

Participatory Budgeting

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Tool summary

Participatory Budgeting (PB) is a process whereby citizens directly participate in the allocation of a defined part of a government's budget. PB initiatives are typically initiated by local government authorities, frequently in response to demands from community groups, CSOs and/or citizens for a greater say in deciding how and where public resources should be spent. Participatory budgeting creates opportunities for educating and empowering citizens and for strengthening citizen-government relations. PB also helps to promote government transparency and accountability, and the responsiveness and effectiveness of government programmes and services. PB initiatives usually have a specific aim of involving traditionally excluded political actors such as the poor, women, youth and other disadvantaged social groups, giving them the opportunity to directly influence local public spending.

What is it?

Participatory Budgeting (PB) aims to involve citizens in deciding how a defined portion of public resources will be allocated. It attempts to ensure that public spending is consistent with citizens' needs and priorities.

PB is a process through which the residents of an area, be it a neighbourhood, village, city or local authority area, directly participate in the allocation of a portion of the local government budget or the budget of a specific government sector such as for e.g. maternal health, public transport etc. or an agency like for e.g. a school, health centre etc. PB enables citizens to get informed about available public resources, engage in prioritizing the needs of their locality collectively, propose projects, investments and services and allocate resources in a democratic and transparent way.

Effective PB requires committed teamwork between the government, citizens and civil society organizations (CSOs). Institutionalised PB involves citizens and CSOs being engaged throughout the annual budgetary cycle of setting priorities, formulating budgets and monitoring the delivery of projects and services.

CSOs can support PB in multiple ways through, for example, helping to access, analyse and disseminate budget information; conducting research to assess citizen needs and preferences, helping citizens to organise, training and



educating citizens with regard to participatory budgeting and budgetary issues in general and, facilitating communication and relations between citizens and government authorities.

Public works and services that are typically identified by citizens as priorities in a PB process include:

- Basic services such as for e.g. health, education, transportation, social assistance etc.
- Local infrastructure like health centres, schools and day-care centres, roads, water, sewerage, housing, recreation facilities and so on;
- Social issues such as pro-poor programs, gender equity etc.

How is it done?

The term “participatory budgeting” is used to refer to a wide range of practices. It can be carried out in different ways with varying levels of citizen participation. PB can sometimes refer to government efforts to consult the citizen groups or invite citizens to comment on its budget proposals. However, PB usually involves a process that offers an opportunity for interested citizens to express their opinions and then collectively make decisions about budgetary allocations. PB involves three basic steps. They are:

1. Step one: Preparation and initiation

- It is helpful for the initiator of the process to begin by conducting a situational and stakeholder analyses. Therefore, the first preparatory step is to generate a list of stakeholder groups such as citizen organisations, residents’ groups, faith-based groups, tenants’ organisations, relevant government institutions and officials, private sector, etc.
- PB processes can be initiated by government or CSOs. Irrespective of who the initiator is, PB requires some level of collaboration between all these groups. It is therefore important at the very outset to bring an initial group of key citizen and government representatives together to collectively agree to initiate and design a PB process.
- Establish the scope of the initiative by earmarking the quantum of funds to be allocated while also specifying the sources of such funds. Many PB initiatives initially utilise new, uncommitted or ‘flexible’ resources. In the initial stages of PB, the amount of funds allocated is frequently quite small ranging only 2 to 3% of the overall investment budget. Nevertheless, with an increase in mutual confidence and local capacity over a period of time, the allocation through PB may come to represent a large portion of the

- total expenditure of the annual budget or the entire budgeted expenditure itself.
- Agree upon a set of guiding principles of the PB process such as universal participation, transparency, objectivity, gender sensitivity, social inclusion, equity etc.
 - Decide on the regulations and rules of the initiative. It is important that all parties agree to these. CSOs can sometimes play a role in facilitating this process.
 - Establish a calendar of events/planning cycle.

2. *Step two: Participatory budget formulation*

- PB initiatives often begin with information campaigns, public education, and workshops to promote budget literacy and explain the principles of PB.
- A next important step is to convene open neighbourhood or street level public meetings giving space for citizens to express and debate their needs and priorities. Use the meetings democratically elect neighbourhood representatives to participate in district/zone level meetings where the competing demands of different neighbourhoods are discussed and negotiated. Then, district/zone level representatives are elected to participate in municipality level discussions and negotiations.
- CSOs play a major part in this phase of PB, helping to organise community groups and facilitate public meetings. If necessary, they can also solicit the advice and assistance of specialists to help citizens understand more complex issues, proposals and potential outcomes.
- “Caravans” are sometimes used at this stage to allow neighbourhood/district representatives to visit different parts of the city/locality for a first-hand observation of inequalities and to gain a better understanding of competing needs.
- Convene a municipal level forum to decide budgetary priorities, where citizens share the results of their assessment of needs and proposed investments/projects with the municipal officials and the general public. CSOs can play an important role at this stage in improving the communication between citizens and the government and thereby facilitating a constructive working relationship between them.
- Proposals for projects identified in this process are subject to technical review and subsequent approval by local authorities with or without modifications.

3. *Step three: Implementation*

- Projects approved through the PB are implemented through a process of competitive bidding.
- Typically, citizen groups that are engaged in the PB process also participate in monitoring the implementation of the approved projects/investment-decisions and in evaluating the corresponding public works/services.
- As the implementation process gains momentum, the new annual budget for the succeeding year cycle begins.

Benefits

- Provides an opportunity to deepen citizenship and democracy.
- Empowers citizens to influence public decisions that directly affect their lives.
- Enhances government responsiveness and accountability to citizens.
- Enhances citizen understanding of public budgets and budget constraints, creating more realistic expectations.
- Enhances citizen confidence in public institutions and the legitimacy of government actors.
- Promotes greater democracy and equity in the allocation of public resources for e.g. by encouraging the redistribution of spending in favour of less well-off neighbourhoods.
- Encourages community cohesion and helps build understanding, trust and consensus among citizens.
- Promotes productive dialogue and constructive working relationships between public sector actors, citizens, CSOs and communities.

Challenges and lessons

- Where PB is new, it is important to invest time and effort upfront to ensure that both the citizens and the government officials understand its principles and rationale.
- Governments may not be interested in involving citizens and civil society in the budget process. They may see it either as interference and a threat to their political legitimacy or doubt citizens' competence to identify and agree on priorities. Exposing government officials to successful PB initiatives can help to nurture political will.
- Governments may lack resources, personnel and skills to initiate and manage the PB process. In such cases, CSOs and sometimes external donors and specialists can provide assistance.

Key resources

Caddy, J, Peixoto, T & McNeil, M. *Beyond Public Scrutiny: Stocktaking of Social Accountability in OECD Countries*. OECD/World Bank Institute Working Paper (2007)

- ☞ The paper provides a number of participatory budgeting case studies from OECD countries.

Centre for Democracy and Development, Nigeria. *A Handbook on Budgeting: A Guide to the Due Process Approach*. (2005)

<http://www.boellnigeria.org/documents/CDDBudgetingHandbook.pdf>

- ☞ This handbook provides guidance on enhancing citizen participation in budgeting processes at local and national levels while highlighting gender budgeting.

Church Action on Poverty. *Participatory budgeting in the UK: Toolkit* (2008)

<http://www.participatorybudgeting.org.uk/documents/ToolKit-Layout%201.pdf>

- ☞ The toolkit provides local authorities, CSOs and citizens with a 'how to' guide on participatory budgeting.

Community Pride Initiative & Oxfam. *Bringing Budgets Alive: Participatory Budgeting in Practice* (2005)

<http://www.participatorybudgeting.org.uk/documents/Bringing-20budgets-20alive.pdf>

- ☞ This report provides practical advice and guidance based on the experience of a participatory budgeting initiative in Manchester, UK.

Community Pride Initiative & Oxfam. *Breathing Life into Democracy: The Power of Participatory Budgeting*. (2005)

<http://www.participatorybudgeting.org.uk/documents/breathing%20life%20into%20democracy.pdf>

- ☞ This report provides a detailed overview of the origins and development of participatory budgeting, why it is important today and what its key strengths and weaknesses are.

International Budget Partnership (IBP): *Participatory Budgeting around the World*



<http://www.internationalbudget.org/themes/PB/index.htm>

- ☞ This section of the IBP website offers a comprehensive basic introduction to participatory budgeting, as well as a wealth of more detailed operational information and links to additional resources in several languages including case studies of participatory budgeting initiatives from around the world.

Participatory Budgeting.org

www.participatorybudgeting.org

- ☞ This is a rich online resource bank and a forum on participatory budgeting and other forms of participatory democracy.

Participatory Budgeting Unit & Online Resource Centre, Church Action on Poverty, Manchester-United Kingdom

<http://www.participatorybudgeting.org.uk/community/resources>

- ☞ The website of Participatory Budgeting Unit provides a wealth of Information on PB experiences and resources in the United Kingdom. It also has an online resource centre

Porto Alegre Participatory Budget Virtual Library, University of Ontario

http://www.oise.utoronto.ca/research/clpd/poa_vl.html

- ☞ This html page contains numerous links to articles and other informational resources on participatory budgeting

Schugurensky, D. *Participatory Budget: A Tool for Democratizing Democracy* University of Toronto (2004)

http://fcis.oise.utoronto.ca/~daniel_schugurensky/lcp/PB_DS_talk_04-04.pdf

- ☞ This paper describes participatory budgeting as a means for achieving genuine democracy.

The Participatory Budgeting Network

<http://lists.topica.com/lists/participatorybudgeting>

- ☞ This is an email-discussion list about participatory budgeting issues and experiences

United Nations Economic & Social Council. *A Participatory Approach to National Budgeting: Some Key Principles and Lessons* (2005)

<http://www.uneca.org/chdcs/chdcs3/participatoryapproach.pdf>

- ☞ This paper identifies elements of popular participation in the process of



formulating, implementing and assessing public policies at national and local levels, with particular emphasis on the national budgeting process.

United Nations Habitat: *72 Frequently Asked Questions About Participatory Budgeting*. (2004)

<http://www.unhabitat.org/pmss/getPage.asp?page=bookView&book=243>

☞ Developed in a FAQ format and simple language, this UN-Habitat publication captures the essence of participatory budgeting experiences in Brazil and Europe and is targeted at local authorities and CSOs.

Wampler, B. *A Guide to Participatory Budgeting*. IBP (2000)

<http://www.internationalbudget.org/resources/library/GPB.pdf>

☞ An introductory guide to participatory budgeting based on the Brazilian experience.

Case studies

Participatory budgeting as a radical political change in Porto Alegre, Brazil

The Porto Alegre model is the best known and most distinctive participatory budgeting program. In Porto Alegre, citizens and civil society organizations directly participate in making budget decisions through a year-long cycle of mass citizen forums, thematic assemblies addressing specific issues such as health and education, and the election of dedicated citizen-delegates who form a Participatory Budgeting Council which reviews the final budget proposal. The process is used to: allocate budget resources based on a quantitative scheme to prioritize the spending according to needs and preferences; articulate broad social and economic policy priorities; and monitor public expenditure. During the formulation phase of the PB cycle, the Porto Alegre model also encompasses budget analysis, tracking and monitoring activities. Initiated in one municipality by the newly elected Worker's Party in 1989, the PB has since then, spread to almost 100 municipalities in Brazil, and has been implemented even at the state level in the Brazilian state of Rio Grande do Sul.

Some of the key sources of information about PB in Brazil are:

- Heimans, J. *Strengthening Participation in Public Expenditure Management: Policy Recommendations for Key Stakeholders*. Policy Briefs no. 22. OECD
<http://puck.sourceoecd.org/vl=696704/cl=20/nw=1/rpsv/cgi-bin/wppdf?file=5l9t4hqc0ps0.pdf>
- Kauzya, J.M. *Decentralisation: Prospects for Peace, Democracy and Development*. DPADM Discussion Paper, United Nations Department for Economic and Social Affairs (2005)
<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan021510.pdf>
- Wampler, B. *A Guide to Participatory Budgeting*. International Budget Partnership (2000)
<http://www.internationalbudget.org/resources/library/GPB.pdf>
- *Lessons from Brazil: the Budget Matrix*. Community Pride Initiative, United Kingdom (2001)
<http://www.participatorybudgeting.org.uk/documents/The-20budget-20matrix.pdf>

- O'Rourke, B.E. *Slicing up the Pie: Community involvement in participatory budgeting Porto Alegre, Brazil*. Community Pride Initiative (2003)
<http://www.participatorybudgeting.org.uk/documents/Slicing-20up-20the-20Pie.pdf>

Participatory Budgeting in Salford, Greater Manchester-United Kingdom

Historically, local governments brought in citizen participation in the budgetary process as a platform to report on expected budget expenditure only after a majority of the funding had already been allocated. Generally, grievances and amendments had little impact. In Salford, the local government conducted a trial participatory budgeting program in 2001. Using the Porto Alegre model, the Salford local government divided their geographical area in to nine localities based upon the budgetary demarcations specified in the budgets of preceding years and conducted consultations in the months leading up to the national budget process in March. During these consultations, citizens laid out their desires for allocations utilising a budget matrix to define and rank the allocations accordingly. The local government and the delegates of the community (individuals backed by the support of local constituents) used the results from these consultations to develop Community Action Plans which were formalised proposals depicting local needs and desires. Initially, the Community Action Plans received only a lukewarm response. However, after years of conducting this annual exercise, the support and response to this initiative has seen a significant improvement.

For more information, refer: *Breathing Life into Democracy: The Power of Participatory Budgeting*. Community Pride Initiative & OXFAM, UK (2005)

<http://www.participatorybudgeting.org.uk/documents/breathing%20life%20into%20democracy.pdf>

E-Participatory Budgeting in Bel Horizonte, Brazil

Considering the fact that the e-Participatory Budgeting took place in a city with 1.7 million electors and attained a level of participation of nearly 10%, the e-Participatory Budgeting of Belo Horizonte is, by any standards, one of the most significant initiatives in the world in the domain of e-democracy to have been implemented so far.

For more information, visit: <http://edc.unige.ch/edcadmin/images/Tiago.pdf>



Rete del Nuovo Municipio, Italy

It is an Italian project linking local authorities, scientists and local committees for promoting participatory democracy and active citizenship, mainly through participatory budgeting.

Visit www.nuovomunicipio.org for more information

