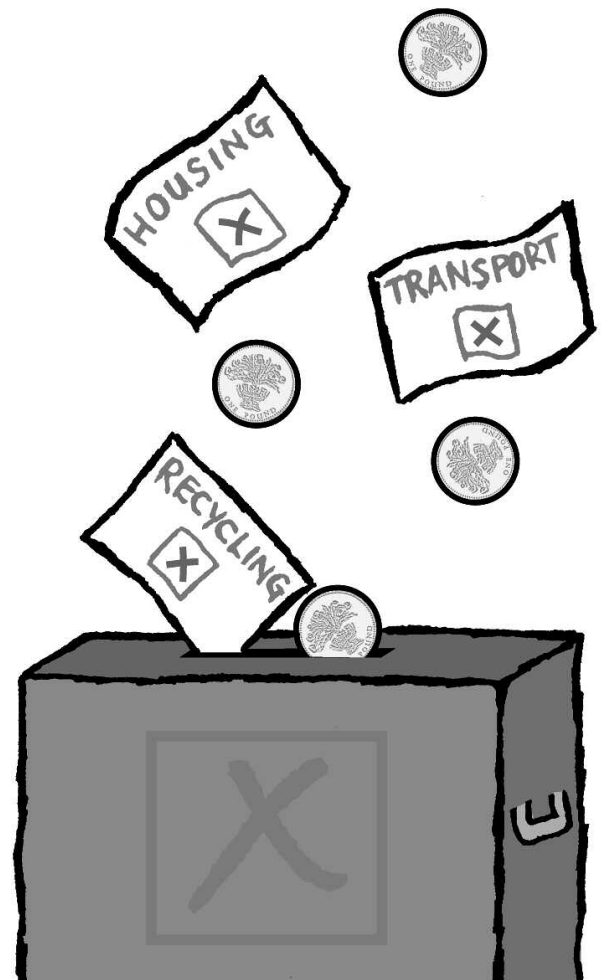


Breathing life into democracy

the power of participatory budgeting



This document is part of a set of resources about participatory budgeting (PB) produced by Community Pride Initiative and Oxfam's UK Poverty Programme. These are:

- ❖ **Let's talk money:** an introductory leaflet explaining the basic concepts and the potential for PB to transform local democracy in the UK.
- ❖ **Breathing life into democracy:** a detailed overview of the origins and development of participatory budgeting, why it is important today and what its key strengths and weaknesses are.
- ❖ **Bringing budgets alive:** how to do it and what tools and techniques can help you.

The resources were written by Jez Hall of Community Pride Initiative with input and support from CPI's Ed Cox, Bridget O'Rourke, Mark Waters and Jenny Lazarus, and Oxfam's Julie Jarman, Charlotte Flower and Jo Rowlands. Nikki van der Gaag edited the set, and they were designed by Corinne Welch (www.goodthinkingcommunications.net) and produced by Oxfam's Jo Lyon.

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Copies of this document can be downloaded from CPI's PB website at www.participatorybudgeting.org.uk

and are available in Oxfam's Social Inclusion Directory at www.oxfamgb.org/ukpp/sid

For more information please contact:

Community Pride Initiative

491 Mill Street

Manchester

M11 2AD

Tel: 0161 231 4111

www.communitypride.org.uk

Oxfam UK Poverty Programme

274 Banbury Road

Oxford

OX2 7DZ

Tel: 01865 313184

ukpp@oxfam.org.uk

www.oxfamgb.org/ukpp

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EXECUTIVE SUMMARY

The face of our world is changing fast. By next year, urban areas are expected to be home to more than half of the world's people. Two hundred and sixty-one cities in developing countries have populations over one million, compared with 213 in the mid-1990s. For this massive change in urban populations to occur successfully, new ideas are needed on how to manage and pay for the communal services on which people depend.

Participatory budgeting is one such idea. First started in Porto Alegre in Brazil in the late 1980s, it is now practised in over 300 cities around the world, involving more than 12 million people. It has been praised by the World Bank, the United Nations, UNESCO, and the European Union.

So what exactly is participatory budgeting (PB)? It is a mechanism of local government, which brings local communities closer to the decision-making process around the public budget. PB makes new connections between residents, political representatives, and local government officials. It explodes the myth that public finance is too complicated for ordinary people; something that needs to be done by 'experts' and kept within the control of politicians.

In the UK, participatory budgeting is relatively new. Early steps are being taken to adapt this model of working to a British context, and to test it in a number of pilots in different contexts across the country. It can be seen as part of the broad range of developments taking place around the notion and practice of governance and social inclusion. It could be used by Local Strategic Partnerships, regeneration areas, or for neighbourhood management – or even within an individual school, health service delivery area or housing estate.

PB gives local people more than just a voice; it gives them real power to decide where at least some of their tax money is spent. In a world that is becoming increasingly apathetic about its democratic processes, it brings concrete evidence that local democracy can – and does – work.

“ In cities as diverse as Chicago in the United States and Porto Alegre in Brazil, local people already control budgets and services. The results are impressive both in terms of public engagement and service improvement. We should be seeking to apply the same lessons in towns and cities in Britain. ”

ALAN MILBURN MP¹

¹ Keynote speech at the Community Consultation Conference, London, March 2004

1. WHAT IS PARTICIPATORY BUDGETING?

Participatory budgeting has grown from small beginnings in the late 1980s in Porto Alegre, Brazil, to a process which has now been adopted by 300 local authorities around the world and involves more than 12 million people. It has been praised by the World Bank, the United Nations, UNESCO, the UK's Department for International Development (DfID) and the European Union for its transparency and effectiveness. In the UK, there has been interest from the Neighbourhood Renewal Unit, the Audit Commission, and devolved local and regional government bodies.

Participatory budgeting is a mechanism of local government (or equivalent), which brings local communities closer to the decision-making process around the public budget. It is a flexible set of community engagement techniques, adaptable to local circumstances, but sharing a common principle: that power lies with those who decide how new money is to be spent. Where it has been tried it has enhanced participation in local democracy whilst improving the delivery and cost-effectiveness of local services.

The amount of the public budget apportioned by PB varies from city to city. Typically it begins at around one to three per cent of the annual revenue budget for a particular neighbourhood or city and then rises. In some places it has risen to 17 per cent of the city budget over a period of 15 years. In Porto Alegre, the PB programme spent \$260 million on projects selected by participants. The vast majority of these resources went to under-serviced and poorer districts.² But money allocated within an authority area remains within it, as PB re-distributes resources internally, not to outside agencies. Participatory budgeting works within a clearly defined geographical structure based upon political boundaries, which facilitates decision-making and service delivery.

“‘Participatory what? Give me a break,’ you may say, ‘I’m not an accountant.’ Well suppose I put it this way: How would you like to distribute 200 million dollars to your fellow citizens? That’s the amount of money the city of Porto Alegre spends in an average year for housing, public transport, street paving, garbage collection, clinics, hospitals, sewage, environment, social housing, literacy, schooling, culture, law and order, etc...”

DAVE LEWIT,
ALLIANCE FOR DEMOCRACY

² A Guide to Participatory Budgeting, Brian Wampler, 2000

It involves:

- ❖ **City-wide forums** to involve local communities in discussion of thematic issues, strategic priorities and targets, and the evaluation and monitoring of ongoing activity.
- ❖ **A clearly set out annual cycle of dialogue and decision-making**, linked to the council's internal budget setting processes, which provides a framework for improving local community engagement and building local networks.
- ❖ **A network of support agencies** to circulate information and facilitate engagement.
- ❖ **Budget literacy workshops** aimed at local residents, voluntary agencies, and local councillors, giving people the information and confidence they need in order to engage meaningfully with public budgets.
- ❖ **Budget tables** which combine local and statutory priorities into one comprehensive investment plan to inform spending across a city or regeneration area.

In the UK, New Deal for Community areas are already experimenting with participatory research, community audits, area profiling and citizens' panels to inform investment decisions. Working with residents' groups, holding workshops and communicating through local radio and other new media are common ways to engage with residents. All these methods already have a place in UK local governance and form a readymade body of participation techniques. Participatory budgeting adds new ideas, but in general strengthens existing methods of community engagement through focussing firmly on budgets.

The Manchester-based Community Pride Initiative (CPI) has worked on participatory budgeting for the last four years (see Appendix 2), and says: 'We believe PB can re-invigorate community life, and help politicians, department heads and council staff do their jobs better. It does this by giving service users and service funders (once called citizens and taxpayers) a direct voice in how investment is decided. Without that effective voice, which is increasingly rare in the UK, local government will continue to make the mistake of undervaluing the greatest resource our cities possess – their citizens.'

“ I live in an area in the bottom 12 per cent according to UK poverty measures, but it seems we need to be in the bottom 10 per cent of wards in terms of poverty to qualify for regeneration money. This feels unfair. Maybe if some-one begins to explain the background, and the reasons for the scarcity of resource, and I am asked to work with my neighbours to decide how best to spend what is available, I am less likely to react jealously, and antagonistically, to my 'poorer' neighbours. ”

RESIDENT, LEVENSHULME,
MANCHESTER

BROADENING PARTICIPATION

Participatory budgeting depends on good participation processes.

A number of preconditions for broadening participation have emerged from CPI's experience:

- 1 It is important to have good decision making systems in place to assist those distributing public resources, be they politicians or public employees. The difficult balance, between investment into sectors leading to wealth creation, or investment directly in poverty reduction, cannot be resolved only through informal dialogues between differing interests. When real money is at stake, there has to be effective decision making and confident leadership, backed by a strong local mandate for action. Otherwise money is likely to be wasted on ill-conceived schemes.

The quality of participative decision making depends on:

- ❖ Clear communication and lines of accountability.
 - ❖ A common understanding of the direction in which to go.
 - ❖ Transparent rules on how dialogue is concluded and actions begun.
 - ❖ Relevant and understandable information on which to make decisions.
- 2 Participation must build on existing structures. It needs an understandable context. The style of participation must match the expectations and experiences of participants
 - 3 Participation depends on trust in the processes used. They must be inclusive, easily understood and applied consistently over time. In Porto Alegre a key document is the set of rules for the process, amended and updated each year by a representative group of participants.
 - 4 Participation can only grow if it is seen to make a difference. This means action, not just listening to what participants have to say. They must be able to track where their ideas have gone, and know the reason why if they have not been acted on. The PB report which lists all the proposals for action is another key document in Brazilian models.
 - 5 Those with power must accept the results. If the local authority does not implement the outcomes, however low the apparent quality of participation, it cannot expect to maintain and build participation in future years. This is where fundamental power shifts towards communities affected by PB.
 - 6 Participation in community affairs is desirable in itself, as it reduces the social isolation of individuals. PB typically works with groups and not individual residents. The development of community networks and associations is a key by-product of PB processes.

2. WHY IS PARTICIPATORY BUDGETING IMPORTANT TODAY?

By the year 2005, urban areas are expected to be home to more than half of the world's people. Already 74 per cent of Latin American and Caribbean populations live in urban areas, as do 73 per cent of people in Europe, and more than 75 per cent of people in Australia, Canada, New Zealand and the United States. In both Africa and Asia, urban dwellers represent about a third of the total populations.

In addition, there is a continuing trend towards ever-larger urban agglomerations. Two hundred and sixty-one cities in developing countries have populations over one million, compared with 213 less than ten years ago.

Rapid growth, and increasing numbers of people crowded into urban areas, often leads to increasing divisions between those who live in wealthy areas and those who live in crowded conditions in the poorer parts of town. Squatter settlements and over-crowded slums are home to tens of millions. Such conditions, says the United Nations Population Fund (UNFPA), 'strain the capacity of local and national governments to provide even the most basic of services such as water, electricity and sewerage.'³

It is clear that new ideas are needed on how to manage and pay for the communal services on which people depend as city dwellers.

The UK context

The UK is relatively unusual in world terms, having undergone its population shift from the countryside to the city many years ago. The challenges faced by the UK and other Western countries are not only about growth, but also about the contraction and re-structuring of post-industrial cities. How can we renew and adapt existing, often entrenched, ways of doing things to keep up with a changing world? The forces of change, with shrinking inner city populations and the continuing flight by the rich to surrounding suburbs or 'gated' communities, is placing great pressure on how cities are run. How best to re-build the infrastructure, transport, shops and public amenities needed by a modern urban population?

“ we believe broader participation in budget setting is essential for effective, democratic and relevant local governance.”

COMMUNITY PRIDE INITIATIVE,
MANCHESTER

³ www.unfpa.org/6billion/populationissues/migration.htm

There are a number of issues that need to be taken into account when considering these questions. First, the fact that local democracy in the UK does not seem to be working. There is a feeling among the electorate that local authorities no longer have the power to change anything, so they see voting as irrelevant to their needs and aspirations. Over recent years the percentage of people who cast their vote in local elections has been declining, and this is particularly marked among those under 30. Councillors are not seen as representative of the wider community – less than one third are women, and only three per cent are from minority ethnic groups.

Second, the modernisation of local government – with the introduction of identifiable mayors, Council leaders and cabinets – has left the majority of local councillors with little power over what happens in their towns and cities. Their role has been further undermined by the growth of new partnerships and regeneration initiatives, each with its own form of community involvement. Organisations such as Primary Care Trusts, and Learning and Skills Councils operate independently of local councils, holding budgets of millions, with no direct accountability.⁴

In a recent paper reflecting on theory and practice in Manchester and Salford, Community Pride Initiative sets out five challenges facing local democracy in the UK⁵:

- ...❖ To build a more in-depth understanding and awareness of community leadership.
- ...❖ To provide a more formal, legislated framework for neighbourhood-level participation, building upon the role of traditional local councillors.
- ...❖ To increase investment in the networks and organisations that support the 'pre-conditions' for inclusive participation.
- ...❖ To measure the results and outcomes of community engagement through a series of key indicators that can be compared over time.
- ...❖ To establish more local and proportionate methods of election at the local level.

Modernising local government

Interest in participatory budgeting is timely in that it fits well into the broad framework set out in the government's agenda to modernise local government and encourage strong and active communities. Local authorities have been the focus for much of the intended change as key drivers for service improvement at the local level. With a duty to produce 'community strategies', they have often been at the forefront of partnership, working with the other public, private and voluntary agencies they depend upon for effective local service delivery.

“ Being a participatory government doesn't mean that representative democracy is denied. In Porto Alegre participatory budgeting has brought new life to this process. It has re-oxygenated democracy.”

EDUARDO MANCUSO,
SECRETARY FOR INTERNATIONAL
RELATIONS, PORTO ALEGRE

⁴ Background document to conference organised by CPI, September 2004.

⁵ The Changing Face of Local Democracy in the UK – Reflections from Manchester and Salford – Community Pride Initiative, April 2004.

And yet joined-up, locally-focused service planning has remained a challenging ambition with few tools and little genuine leverage between partners. Participatory budgeting offers an effective means for diverse partners to prioritise and plan services together with a clear neighbourhood focus.

Decentralisation and devolution

Government ministers are keen to stress their commitment to devolution and decentralisation. Setbacks to plans for Elected Regional Assemblies will bring even greater focus on the drive to delegate decision-making closer to local communities. In its ten-year vision for local government, the Office of the Deputy Prime Minister suggests a number of 'models' for neighbourhood-level structures based on concepts such as neighbourhood management to enable service planning to take place on smaller geographical scales.

Emerging thinking about devolution comes in a context of reform to local government funding. The strong prospect of three-year funding agreements between national and local government and greater flexibility on the use of special funding through Local Area Agreements will bring with it a greater onus on public agencies to demonstrate that all activity is clearly directed towards community-centred outcomes.

Again, these new models and funding regimes will need new tools that allow clear responsibilities and accountabilities at the neighbourhood level and between tiers of local government. Participatory budgeting brings together decision-making and local funding in a structured process heralded for its transparency and local flexibility.

Local democracy

National government is also concerned with falling levels of citizen engagement and participation as manifested in low turnout in national and local elections. Government is searching for new ways in which people can get involved in local issues and local democracy and it is keen to develop a clearer and stronger role for local Councillors as community leaders. The Home Office in particular is exploring new initiatives to promote 'active citizenship' with a view to building stronger, more cohesive and sustainable local communities. Participatory budgeting again has much to offer this agenda as it sets community engagement in a meaningful and purposeful process, building the capacity of the community to participate in activities that are strategic but also relevant and real to their own local neighbourhoods.

“Now there is more understanding that the City Council's resources are limited. The community know that they need to prioritise their ideas for investment. One of the greatest results has been the positive dialogue between the Council and residents and the potential for conflict is reducing.”

BETANIA ALFONSIN, PLANNING
DEPARTMENT, PORTO ALEGRE

Community strategies

The Local Government Act 2000 places a duty on Local Authorities to promote and improve the economic, social and environmental well being of their areas. This duty includes the preparation of a 'community strategy' to ensure that 'the various bodies who provide services to the public are better co-ordinated; are responsive to the concerns of local communities; are delivered in ways that suit the people who depend on them; and take account of the needs of future generations.'

Draft Department of Environment, Transport and Rural Affairs Guidance about 'Preparing Community Strategies' (DETR, June 2000) makes the opportunities for some form of PB mechanism very clear:

'A community strategy will have to meet three objectives. It must allow local communities to articulate their aspirations, needs and priorities; co-ordinate the actions of the council, and of the public, voluntary and community, and private sector organisations that operate locally; focus and shape existing and future activity so that they effectively meet community needs and aspirations. The development and implementation of community strategies needs to become embedded firmly into partners' managerial cultures, resource planning and budgetary decisions. It should be central to an authority's planning and resource decisions, ensuring that local priorities and concerns are genuinely reflected in the allocation of resources.'

HM Treasury Guidance about the formation of Local Strategic Partnerships places heavy emphasis on the involvement of the community and voluntary sector in setting local priorities and developing local Public Service Agreements (PSAs). Guidance states that: 'Local authorities will need to demonstrate that the local priorities they are proposing are important to and supported by local people and partners.'⁶

Already, regeneration programmes such as New Deal for Communities are beginning to demonstrate the value of community leadership in setting priorities for regeneration spending. All Local Authorities are adopting different approaches to the Modernisation of Local Government agenda and responding to guidelines in different ways. PB offers a mechanism to extend such good practice to the mainstream expenditure of a Local Authority.

Community Pride Initiative notes: 'We urgently need more cost effective ways of delivering services and rebuilding vibrant communities. It would be far better for all if people could be helped to provide for themselves so we can tap the unrealised potential in those inner-city communities by encouraging people to join together to share their concerns and work out their own solutions.'

Participatory budgeting feeds directly into the development of such community strategies by giving a voice in the planning and delivery of local services to local people.

⁶ Local Strategic Partnerships, HM Treasury, October 2000

MANCHESTER; OLD CITY, NEW PRESSURES

The conurbation of Greater Manchester can be seen as the original 'modern' city. Created during an earlier industrial revolution based around cotton, coal and steel, its citizens are now living in a new, post-industrial age, and like other cities in similar situations, face new pressures:

- 1** Local politicians must balance competing pressures about where to invest public money. Taxes are collected and distributed nationally, and local taxation has little influence over local expenditure. City councils respond first to national influences, as political power and resources are centralised in Whitehall and Brussels.
- 2** In Manchester and many other areas, turnout in local elections is often below 20 per cent. As residents realise they have lost control of local taxation, and as local politics becomes mired in externally derived targets and performance indicators, people are abandoning the ballot box and other forms of representative democracy in droves.
- 3** Councillors and service managers are caught in an almost impossible set of dilemmas, having to balance the limited money available to them with demands to tackle the over-riding social problems they face, and attract new investment, whilst also wanting to be seen to listen to local concerns. This is more than just the provision of essential services; there are increasing demands to reduce social inequality.
- 4** Manchester City Council has adopted a robust approach to these dilemmas over the last decade, and put much energy into attracting inward investment. It has been investing in new transport links, prestige urban building projects and raising the profile of the city centre as a 'cosmopolitan' and fun place to do business. This has brought a gloss of success, yet it has failed to shake off a more negative reputation, shared with the neighbouring City of Salford and others in the UK for being crime-ridden and dangerous. It has not succeeded in closing the widening gap between rich and poor citizens, or reversed the long-term reduction in its population (apart from in a few central wards) as people go elsewhere for jobs or a better quality of life.
- 5** When private endeavour fails to create a long-term sustainable future, public services are also likely to fail. Public and private failing together increases the pressure on individuals from the poorest areas to adopt increasingly 'unsustainable' ways of living, be this through petty crime, getting into unmanageable debt, alcohol misuse, lack of care for a shared environment, violent behaviour or a myriad of other social ills.

3. WHERE DID IT ALL BEGIN?

Porto Alegre, in the south of Brazil, is where experiments in participatory budgeting began in the late 1980s. It is a modern industrial city, with a history of overseas trade and manufacturing industry. Its population of 1.3 million is diverse, and due to migration from the surrounding state of Rio Grande do Sul, is growing in size. Porto Alegre has a strong European flavour, resulting from significant European immigration over the past two centuries.

As Brazil has moved away from military rule, rapid economic development and a move to greater democratic accountability have been influential in the development of PB ideas. PB has been linked with the expansion in citizen based community association and civil society, as a practical way to put people's priorities at the forefront of the public investment. And ordinary citizens of Brazil have consistently backed politicians offering participatory budgeting within their manifestos. PB was pioneered by the Workers' Party and in 2002, Lula da Silva of the Workers' Party (PT) won the Brazilian national elections to become President. This has further encouraged the take up of PB in Brazil.

“ I have participated in the PB process since 1989... In my region we have done many good things. In general, 85 per cent of the needs have been met. We have a recycling warehouse, schools, day cares, and medical clinics. ”

ELOAH DOS SANTOS ALVES,
PORTO ALEGRE⁷

Re-oxygenating democracy

One commentator notes that: 'Something like 50,000 residents of Porto Alegre – poor and middle class, women and men, leftist and centrist – now participate in the budgeting cycle of this city of a million and a half people. The number of participants has grown each year since its start 12 years ago. For example, each year the bulk of new street-paving has gone to the poorer, outlying districts. When PB started, only 75 per cent of homes had running water, while today 99 per cent have treated water and 85 per cent have piped sewerage. In 12 years of participatory budgeting, the number of public [state] schools increased from 29 to 86, and literacy has reached 98 percent.

In addition, corruption and waste – which before was the rule in Brazilian local politics – has been reduced through the transparency brought by participatory budgeting processes. Democracy has been re-oxygenated. This is not just to do with the number of people participating. It has also built new competencies in talking effectively and sympathetically between political leaders, specialists in agencies, and fellow citizens from many different backgrounds. Locally, it has been proven that “another world is possible”.⁸

Local authorities in Brazil face similar limitations on their tax-raising powers to those in the UK. But where PB has been successfully established for a number of years, tax receipts have increased along with social improvements, and the transparency of the process has become an important factor in widening its scope and acceptance of the PB process.

⁷ Porto Alegre Agora, Jan-Feb 2002, p.8-9, quoted in Dave Lewit

⁸ 'Participatory democracy in Porto Alegre' Dave Lewit, Alliance for Democracy, Ramapo College, 27 Feb 2002

Desperate for change

“ People get involved in PB as they are desperate for change and have concrete needs to meet. When people attend PB meetings their concerns are about services, not about funding. PB just provides the methodology for decision-making. For example if people want a school, they will meet before the regional meeting and agree to prioritise education. What's new about PB is that there is a process of consultation from start to finish. It doesn't matter if just a few people come at the start, interest will grow as services develop.”

LUCIANO BRUNET, A MEMBER OF THE WORKERS PARTY (PT) WHICH INTRODUCED PARTICIPATORY BUDGETING⁹

Public forums in Porto Alegre

For the purposes of PB, Porto Alegre is divided into 16 regions. Members of the public meet together every year in April to discuss the key issues in their neighbourhood and to agree their priorities for investment. This could be a range of issues, but past ideas have included pavements, sewage facilities, evening classes and children's play areas.

The findings of these neighbourhood meetings feed into regional plenaries, which are held in May. Community groups from across the region come together to choose their top three priorities for local investment. School gyms start to fill up from the early evening and in many areas over a thousand people attend these plenaries. Schoolchildren entertain early arrivals with samba performances on the stage while participants queue up to register.

Large screens are displayed at the front and the PB process is explained to participants by staff from the Community Relations Council. This is a key department at the City Hall (City Council), responsible for facilitating the participatory budget.

A number of speakers are then given three minutes each on the microphone. Anyone can choose to speak, if they put their name down when they register. They put forward their main priorities for investment and campaign for others to vote for the same issues.

The mayor then addresses the meeting to discuss key city-wide issues for people to consider that year. He reminds people that PB is a good opportunity for local communities and that they must think carefully before choosing their priorities. The meeting ends with two votes. In the first, people choose three priorities for investment according to 15 themes. These include education, youth services and transport. Councillors for the Participatory Budget Council (one of a number at the City Hall) are chosen through a second ballot.

From interviews in Porto Alegre, May 2003

⁹ From interviews by Community Pride Initiative

Everyone is different

“ When people could see that the City Council had made progress with some of the projects, residents began to trust them and attended the meetings in greater numbers. Everyone is different; there is no one way to get people interested. Some come once and never come again. Others come until their pavement is fixed and there is no further need to attend. It all depends on the person, especially on their links to community organisations. There are 3,000 community organisations in Porto Alegre today, and all are involved in PB. As PB gets more popular many new people attend who aren't members of community groups. ”

SERGIO BAIERLE, A RESEARCHER AT CIDADE, A VOLUNTARY SECTOR ORGANISATION SET UP BY THE ARCHITECTS' UNION AND A GROUP OF STUDENTS FROM THE UNIVERSITY WHO WERE INTERESTED IN DEMOCRACY AND GOVERNANCE ISSUES¹⁰

4. WHERE IS PARTICIPATORY BUDGETING NOW BEING USED?

There is increasing interest in participatory budgeting in many countries. UN Habitat notes that: 'The Participatory Budgeting system has been adopted by a wide range of cities in Latin America, mainly from Brazil... By 1996, it had reached 40 cities; spreading to 140 cities by the year 2000... new initiatives have been flourishing in various Latin American cities, from Rosario in Argentina to San Salvador, from Montevideo, Uruguay, to Villa El Salvador in Peru. However, it is in Ecuador, Peru and more recently in Bolivia or Colombia, that more and more cities are introducing the PB approach.'

Today, at least 300 cities worldwide have adopted participatory budgeting processes which have involved more than 12 million people.¹¹ At present it has been adopted by a growing number of European cities.

¹⁰ From interviews with CPI

¹¹ <http://www.unhabitat.org/campaigns/governance/documents/FAQPP.pdf>

Selected cities working on participatory budgeting

- ...✦ **Porto Alegre**, (1.3 million inhabitants) a pioneering city in South Brazil and international reference point.
- ...✦ **Recife**, (1.4 million) in northeastern Brazil, has stood out since 1997 as a result of its focus on gender and a participatory budget carried out by children and young people.
- ...✦ **Buenos Aires, Argentina** (3 million) allows for reflection on the potential and limits of a process that has been considered 'top down'.
- ...✦ **Montevideo, Uruguay** (1.4 million) has one of the most consolidated experiences of PB outside Brazil. Its participatory budget process is built between the municipal government and the citizens through neighbourhood councils elected in each of its 18 districts.
- ...✦ **Villa el Salvador, Peru** (350,000) is a poor district with a strong tradition of participation and small-scale enterprises in the metropolitan area of Lima. Its pioneering experience of PB was conceived as part of the district development plan, approved in a referendum.
- ...✦ **Puerto Asis, capital of Putumayo, Colombia** (66,385) is located in one of the most violent areas of the country. PB, mostly promoted by the mayor, indicates the potential of dialogue from the perspective of peace.
- ...✦ **Cordoba, Spain** (317,953) after a two-year preparation stage, has a PB process that is strongly linked to neighbourhood movements and social organisation, both very active in the city. The PB pays special attention to communication and information.
- ...✦ **St Denis, near Paris, France** (86,871) has a high number of immigrants. A contribution of PB is the establishment of a communication channel between citizens and the municipality in order to build good social relations.
- ...✦ **Bobigny, France**, a municipality within the metropolitan area of Paris, is experiencing PB for the first time this year, in line with the municipality's willingness to establish strong relations with its citizens.
- ...✦ **Pieve Emanuele, Milan, Italy** (16,409) is a small but rapidly expanding municipality. Its recent experience with PB, closely linked to Porto Alegre, is also linked to two other participatory initiatives.
- ...✦ **Rheinstetten, Baden Wurtemberg, Germany** (20,529). PB here has a consultative and informal style and is linked to the municipality's finance department.

Source: www.iied.org/docs/eandu/16-1pp27-46cabannes.pdf

Participatory budgeting in the UK

In the UK, the agenda for Modernisation of Local Government and cabinet-styles of working are making the argument in favour of PB all the stronger, as local government is encouraged to be more open in the way it works. Policies such as Ward Performance, Best Value and now Local Strategic Partnerships can be usefully enhanced and integrated by the PB model. Building on and complementing learning taking place through area-based initiatives such as New Deal for Communities, PB offers a way to transferring real power in the development of 'community strategies' and other new attempts to tackle neighbourhood deprivation.

New Deal for Community areas are already experimenting with participatory research, community audits, area profiling and citizens' panels to inform investment decisions. Working with residents' groups, holding workshops and communicating through local radio and other new media are common ways to engage with residents. All these methods already have a place in UK local governance and form a ready-made body of participation techniques. PB adds new ideas but in general strengthens existing methods of community engagement through focussing firmly on budgets.

Participatory budgeting is now being explored in Salford. Interest has also been shown by Bradford Local Strategic Partnership, Birmingham City Council, Sunderland New Deal for Communities, Wellingborough and York councils. Further discussions are planned with these authorities, supported by a National Advisory Group on Participatory Budgeting which was established in August 2004. Members include the Treasury, the Home Office, the Audit Commission, Neighbourhood Renewal Unit, and the Office of the Deputy Prime Minister.

5. WHAT ARE ITS STRENGTHS (AND WEAKNESSES)?

First, the strengths. If participation is done well, it always works. Participatory budgeting done well can achieve:

- ...❖ A better focus on issues of social exclusion and neighbourhood renewal, bringing clear improvements to some of the poorest neighbourhoods.
- ...❖ Increased investment in areas of social deprivation.
- ...❖ A reduction in the perceived inequalities in investment between different areas.
- ...❖ Enhancement of community participation in local decision-making, reducing the so-called 'democratic deficit'.
- ...❖ Better democratic relationships between citizens, political leaders and public servants.
- ...❖ Better targeted, responsive and effective Council spending.
- ...❖ Cost-efficiency improvements in service delivery over time.
- ...❖ Responsiveness to local communities' priorities in developing spending plans.
- ...❖ Increased capacity and organisation of the community and voluntary sectors.

“The main strength of the PB seems to be the inclusion of marginalised people and communities, albeit only a small proportion of them, into the political process for the first time. But allowing these citizens the right to decide (and not only to be heard) may well have a long-term impact on countries with highly unequal balances of power.”

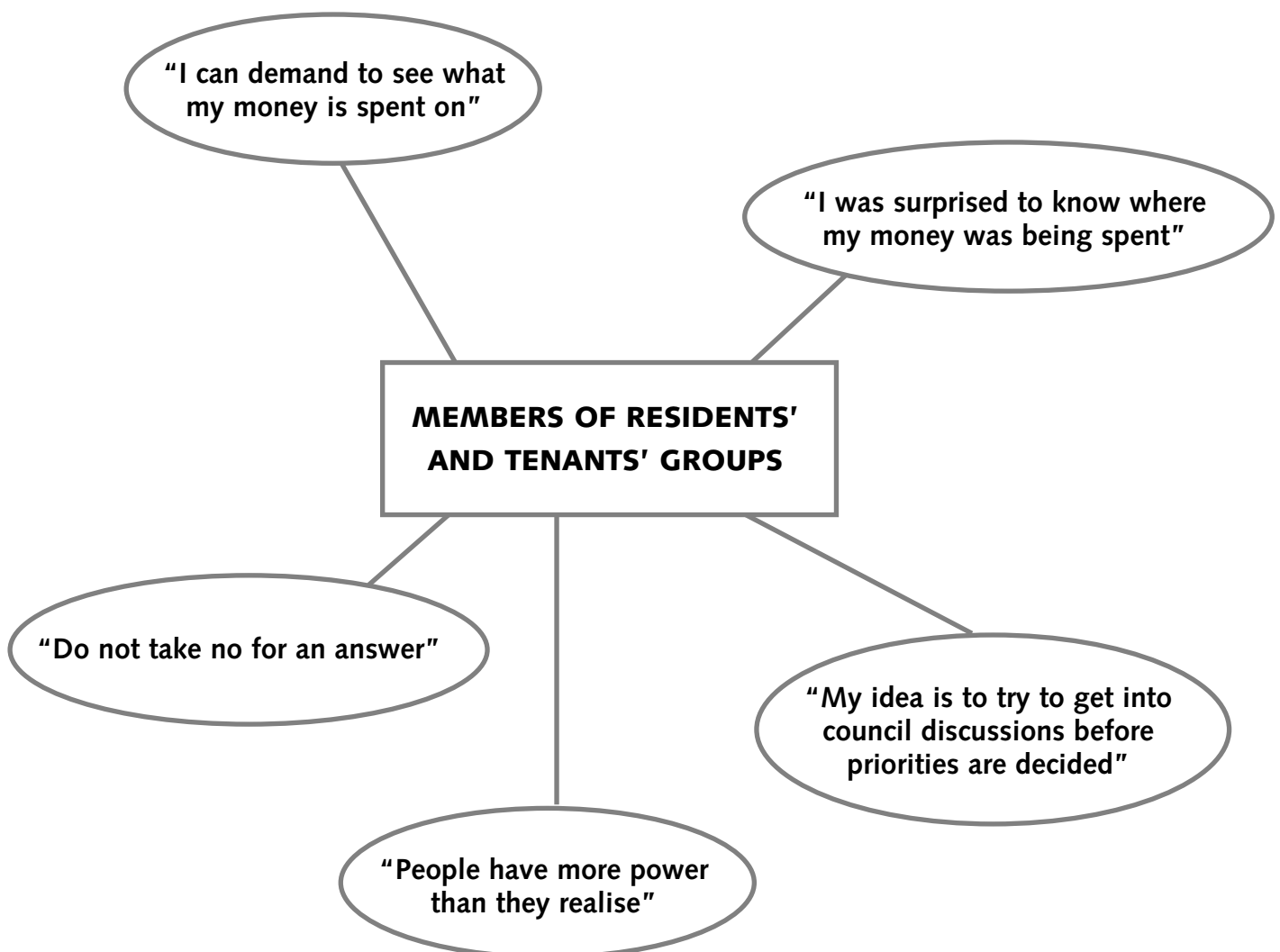
CELINA SOUZA, WHO TEACHES
AT THE FEDERAL UNIVERSITY
OF BAHIA AND THE UNIVERSITY
OF SAO PAULO IN BRAZIL

Those involved in the process tend to be very enthusiastic about what it can deliver. They feel that it has improved democratic processes, involved and given power to poorer communities, and redirected services where they are most needed:

'Participatory budgeting is.... redirecting resources to neighbourhoods that have historically been excluded from governmental action...The experiences of participatory budgeting can be seen as a step towards building democratic institutions, a crucial ingredient of the re-democratisation agenda in Latin American countries.'

CELINA SOUZA, ACADEMIC, BRAZIL

The following comments are from members of residents' and tenants' groups who did a two day training course in Manchester.



Directorates of Council departments in Salford City Council also reacted positively¹²:

- ❖ *'This could be a useful planning tool, helpful in developing partnerships between departments.'*
- ❖ *'The themes in the matrix fit well with Community Committee priorities.'*
- ❖ *'A detailed one-off consultation is more coherent than the present system, it would formalise what is already happening in many areas.'*
- ❖ *'It would give a logical, cohesive framework for making sensible investment decisions. Now is as good a time as any to begin implementing it.'*
- ❖ *'This could be a useful mechanism for re-defining priorities between Community Committee areas.'*
- ❖ *'It could be a useful way to check whether the assumptions we make about what people want are accurate, or not.'*
- ❖ *'The Council has used ranking processes to make decisions which was very helpful. PB could build on this useful approach.'*

Involving service users

In one survey, in response to the question: 'What is your attitude to involving service users?' 82 per cent of respondents recognised the value of involving service users. In response to the question: "How creative are UK organizations in the way they involve users?" 87 per cent of said 'not at all', or at best 'only quite' creative. After hearing about PB, 85 per cent felt PB could be successful in the UK.

The challenges

This is not to say that PB is a piece of cake. 'Maybe the greatest risk PB poses, both in Brazil and in other countries experimenting with it, is to become just another bandwagon,' said Celina Souza, an academic from Brazil. Many people, particularly in poor communities, have been 'consulted' to death. PB needs to prove that it is not just another consultation, but that it works, delivering not just a voice but services to the poorest communities. They need to see that PB is worth the effort.

Councillors and those in local authorities too, may be hostile at first, and need to see that in the end PB also helps them. Luciano Brunet said in Porto Alegre: 'In the beginning there was quite a negative reaction from the local councillors. In particular, they wanted the regulations that govern the PB process to be laid down by law. Councillors prefer set rules but self-regulation is a key part of PB. The whole point is that the people have control and that the regulations can change every year.'

Those in power need to be willing to relinquish it – in Peru, for example, in one community, officials had wanted to build roads or a water supply, but a participatory budgeting exercise had shown great support for a football stadium. Who was to judge which of these was most useful in the long run?¹³

¹² From interviews with CPI, 2003

¹³ Targets, Voice and Choice: Participatory Budgeting? ODI seminar, London, 8 December 2004

Participatory budgeting is not an easy way out. If it is to succeed in the UK as it has done elsewhere, there are a number of challenges it must overcome. These include:

1. Complexity and bureaucracy

Perhaps the greatest challenge of PB is the complexity of its organisation. It is important to ensure that the PB is not 'tagged on' as another scheme but 'builds on' existing structures and processes. Experience shows that it takes a number of years to become effective and generate sufficient participation to achieve results. Its cost-efficiency in the early years is therefore questionable.

2. The need for strong commitment

PB requires strong commitment from all parties in order to work. Although it could be piloted in small areas, to work effectively it requires strong and confident administration which delivers action on the ground. There is a danger that PB can be seen simply as a slogan or populist programme unless it deals with a significant amount of the annual budget. Popular participation requires the sense that it is worthwhile getting involved.

3. The need for capacity building

Community and voluntary sector groups require capacity building and support if they are to play a dynamic role in the PB process. Councillors and local authority officials also need 'training' concerning the principles and the practice of the PB process.

4. The need for time

Participation in PB appears to take some years to build. In cities where the model has been working for some time, people talk of the need to reach a 'critical mass' of participants, after which the scheme would be widely known and understood and begin to take a life of its own. This can take up to three years.

5. The danger of raising expectations

There is also the danger that introduction of a PB process can raise the expectations of local neighbourhoods beyond sustainable levels. Again, this requires very clear information and training in order to ensure people are aware of the true nature of the programme.

6. CONCLUSION

Millions of people around the world have proved that participatory budgeting works for them. In cities like Porto Alegre, it has transformed local democracy and shifted power to citizens, who have chosen to reallocate funds where they are really needed – in the poorest areas.

In the UK, a number of discussions are taking place about the uses of participatory budgeting. It has received encouragement and support from national and local government. It meets many of the government's targets for modernisation, for community strategies and for breathing new life into local democracy. It fits in with government plans for devolution and decentralisation.

It has many potential benefits; enhancing participation in local democracy; improving the delivery and cost-effectiveness of local services; ensuring better targeted, more responsive and effective Council spending; improved democratic relationships between citizens, political leaders and public servants; and increased investment in areas of social deprivation.

It also demands political commitment and hard work. But as citizens from Porto Alegre to Salford have shown, it is well worth the effort. Participatory budgeting is an idea whose time has now come. And as one Director of a Council Department in the UK noted: 'Now is as good a time as any to begin implementing it.'

“I started participating in the participatory budget for children and young people as a game. I liked it so much that I plan to play this game my whole life. I will never forget this project.”

**WANESSA DA SILVA, 15,
BARRA MANSA, BRAZIL**

APPENDIX 1: GLOSSARY OF TERMS

Anti Poverty Strategies (APS)	An attempt at a co-ordinated approach to tackling poverty including programmes to help people claim benefits, manage debt, have access to low interest small loans and better access to social work and housing services.
Area Based Regeneration	In some areas, problems of economic, social and environmental dereliction combine to lock local communities into a vicious cycle of exclusion. Area based initiatives encourage a range of partners to work together, targeting their resources to improve the quality of life in these areas.
Best Value	A framework, based on a set of nationally determined indicators to help local authorities measure, manage and improve their performance. www.local-regions.odpm.gov.uk/bestvalue/bvindex.htm
Capital Funding	Money spent on the purchase or improvement of fixed assets such as buildings, roads and equipment.
Community Chest	Neighbourhood Renewal Community Chests are administered by voluntary sector 'lead organisations' and offer small grants of up to £5,000 to community groups for projects to help them renew their own neighbourhoods.
Community Empowerment Fund (CEF)	Aims to help community and voluntary groups to become empowered in order to participate in Local Strategic Partnerships and neighbourhood renewal. Government Offices for the Regions are responsible for distributing CEF resources of £36m over three years.
Community planning	The process where a local authority and partner organisations come together to plan, provide and promote the well-being of their communities. It promotes the active involvement of communities in the decisions on local services which affect people's lives including for example health, education, transport, the economy, safety and the environment.
Community strategies	The plans which local authorities are now required to prepare for improving the economic, environmental and social well being of local areas and by which councils are expected to co-ordinate the actions of the public, private, voluntary and community organisations that operate locally.
Floor targets	Deprivation will be tackled through the bending of main Departmental programmes such as the police and health services, to focus more specifically on the most deprived areas. Departments now have minimum targets to meet, which means that, for the first time, they will be judged on the areas where they are doing worst, and not just on averages.

Local Public Service Agreement	Agreements between individual local authorities and the Government setting out the authority's commitment to deliver specific improvements in performance, and the Government's commitment to reward these improvements. The agreement also records what the Government will do to help the authority achieve the improved performance.
Local Strategic Partnerships	New overarching partnerships of stakeholders who will develop ways to involve local people in shaping the future of their neighbourhood in how services are provided.
Locality Budgeting	The process of developing and co-ordinating budgets between all government organisations relevant to community and neighbourhood needs in a particular area.
Mainstreaming	Re-aligning the allocation of mainstream resources – such as the police and health services – to better target the most deprived areas.
Neighbourhood Renewal Fund	Provides public services and communities in the 88 poorest local authority districts with extra funds to tackle deprivation. The original £900 million pot has been extended for a further 3 years and has been increased by a further £975 million.
New Deal for Communities	A Government programme to regenerate 39 very deprived areas across England over a 10-year period.
Public Service Agreements (PSAs)	(see Floor targets)
Revenue Support Grant	Annual calculation of what Local Authorities receive from Central Government.

These terms come from www.neighbourhood.gov.uk/glossary.asp?pageid=10.

APPENDIX 2: COMMUNITY PRIDE INITIATIVE AND OXFAM UK POVERTY PROGRAMME

Community Pride Initiative (CPI)

Community Pride Initiative (CPI) was established in April 1999 and is administered by Church Action on Poverty, but has its own management committee drawn from community and voluntary sector volunteers and professionals. It receives funding from the Big Lottery Fund, and from a range of charitable and statutory bodies. It works to enhance the capacity of grassroots activists, community groups and faith-based projects in disadvantaged communities of Manchester and Salford by means of:

- ...❖ **Analysis** To undertake social, political and economic analysis of forces which create and sustain poverty and social exclusion within their own communities and neighbourhoods.
- ...❖ **Strategy & Action** To develop their own proposals for action at local, regional and national levels to address the needs and issues identified within their own communities and neighbourhoods.
- ...❖ **Networking & Engagement** To develop coalitions and networks to engage with the strategies and policies of the major strategic players within their neighbourhoods, Local Authority areas and the regional and national context.
- ...❖ **Policy Debate** To participate in wider policy debates about poverty, social exclusion, neighbourhood renewal and urban regeneration and local democracy at local, regional and national levels.
- ...❖ **Sharing Good Practice** To participate in learning and exchange with organisations and community networks with similar aims and methods across the UK and internationally.

Oxfam UK Poverty Programme (UKPP)

Oxfam UK's Poverty Programme was created in 1996 in response to the growth in poverty and inequality in the UK. Its work is guided by the same principles as Oxfam's work in other countries: it develops ways of working which enable people living in poverty to work out their own solutions to their problems and to challenge the policies and practices that are responsible for creating and maintaining poverty.

If the root causes of poverty are to be tackled effectively, then local people must be involved in making and implementing the decisions which affect their lives. Using a range of approaches, from group exchanges to practical resources based on real life experience, Oxfam has enabled communities and local authorities to learn from their counterparts in other countries about involving people experiencing poverty in decision-making processes.

The UKPP has supported work on participatory budgeting in the UK by facilitating learning from the Brazilian experience, and by providing funding and other support to CPI. This forms part of a wider exploration of models of and approaches to participation and accountability to local people.

Community Pride Initiative, Oxfam UKPP and participatory budgeting

CPI has been keen to learn from the experiences of participatory budgeting in the countries of the South. In partnership with Oxfam's UK Poverty Programme, CPI developed a 'learning exchange' with the cities of Porto Alegre and Recife in Brazil. Its aims were:

- ...❖ To facilitate South-North learning around local governance issues, and in particular the Brazilian experience of participatory budgeting
- ...❖ For community activists and council representatives from Manchester and Salford to identify possibilities for changes to policy and practice which would enable greater participation of communities in municipal decision making and hence strengthen local democracy;
- ...❖ For community activists and council representatives from Brazil to learn from the experience of Manchester and Salford in areas of interest to them.

Exchange activity with Brazil has included:

- ...❖ Hosting the visits of Brazilian workers from non-governmental organisations in Recife who have addressed conferences and seminars in Manchester and Salford;
- ...❖ Sending delegations to visit non-governmental organisations, community projects and Local Authority officials in Porto Alegre and Recife;
- ...❖ Establishing regular dialogue with non-governmental partners in Brazil;
- ...❖ Hosting the visit to Manchester in June 2003 of Andre Passos Cordeiro, Co-ordinator of the Planning Cabinet (GAPLAN) of the Prefeitura of Porto Alegre.

Exchange activity has led to a number of opportunities for PB in Manchester and Salford:

- ...❖ Work with Manchester, Salford and Trafford local authorities to develop practical innovations in local governance, based on elements of the participatory budgeting model of Porto Alegre;
- ...❖ The production of a series of research briefings and reports about participatory budgeting and its potential for enhancing local democracy in the UK context;
- ...❖ Presentations about participatory budgeting at a number of local, regional, national and European seminars and conferences.

APPENDIX 3: RESOURCES ON PARTICIPATORY BUDGETING

Websites and Internet resources, especially dealing with participation.

UK Participation weblinks:

1. <http://www.jrf.org.uk/knowledge/> Link to page within Joseph Rowntree Foundation website.
2. <http://www.neweconomics.org/> Website of the New Economics Foundation.

Local authority websites worldwide (implementing or considering PB):

3. <http://www.portoalegre.rs.gov.br/> Website of the city of Porto Alegre.
4. <http://www.orcamentoparticipativo-palmela.org/main.htm>
Website of the Portuguese town of Pamela, newly experimenting with PB.
5. <http://www.presupuestosparticipativosdesevilla.org/> Participatory budgeting in Seville.

International bodies who have information or resources on PB:

6. <http://www.internationalbudget.org/>
International organisation focusing on public budgeting issues.
7. <http://www.worldbank.org/poverty/empowerment/toolsprac/tool06.htm>
Link to report: Empowerment Tools and Practices 6: Participatory Budgeting.
8. http://www.worldbank.org/participation/navarropt_files/frame.htm
Extract of World Bank presentation on PB.
9. <http://www.unhabitat.org/campaigns/governance/>
The United Nations Human Settlements Programme, UN-HABITAT, is the United Nations agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.
10. http://europa.eu.int/comm/europeaid/projects/urbal/index_en.htm
European union project linking with Latin America.
11. <http://www.ids.ac.uk/ids/particip> Institute of Development Studies (IDS) Participation Group.
12. <http://www.ids.ac.uk/logolink>
Logolink (Participation and Local Governance) good practice network.
13. <http://www.goethe.de/br/poa/buerg/en/framebag.htm>
Website of the German Goethe institute with good international references.

Non Governmental Organisations outside the UK working on PB:

14. <http://www.budget-participatif.org/>
French network promoting participation in local budgeting.
15. <http://www.usn.org.za/about.htm>
South African NGO involved with development and governance issues.

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Mohammad Muntasim Tanvir, ActionAid Bangladesh. This report examines the use of Participatory Budget Analysis, based on work undertaken in Bangladesh during 2001-2002.
<http://www.pbabd.org>

A Guide to Participatory Budgeting

Brian Wampler, October 2000. Written under the auspices of the International Budget Project of the Center for Budget and Policies Priorities and the Ford Foundation. Available via CPI and also on the internet.
<http://www.internationalbudget.org/cdrom/papers/systems/ParticipatoryBudgets/Wampler.pdf>

A Participatory Budgeting Model For Canadian Cities

Hendrik Thomas Nieuwland, July 2003. MA thesis submitted to the School of Policy Studies, Queen's University, Kingston, Ontario, Canada, which references work in Salford.

Budgets As If People Mattered: Democratising Macroeconomic Policies

May 2000, UNDP/SEPED. http://www.undp.org/seped/publications/conf_pub
City Consultation in Barra Mansa and City Consultation In Icapui Yves Cabannes. Available from CPI. Report on involving children and young people in PB processes.

Democracy Counts! Participatory Budgeting in Canada and Abroad

Alternative Federal Budget 2003 Technical Paper #4. Canadian Centre for Policy Alternatives.
<http://www.policyalternatives.ca>

Guide To Applied Budget Work For NGOs

International Budget Project, Washington DC, 2001. Practical handbook of budget analysis.
<http://www.internationalbudget.org/>

Informality as a culture of dialogue: Three Mayors of Porto Alegre face to face

Giovanni Allegretti (available by contacting Community Pride Initiative).
Reflections on visit to Porto Alegre.

Municipal Poverty Reduction and the Sustainable Livelihoods Approach

Nigel S Smith, Loughborough University, September 2001.
A postgraduate research report which references Community Pride's work in Manchester.

Participatory budgeting: a significant contribution to participatory democracy

Yves Cabannes, Environment & Urbanization Vol 16, No 1, April 2004. This paper was extracted from a longer document, 'Participatory budgeting and municipal finance' prepared for the Porto Alegre Municipality.

Participatory budgeting toolkit '72 Frequently Asked Questions about Participatory Budgeting'

Urban governance toolkit series. July 2004, UN Habitat.
<http://www.unhabitat.org/campaigns/governance/>

Participation, Citizenship and Local Governance

John Gaventa and Camilo Valderrama, Institute of Development Studies, June 21-24, 1999.
Background note prepared for workshop on 'Strengthening participation in local governance'

Participatory democracy in Porto Alegre, Brazil. Rualdo Menegat. June 2002.

PLA notes 44. Part of a series of papers from Participatory Learning and Action (IIED):
http://www.iied.org/sarl/pla_notes/

Participatory Governance, People's Empowerment and Poverty Reduction

SEPED Conference Paper Series # 7 (S R Osmani) May 2000, UNDP/SEPED

http://www.undp.org/seped/publications/conf_pub

Strengthening Civic Engagement in Public Expenditure Management

NGO and Civil Society Unit, Social Development Department, World Bank.

Contact: jthindwa@worldbank.org

Tools And Practices 6: Participatory Budgeting

World Bank 2002. Extract from a larger report, giving information on PB. Available from the website of the World Bank, and via CPI. Describes PB in Porto Alegre, gender budgeting in South Africa, and budget work in the Republic of Ireland.

Urban Governance, Partnership and Poverty

International Development Dept, School of Public Policy, University of Birmingham.

Women's Participation in the City Consultation Process

Habitat Debate, UN-HABITAT, Vol.8 No.4, December 2002. <http://www.peacewomen.org>

Community Pride Initiative Reports (www.participatorybudgeting.org.uk)

The participatory budgeting project has prepared innumerable presentations and short briefing papers on PB. The following represent some of the most significant individual reports we have completed. Other, shorter, papers are available upon request to the PB team.

Citizens' Budget Report, Nov 2000, with updates. Report on our first visit to Brazil, with descriptions of interviews with residents, non-governmental organisations and the local authority, with a set of proposals for introducing PB into the UK.

The Budget Matrix, 2001. Early description of the working of the budget matrix, based on learning from Brazil.

Local Strategic Partnerships and Participatory Budgeting in Manchester, October 2001.

Comparison between proposals to develop a local strategic partnership for Manchester, and how the structures might mirror experiences in Porto Alegre.

Community participation publications – an annotated bibliography, 2001.

Review of existing literature on community participation.

Salford budget consultations and PB, 2001. Early analysis of Salford's budget consultation processes and suggestions for introducing PB work into Salford. Later on this paper led into the first pilot study, commissioned by Salford Council in 2002.

Building a People's Budget in Salford, 2003. Report of the first pilot study into introducing PB into Salford, with recommendations for extending devolved budgeting, annual budget consultations and community action planning.

What is participatory budgeting? 2003. One-page description of PB and its relevance to the UK.

Slicing up the pie – community organising in Brazil, 2004. Report of the 2003 research visit to Brazil, looking at the development of PB in Porto Alegre since earlier visits and discussing its impact on community organising in Brazil.