on Asia, Fölscher (2010) is less positive about the consultation-accountability nexus, saying that it is unclear from the Asian case material whether consultation with civil society on budget decisions increases accountability of public officials and elected representatives. In fact, she warns that if consultation divides civil society and co-opts scarce civil society capacity, it may actually reduce citizens' ability to hold public structures to account.

4.3 GENDER-RESPONSIVE BUDGETING

With only two studies fulfilling the selection criteria for this REA, the evidence base on gender-responsive budgeting is very small. Nonetheless, the multi-country evaluation of UNIFEM's work in four countries (UNIFEM, 2009) and the description of gender-responsive budgeting across 10 countries (Budlender, 2009) point at some results (albeit weak) that fit under the results categories of 'budget allocation' and 'efficiency of PFM systems'.

4.3.1 BUDGET ALLOCATION

The first results category relates to the main objective of gender-responsive budgeting: to have the priorities of women being reflected in budget allocations. The two studies provide some positive but weak results in this regard.

The evaluation of a UNIFEM gender-responsive budgeting programme in Ecuador, Morocco, Mozambique and Senegal found that a first step to improving women-friendly budget allocation – the creation of gender indicators for evaluating public programmes and policies – had been developed in all four programme countries. To what extent these indicators had actually driven any changes in budget allocation towards women's priorities was not established. The evaluation mentions that real changes in budget allocations had been identified for a few selected areas in the case of Morocco but does not reveal any further details.

In terms of the 10-country meta review,⁴ Budlender (2009) states a few changes in budget allocation that can be attributed to work on gender-responsive budgeting. However, the study does not support these statements with any in-depth analysis or methodological rigor. In Cameroon a gender awareness raising campaign by-and for the government resulted in a budget line being allocated to support women informal cross-border traders, and in Uganda gender-budgeting campaigning resulted in the introduction of 'mama kits' being distributed to ensure safe deliveries in health facilities or at home. Lastly, in Tanzania, some increases in

⁴ Mozambique, Morocco, India, Uganda, Tanzania, Rwanda, Nepal, Cameroon, Peru and Ethiopia.

the allocated budget for water and health at the national level can, according to the author, be attributed to gender-responsive budgeting advocacy campaigns.

4.3.2 EFFICIENCY OF PFM SYSTEMS

There is some evidence from the same two studies that gender issues have been, or are becoming, institutionalised in the budgeting process in a number of ways, which, in this context, links reasonably well to the 'efficiency of PFM systems' result category.

One way in which gender issues have been institutionalised in the budgeting processes is the inclusion of references to gender in the Budget Call Circular Letters, which is the main means by which sectoral ministries are required to include key priorities in their budget submissions.

The UNIFEM evaluation team found that in both Morocco and Mozambique, efforts had been made, over time, first to include gender in the Budget Call Circular Letter and then to improve the focus of these instructions to the sectoral ministries (UNIFEM, 2009). Budlender (2009) also states that a growing number of countries now have Budget Call Circulars or similar documents that require that government agencies, when drawing up their budgets, take gender into account. For example, in India, the Ministry of Finance sent a circular to all ministries and departments making it mandatory for all of them to set up gender budget cells. The cells' responsibilities included identifying the 3-6 largest programmes in terms of budget allocation and analysing these programmes and their sub-programmes from a gender perspective (Budlender, 2009).

Other institutional innovations to get gender issues onto the national budgeting processes have been implemented in different countries. In Ethiopia, all ministries have established departments of Women's Affairs, and this department within the Ministry of Finance and Economic Development has taken the initiative to issue Guidelines for Mainstreaming Gender in the Budget process. Morocco has introduced a gender-responsive policy evaluation which takes the form of annual production of a Gender Report which is presented to parliament alongside the Finance Bill. In Nepal, 13 ministries were required to 'score' the budget allocations for new programmes against five aspects of gender-responsiveness, as well as attach a gender audit report to all programmes or projects exceeding a certain size (Budlender, 2009). The extent to which these institutional innovations were the result of specific interventions with regard to gender-responsive budgeting is not clear.

5.0 DRIVERS OF DECENTRALISED BUDGETING

Whereas the next two sections will provide a lengthy discussion about the barriers and critical conditions needed to successfully undertake and sustain decentralisation of budgeting, this section will discuss some key drivers that appear to have been important for the deliberative process to be successfully initiated. The analysis in this section is only based on five case studies on participatory budgeting that include commentary and analysis about the factors that contributed to the emergence of deliberative budgeting processes, and in some cases also about the factors that have held these processes back from reaching their potential. Three inter-related drivers can be identified from these cases: 1) participatory budgeting emerged as a response to a commonly perceived problem; 2) stakeholders understood the value of participatory budgeting, and 3) societal conditions were favourable to participatory budgeting.

5.1 PARTICIPATORY BUDGETING EMERGED AS A RESPONSE TO A COMMONLY PERCEIVED PROBLEM

Participatory budgeting, or any deliberate political process for that matter, is time consuming and citizens and other stakeholder are unlikely to invest that time for the sake of participation alone if the outcomes are not clear or appealing enough. However, if participatory budgeting is seen as a way of providing a viable solution to a tangible and commonly perceived problem then stakeholders may have an incentive to be engaged in the process. That appears to have been the case in the rural commune of Fissel in Senegal, which has been highlighted as a participatory budgeting success story.

As Guèye (2010) explains, the process in Fissel started when people became aware of their weak participation in local decision making, despite a decentralisation programme having been rolled out three decades earlier. Once the awareness of this problem had been established, the local government and local civil society decided to start a process to help them identify the factors that promoted and inhibited citizen participation in Fissel. The entry point was a citizen forum to assess and improve the impact of decentralisation on Fissel. Participatory budgeting was not one of the initial objectives of this process but became one of the results of the deliberative process. Specifically, following the citizen forum it was decided that a public monitoring and evaluation system should be implemented, and participatory budgeting became a specific action for change under that system. This process took a few years to complete.

Kasozi-Mulindwa's (2013) case study on the Wamala district in Uganda, on the other hand, highlights the absence of an organically developed participatory process and the kinds of problems that may come with a top-down approach to participatory budgeting. In this case, decentralisation of budgeting was part of a broader package of new public management reforms adopted by the central government with the support of donors (and as part of their aid conditionalities), and rolled out in local governments across the country. The problem in this case has been a lack of real implementation of the otherwise good legal framework and guidelines, which has rendered the participatory process hollow: as a box ticking exercise for local government to get money from central levels and for central government to get money from donors. The resulting lack of accountability toward citizens from this top-down approach has also resulted in the system of budgetary transfers to local governments being vulnerable to rent-seeking and abuse.

Similar evidence is put forward by Ananthpur et al (2014) looking at the rolling out of the People's Campaign in the Indian state of Karnataka. While the People's Campaign appears to have been a great success in mobilising citizens, especially the poor, in Kerala from where it originated; in the poorer and less literate state of Karnataka, the deliberative institutions appear to have been co-opted by enduring patron-client informal institutions, which stood in the way of effective citizen mobilisation.

5.2 STAKEHOLDERS UNDERSTOOD THE VALUE OF PARTICIPATORY BUDGETING

If local stakeholders are interested in using participatory budgeting as a mechanism to solve a particular problem, as in the case of Fissel, they need information on the potential value of this process and training in how the process works. Kihongo and Lubuva's (2010) account of participatory budgeting in the urban district of Ilala in Tanzania describes the important role sensitisation of stakeholders played in that case.

The participatory process in the Ilala district was initiated by local government as a way of complying with policies set by the central government. The decision was also made in response to citizens' concerns and in response to local councillors' complaints about top-down budgets and plans that failed to address community priorities. The first attempt to organise participatory budgeting failed due to poorly articulated community priorities and too high expectations of what the process could accomplish. In reaction to this unfavourable outcome, the local government made a large push to train and inform stakeholders, including people in the local government and council, and civil society, and built teams whose responsibility it was to build community awareness and capacity for participatory planning and budgeting. These sensitisation efforts resulted in a great improvement to the participatory process and to the proposed budgets.

This brings us back to the People's Campaign in Kerala. This is arguably the largest top-down participatory planning and budgeting initiative rolled out with all 1,212 local governments in Kerala having been given new functions and decision making powers. The large scale initiative came with a huge mobilisation effort, including a massive training programme of 'key resource persons' at the local and district level that involved over 100,000 people (Heller et al, 2007).

5.3 SOCIETAL CONDITIONS WERE FAVOURABLE TO DECENTRALISED BUDGETING

Three of the case studies provide information about favourable factors that helped the deliberative budgetary process to emerge as a viable option. To what extent these factors could be replicated elsewhere is the million-pound question that unfortunately is not discussed in these pieces of literature.

The large People's Campaign in Kerala, according to Heller et al (2007), while being a result of a long history of broad-based demands for democratic reform emanating from many quarters, was only made possible by an incidental alignment of political and societal forces that reached a critical political mass right after the election of a coalition of left parties in 1996.

Decentralisation of budgeting processes

In the case of Fissel, Guèye (2010) argues that contextual factors contributing to the successful implementation of participatory budgeting included the presence of a strong civil society, which had developed over decades, good relationships between civil society and the council, which also had a long tradition of collaboration, and the council president's personal experiences in rural development and open mind to participatory processes. A local radio station was also deemed an essential tool for information dissemination.

The authors of the Tanzania case study, Kihongo and Lubuva's (2010), argue that important to the success of that case was a conducive national political and administrative context; a favourable local social and economic context (whereby people's housing situation had stimulated a community spirit); extensive support from a wide range of institutions (including different types of civil society organisations, political parties and the media) and a flexible, innovative, and persistent process that achieved greater success through trial and error.

6.0 FACTORS CONTRIBUTING TO EFFECTIVE DECENTRALISATION OF BUDGETING

The studies included in this REA identify a number of factors seen to be contributing to effective decentralisation of budgeting. These factors are summarised in the table below and subsequently discussed per type of devolved budgeting.

Success factor	Consistency of findings	Quality of evidence	No. of studies
<i>Participatory budgeting</i>			
Political buy-in from central and local government	Consistent	Moderate	6
Strong local level organisations and supportive civil society	Consistent	Moderate	4
Favourable regulatory environment	Inconsistent	Moderate	3
Budget transparency	Consistent	Moderate	2
<i>Budget consultations</i>			
Political buy-in from central and local government	Consistent	Moderate	2
Buy-in from civil society organisations and media	Consistent	Moderate	1
Favourable regulatory environment	Consistent	Moderate	1
<i>Gender-responsive budgeting</i>			
Presence of gender advocates in central government	Consistent	Moderate	1

6.1 PARTICIPATORY BUDGETING

6.1.1 POLITICAL BUY-IN FROM CENTRAL AND LOCAL GOVERNMENT

Having political buy-in for participatory budgeting at central and local level is highlighted in six studies as an important factor for ensuring successful and sustainable practice in this area.

The conclusions from the research on participatory budgeting in Senegal emphasise the necessity of ensuring commitment by central and local government, not only as active participants in the process but also for presenting participatory budgeting as a real political option as opposed to a simple exercise (Guèye, 2010). The case of participatory budgeting in Tanzania likewise concludes that its success depended on having political will from the central government for civic involvement at the central and local level of government (Kihongo and Lubuva, 2010). Lack of political buy-in at all levels of government to effectively implement participatory budgeting is also emphasised as the main reason why the process has not reaped the intended results in the case of Uganda (Kasozi-Mulindwa, 2013).

Sources of political will in this respect can be seen as deriving from specific characteristics of a politician, including personality, leadership skills, and personal ideology, as well as the attitude of the municipal government toward the inclusion of civil society (Speer, 2012). The author of the case study from Morocco emphasises the role of the community leader's

energy and ideological beliefs as decisive in ensuring results from participatory processes (Bergh, 2010). Speer (2012) also adds that participatory budgeting is more likely to be supported by politicians at any level if they perceive that there are benefits coupled with the process, including improved relationships with community representatives, and a greater chance of being re-elected. The existence of political will for participatory budgeting is also conditioned upon the historical and institutional legacies of a location, including the history of democratic opening, the existence of functioning state institutions, and a history of civil society action (Carlitz, 2013), as well as electoral party system, the degree of political decentralisation, and size of jurisdiction (Speer, 2012).

6.1.2 STRONG LOCAL LEVEL ORGANISATIONS AND SUPPORTIVE CIVIL SOCIETY

Four studies make a case for why having a strong counterpart to the government, in the form of village associations, civil society organisations, and other grass-roots organisations, helps ensure positive results from participatory budgeting.

Apart from ensuring political will; for participatory budgeting to work, civil society actors need to be willing and able to contribute to the process. Structural conditions at the local level – such as the number of civil society organisations, the strength of the ties between them, and the existence of trust – can affect both the capacity and motivation of civil society to participate in budgeting processes and thereby affect the chances of successfully implementing participatory budgeting (Speer, 2012). The global literature review by Carlitz (2013) also talks about strong horizontal alliances made up by local level organisations as being a condition for success as these alliances can unitedly stand up to governments as well as mobilise resources and capacity.

The latter point was emphasised in the case study on Tanzania where a rich variety of community-based organisations with experience in participatory processes lent their support to the district budgeting process. Civil society helped identify and prioritise community concerns, mobilised community resources, and contributed with information and advocacy skills; faith-based organisations helped build consensus across religious lines, and local political party organisations helped build consensus across political lines (Kihongo and Lubuva, 2010). Having strong and well-structured local organisations was also mentioned in the case study on Senegal as a necessary element for having successfully carried out the deliberative process in that setting (Guèye, 2010).

6.1.3 FAVOURABLE REGULATORY ENVIRONMENT

Three studies discuss having civic participation in budgeting instituted by law. However, the evidence is mixed regarding the likely impact from having a legal framework for participatory budgeting.

The case study on Tanzania mentions that the successful introduction of participatory budgeting in that setting was partly due to favourable regulatory environment where numerous laws already existed that required citizen participation in policy and budgeting processes (Kihongo and Lubuva, 2010). The case study on Uganda, however, argues that the laws on local level participation in budgeting were not organically developed in Uganda but rather imposed through donor conditionality. The consequent lack of political ownership has meant that the legal framework is not effectively enforced. Instead, according to the author, the local government manipulates the process to ensure that central government continues

to remit funds to the district, and the central government uses the same strategy to convince donor partners that Uganda is successfully implementing the reforms and that citizens are involved in decision-making that concern them (Kasozi-Mulindwa, 2013).

Finally, as argued in the regional meta-review on Asia, a lack of legal framework for participation in budgeting, while being a potential burden if the local government is dependent on centrally generated or collected revenues, does not have to disable the participatory initiatives at the local level (Fölscher, 2007).

6.1.4 BUDGET TRANSPARENCY

Two of the included studies pay attention to budget transparency as a factor contributing to successful participatory budgeting, pointing at budget transparency's role for inclusiveness as well as for contributing to enhanced accountability.

The case study on Uganda emphasises the value of budget transparency for accountability. The author argues that because information concerning the district budget had not been made available to the participants in the community meetings in a timely manner, the available information about the budget could not be effectively used to demand answers from political leaders (Kasozi-Mulindwa, 2013). The regional meta-review on sub-Saharan Africa, in turn, claims that civic participation in budgeting is hampered by the lack of budget transparency, which in turn, boils down to a lack of capacity at the various institutions. Local governments lack the capacity to prepare the accounts and enforce fiscal discipline, and central government institutions lack the capacity to follow up on audit recommendations in a timely and comprehensive manner (Shall, 2007).

6.2 BUDGET CONSULTATIONS

6.2.1 POLITICAL BUY-IN FROM CENTRAL AND LOCAL GOVERNMENT

The two studies which forms the analytical base for budget consultations both emphasise the importance of having political buy-in for the budget consultation process to be effective.

The comparative case study of the three-country consultation pilots in Asia points to the importance of political willingness of the head of government to enable and consider input into the budget process. Political will at the centre of government that sets the tone and provide an overarching supportive environment for budget consultation is also necessary for dismantling any resistance at the lower level of bureaucracy. Based on this finding the authors recommend that donors should focus such budgeting projects on sites with willing political counterparts to develop viable models for budget consultation that can be used to persuade other local governments of the benefits of opening the budget process to the public (Asian Development Bank, 2006).

The case study on the sub-national budget consultations in Cameroon likewise emphasises the importance of political buy-in. However, it found that the key to sustainability of the kind of budget consultation intervention that was practiced in Cameroon lies in a combination of pressure from the top and the bottom as well as the existence of a number of dedicated officials motivated to keeping the process alive. Pressure from the top, in this

context, meant having the district governors on-board who would communicate to officials down the administrative hierarchy. Pressure from the bottom, on the other hand, meant establishing partnership with lower-ranking officials employed in line ministries who both had intimate knowledge of the service delivery points whose budgets were publically disseminated, and authority to nudge them to effectively participate in the budget transparency processes (Alton and Agarwal, 2013).

6.2.2 BUY-IN FROM CIVIL SOCIETY ORGANISATIONS AND MEDIA

The Asian pilot initiative on budget consultations specifically targeted a broad range of civil society organisations in each country to be part of the budget consultations. In the first phase of the project, before the open public budget consultation meetings took place, between 55 and 72 civil society organisations per country received training on the budget process, including how to conduct budget analysis. These organisations were then invited to participate in the budget consultation meetings. This is the context which the report from the initiative refers to when it emphasises the importance of finding willing and capable civil society partners for this kind of initiative. It goes as far as to say that in designing such initiatives, site selection should be biased toward areas where civil society has capacity and interest to engage in budget consultations. The report also argues for harnessing media's role in budget consultations; finding willing and capable journalists for budget-related training and inviting them to cover the budget consultations (Asian Development Bank, 2006).

6.2.3 FAVOURABLE REGULATORY ENVIRONMENT

Finally, the report that was written following the Asian pilot budget consultations argue that having a legal framework in place that supports budget transparency can be very useful for successfully implementing budget consultations. It can be useful in clarifying for officials what information can be shared with the public, as well as to refer to when requesting access to budget information. The authors add that while the existence of a legal framework does not necessarily mean that it will be effectively implemented, it becomes difficult for officials to refuse to implement transparency provisions once discrepancies between law and practice become the subject of public debate (Asian Development Bank, 2006).

6.3 GENDER-RESPONSIVE BUDGETING

6.3.1 PRESENCE OF GENDER ADVOCATES IN CENTRAL GOVERNMENT

Positioning gender advocates in central government was identified in the UNFEM multi-country evaluation as a factor contributing to the success of gender-responsive budgeting. The evaluation team noted that the most effective approach was to have gender and planning/finance remits combined institutionally, illustrated by the Gender Units in finance ministries in Morocco and the gender focal point in a sector-level planning and finance department in Senegal (UNIFEM, 2009).

7.0 BARRIERS TO EFFECTIVE DECENTRALISATION OF BUDGETING

The material also identified a number of critical barriers for effective decentralisation of budgeting. These barriers are summarised in the table below and subsequently discussed for each type of devolved budgeting.

Barrier to success	Consistency of findings	Quality of evidence	Number of studies
<i>Participatory budgeting</i>			
Political capture of the participatory process	Consistent	High	4
Lack of sub-national level autonomy	Consistent	Moderate	2
Lack of capacity and understanding among stakeholders	Consistent	Moderate	3
Cultural and other barriers for civic engagement	Consistent	Moderate	3
Lack of resources to promote and sustain participatory processes	Consistent	Moderate	4
<i>Budget consultations</i>			
Lack of understanding and motivation among stakeholders	Consistent	Moderate	1
<i>Gender-responsive budgeting</i>			
Short time horizons for donor support	Consistent	Moderate	1

7.1 PARTICIPATORY BUDGETING

7.1.1 POLITICAL AND ELITE CAPTURE OF THE PARTICIPATORY PROCESS

For participatory budgeting to result in policies and projects that reflect the priorities and needs of ordinary people, the voices of these people should not be overpowered by those constituting the political elite. Elite capture is, however, a barrier that has been observed in four of the included studies.

In the case of the Indian ‘People’s Campaign’ Ananthpur et al (2014) found that traditional informal local level institutions, or power houses, have found ways to interface with the constitutionally mandated elected village council that is part of the participatory budgeting process. They found that the entrenched elite not only tried to influence who contested the village council elections, but also influence what community budgeting decisions were made. This parallel power house also made the task of mobilising poor, illiterate citizens very challenging.

The case study on Afghanistan also highlighted elite capture as a barrier for reaping the benefits from participatory budgeting. Specifically, they found that members of the elite had more influence than other attendees in the selection of projects in 98% of meetings, and in 35% of meetings they fully determined the choice over the final project (Beath et al, 2015). The case study on Uganda tells a similar story, in that budget conferences were dominated

by political leaders and used to communicate the agendas of these people as opposed to being a mechanism for collecting input from participants to inform budget decisions. (Kasozi-Mulindwa, 2013). Elite capture was also found in the Moroccan case whereby the federalisation of village associations was seen to have been captured and monopolised by a small political elite who used their positions to further their political interest by giving financial help to those village associations whose presidents were political allies (Bergh, 2010).

Related to the issue of elite capture is how systems based on patronage can act as barriers to effective participatory budgeting. The drivers of politics in a country (policy or patronage) is an important enabling/disabling factor in citizen-centred planning and budgeting, as explained by Fölscher (2007, p.183):

“If the political system is based on patronage and the politics of identity, the risk of government-based participation systems becoming instruments within that system is great. If politics are more closely related to policy issues, there is a greater likelihood the state will be interested in genuine participation.”

Regardless of political system, we should remember that participatory budgeting is never a neutral political act but always a form of competitive institution building in the way that it challenges existing state structures and the power relations that they embody, as argued by Goldfrank (2006, p.2), and cited in Carlitz (2013, p.8). The author adds that this runs contrary to what many development agencies seem to suggest by presenting participatory budgeting as part of a ‘toolkit’ for development.

7.1.2 LACK OF SUB-NATIONAL LEVEL AUTONOMY

There may be various fiscal and policy challenges at the central and local level to overcome when implementing participatory budgeting initiatives in which communities have direct input into decisions about national development funds. First is the lack of policy and fiscal autonomy at the sub-national level, which two studies write about. **If sub-national governments have little autonomy, participation initiatives are unlikely to take hold unless the local government has access to external sources of funding or can use the participatory mechanism to generate more of their own resources for greater autonomy** (Fölscher, 2007). Likewise, if development funds to be used for participatory budgeting are too small to provide significant support for community projects, participation from the communities may just lead to frustration as their priority projects go largely unfunded. On the other hand, if funds are sufficient but are being underspent, local level governments may need both assistance and incentives to effectively spend the development funds (Asian Development Bank, 2006).

One of the conclusions reached from the budget initiative piloted in the three Asian countries was that initiating budget consultations may be a good starting point in places facing these kinds of fiscal challenges before embarking on fully fledged participatory budgeting programmes (Asian Development Bank, 2006).

7.1.3 LACK OF CAPACITY AND UNDERSTANDING AMONG STAKEHOLDERS

Three studies, all on sub-Saharan Africa, highlighted the lack of capacity among stakeholders in the budgeting process as a serious barrier to the successful implementation and sustainability of this type of citizen-based policy-making.

The regional meta-review of sub-Saharan Africa pointed out that each of the seven countries reviewed had cited the lack of capacity of councillors, municipal officials, and citizens as the most serious impediment to civic participation in planning and budgetary processes (Shall, 2007).

Citizens, especially the poor, are often not aware of their right to participate, and lack an understanding and awareness of policy-making and budgetary processes. As a result, the budget-making processes involve mainly the elite. In addition, the technical language used to discuss the budget is often beyond comprehension of both councillors and the people they represent, which means that they are excluded from participating effectively in the budgetary processes (Shall, 2007). Similar constraints were found in the case studies on Senegal and Uganda where both authors note that the low educational level of councillors limit their capacity to record information at the meetings and disseminate this information in their villages. This, in turn limits the effective participation by citizens in the budgeting process (Guèye, 2010; Kasozi-Mulindwa, 2013).

Shall (2007) also found that in most of the seven reviewed countries in sub-Saharan Africa, the roles and responsibilities among stakeholders in the budgetary process were not clearly understood, in particular the distinction between the roles of councillors and officials. As a result, officials made decisions that should have been made by the elected councillors, and in so doing, used the councillors as rubber stamps. In addition, some councillors ignored what came up through the participatory process and instead put forward the issues that suited them personally.

7.1.4 CULTURAL AND OTHER BARRIERS FOR CIVIC ENGAGEMENT

Three studies touch upon types of cultural barriers that impede of the successful implementation of participatory budgeting.

Ananthpur et al (2014) found, using an anthropological research method, that people in the rural northern Indian context were alienated from local governance systems and reluctant to engage, and were only willing to participate if it brought them tangible benefits.

Shall (2007), looking across seven countries in sub-Saharan Africa, found that civic participation in some of these countries is viewed with suspicion, like in Zimbabwe, where elected officials view civic groups with suspicion. In other cases, there is a lack of trust in the process, like in Zambia, where citizen attendance at community planning and budgeting meetings is low due to lack of confidence in the local authorities.

In the case of Senegal, the researcher found that, despite progress with participatory budgeting, traditional resistance to some aspects of the process persists, especially to the empowerment of women (Guèye, 2010).

7.1.5 LACK OF RESOURCES TO PROMOTE AND SUSTAIN PARTICIPATORY PROCESSES

Four studies point at the lack of financial resources available as a barrier to successfully implement and sustain participatory budgeting. Speer (2012) states that several studies have found that citizen representative's capacity to participate can be constrained by a lack of economic resources and access to information. Shall (2007) in the regional meta-review on sub-Saharan Africa mentions the cost of organising meetings and transporting citizens to these meetings, and the cost of effectively disseminating information to citizens, as constituting real impediments for participatory budgeting. The researcher of the Uganda case study, for example, found that out of 21 sub-counties that were supposed to have attended a budget conference, only five attended because of poor and untimely communication (Kasozi-Mulindwa, 2013). The case study on Senegal noted that the way forward would be to provide enough funds for the participatory budgeting process in the local government budget, while the long-term solution would be to earmark central funds to communities that have adopted participatory budgeting, which also would encourage more local authorities to adopt the process (Guèye, 2010).

7.2 BUDGET CONSULTATIONS

7.2.1 LACK OF UNDERSTANDING AND MOTIVATION AMONG STAKEHOLDERS

In terms of barriers to successfully implement and sustain budget consultations, the report about the Asian pilot budget consultations mentions a lack of understanding among both councillors and civil society actors, as well as a lack of motivation among civil society.

Councillors in some settings, they noted, had little understanding of their role in development planning, monitoring of development projects, establishing transparent and participatory mechanisms for service delivery, and holding the executive accountable for any performance deficit. In addition, civil society actors did not necessarily understand why they should be involved in the budget process instead of just entrusting the government to do it, and also lacked the capacity to undertake budgetary work. In Pakistan, the researchers found the dominant environment among civil society to be one of apathy, helplessness, and lack of initiative based on an assumption that no efforts on their part would make a difference (Asian Development Bank, 2006).

7.3 GENDER-RESPONSIVE BUDGETING

7.3.1 SHORT TIME HORIZONS FOR DONOR SUPPORT

The Budlender (2009) 10-country meta-review on gender-responsive budgeting noted that virtually all the initiatives on gender-responsive budgeting in these countries had been funded and driven, to a greater or lesser extent, by donor agencies. The study also noted that some donor support was programmed to last for only a few years while the timeframe needed to initiate and sustainably institutionalise gender-responsive budgeting is much longer. An example from Rwanda illustrates this problem. Once the two-year DFID project came to an end and the long-term external expert's contract ended, the initiative came to an end. Two years of implementation were not enough to achieve institutionalisation (Budlender, 2009).

8.0 CONCLUSION

The size of the total body of evidence that corresponds to the inclusion criteria, both in terms of substance and quality, is 20 studies. The vast majority of these studies concern participatory budgeting with very little material available on budget consultations and gender-responsive budgeting. As such, there is a relative abundance of evidence on participatory budgeting on which to base considerations for future programming.

The available evidence presented here in relation to budget consultations and gender-responsive budgeting is too sparse to offer any substantial guidance on how to design related interventions. We would suggest investing in some additional research into these two areas (see section 8.1). Especially useful would be to conduct studies that drew on inside material from donor projects in these areas, preferably using material from across a number of donors.

Below is a summary of the **evidence on outcomes from participatory budgeting**.

Budget allocation: There is relatively strong evidence (6 studies) from both quantitative and qualitative research across the regions that participatory budgeting can have a positive effect of budget allocation towards the poor, both in terms of direct benefits to the poor in the form of welfare and pro-poor spending, and more indirectly in the form of increases in health and educational budgets.

Service delivery: There is some evidence (3 studies) that participatory budgeting systems, compared to non-participatory forms of policy making, can have positive impact on service delivery. Also, linked to pro-poor resource allocation and increased budgets in health-related services, there is some evidence of an association between participatory budgeting and positive human development outcomes.

Efficiency of PFM systems: There is relatively sparse evidence of an impact from participatory budgeting on the efficiency of PFM systems. Only two references touch upon the issue: one case being positive about outcomes from participatory budgeting and another case reporting negative outcomes.

Citizen involvement: There is relatively strong evidence (7 studies) of a positive association between participatory budgeting and citizen involvement, including increased involvement by women and minority groups. However, evidence also shows that participatory planning and budgeting at the local level can have exclusionary impact on migrants and therefore have negative consequences in highly migratory societies.

Accountability: The evidence on participatory budgeting's impact on accountability and responsiveness is mixed, showing both positive outcomes (3 studies) and negative outcomes (2 studies).

Anti-corruption: Four of the included papers touch upon the subject of corruption; whether or not participatory budgeting can help combat it or if, on the contrary, it induces corruption. The findings are mixed and present evidence supporting both positive outcomes (1 study) and negative outcomes (3 studies).

A small number (5) of the participatory budgeting case studies provide analysis of the **drivers of decentralised budgeting**. Three inter-related drivers can be identified from these cases: 1) participatory budgeting emerged as a response to a commonly perceived problem; 2) stakeholders understood the value of participatory budgeting, and 3) societal conditions were favourable to participatory budgeting.

A larger number of studies also identify a number of **factors contributing to effective participatory budgeting**:

- Having political buy-in for participatory budgeting at central and local level is highlighted in six studies as an important factor for ensuring successful and sustainable practice in this area.
- Four studies make a case for why having a strong counterpart to the government, in the form of village associations, civil society organisations, and other grass-roots organisation, helps ensure positive results from participatory budgeting.
- Three studies mention having civic participation in budgeting instituted by law but the verdict whether this is a condition for success or not is still out there.
- Two of the included studies pay attention to budget transparency as a factor contributing to successful participatory budgeting, pointing at budget transparency's role for inclusiveness as well as for contributing to enhanced accountability.

Finally, the studies identify a number of **barriers for effective participatory budgeting**:

- For participatory budgeting to result in policies and projects that reflect the priorities and needs of ordinary people, the voices of these people should not be overpowered by those constituting the political elite. Elite capture is, however, a barrier that has been observed in four of the included studies.
- If sub-national governments have little autonomy, participation initiatives are unlikely to take hold. This is discussed in two studies.
- Three studies highlighted the lack of capacity among stakeholders in the budgeting process as a serious barrier to the successful implementation and sustainability of this type of citizen-based policy-making.
- Three studies touch upon types of cultural barriers that impede successful implementation of participatory budgeting.
- Four studies point at the lack of financial resources available as a barrier to successfully implement and sustain participatory budgeting.

8.1 IMPLICATIONS FOR PRACTICE

There is a relative abundance of studies on participatory budgeting and most of them are positive about the outcomes from these kinds of processes. Still, there are two critical issues that ought to be acknowledged in light of the evidence presented here.

The first is that we still know very little about whether a successful participatory budgeting process developed in one context is likely to be as impactful when set in another context. While the sections in this REA that focus on the drivers of decentralised budgeting, the

conditions enabling success, and on the barriers for success touch upon this issue, the broad and synthesising approach of the REA cannot go into enough detail to effectively address the real ‘why’ questions: what exactly was being done, why was it possible, and what steps were taken together (or not). Concepts like ‘political will’ and ‘strong regulatory environment’ which these sections highlight, while useful, still harbour a lot of vagueness and can encompass a range of issues and dynamics. In the absence of clear answers to these ‘why’ questions we cannot say much about whether it is relevant for a country to consider reform in this area, much less what they should do to attain the potential benefits attributed to participatory budgeting.

In the absence of these insights, there is a risk of institutional mono-cropping, or isomorphic mimicry, whereby institutions are copied from contexts where they work to contexts where they do not work because not enough was known about why the institution worked in the original setting and whether the critical factors were present in the context to which the institution was transferred. The Ugandan case study included in this REA (Kasozi-Mulindwa, 2013) is an example of this, whereby the participatory budgeting institution, according to the researcher, was not much more than an empty shell and a box to tick for local as well as central government to fulfil other political objectives.

An approach forward in this regard could be to use this REA as a starting point for building a theory of change to guide practitioners to understand how to collect and use information to determine how best to structure and roll out these participatory budgeting processes in a particular context. More empirical research that would focus specifically on the abovementioned ‘why’ questions would be needed to develop such a theory of change.

The second critical issue that should be mentioned in light of the evidence on outcomes presented in this REA concerns methodological challenges in determining causation. As argued by Speer (2012, p.2383):

“a number of methodological challenges complicate measuring the causal link between participatory governance and outcomes. These challenges increase along the causal chain, which is reflected in the literature with some evidence being available on government responsiveness, less on service quality, and almost nothing on well-being.”

To mention a few examples; the evidence from the literature is relatively strong about participatory budgeting being associated with pro-poor budgeting. However, pro-poor budgets may arise because of economic growth and resulting increase in public resources, making it more likely that authorities would allocate resources for pro-poor spending. Likewise, with regard to a link between participatory budgeting and increased citizen involvement, this causation could equally run the other way whereby an increase in civil society activity could increase demand for participatory budgeting. When the available evidence is not strong enough to determine cause and effect, we might see past factors that are critical for positive outcomes to occur in relation to participatory budgeting.

In order to effectively address this issue, a next step for DFID to take could be to use this REA as a stepping stone to commission studies that produce more evidence on the causal chain and direction of causation with regard to participatory budgeting and outcomes of interest.

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Heller, P.H., Harilal, K.N. & Chaudhuri, S. (2007). 'Building Local Democracy: Evaluating the impact of decentralization in Kerala, India'. *World Development*, 35(4), 626-648.

Kasozi-Mulindwa, S. (2013). *The process and outcomes of participatory budgeting in a decentralised local government framework: a case in Uganda*. Doctoral thesis, University of Birmingham, Birmingham.

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APPENDIX 1: SUMMARIES OF HIGH AND MEDIUM QUALITY STUDIES

PARTICIPATORY BUDGETING

SINGLE AND COMPARATIVE CASE STUDIES

Ananthpur, K., Malik, K., & Rao, V. (2014) *The Anatomy of Failure: An Ethnography of a Randomized Trial to Deepen Democracy in Rural India*. Policy Research Working Paper. Washington, D.C.: World Bank.

This paper analyses the impact of a participatory budgeting model in the context of the Indian state of Karnataka. The authors evaluate the participatory model using a mixed-method design which combines quantitative time series analysis of household survey data with ethnographic methods. The quantitative results, at best, show very weak evidence of both positive and negative impacts of the intervention on a very small number of outcomes. The qualitative results subsequently unearth a set of barriers to effective implementation of the participatory model, some political and some cultural.

Beath, A., Christia, F. & Enikolopov, R. (2015). *Direct Democracy and Resource Allocation: Experimental Evidence from Afghanistan*. MIT Political Science Department Research Paper No. 2011-6.

This study compares the impact of participatory budgeting versus direct democracy at the sub-national level in Afghanistan; more specifically whether direct democracy is an effective tool in reducing elite capture over allocation of public resources. Using a RCT research design the authors find that budgetary allocation decisions made through consultative procedures grant more influence to elites over the type and location of projects relative to directly democratic procedures (secret ballot vote), and that elite influence over allocation decisions lowers general satisfaction with the local leadership and worsens economic perceptions.

Bergh, S. I. (2010). *Assessing Local Governance Innovations in Morocco in Light of the Participatory Budgeting Experience in Brazil: The Case of "Civil Society" Federations (Espaces Associatifs) in Al Haouz Province*. *Journal of Economic and Social Research*, 12(1), 113-138.

This case study from the Al Haouz province in Morocco illustrates the challenges for interventions that attempt to improve local governance arrangements by setting up new structures and processes. It looks at two generations of participatory budgeting reforms, the first one being small in scale and relatively organically developed from the bottom up, albeit receiving external financial aid, and the second one replicating the participatory structures across a large number of locations in a relatively top-down fashion. The authors found a number of negative outcomes coupled with the second generation extension of the reform.

Besley, T., Pande, R., & Rao, V. (2005). *Participatory Democracy in Action: Survey Evidence from South India*. *Journal of the European Economic Association*, 3(2-3), 648-657.

This paper concerns the impact of Gram Sabha meetings in India: a sub-national participatory mechanism which aims to encourage political participation among the poor and improve the quality of governance. The authors exploit a large household and village survey of local governments in four South Indian states and find that Gram Sabha meetings are disproportionately used by some of the most disadvantaged groups in the village, and that outcomes from the participatory mechanism favour less advantageous groups.

Guèye, B. (2010). Participatory Budgeting in Fissel, Senegal. In M. McNeil, & C. Malena (Eds.), Demanding Good Governance: Lessons from Social Accountability Initiatives in Africa (pp. 29-52). Washington, D.C.: World Bank.

This book chapter presents the case of participatory budgeting in Fissel, Senegal. Among the outcomes of the initiative are increased citizen involvement, especially by social groups traditionally less involved in local decision making, greater willingness among people to pay rural taxes as the participatory mechanism gives them more control over the use of their contributions, and a proliferation of similar participatory mechanisms throughout the region.

Heller, P.H., K.N. Harilal and S. Chaudhuri. (2007). Building Local Democracy: Evaluating the impact of decentralization in Kerala, India. World Development, 35(4), 626-648.

This paper concerns the Kerala initiative 'the People's Campaign for Decentralized Planning', which represents the most ambitious and concerted state-led effort to build local institutions of participatory democratic governance ever undertaken in India. Analysing a substantial number of key respondent interviews with people from different stakeholder categories, the authors find a number of positive outcomes attributed to the Campaign in Kerala, including improved service delivery, evidence of pro-poor budgeting, improved citizen involvement and 'voice', and improved accountability.

Kasozi-Mulindwa, S. (2013). The process and outcomes of participatory budgeting in a decentralised local government framework: a case in Uganda. Doctoral thesis, Birmingham: University of Birmingham.

This PhD thesis concerns the processes and outcomes of participatory budgeting in Uganda and is based on a single case study of the Wamala District Local Government. Based on extensive fieldwork it provides a rather damning account of how participatory budgeting is carried out in practice, albeit from a well designed regulatory framework. The author provides detailed analysis of the main barriers to successful implementation of participatory budgeting in the Ugandan context, including political factors, lack of resources, lack of capacity, inherent cultural norms and values, and unintended consequences of donor support.

Kihongo, R. and Lubuva, J. (2010). Civic Participation in Policy and Budgetary Processes in Ilala Municipal Council, Tanzania. In M. McNeil & C. Malena (Eds.), Demanding Good Governance: Lessons from Social Accountability Initiatives in Africa, World Bank, 59-70

This book chapter presents the case of participatory budgeting in the urban setting of the Ilala Municipal Council in Tanzania and looks at the years between 2001 and 2005. According to the authors, the successful introduction of participatory budgeting in this context hinged on extensive, continual awareness raising and training on the use of participatory mechanisms and planning and budgeting tools directed at all parties in the process, including civil society.

Landau, L. B., Segatti, A., & Misago, J. P. (2013). Planning and Participation in Cities that Move: Identifying obstacles to municipal mobility management. Public Administration and Development, 33(2), 113-124.

This paper looks at the effects of participatory planning on policies in regions that face high level of immigration and urbanisation. Using qualitative research methods on four South African municipalities the authors find that participatory planning and budgeting creates political dynamics at the local level that do not sit well with a highly mobile population.

Specifically, they find that participatory planning at the local level creates incentives for excluding the interests of migrants and discouraging officials from planning for them.

REGIONAL META-REVIEWS

Fölscher, A. (2007b). Participatory Budgeting in Asia. In A. Shah (Ed.), Participatory Budgeting (pp. 157-188). Washington, D.C.: World Bank.

This book chapter describes various approaches to participatory budgeting at the subnational level in five Asian countries: Bangladesh, India, Indonesia, the Philippines, and Thailand. The author describes the political context in which participatory governance has emerged in the Asian countries, describes a number of initiatives that have materialised in the five countries, and offers an analysis around the factors conducive for success and failure of participatory budgeting in the Asian context.

Shah, A. (2007). Sub-Saharan Africa's Experience with Participatory Budgeting. In Shah, A. (Ed.), Participatory Budgeting. World Bank. 191-222.

This book chapter explores approaches to participatory budgeting by subnational governments in seven African countries: Kenya, Mozambique, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. The review synthesises a series of case studies commissioned by the World Bank on the experience of participatory budgeting in each of these countries. Based on these cases the author concludes that participation in budgetary processes, while still relatively new in most of the countries, has had some positive impact including, improved budgetary allocation and improved relationships between citizens and local authorities. The author also discusses a number of barriers for success, such as the lack of awareness and capacity among stakeholders in the participatory process.

CROSS-COUNTRY STATISTICAL ANALYSIS

Fukuda-Parr, S., Guyer, P. & Lawson-Remer, T. (2011). Does Budget Transparency Lead to Stronger Human Development Outcomes and Commitments to Economic and Social Rights? Washington, D.C.: World Bank.

Using cross-country regression analysis, the authors of this paper explore the relationship between the quality of the budget process (measured by the Open Budget Index) and various human development outcomes. The authors find their budgetary quality indicator to correlate with lower under-five mortality rates, greater share of the population with improved water access, increased per capita health spending, and greater gender equality.

GLOBAL LITERATURE REVIEWS

Carlitz, R. (2013). Improving Transparency and Accountability in the Budget Process: An Assessment of Recent Initiatives. Development Policy Review, 31(Special Issue: The Impact and Effectiveness of Transparency and Accountability Initiatives), s49-s67.

This paper provides a review of the literature concerning budget-related transparency and accountability initiatives. The author, while finding a number of results attributed to openness in budgeting, stresses that there is no single recipe for creating a successful initiative to enhance transparency and accountability in the budget process. The author singles out a few factors which appear to coincide with successful initiatives, including horizontal and vertical alliances between stakeholders. The author argues for more rigorous research on the topic seeing that many of the assumptions underlying donor support for

budget-related transparency and accountability initiatives have yet to be proven satisfactorily.

de Renzio, P., & Wehner, J. (2015). The Impacts of Fiscal Openness: A Review of the Evidence. Available at SSRN: <http://ssrn.com/abstract=2602439> or <http://dx.doi.org/10.2139/ssrn.2602439>

This paper provides a review of the impacts of fiscal openness interventions in 38 empirical studies published between 1991 and 2015. Of these, 14 relate to participation in budgetary decisions while the rest investigate the effects of variables related to fiscal transparency. The authors provide a discussion around the quality of the evidence base concerning impacts from fiscal openness interventions, concluding that only a handful of studies identify causal effects. However, this small number of high quality studies find that fiscal transparency or participation in budgeting have desirable impacts in the form of reduced corruption, enhanced electoral accountability, and improved allocation of resources.

Ling, C., & Roberts, D. (2014). Evidence of Development Impact from Institutional Change: A Review of the Evidence on Open Budgeting. Washington, D.C.: World Bank.

This paper reviews the evidence of whether and how open budgeting contributes to human development. Based on the reviewed literature the authors conclude that open budgeting practices can have development impact under certain conditions. However, they note that the literature in this area tend to provide conclusions at a general level that omits details of what worked and what did not work during implementation of interventions. Based on the review, the authors argue that an incremental non-linear results chain does the best job of articulating the process through which institutional changes in open budgeting can contribute to development outcomes.

Speer, J. (2012). Participatory Governance Reform: A Good Strategy for Increasing Government Responsiveness and Improving Public Services? World Development, 40(12), 2379-2398.

This literature review focuses on the broader field of participatory governance, in particular the evidence available about the benefits of such arrangements and the conditions necessary for their effective implementation. As argued by the author, a number of methodological challenges complicate measuring the causal link between participatory governance and the outcomes derived from theory, resulting in a weak and patchy evidence base. In terms of factors affecting successful participatory governance, the author points to a broad consensus in the literature on the importance of capable and motivated civil society and government actors for implementing participatory governance effectively.

BUDGET CONSULTATIONS

Alton, M. L., & Agarwal, S. (2013) Increasing Accountability through Budget Transparency at the Subnational Level in Cameroon. Washington, DC: World Bank.

This paper provides an evaluation and discussion of a sub-national budget awareness and dissemination project in Cameroon. The intervention, financed by the World Bank, was piloted in two districts in Cameroon in 2011-12 with the purpose to sensitize citizens and government officials about the importance of budget transparency, and to simplify and make public the budgets of subnational administrative tiers and service-delivery points. According to the authors, the project has yielded some promising results, including raised public awareness in budgetary matters, improved accountability of public officials, and increased trust between citizens and public officials.

Asian Development Bank. (2006). Fostering Public Participation in Budget-making: Case Studies from Indonesia, Marshall Islands, and Pakistan. Manila: ADB.

This paper evaluates a three-country pilot technical assistance project on applied budgeting supported by the Asian Development Bank. The project, which was implemented in Indonesia, Marshall Islands and Pakistan, helped initiating budget fora where the annual budget was discussed openly and subjected to suggestions from the public. The project engaged government officials, legislators, and civil society representatives in two sites in each of the three countries over an 8-month span. The analysis points to a number of factors to consider for successful implementation of similar projects including, choosing willing and capable civil society partners, carefully considering the role of mass media, supporting local accountability champions, and having a legal framework in place.

GENDER RESPONSIVE BUDGETING

Budlender, D. (2009). Ten-Country Overview Report: Integrating gender responsive budgeting into the aid effectiveness agenda. New York, N.Y.: UNIFEM

This report reviews gender responsive budgeting at the central government level in 10 countries (Mozambique, Morocco, India, Uganda, Tanzania, Rwanda, Nepal, Cameroon, Peru and Ethiopia). The author discusses a number of policy inventions concerning gender, such as the inclusion of gender in national budget guidelines. However, few results from gender responsive budgeting are analysed.

UNIFEM (2009) UNIFEM's Work on Gender Responsive Budgeting, Evaluation Unit, New York, NY.: UNIFEM.

This is a programme evaluation report of UNIFEM's gender responsive budgeting programme in Ecuador, Morocco, Mozambique and Senegal. The evaluation presents no data or analysis about the impact from gender budgeting in terms of budget allocation or improved services. The authors acknowledge the difficulty in attributing progress towards such outcomes mainly because monitoring and evaluation data was lacking, and reporting from the project sites largely resulted in data about project activities.

APPENDIX 2: METHODOLOGY

SEARCH STRATEGY

The methodology used for gathering the evidence base on legislative oversight follows from an earlier study (De Lay et al., 2015) which mapped the coverage of evidential literature across a broader range of PFM topics resulting in a database of 197 coded studies. This literature was compiled following a rigorous search process using the following sources:

Web of Knowledge	3ie Data of Impact Evaluations
Google Scholar	3ie Systematic Review Database
World Bank Open Knowledge Repository	GSDRC
OECD DAC Evaluation resource Centre	R4D
OECD publications database	DFID
Asian Development Bank	Chr. Michelsen Institute
African Development Bank	Overseas Development Institute
Inter-American Development Bank	

Searches were conducted in August and September 2015 using the following criteria:

- Geographic focus: Low- and middle-income countries;
- Language: Only studies available on English were included;
- Research design: Primary, empirical research or evaluation (quantitative or qualitative) or secondary reviews. Theoretical and conceptual papers were excluded;
- Date of publication: Materials published from 2005 onwards were included;
- Relevance: Studies must explore the relationship between a given set of PFM interventions and a given set of outcomes.
- Types of publication: Academic journals, peer-reviewed materials, working papers, grey literature, books, and book chapters that are available online at no cost to the reader. Books and book chapters were only included where the text was available electronically directly from the publisher in PDF full text format. This excluded scanned copies and Google Book previews. Policy statements, guidance notes, and advocacy-oriented materials were not included.
- Cost of access: Materials were included no matter whether they were free to access or required payment (e.g. academic journals) but the database included a field showing whether the material was freely accessible or not.

For assurance that the search methodology would not miss key information, we also consulted with 15 specialists on public financial management to obtain further literature recommendations. We are grateful to the following experts for their assistance:

Marco Cangiano, NYU/IMF	Carlos Santiso, IADB
Paolo di Renzio, IBP/ODI	Joachim Wehner, LSE
Philip Krause, ODI	Clay G. Wescott, Consultant
Andrew Lawson, FISCUS/ODI	Rajesh Kishan, DFID
Ian Lienert, Consultant	David Gray, DFID
Stephen B Peterson, KSG, Harvard	Laura Leyser, DFID

Marc Robinson, Consultant
Frans Ronsholt, PEFA

Euan Davidson, DFID

QUALITY ASSESSMENT

Our approach to assessing the 'quality' of studies was based on DFID's *How to Note* (DFID 2014) and the experience of other REAs conducted for DFID. Most REAs do not publish identifiable details of studies considered 'low quality', and we follow this practice, simply excluding these studies from the analysis.

ASSESSING PRIMARY EMPIRICAL STUDIES

We adopted six criteria for considering individual study quality for primary studies:

1. **Conceptual framing.** Does the study acknowledge existing research? Does the study pose a research question or outline a hypothesis?
2. **Transparency.** Is it clear what is the geography/context in which the study was conducted? Does the study present or link to the raw data it analyses? Does the study declare sources of support/funding?
3. **Appropriateness of method.** Does the study identify a research design and data-collection and analysis methods? Does the study demonstrate why the chosen design and method are well suited to the research question?
4. **Internal validity.** To what extent is the study internally valid?
5. **Cultural/Context sensitivity.** Does the study explicitly consider any context-specific cultural factors that may bias the analysis/findings?
6. **Cogency.** To what extent does the author consider the study's limitations and/or alternative interpretations of the analysis? Are the conclusions clearly based on the study's results (rather than on theory, assumptions or policy priorities)?

We have omitted *reliability*, which in the research literature has the meaning of how far results are robust in the sense of replicably producing stable results, as we do not believe this is assessable for most of the studies identified. *Relevance* is also not considered to be a quality factor, as our search process is designed to only include relevant studies and relevance is independent of quality (i.e. a study may be relevant to one purpose but irrelevant to another purpose, and nevertheless be of high quality on other measures).

We used a rating scale of 1-3 for each of these factors. The scoring reflects how far studies follow good research practice on each criterion:

- 3 = no concerns
- 2 = some minor concerns
- 1 = major concerns

We thus have a range of scores from 6 to 18. We then allocate each study to a high/moderate/low band based on where it falls:

- 6-10 = low
- 11-14 = moderate
- 15-18 = high

ASSESSING SECONDARY RESEARCH (META-REVIEWS)

The method described above does not fit secondary research and meta-reviews (i.e. studies that rely on data collected by other studies, rather than collecting their own original data). For these studies an alternative set of criteria is used.

1. Does the study describe where and how studies were **selected** for inclusion?
2. Does the study assess the **quality** of the studies included?
3. Does the study draw **conclusions** based on the reviews conducted?

We assess each of these on a scale of 1-3 following the same principles as for primary research studies above, generating a range of scores between 3 and 9. We then allocate each study to a high/moderate/low band based on where it falls:

- 3-4 = low
- 5-7 = moderate
- 8-9 = high

ASSESSING THE BODY OF EVIDENCE

Our approach to assessing the 'body of evidence' was also based on DFID's *How to Note* (DFID 2014), which bases the assessment on four characteristics.

1. The (technical) quality of the studies constituting the body of evidence (or the degree to which risk of bias has been addressed).

Having already excluded low quality material from the analysis, the technical quality of the studies included fall under two categories:

- High: Many/the large majority of single studies reviewed have been assessed as being of a high quality, demonstrating adherence to the principles of research quality.
- Moderate: Of the single studies reviewed, approximately equal numbers are of a high, moderate and low quality, as assessed according to the principles of research quality.

2. The size of the body of evidence

Since there is no 'magic number' of studies that, when exceeded, denotes that a sufficient or adequate amount of research has been conducted on a particular topic, it is up to the researcher to determine the size of the body of evidence (large, medium or small). To add clarity and transparency, we have documented the number of studies that form the evidence base for each particular finding.

3. The context in which the evidence is set

Since the findings of research may be context-specific, we taken context into account in two different ways: i) in Section 3, we have introduced the studies and the interventions/reforms

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they focus on per country and region, and ii) in Section 4-7 the country/countries on which the evidence is based is always mentioned when discussing that evidence.

4. The consistency of the findings produced by studies constituting the body of evidence.

The consistency of the studies included fall under three categories:

- Consistent: A range of studies point to identical, or similar conclusions.
- Inconsistent (contested): One or more study/studies directly refutes or contest the findings of another study or studies carried out in the same context or under the same conditions.
- Mixed: Studies based on a variety of different designs or methods, applied in a range of contexts, have produced results that contrast with those of another study.

Based on the assessment of four characteristics of the evidence base, the following five categories have been used determine the overall strength of a body of research.

Categories of evidence	Quality + size + consistency + context	Typical features of the body of evidence	What it means for a proposed intervention
Very strong	High quality body of evidence, large in size, consistent, and contextually relevant.	Research questions aimed at isolating cause and effect (i.e. what is happening) are answered using high quality experimental and quasi- experimental research designs, sufficient in number to have resulted in production of a systematic review or meta-analysis. ¹⁸ Research questions aimed at exploring meaning (i.e. why and how something is happening) are considered through an array of structured qualitative observational research methods directly addressing contextual issues.	We are very confident that the intervention does or does not have the effect anticipated. The body of evidence is very diverse and highly credible, with the findings convincing and stable.
Strong	High quality body of evidence, large or medium in size, highly or moderately consistent, and contextually relevant.	Research questions aimed at isolating cause and effect (i.e. what is happening) are answered using high quality quasi- experimental research designs and/or quantitative observational studies. They are sufficient in number to have resulted in the production of a systematic review or meta-analysis. Research questions aimed at exploring meaning (i.e. why and how something is happening) are considered through an array of structured qualitative observational research methods directly addressing contextual issues.	We are confident that the intervention does or does not have the effect anticipated. The body of evidence is diverse and credible, with the findings convincing and stable.
Medium	Moderate quality studies, medium size evidence body, moderate level of	Research questions aimed at isolating cause and effect (i.e. what is happening) are answered using moderate to high- quality quantitative observational designs.	We believe that the intervention may or may not have the effect anticipated. The body of

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	consistency. Studies may or may not be contextually relevant.	Research questions aimed at exploring meaning (i.e. why and how something is happening) are considered through a restricted range of qualitative observational research methods addressing contextual issues.	evidence displays some significant shortcomings. There are reasons to think that contextual differences may unpredictably and substantially affect intervention outcomes.
Limited	Moderate-to-low quality studies, medium size evidence body, low levels of consistency. Studies may or may not be contextually relevant.	Research questions aimed at isolating cause and effect (i.e. what is happening) are answered using moderate to low-quality quantitative observational studies. Research questions aimed at exploring meaning (i.e. why and how something is happening) are considered through a narrow range of qualitative observational research methods addressing contextual issues.	We believe that the intervention may or may not have the effect anticipated. The body of evidence displays very significant shortcomings. There are multiple reasons to think that contextual differences may substantially affect intervention outcomes.
No evidence	No/few studies exist.	Neither cause and effect, nor meaning is seriously interrogated. Any available studies are of low quality, and are contextually irrelevant.	There is no plausible evidence that the intervention does/does not have the effect indicated.

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