ASISTENCIA A LOS PAÍSES ANDINOS EN LA REDUCCIÓN DE RIESGOS Y DESASTRES EN EL SECTOR AGROPECUARIO

POLICY BRIEF 7. PARTICIPATORY BUDGET

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How can participatory budgets empower rural communities through the adoption of pro-active and sustainable NRM approaches?

In the context of the decentralization process that the region has been undergoing since the 1990s, it has been recognized that a requisite to achieve local development is self-financed municipal governments. However, in the context of the Andean region this is still far from possible, given the high poverty rates. It is thus necessary that local financial mechanisms ensure a stable flow of income and enable transition towards this goal. Participatory Budgets (PBs) empower citizens through participation in local decision-making processes, improving transparency and accountability of the elected administrations. Most importantly, it brings institutional strengthening, as citizens become actively involved and develop a sense of ownership that unblock local inertias such as patron-client relationships and fiscal corruption. A sustainable and productive natural resources management perspective should be explicitly included within the agendas of the PB processes. The final goal is to jointly construct local governance institutions together with sustainable natural resources management.

The goal of self-financed communities

A key issue of local municipal government is its ability to control its own finances.

Unfortunately, Latin American political administrations have had a history of depending on external funding. This occurs both on a nationwide scale in some countries, as with loans from the international financial institutions, and at the local level where municipalities have used to depend on transferences from central governments. As a result patron-client relationships tend to be very common, as also are the patronizing policies implemented by central governments.

This situation is now changing with the wave of decentralization policies that started during the 1990s. Of particular relevance in this regard is the issue of financial decentralization where municipalities increasingly have been rendered financially autonomous. Although local service delivery and administrative decentralization to local governments are frequently recognized as two positive trends, it is also important to consider that these processes must go hand-in-hand with the financial empowerment of local governments. Unless local governments have adequate resources to deal with their new tasks, they will not be able to deliver the quality of services expected. Thus, the issue of municipal and local government finance is of utmost importance to both natural resource management and local development initiatives. One bopttleneck that has boicoted the efficiency of decentralization policies has been excessive requirements for project approach by central government Ministries of Finance, who retain the authority to approve projects for the use of resources that are supposedly decentralized.

It is frequently asserted that in order to achieve a completely self-financed municipal government it is necessary that its citizens pay their taxes. This is almost impossible, however, particularly in the rural Andean regions, where poverty rates are still very high and raising endogenous revenue is an extremely difficult task. As a consequence central government transfers and other external funds have become customary.

There is thus a need for local financial mechanisms which ensure a stable flow of incomes and enable the transition towards the ultimate local development goal of financially self-sufficient communities. Examples of such internal financial mechanisms nowadays common in Latin America, and particularly in the tropical Andes, include Payments for Environmental Services (PES) and Participatory Budget schemes.

Participatory Budgets: an innovative institutional reform

Participatory budgeting (PB from now on) is generally defined as a process by which organized citizens achieve discretionary powers on public policy decision-making processes, over at least part of a municipal government financial programme. PB, thus, represents a healthy and sought after expression of participatory democracy, which has greatly improved the transparency and accountability of elected administrations through the incorporation of citizens in fiscal decision making.

In Latin America, the participatory budget process was introduced in the late 1990s. The city of Porto Alegre, Brazil, is frequently regarded as the first historical example, where a set of reforms allowed significant citizen involvement into the public policy decision-making of municipal governance. Since then, in the tropical Andean region, new initiatives have been flourishing, particularly in Perú, Ecuador and Colombia. Each experience is unique, however, depending on who takes the final budget decisions, what institutional agency is in charge of decision-making, what proportion of the budget is placed under discussion, and who ultimately controls public bidding processes for the implementation, transparency and final inspection of works (Cabannes 2004).

PB and institutional strengthening

The greatest contribution PB brings to local governance, rural development and sustainable natural resource management is institutional strengthening. Ideally this happens through the empowerment of traditionally excluded social groups. Other by-products of this process are when, by rendering budgetary decisions and public contracts visible to all, citizens are able to keep their municipal government and other locally-based public entities more accountable. The PB process may therefore provide public forums where political and communal negative inertias such as patron-client relationships and fiscal corruption can be laid bare and denounced.

Upgrading local participation: from participatory diagnostics to project design, implementation, monitoring and evaluation

An excellent illustration of how PB may be linked to managing natural resources in a transparent, sustainable and cost-effectivew way is the municipality of Condebamba in Perú, where the complete budget was subject to participatory scrutiny, and dedicated to sustainable water management purposes. In the process, Condebamba citizens decided to build a large dam, together with some smaller scale dams and family-size micro-reservoirs. This case is particularly interesting because micro-reservoirs are used not only for irrigating their agricultural plots, but also to generate other food and income opportunities as fish tanks.

Similarly, in Chalaco, Perú, a whole section of the PB was specifically dedicated to NRM. N.S. (*nuevos soles*) 425,000.00, the equivalent to USD 151.000, were invested in projects such as building micro reservoirs, and restoring water infrastructure. Also interestingly, in this case, PB funds directed towards the agricultural sector were listed under the NRM section of budget expenditures.

Mainstreaming productive NRM in participatory budgets

The need to institutionalize the objectives of NRM toward risk prevention and income generation.

Participatory Budgeting has the potential to foster a participatory management of natural resources aimed at making local communities accountable with NRM and development projects.

Participatory Budgets can be used to pay for environmental services.

The strongest link between PB and NRM, in the context of the Tropical Andes, occurs in compensation for environmental services (CES) schemes. However, this link requires a re-conceptualization of the notion of CES, where CES is not solely interpreted as an abstract transaction between an environmental service provider and user; rather, CES is a tool with which to actually improve the livelihoods of Andean populations. Such a scheme would not be concerned with conservation practices (for example fencing off the upper part of watersheds) but making local populations responsible for the provision of an environmental service through the adoption of correct agricultural practices. Therefore, implementing a CES program in the Andes entails a sustainable use of land where non-detrimental agricultural practices are adopted so as not to disrupt the provision of environmental services. It thus implies a sustainable and productive MNR where local populations are made participant and responsible.

Alpaca keepers organization in Peru

Context and Problems

The case study on which the analysis of this good practice is based is the community of Churia, located at an altitude of 3,800 to 4,200 masl, in the Vinchos district, province of Huamanga, of the Peruvian Ayacucho Departement. La community area is 22.5 hectare, and its population is 179 inhabitants. Its main activity is raising alpacas, followed by llamas and sheep.

The alpaca (*Vicugna pacos*) is a domesticated species of South American camelids, whose main habitats are the wet *punas* of Ecuador, Peru and Bolivia. They are valued by their fibres and meats. The fibre is used by the textile industry for the manufacture of different fabrics and clothes. The main problems faced by raising these camelids in this community are the infectious, parasitic and foodstuff diseases which cause high incidences of death and severe economic losses.

Fibre quality used to be deficient due to inadequate practices of shearing (cutting with knife, tin, glass or stone). Sales were performed without any prior selection and categorization of the fibres. Traditionally, producers individually traded both products in the weekly Rumichaca fair to middlemen, who paid very low prices, and even sometimes only bartered their product in exchange for other household products. Therefore, their incomes were extremely low.

Description

To raise their incomes, the Churia small farmers decided to create a second degree organization for the commercialization of their fibre: COPUCNA. The Council of Breeders of Camelids of Northern Ayacucho main task is to assemble local organisations for fibre collection. In Churia, COPUCNA created a fibre collection centre, and implemented a program for training farmers in mechanical shearing, and the selection and classification of fibres. Given these new techniques, the farmers now obtain better prices and a higher profitability, due to the differentiation of their products based on quality, and given their increased market information.

As a result of the organization´s training programmes based on participatory approaches (e.g. “farmer field schools” o “escuelas de campo”), there has been a remarkable increase in household participation not only in their productive organizations, but also in Participatory Budget decision-making. In particular, this participation of COPUCNA in the process of Participatory Budget decision-making secured them resources for investment in several activities related to Alpaca breeding such as the recovery of pastures, animal health and herd protections from frosts. Activities which, in the current scenario of increased climate change vulnerability, also have to be interpreted as measures for risk reduction and climate change.

Lessons Learned

- For a large number of Peruvian and Bolivian highland communities small-scale breeding of Andean camelids is their main livelihood option. Climatic events such as drought, frosts, and rain hails that, in the context of the current climate change scenario, tend to be heightened, increase both the local ecosystems´ vulnerability and the livelihood opportunities of their poor farmers.
- These productive systems, as they require buying few external inputs, rather than being economically inefficient and harmful to the environment, as has been often argued in the past, have proved to be highly efficient for both guaranteeing food security and generating incomes, while preserving the vegetal cover.
- There are two main enabling conditions for this to happen, however. First, the farmers need to create marketing and processing organizations in order to generate the necessary economies of scale for these tasks, and to add value to their primary products, thus allowing them to access to dynamic markets and increase their human capital in much better conditions. Secondly, they need also to organize and raise financial investments for the construction of meat and fibre collection plants, as well as for the genetic improvement and the sanitary control of their livestock.
- During the last two decades, the decentralisation programmes –of which PB is one its main instruments have created some of the conditions for the establishment of appropriate strategic alliances with external economic and political agents. At the grassroots community level, some opportunities have been created for strengthening community organizations, as well as for the emergence of new leaderships that to a certain extent help to balance of traditional power elites. At higher municipal and supra-municipal levels, institutional innovations such as the ‘mancomunidades de municipios’ (municipal associations) have emerged, overcoming the jurisdictional limits which frequently have prevented the integrated natural resource management of trans-boundary landscapes (e.g. watersheds).

Pressurized micro-irrigation tanks in Peru

Context and Problems

The district of Condebamba, in the Cajabamba province, of the Peruvian department of Cajamarca is considered one of the poorest municipalities in the high-Andean region, even though the district´s strategic location in the southern economic corridor linking Perú to Bolivia and Chile, makes it a huge development potential area.

Condebamba is characterized by a diversity of ecological and life zones. Its climate —with temperatures between 9° and 19° C— is characterized by frequent droughts, but also during the rainy season by frosts. Rainfall is concentrated in just four months, with huge flows that tend to erode mountain slopes. Seventy-six percent of the population is engaged in farming activities. Particularly due to the impoverishment of native ecosystems and poverty levels of the population, however, the younger generation tends to migrate in order to improve their living conditions.

The district has around 2,482 hectares under irrigation, equivalent to only 10% of the total area under cultivation. A relatively large irrigation system, such as Peña Blanca, does not have a water proof system. This, together with its poor water retention capacity, limits the system´s irrigation possibilities, making it inefficient to ensure the area´s profitable production.

Approximately 75% of the area´s households depend on the water irrigated from this system. Under these conditions, agricultural yields are very low and are basically oriented to domestic consumption. Natural resource management, and particularly providing sustainable water sources is thus necessary to improve the population´s living conditions.

Description

In 2001, the implementation of the PRONAMACHS programme in the area, aimed to provide irrigation to rural households, reducing their exposure to adverse weather conditions and improving their water use efficiency.

The origins of the project can be traced back to the nineties, however, with the presence of PRONAMACHS in the area. However, the design of an strategic plan was only released when regional and local governments —within the framework of the decentralization process experienced by the country at the time— decided to established thematic roundtables, including regional discussion groups. These thematic roundtables decided to involve some NGOs, including the Watershed Institute (the *Instituto de Cuencas*), which ensured the gradual incorporation of civil society to the project´s design.

Yet, it was not until 2004, when the municipal government of Condebamba spent 60% of its public investment budget in the formulation of participatory budgeting, allocating 10% to irrigation projects, and adopting the proposal of the Watershed Institute, including building pressurized micro irrigation tanks linked to the adoption of commercial crops.

The Condebamba irrigation system was designed to cover 550 hectares benefitting 1,000 water users. Also, in order to improve water use, 22 micro irrigation tanks were built in the area of influence of Peña Blanca canal.

In addition to funding obtained within the framework of the district´s PB, the farming household linked to the system agreed to make small cash contributions for the construction of micro irrigation tanks. They also supply their own labour and construction materials. These decisions contributed to legitimizing their property rights on water collection, conduction and distribution infrastructures.

Project activities not only included, however, the construction of infrastructure, but also the design and implementation of a set of institutional procedures. First, they proceeded to land registration, aimed at clearly identifying conditions of land ownership and avoid future conflicts over property rights. It also facilitated the definition of micro-zones, depending on the location of each property within the watershed, and their role in the collection and regulation of water flows. To these ends, the potential use by each farm household and market demands were acknowledged. Secondly, training and technical assistance to irrigators were designed. The training program began by preparing agro-promoters, who made possible a “farmer to farmer” learning programme based on a “learning by doing” approach.

Therefore, the whole program was designed to raise awareness among families and their organizations on the importance of a sound and sustainable water resource management in order to increase revenues in the medium and long terms. Besides, technical assistance was conceived as a permanent service. It began by raising awareness and promoting the system, and continued providing users with tools to organize and follow-up tasks involving the construction, operation and maintenance of tanks.

It is still rather soon to make a complete assessment of the economic performance achieved by the farm households given that most of them built their irrigation systems only four years ago. It is worth mentioning, however, that although the main crops are still potatoes, corn and wheat (basically staples), they also have introduced some vegetables (e.g. spinach, artichokes, onion, eggplant), aromatic plants and alfalfa; as well as guinea pigs, ducks and aquaculture fishes (basically market-oriented products).

Lessons Learned

- The existence of a land management plan sets up the stage for proper strategic planning throughout the entire project. This allowed prioritizing activities according to the nature of soils and ensuring food security without depredating natural resources.
- Collaboration between the local government, public national entities as PRONAMACHS, and NGOs like the Watershed Institute —in addition to local civil organizations— was essential to strengthening local governance and setting up the proper conditions for achieving the project´s objectives.
- The participation of local civil society organizations in the design of participatory budgeting at the municipal level was key to achieving financial funds. In addition, municipalities also provided free of charge the use of their caterpillars to dig the water reservoirs. Local communities payed for Diesel and the wage of the operator.
- Communal organization was the most important tool for overcoming the limitations that excessive land fragmentation imposes, since each tank can serve more than one family. Communal organization, relying on *mingas* and other traditional forms of organization, was also important to balance the action of public entities in the construction work of infrastructures.
- Improving the conditions of agricultural production due to the construction of micro irrigation tanks has had a significant impact not only on improving local living conditions but also on curbing migration trends. Indirectly, this improvement has had a significant impact in terms of building up local population's self-esteem and on the emergence of new economic opportunities and touristic development.

Policy Lessons

- Institutionalize the objectives of the management of natural resources towards disaster risk reduction and income generation: Participatory budgets have the capacity of giving the responsibility to local communities of the management of their natural resources and development projects;
- Our primary recommendation, based on the previously analyzed good practices, is that the watershed perspective should be explicitly included within the agendas of the PB processes. The final goal in this regard is to jointly construct local governance institutions together with sustainable natural resource management;
- As demonstrated in other parts of this document, rural communities and productive systems depend on the resilience of the NR base. This is why using the municipal budget for a sustainable NRM strategy also aims to strengthening the producers´ organizations, their increased access to dynamic markets, and the basic goal of local food sovereignty. It is because we envision NRM as being not only conservationist but also productive, that simultaneously taking into consideration both goals in PB procedures tackles issues related to agriculture and food security.

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