



# 72 Frequently Asked Questions about Participatory Budgeting

URBAN GOVERNANCE TOOLKIT SERIES





UN-HABITAT

# 72 Frequently Asked Questions about Participatory Budgeting

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GLOBAL CAMPAIGN  
ON URBAN GOVERNANCE

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## V. Foreword

One of UN-HABITAT's strategic areas of work is to support cities in the adoption of socially integrated, inclusive, accessible, transparent, participatory and accountable urban governance and management, with a view to ensuring sustainable urban development. As the UN focal point for local authorities, UN-HABITAT encourages cities to apply good urban governance practices, through two complementary mechanisms - the Global Campaign on Urban Governance and the Urban Management Programme.

The Global Campaign on Urban Governance promotes increased acceptance and use of the principles of urban governance. Through advocacy and outreach activities, collaborating and engaging with partners and constituencies, as well as the launching of national campaigns, norms of urban governance have received wide acceptance, application and adaptation. To further translate urban governance principles into practical measures, the Campaign has developed a range of tools. The Campaign has succeeded in initiating concrete activities aimed at spurring policy change and enhancing organizational capacities in more than 30 countries across the world.

The Urban Management Programme (UMP) represents a major effort by UN-HABITAT and UNDP, together with external support agencies, to strengthen the contribution that cities and towns in developing countries make towards economic growth, social development and poverty alleviation. It complements the efforts of the Campaign, working through 19 anchor institutions and over 40 local and national institutions, which have been involved in developing the capacity of local partners and city governments for participatory governance, and reaches 140 cities in 58 countries. Over the past 18 years, UMP has been able to provide a platform for partners to engage in work related to emerging urban management themes.

Participatory Budgeting is emerging as an innovative urban management practice with excellent potential to promote principles of good urban governance. Indeed, participatory budgeting can yield many benefits to local government and civil society alike. It can improve transparency in municipal expenditure and stimulate citizen's involvement in decision making over public resources. It can help in boosting city reve-

nues. It can redirect municipal investment towards basic infrastructure for poorer neighbourhoods. It can strengthen social networks and help to mediate differences between elected leaders and civil society groups.

By broadening and deepening citizen participation in the allocation of public resources, Participatory Budgeting appears as a positive process for the construction of inclusive cities, where those who are traditionally marginalised are breaking out of the cycle of exclusion. By contributing to principles of good urban governance, Participatory Budgeting is proving to be an important tool in the democratisation of cities. An increasing number of cities are adopting it, with many local variations.

These potential benefits led to the Global Campaign on Urban Governance and the Latin American and Caribbean Office of the Urban Management Programme joining hands to develop a Toolkit or "Collection of Resources", to help deepen the understanding of Participatory Budgeting and to broaden its application. The answers to the 72 Frequently Asked Questions discussed in this publication are a key component of this Toolkit.

The Toolkit is primarily based on experiences of cities in Latin America, complemented with a few emerging experiences from Europe. However, UN-HABITAT is receiving an increasing number of requests from cities in Africa and Asia which would like to introduce Participatory Budgeting. With this Toolkit, UN-HABITAT intends to contribute to the promotion of inter-regional transfers of experience in Participatory Budgeting.

I hope that this publication will be useful for both local government officials and civil society organizations committed to expanding and deepening their urban governance instruments, in order to make their cities more inclusive.

## V. Foreword

Anna Kajumulo Tibaijuka  
Executive Director  
UN-HABITAT



## VI. About the Manual

The present Manual of Frequently Asked Questions intends to respond in a direct and practical way to the general question of how best to implement a Participatory Budget. The Manual is a key entry point to a broader Participatory Budgeting Toolkit, which is based on a collection of four types of useful resources for all those interested in adopting and adapting Participatory Budgeting in a particular context. These four components are closely inter-linked and have been organized in the following form:

- a) Digital Library
- b) Set of technical and legal instruments
- c) 14 City Fact Sheets<sup>1</sup>
- d) Resource Directory of people, organizations, contacts and websites (see diagram)

This information is available on the website of the Latin American and Caribbean Office of the Urban Management Programme - [www.pgualc.org](http://www.pgualc.org).

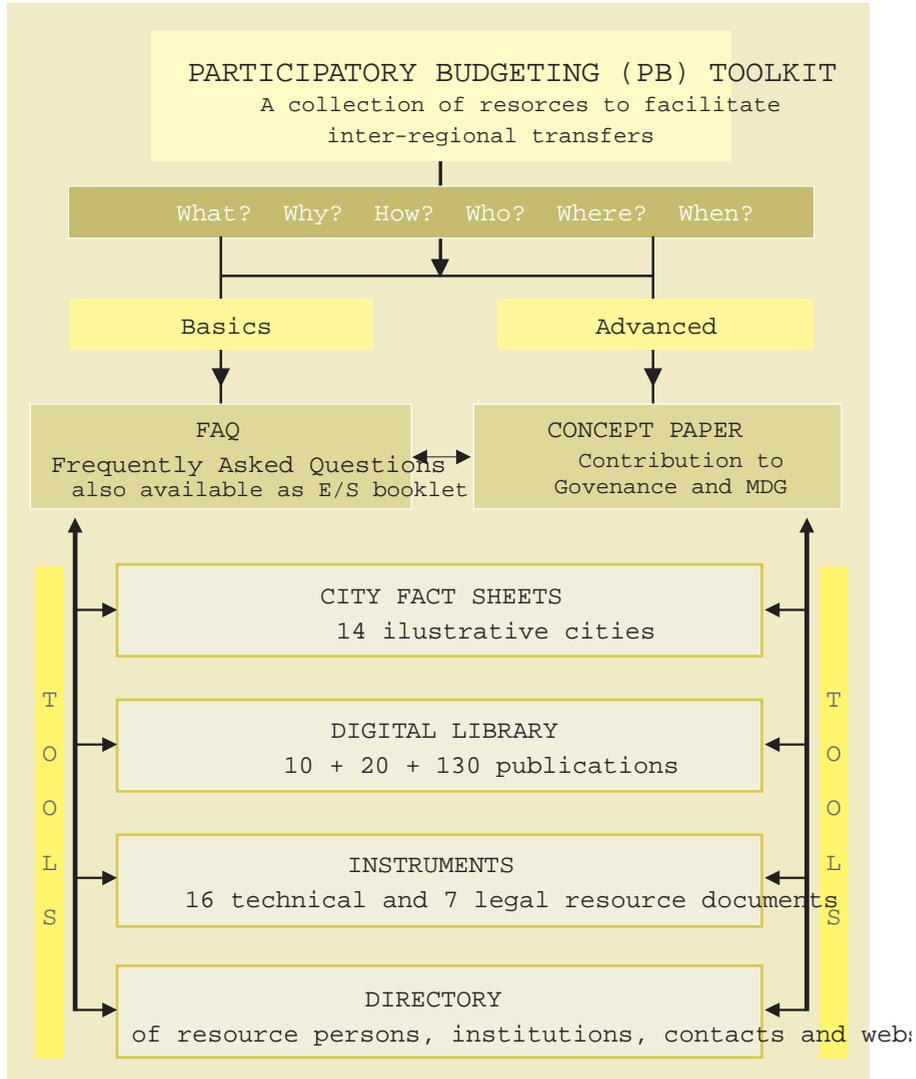
Participatory Budgeting cannot fit into a single model because the practice represents a range of initiatives with their own characteristics, which, furthermore, are constantly evolving and changing. These are multifaceted processes, which can be seen in the light of four dimensions in particular: a) participatory, b) budgetary, c) normative/legal, and d) territorial/physical. A "Concept Paper"<sup>2</sup> which is published in the UMP-LAC working paper series, develops a series of variables to differentiate this heterogeneous universe.

An important characteristic of Participatory Budgeting is that it is a process regulated by time (usually in annual cycles), by physical territory (normally the city limits), and in which the main actors are local governments and civil society. The contributions of Participatory Budgeting to enhancing good urban governance, in order of importance, are: i) an expansion and deepening of participation, ii) an increase in effectiveness, iii) a qualitatively different accountability system, iv) improved equity, and v) enhanced public safety.<sup>3</sup>

<sup>1</sup> 7 Brazilian (Porto Alegre, Belo Horizonte, Campinas, Alvorada, Caxias do Sul, São Paulo and Icapui), 5 from elsewhere in Latin America (Montevideo, Villa El Salvador, Cuenca, Cotacachi and Ilo) and 2 from Europe (Córdoba and Saint Denis)

<sup>2</sup> Participatory Budgeting: Conceptual Framework and Analysis of its Contribution to Urban Governance and the Millenium Development Goals, UMP-LAC Working Paper, July 2004 - Section I

# VI. About the Manual



Participatory Budgeting is not only a process that contributes positively to good urban governance. One of its most important characteristics is linking democratic processes with concrete and perceptible results in the short term. These materialise, according to the case, with basic services, housing, health centres, educational infrastructure, etc. These improvements in life conditions, in particular of the urban poor, are tangible and positive contributions to the Millennium Development Goals at the local level.<sup>4</sup>

So, while the present Frequently Asked Questions Manual focuses on the "How", the Concept Paper is intended instead to respond to the "Why". Neither of these two approaches derives from a single model or recipe, on the contrary they address the extensive and diverse range of participatory budgeting experiences. Likewise, they are not intended to indicate which kind of participatory budget is the "best", but rather to display a range of solutions, as well as to generate the questions that will help in selecting the most appropriate solution(s) according to each local context.

To simplify the understanding of the Participatory Budgeting Toolkit and to identify the place of this document within it, a navigation diagram is presented on the previous page.

Most of the questions are identical to those which were placed to the illustrative cities in the case studies carried out in the context of the Urb-al Network 9: Participatory Budgets and Local Finance. In other words, for many of the questions included in the present Manual, there are 14 answers - one for each city -sometimes convergent and sometimes divergent, which allow the interested reader to learn about the practical details and nuances that straightforward and relatively simplistic answers like those contained herein cannot offer.

The 14 case studies chosen as illustrative cities are:

<sup>3</sup> Ibidem - Section II  
<sup>4</sup> Ibidem - Section III

## Brazil

Alvorada  
Belo Horizonte  
Campinas  
Caxias do Sul  
Icapuí  
Porto Alegre  
São Paulo

## Latin America elsewhere

Cuenca  
Ilo  
Montevideo  
Villa El Salvador

## Europe

Córdoba  
Saint-Denis

I.

CHAPTER

# General Questions

## 1 What is Participatory Budgeting (PB)?

There is no single definition, because Participatory Budgeting differs greatly from one place to the next. The present Manual will attempt to reveal this diversity. Nevertheless, in general terms, a Participatory Budget is "a mechanism (or process) through which the population decides on, or contributes to decisions made on, the destination of all or part of the available public resources."

Ubiratán de Souza, one of the primary people responsible for the Participatory Budget in Porto Alegre (Brazil) proposes a more precise and theoretical definition that can be applied to the majority of the Brazilian cases: "Participatory Budgeting is a process of direct, voluntary and universal democracy, where the people can debate and decide on public budgets and policy. The citizen's participation is not limited to the act of voting to elect the executive or the legislators, but also decides on spending priorities and controls the management of the government. He ceases to be an enabler of traditional politics and becomes a permanent protagonist of public administration. The PB combines direct democracy with representative democracy, an achievement that should be preserved and valued."<sup>5</sup> In fact the Participatory Budget is a form of participatory democracy, in other words a combination of elements of direct or semi-direct democracy with representative democracy.

## When did Participatory Budgeting start?

While there were earlier partial experiments, the PB formally came into existence in 1989 in a few Brazilian cities, in particular Porto Alegre. Outside Brazil, from 1990 onwards, in Montevideo, Uruguay, the population was invited to provide direction to the use of the resources of the Municipality in its five-year plan.

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## How have the PB experiences been expanded?

Three large phases of expansion can be identified: the first (1989-1997) characterized by experimentation in a limited number of cities; the second (1997-2000) by consolidation in Brazil, during which over 130 cities adopted participatory budgeting; and the third (from 2000 on), by expansion and diversification, outside Brazil.

3

## How many cities have participatory budgeting experience at this time?

## I. General Questions

Presently, at least 300 cities worldwide have adopted this method of public administration.

## 4 Where has Participatory Budgeting taken place?

PBs primarily exist at the city, or more precisely, at the municipal level. Given the rapid expansion of the process, it is difficult to monitor all the experiences. Brazil continues to be the primary country where PBs occur (approximately 80 per cent of the total). The countries of the Andean region (Peru, Ecuador and more recently Bolivia and Colombia) are the second largest source of experiences. Nevertheless, PB experiences do exist, to different degrees and with varying levels of formalisation, in other countries of Latin America and the Caribbean (Argentina, Paraguay, Uruguay, Chile, Dominican Republic, Nicaragua, El Salvador and Mexico). Some European cities have initiated Participatory Budgeting processes (above all Spain, Italy, Germany and France) and a number of cities in Africa (for example in Cameroon) and Asia (for example in Sri Lanka) are on the verge of initiating their own processes. There are other cities and other countries which utilise other participatory mechanisms of assigning municipal resources which, even if they do not carry the name Participatory Budgeting, have similar characteristics (in Kenya<sup>6</sup>, for example).

5

## In what types of cities are Participatory Budgets implemented?

Participatory Budgets are carried out in cities of all sizes, from less than 20,000 inhabitants (Icapui<sup>7</sup> and Mundo Novo in Brazil; Rheinstetten, Germany; or Grottomare, Italy) to mega-cities like Buenos Aires or São Paulo. They exist in rural or semi-rural municipalities (like Governador Valadares, Brazil) or totally urbanised ones (Belo Horizonte). They also occur in municipalities with scarce public resources like Villa El Salvador in Peru (with an annual budget equal to US\$20 per inhabitant) or in European cities with higher levels of funds (municipal incomes of US\$2,000 per capita or more).

6

## Is Participatory Budgeting only implemented at the municipal level?

Not exclusively! Nevertheless, the great majority of Participatory Budgets have been

5 See PB Toolkit Digital library. Bibliography cited: Genro, Tarso; De Souza, Ubiratán. Quand les habitants gèrent vraiment leur ville. Le Budget Participatif: l'expérience de Porto Alegre au Brésil. Dossier Pour un Débat N°82, Editions Charles Léopold Mayer, Paris, 1998, 103p. and Genro, Tarso; De Souza, Ubiratán. Presupuesto Participativo: la experiencia de Porto Alegre. CTA; EUDEBA, Buenos Aires, 1998, 123p.

6 See "Review of the Local Authority Service Delivery Action Plans (LASDAPs)" in Kenya, by Nick Devas with four other consultants, Nairobi, May 2002.

7 See PB Toolkit. Illustrative cities. Icapui Case Study and bibliography

and still are implemented at the municipal level, where the use of municipal funds is debated. At the sub-national level (province, region, department, state, etc.), the currently suspended experience of the State of Rio Grande do Sul, Brazil, which grew out of what was happening in Porto Alegre, deserves a mention. Also notable are the supra-municipal initiatives in Colombia, at the provincial level (the grouping of los Nevados municipalities in El Tolima) or the departmental level (for example in Risaralda, since 2002). Peru has also been implementing processes at the provincial level, for example, in the provinces of Chucampas, Celendín or Moropon Chulucanas. To date, only one country, Peru, has a National Participatory Budgeting Law applicable to all municipalities and provinces of the country.<sup>8</sup>

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On the other hand, some Participatory Budgets are initiated in or limited to a certain part of the municipality (district, zone, delegation), particularly in large cities. This was the case in Buenos Aires, and most recently in District 7 (pop. 34,000) of the city of El Alto (pop. 680,000) in Bolivia.

## Are there regional differences in the form of implementation of the Participatory Budget?

Yes, and they are positive differences. There is no single model, nor would it be desirable to have one, because the experiences are the products of the reality of each region, of its local history, civic culture, and the organization of its civil society, the available resources and also the administrative culture of the governments which administer them. In Brazil, the force of the social movements in the cities and their presence in the Workers' Party explains why Participatory Budgets tend to be more urban. In the Andean region, the presence of Participatory Budgets in small and medium-sized municipalities has to do with the vitality of social movements and NGOs in those areas. In Europe, Participatory Budgets allow, above all, for the modernisation of public administration linked with citizen participation.

## 8 What are the benefits of the Participatory Budget for the city and its citizens?

Most scholars and participants of PBs agree that one of their most important benefits is the deepening of the exercise of democracy, through the dialogue of public authorities with their citizenry. Another benefit is that Participatory Budgets ma-

ke the state accountable to its citizens and contribute to the modernisation of public management.

In many Latin American cases, the Participatory Budget is a tool to re-order social priorities and promote social justice. Citizens go from being simple observers to protagonists in public administration, that is to say, full, active, critical and demanding participants. In this region above all, the PB gives citizens better opportunities for access to works and services like basic sanitation, street paving, transportation improvements, and health and educational centres. By participating actively in the Participatory Budgeting process, the citizens define their priorities, and in doing so have the chance to significantly improve their quality of life, in a relatively short timeframe. In addition, they have the possibility to control and monitor the execution of the budget.

9

On the other hand, the PB also stimulates processes of administrative modernisation and feeds into the strategic planning process of the municipality.

## What are the benefits of the Participatory Budget for local public administration?

The Participatory Budget:

- Improves the transparency of public administration and efficiency in public expenditures.
- Encourages citizen participation in decision-making and in the allocation and oversight the use of public funds.
- Demands increased accountability of public leaders and managers.
- Enables collective prioritisation and co-management of resources.
- Generates increased trust between the government and the population.
- Creates a democratic culture within the community and strengthens the social fabric.

## Who benefits from the Participatory Budget?

All regions, neighbourhoods or sectors which participate in the discussion process benefit. As the resources available are generally inadequate to meet the volume of demands, the neighbourhoods which are well-organized and participate the most have a greater chance of benefiting more than other areas.

<sup>8</sup> See PB Toolkit. Technical instruments. A) National Law, b) National Regulation and c) Supreme Ordinance

## Box 1:

## Porto Alegre - Results achieved in 15 years of Participatory Budgeting (1989-2003)

**a. Housing:** It was possible to expand the average number of units produced locally, from 493 per year in the period 1973-1988, to 1,000 per year from 1989-2003, which allowed Porto Alegre, for the first time, to contain the growth of the housing deficit.

**b. Street paving:** The existing deficit of paved roadways was reduced from 690 km in 1998 to 390 km. In 2003, the PB helped to improve access to collective transportation and public infrastructure in the poorest areas of Porto Alegre.

**c. Access to water and basic sanitation:** The percentage of dwellings with access to treated water rose from 94.7 per cent in 1989 to 99.5 per cent in 2002; the proportion with access to the municipal sewer network grew from 46 per cent in 1989 to 84 per cent in 2002; and the percentage of liquid waste that is treated went from 2 per cent in 1989 to 27.5 per cent in 2002.

**d. Education:** The number of public schools rose from 29 in 1988, to 84 in 2002, with a corresponding increase in enrolment from 17,862 students to 55,741 students. In addition, the range of educational services offered was broadened to include Adult Literacy and Youth and Adult Education, which were integrated into the public education system. Also, through the PB the Child Care Compact was created, which today reaches 126 child care institutions, serving 10,000 children.

**e. Health:** Although health only appears since 2000 as one of the three priorities of the PB, public health management is an integral responsibility of the municipal government. This is in spite of the virtual freeze in the amount of the annual transfers from the central government. The Mayor today commits close to 18 per cent of the expenditures of the central administration for health, compared to an annual average of less than 10 per cent during the decade of the 1980's.

**f. Social Welfare:** This area was only included in PB priorities from 1997 onwards. The various activities currently underway address a number of groups, such as people with special needs, children and youth at risk, homeless people, victims of violence, elderly in situations of abandonment, low-income families and others.

Source: Baierle, S. in Base Document

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## What are the dimensions of the PB?

The Participatory Budget is a multidimensional process:

1. Budgetary/financial dimension
2. Participatory dimension (these two dimensions are the foundation of the process)
3. Normative and legal-judicial dimension
4. Spatial/territorial dimension
5. Political/governance dimension

The first four dimensions are explored in the present Manual.<sup>9</sup>

11

## Where can one find more information about the Participatory Budget?

In general, the cities which do Participatory Budgeting also have updated websites describing their own experience (See Box 2: Participatory Budgeting websites). Some non-governmental organizations have specialised in one or another city. Nevertheless, the information is scarce and is generally in Spanish and/or Portuguese.

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In the context of the Global Campaign on Urban Governance, UN-HABITAT through the Regional Office for Latin America and the Caribbean of the Urban Management Programme (UMP-LAC) has selected a series of resources (See Box 3: The Collection of resources to support PB and facilitate inter-regional transfers (UMP/UN-HABITAT), available at the website with the purpose of providing information and tools, which had previously been widely dispersed, in one place. These resources complement the present Manual.

In addition, the URB-AL Network 9 on Participatory Budgeting and Local Finance is co-ordinated by the city of Porto Alegre, and is made up of 200 participating cities and institutions. One of the objectives of the Network is the production of knowledge and the exchange of experiences. More information is available on the website.

<sup>9</sup> The political/governance dimension is developed in a separate position paper. Nevertheless, as it is a cross-cutting theme, it is addressed in several questions in the present document.

## Box 2: Websites on Participatory Budgeting

### Brazil

Recife  
<http://www.recife.pe.gov.br>

Porto Alegre  
<http://www.portoalegre.rs.gov.br>

Belém  
<http://www.prefeituradebelem.com.br>

Belo Horizonte  
<http://www.prata.pbh.gov.br>

Santo André  
<http://www.santoandre.sp.gov.br>

Campinas  
<http://www.campinas.sp.gov.br>

Alvorada  
<http://www.alvorada.rs.gov.br>

Juiz de Fora  
<http://www.juizdefora.mg.gov.br>

Caxias do Sul  
<http://www.caxias.rs.gov.br>

Icapuí  
<http://www.icapui.ce.gov.br>

Mundo Novo  
<http://www.mundonovo.ba.gov.br>

São Paulo  
[www.prefeitura.sp.gov.br](http://www.prefeitura.sp.gov.br)

### Other cities in Latin America

México Distrito Federal, México  
<http://www.df.gob.mx>

Buenos Aires, Argentina  
<http://www.buenosaires.gov.ar>

Montevideo, Uruguay  
<http://www.montevideo.gub.uy/gobierno>

Source:  
Introduction to the PB Resource

Rosario, Argentina.  
<http://www.rosario.gov.ar>

Villa El Salvador, Perú.  
<http://www.munives.gob.pe>

Cuenca, Ecuador.  
<http://www.cuenca.gov.ec>

Cotacachi, Ecuador.  
<http://www.cotacachi.gov.ec>

### Europe

Córdoba, España.  
<http://www.ayuncordoba.es>

Mons, Bélgica.  
<http://www.mons.be>

Saint Denis, Francia.  
<http://www.ville-saint-denis.fr>

Palmela, Portugal.  
<http://www.bm-pinhalnovo.com>  
<http://www.cm-palmela.pt>

Bobigny, Francia.  
<http://www.ville-bobigny.fr>

Pieve Emanuele, Italia.  
<http://www.comune.pieveemanuele.mi.it>

Rheinstetten, Alemania.  
<http://www.rheinstetten.de>

Manchester, Inglaterra  
[www.participatorybudgeting.org.uk](http://www.participatorybudgeting.org.uk)

### Other sites

Red URBAL 9  
<http://www.portoalegre.rs.gov.br/urbal>

PGU-ALC  
<http://www.pgualc.org>

DRD  
<http://www.budget-participatif.org>

13 te [www.portoalegre.rs.gov.br/urbal/](http://www.portoalegre.rs.gov.br/urbal/).

## Box 3:

## The collection of resources to support PB and facilitate inter-regional transfers (UMP/UN-HABITAT)

Four interrelated components

(A) A Digital Library composed of three different parts: (I) an annotated bibliography of 20 basic documents that are an introduction to the State of the Art. They have been selected out of 200 references; (II) a general bibliography of 130 titles, organized by cities, especially the ones that are illustrative case studies; (III) a UMP library composed of 10 titles produced by UMP and its partners. They are available in PDF format. The UMP library is completed with the articles of the special issue of *Era Urbana* on PB.

(B) A set of tools composed of practical and technical instruments and laws and regulations that have been invented by the "illustrative" cities and are successfully used. With the 15 technical tools included, and the examples of laws, an interested actor should be in a position to face the crucial issues that implementing a PB usually entails. He/she should find out "How to" define criteria for budget allocation, rules and functioning, examples of different PB cycles, accountability documents, control systems, municipal laws for transparency, etc.

(C) City Fact Sheets of 14 Illustrative Cities that illustrate the span of current experiences and context: size of cities, different regional differences, rate of "consolidation", level and origin of resources and variety of approaches. They invite the user to drop the model approach and to look into the diversity, and adaptability to different local situations.

(D) A Directory composed of three parts: (I) resource persons from the illustrative cities, (II) professionals and academics, in particular some of the authors of the basic books from the annotated bibliography, and (III) a list of the main city websites, including those of the illustrative cities.

Two entry points:

1. The present FAQ Manual, practical and as simple as possible. Users interested in more detailed information can visit the city fact sheets. The answers to the FAQs also lead the reader to consult the set of tools and the digital library.

2. The Concept Paper points the reader to the annotated bibliography, the case studies, the tools and the legal instruments. This Paper is largely conceptual but deeply rooted in practical experiences. It links PB to the Global Campaign on Urban Governance and the MDGs.

# II

## CHAPTER

# Initiation and Implementation of a Participatory Budget



## 14 Can any municipality implement a PB?

In principle, yes it can. Nevertheless, experience has shown that certain preconditions are crucial for the success of such an undertaking.

## 15 What are the basic conditions necessary to implement a Participatory Budget in a municipality?<sup>10</sup>

There are a number of basic preconditions for the implementation of a Participatory Budget. The first is a clear political will of the Mayor and the other municipal decision-makers. Political will is necessary to sustain the entire process. The most visible manifestation of this will be in the implementation phase, when commitments are concretised into tangible investments.

The second is the presence and interest of civil society organizations and better still, of the citizenry in general. This condition is decisive for the sustainability of the exercise.

The third is a clear and shared definition of the rules of the game. These rules refer to the amounts to be discussed, the stages and their respective time periods, the rules for decision-making (and in the case of disagreement, the responsibility and decision-making authority of each actor), the method of distributing responsibility, authority and resources among the different districts and neighbourhoods of the city, and the composition of the Participatory Budget Council. These rules cannot be decided unilaterally. They must be determined with full participation of the population, and subsequently adjusted each year, based on the results and functioning of the process.

The fourth precondition is the will to build the capacity of the population and the municipal officials, on public budgeting in general as well as the Participatory Budget in particular. This entails explaining the amounts, sources of funds and current system of expenditures. It is also important to clarify which areas of public spending are the municipality's responsibility and which rest beyond the local authority.

A fifth condition is the widespread dissemination of information through all possible means. Dates and venues of meetings, and the rules of the game which have been decided upon, must be shared with the population.

Finally, the sixth precondition is the prioritisation of demands, set by the population and linked to technical criteria that include an analysis of the existing shortfalls in infrastructure and public services. This is important in order to facilitate a fairer distribution of resources.

## In what conditions is it not advisable to undertake a Participatory Budget?

It is not advisable to implement a PB when the preconditions mentioned above are not present. Additionally, it is not advisable if one or both of the parties, either the government or the citizenry, are not open to change and shared management of public resources.

It is also better to avoid participatory budgeting if honesty and transparency are lacking in the local administration. To implement a PB in that context would provide legitimacy to, or hide, practices that are contrary to the basic principles of participatory budgeting.

When the local conditions are not ideal at a given moment, this does not mean that the interested people or institutions should abandon the idea of Participatory Budgeting. More limited initiatives can be undertaken, such as attempting to introduce more transparency into the budgeting process.<sup>11</sup> The organization of Forums or other activities, with the presence of legitimate representatives of civil society can be a mechanism to press for the opening of a public discussion of the budget and citizen control of it. Many cities are right now undergoing a preparatory stage for Participatory Budgeting.

## What are the basic principles of the PB?

The fundamental principles are participatory democracy, as a political model, and good governance.<sup>12</sup> If indeed these principles are considered universal, each city or country converts them into practical means, reflecting their needs and the local context.

<sup>10</sup> See PB Toolkit. Digital Library. Cabannes, Y. Conceptualización sobre Presupuesto Participativo a partir de experiencias latinoamericanas. pp 81-99. Proceedings from International Seminar on "Participatory Budgets in the Bolivian Context." UMP-LAC Working Paper No. 130 (PDF format), 2003.

<sup>11</sup> For initiatives and methods to raise the level of transparency at the local level see "Tools to Support Transparency in Local Governance", a publication of UN-HABITAT and Transparency International under the aegis of the Global Campaign on Urban Governance. March 2004.

## Box 4:

### Method for a pre-diagnostic study. The experience of Salford, England

The three objectives of the study presented to the Salford City Council were as follows:

1. To develop a hypothetical Budget Matrix for Salford to explore existing priorities and themes as set out in the Salford Community Plan
2. To explore how the Budget Matrix might integrate with the community planning and budget cycle processes
3. To evaluate the opportunities and challenges presented by this analysis with a view to incorporating a more participatory approach in Salford's budget cycle.

In addition, seven stages for the development of a Budget Matrix were established, which can be summarised as follows:

- Stage 1: Identify the amount available for investment
- Stage 2: Develop priorities and local ideas
- Stage 3: Transform local priorities into city-wide priorities
- Stage 4: Make adjustments for population
- Stage 5: Make adjustments for levels of need
- Stage 6: Weight the budget matrix
- Stage 7: Determine specific allocations

Source: Community Pride Initiative. Building a People's Budget. Report of the Salford Budget Matrix Study. Report to Salford City Council Budget Committee, May 2003. Copyright CPI bridget@communitypride.org.uk

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By way of illustration, following are the eight guiding principles (summarised) of the Participatory Budgeting Law in Peru.<sup>13</sup>

- Participation
- Transparency
- Equality
- Tolerance
- Efficiency and effectiveness

12 See UN-HABITAT, The Global Campaign on Urban Governance, Concept Paper, March 2002. 26pp+annex and website <unhabitat.org/campaigns/governance>

13 To see a complete version see PB Toolkit: Legal instruments.

## II. Initiation and Implementation of a Participatory Budget

- Equity
- Competitiveness
- Respect for agreements

Co-management of public resources provides another dimension to these principles.

### How is a Participatory Budget put into practice?

There is no universal recipe to initiate a participatory budget. Each local situation will look different.

The first suggested step is to do a situation analysis (or assessment) to see to what extent the main principles are respected and the preconditions met. This analysis can vary in content from one city to another (see Box 4, the experience of Salford, England).

A second important step is to create, also in a participatory way, a map (or evaluation) of the local actors interested in the process and those who could be opposed.

A third step is the clear analysis and definition, by the government, of the amount and origin of the resources that would be placed at the consideration of the Participatory Budgeting process and those that would be necessary for the municipality to implement the process. At this point it is recommended that the municipalities carry out a cost/benefit analysis of the undertaking.

The next step is the creation of alliances and opening up of the dialogue so that the idea can gain more supporters and legitimacy within the municipality. The key elements of this could be:

- Reach an agreement within the government
- Carry out dialogues with the most relevant representatives of civil society
- Seek early involvement of the elected councillors

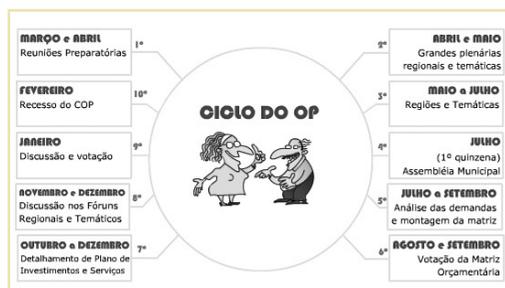
The fifth step is the design of the internal regulations for the Participatory Budget, which define the rules of the game for the first year.

It is important to take into account the following operating principles:

Box 5:  
Two graphic representations of  
the Participatory Budget in Porto Alegre



Source: Municipality of Porto Alegre 2004



Source: Cidade. www.ongcidade.org. 2003

- **Universal participation:** All citizens can participate, irrespective of their socio-economic status. Nevertheless, organized groups play an important role in the process. It will, in fact, be necessary to think intentionally about specific ways of involving more marginal elements of the citizenry.
- **Transparency of the budget,** both in income and expenditures.
- **Flexibility:** The process should be flexible enough to allow continuous evaluation and adjustment.
- **Objectivity:** Objective and explicit criteria should be used for the allocation of resources in order to guarantee the credibility of the process.
- **Gender focus:** Equal participation of women and men in the process. In this respect, it is important to have data and numbers disaggregated for gender, both in the budget as well as for the impacts of the investments.
- **Pluri-cultural and multi-ethnic focus:** Positive discrimination and affirmative actions to assure the participation and decision-making power of the excluded (for example, indigenous groups).

### What are the principal stages of a PB?

The different stages are part of an annual cycle, called the Participatory Budget Cycle. There are some variations from city to city.<sup>14</sup> Below, the principal stages are presented (see also figures 5 and 6 for examples from Porto Alegre and Pinheiral, Brazil).

The cycle of discussion, negotiation and elaboration of the Participatory Budget takes one year and is normally made up of the following stages (especially in larger cities):

- **Local (parish, neighbourhood, district, etc.) and Sectoral Assemblies**

In these Assemblies, the Mayor accounts for what was achieved and what wasn't in the previous period, presents the investment plan and the Rules of Procedure for the Participatory Budget. Territorial and sectoral (thematic or issue-specific) delegates for the Participatory Budget are elected (or designated), based on the criteria established in the set of rules.

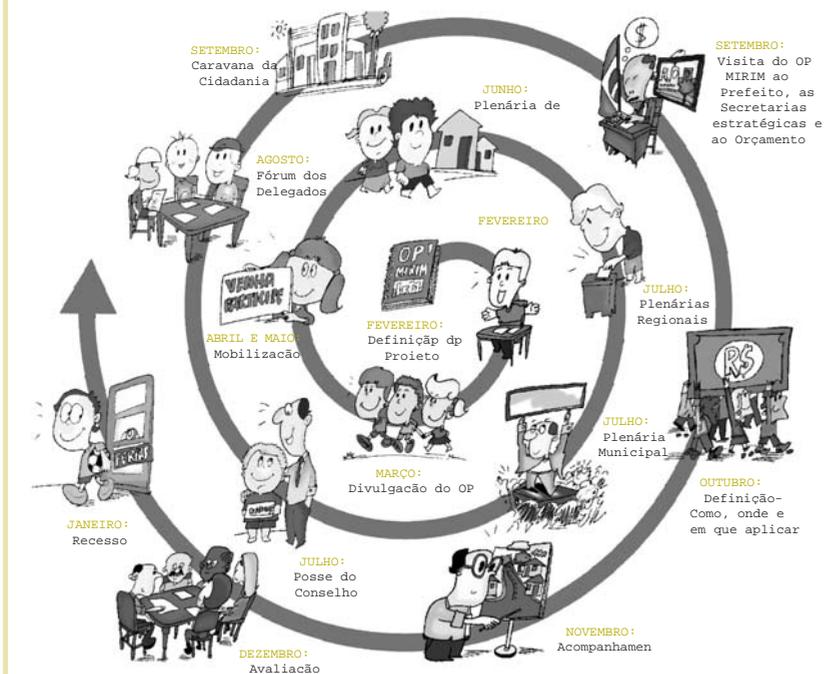
- **Local and sectoral meetings (optional)**

These are meetings between the delegate and his/her community. They can take place without the presence of the local government if the delegates wish. In these meetings, participants decide on priority projects to be executed. In Europe as well as many Latin American cities, it is necessary to involve the municipal government in at

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<sup>14</sup> See PB Toolkit: three examples of the Participatory Budgeting Cycle.

### Box 6: The Participatory Budget cycle in Pinheiral



Source: Municipality of Pinheiral – The Participatory Budget Cycle of children

least some assemblies, because the civil society is not organized or convinced enough to carry out this stage on its own. The discussion in the assemblies should be complemented with regular discussions among the delegates at regional, issue-specific and city-wide levels, since in some assemblies the quality of the debate could be lacking. This is necessary so that the Participatory Budget does not become limited to a plebiscite or a form of populism.

#### • Municipal-level Assembly

This is an event in which the PB Committee officially delivers to the Mayor, the list of priority projects defined through citizen participation. It is during this event that the members of the Participatory Budget Committee are officially installed.

#### • Design of the budget matrix

The Municipality and the Participatory Budget Committee design the budget matrix. It is one of the fundamental and most controversial moments of the process. The Investment Plan is put together, shared with the population and subsequently published so that it can be used for monitoring the fulfilment of the established agreements.

#### • Evaluation of the process

Once the cycle is concluded, the PB Rules of Procedure are evaluated and adjusted. The new Rules will be used the following year.

The first cycle runs from the first meetings (generally during March) in the neighbourhoods and is finalised with the approval of the budget matrix (in October or November).

There is a second cycle, called the Implementation and Oversight Cycle which begins the following year (see Box 7 on Belo Horizonte).<sup>15</sup> Throughout this cycle, which begins with technical studies and ends with the inauguration of the approved projects, the local government, the citizens, and usually the specific monitoring commissions, continue to interact.

Box 7:

# The Participatory Budget Cycle in Belo Horizonte: From planning to executing public works and services

## DEFINITION OF THE PROJECT EXECUTION OF THE PROJECTS

1st round (per sub-region)

**City administration**  
 - Informs amount funding available  
 - Informs general guidelines  
 - Distributes the form (one per neighborhood or district)

Regional in general  
**Neighborhood meetings**  
 Neighborhood 1 Neighborhood 2  
 Inform priority works for community  
 Neighborhood 3

**City administration**  
 Participates and directs

2nd round (per sub-region)

Sub A Sub B  
 - Pre-selection 25 projects per region  
 - Delegates are elected for regional forum  
 Sub C Sub D

**City administration**  
**Inspections**  
 Technical staff of city administration inspect 25 pre-selected proposed projects and develop cost estimates

3 - Priority caravans



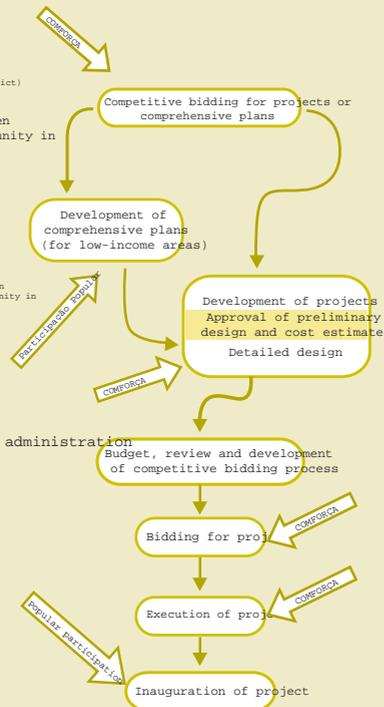
4 - Regional forum of budget priorities

The 14 projects to become part of the regional plan are discussed and approved for OP 2003/2004  
 The COMFORÇA 2003/2004 is elected

**City administration and community**

5 - Municipal forum of budget priorities

The community delivers to the mayor the work plan for OP 2003/2004



Now that you know every step of the Participatory Budget, it is easier for you to participate in the decision-making process. Don't miss the meetings of the OP in your region.

# III. CHAPTER

# Financial Dimension



## Box 8:

### Mundo Novo and Porto Alegre - Two cities which debate 100 per cent of their budget with the population

In Porto Alegre, 100 per cent of the budget is considered participatory, because the Participatory Budget Council (COP in Portuguese), made up of elected delegates, examines and comments on the complete budget (before it is sent to the Municipal Council). The part debated in assemblies in which all citizens participate equals 100 per cent of the resources available for investment, which varies year to year and is more than 10 per cent of the total budget.

This is also the case in Mundo Novo, a small municipality of 16,000 in Mato Grosso do Sul, Brazil, where 100 per cent of the budget is subject to discussion. However, in this case, as opposed to Porto Alegre, this is done in a direct way and through open town meetings. This is the most "advanced" form of participatory budgeting and shows that the entire municipal budget can be placed for public debate - including the Mayor's salary.

Source: Base document (op cit.) - See digital library (PB Toolkit)

## Box 9:

### Proportion of capital budget debated in the PB (1997-2003) in 103 Brazilian municipalities.

Proportion of capital budget debated	Number of municipalities	Percentage (%) of all municipalities
From 1 to 10%	15	15.0
From 11 to 20%	05	05.0
From 21 to 30%	04	04.0
From 31 to 40%	05	05.0
From 41 to 50%	07	07.0
From 51 to 60%	---	---
From 61 to 70%	02	02.0
From 71 to 80%	05	05.0
From 81 to 90%	01	01.0
From 91 to 99%	---	---
100%	22	21.0
Does not debate resources	10	10.0
No response	27	26.0
TOTAL	103	100.0

### 20 What percentage of the total municipal budget is submitted for consideration in the PB?<sup>16</sup>

The Participatory Budget in general, and particularly in Brazil, represents between 2 per cent and 10 per cent of the executed budget, that is to say the amount that was actually spent, which tends to be less than the planned budget of the previous year. These values represent a variable proportion of the investment budget of the municipality. Nevertheless, few cities put more than 10 per cent of their total budget to debate, and very few, like Mundo Novo or Porto Alegre, discuss, at least technically, 100 per cent of the budget (See Box 8). At the other extreme, in some cities, especially in Europe, the Participatory Budgeting process has less than 1 per cent of the municipal budget at its disposal.

### 21 What proportion of the municipal investment budget is placed under discussion?

This varies between 100 per cent of the total investment or capital budget and a few per cent (See Box 9). It can be said, then, that some Participatory Budgets are with a capital "P" while some are more correctly designated with a lowercase "p".

### 22 Is there an optimal percentage of the municipal budget that should be submitted for public discussion?

No, this depends on each local situation and in particular on the political will of the municipality and the pressure of its citizens. In some cities this percentage is steadily increasing year after year, as the experience is consolidated and participants, both politicians and the people, gain confidence. Nevertheless, the greater the percentage of the budget debated, the greater the experience and interest of the citizens.

### What is the origin of the resources placed under debate?

While the origin of the resources in general is the municipal budget, it is important to note the following typical situations:

<sup>16</sup> For more information see question 23 of the Fact Sheets on Illustrative Cities.

## Box 10:

## The relationship between Participatory Budgeting and fiscal performance

In Campinas, Recife and Cuenca, the collection of taxes increased significantly in just a few years, while in Porto Alegre, the level of arrears in property taxes declined from 20 per cent to 15 per cent. The effect was logical - in less than 10 years, property taxes went from being 6 per cent to nearly 12 per cent of current revenue of the municipality. In Mundo Novo, Brazil, the reduction in non-payment of taxes also stands out.

In the municipalities of Ilo and Villa El Salvador, Peru, the distribution of the Participatory Budget resources by zone is directly tied to the level of tax arrears. While direct, tangible evidence of the effect of the "linked tax criteria" to improvements in the level of tax non-payment is lacking, it is clear in the Municipality of Ilo that "the process permits greater awareness about city resources, their limits and their origins."

Source: Case Studies, VES and Ilo - See illustrative cases (PB Toolkit)

- 23 • The most common case is that the amount to be discussed is part of the global budget (either the investment budget or more), clearly identified as the Participatory Budget.
- In several cities, in particular in the Andean region, the PB deals with a percentage of the funds transferred from the central government (for example, in Peru, the so-called Municipal Compensation Fund). In this case, the debates may be subject to conditions tied to these funds.
  - In some countries, the central government transfers are subject to a process similar to Participatory Budgeting. For example, in Kenya,<sup>17</sup> the Local Authority Service Delivery Action Plan (LASDAP) is an instrument to involve the communities in the decisions related to the use of the national-to-local transfers.
  - The funds debated in the Participatory Budget can also be limited to resources assigned to one area, for instance social welfare or education. Discussion can also be limited to resources assigned to a specific programme, for example, to rehabilitate a square, revive the historic centre or build a rambla (St. Feliú de Lobregat, Spain). In these cases the resources can originate at the national, provincial or municipal levels.

17 See "Review of the Local Authority Service Delivery Action Plans (LASDAPs)" in Kenya, by Nick Devas with four other consultants, Nairobi, May 2002.

To date, the resources under debate, at least in Latin America, are essentially "endogenous", meaning national and local resources, not loans or international grants.

## What is the impact of the Participatory Budget on fiscal collection and municipal revenue?<sup>18</sup>

In Latin America there is clear evidence that the process of Participatory Budgeting brings with it an increase in fiscal collections (of taxes and other fees) and a reduction in evasion. The reasons studied have to do with the transparency of public administration which is implicit in the Participatory Budget. The visibility in the short term of the public works and services resulting from the PB also tend to modify the civic fiscal culture.

24

## Do all demands of the citizens result in public works and services?<sup>19</sup>

No. In general, the number of demands and proposed projects and their corresponding values are greater than the available resources. For this reason, the criteria for prioritisation and the process of selecting these priorities each year is crucial. A demand that was not selected among priorities for the current year can be presented the next year. In some cities, the number of projects that will be financed is fixed beforehand, for example, 14 for each sub-region of Belo Horizonte.

25

In addition, some of the demands of the population may fall outside the jurisdiction of the local government and depend on the prerogatives of regional or national authorities. In these cases, in general, the demands are not accepted.

## How are the resources distributed within a city? By sector? By region?<sup>20</sup>

The resources can be assigned in two ways. The first way is to assign resources by region or sub-regions, at times with a specific enhanced allocation for the poorest areas (favelas, slums, villas miserias, etc.). The second type of assignment is by sector. These sectoral priorities reflect the priorities of a city for a year in particular ("Health for All", "People-oriented transportation", "A Future for our children, social inclusion, urbanism and the environment" etc.), and can change from year to year. It is important to understand this double allocation system in order to understand how a PB is constructed based on sector-specific and territorial (neighbour-

18 For more information see question 25 of the Fact Sheets on Illustrative Cities.

19 For more information see question 26 of the Fact Sheets on Illustrative Cities.

## Box 11:

An example of thematic assemblies  
in Icapui, 2004

Thematic Assemblies represent, in the process of the PB, a space of debate with social sectors. These meetings deal with issues of general interest to the population, as well as municipal policies and programmes on a specific topic. From each of the nine thematic groups, two representatives and two alternates are named to participate in the Participatory Budget Forum.

Source: Municipality of Icapui, 2004.

## III. Financial Dimension

26 hood, district) meetings, plenaries or fora. (See Box 11: Thematic Assemblies in Icapui, 2004).<sup>21</sup>

## How are the budgeting criteria defined?

This definition is the key for the proper development of the process. There are no set or predetermined criteria. The criteria for assigning resources by region and sub-region and by sector have to be defined by each city in a participatory way (See Box 12 for examples). It is a key step in the process, in which social organizations and citizens in general begin to take ownership of the process, understand it and can explain it to others. Each city uses one or more criteria to assign resources. Among the most common are: the population of a certain region, the priorities (housing, streets, education, health, sewage, etc.) selected by the inhabitants, unmet basic needs (water, electricity, sanitation), the degree of participation in the process, the degree of tax evasion or arrears, the attention received during previous years, the impact of a project on the community and the impact for disadvantaged or vulnerable groups. Other criteria exist as well.<sup>22</sup>

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These criteria can have different weights. For example, if the criteria for the geographic distribution of resources for a city were population and percentage of unmet basic needs (UBN - access to potable water, percentage of households with garbage collection services, housing adequacy, etc.), it could happen that City A, decides to give the same weight to each criterion and City B decides to give three times as much weight to the UBN criteria. In the latter case, more resources would flow to the more disadvantaged areas.

These criteria are not set in stone. Between cycles or during a cycle, the delegates or the councillors elected through the Participatory Budget, at times together with the local government, can revise the criteria and decide to add a new criterion, remove another or modify their relative weights. These decisions will be applied in the following year and are codified in the rules of procedure or municipal regulations. This process demonstrates the evolutionary, adjustable and generally flexible character of Participatory Budgeting.

In addition to the use of weighted criteria, one very important pedagogical ins-

<sup>20</sup> For more information see question 27 of the Fact Sheets on Illustrative Cities.

<sup>21</sup> See PB Toolkit: Illustrative Cities. Icapui case study and bibliography.

**Plano de Investimento do Orçamento Participativo -2002**

**Critérios de Distribuição dos Recursos**

**No Plano de Investimento**

Para atender as prioridades votadas pela população, foi analisada a situação de cada região e suas necessidades e definidos os seguintes critérios para serem aplicados em cada situação:

1. Carência de serviços ou infra-estrutura 4
2. População total da região peso 1
3. Prioridade temática da região peso 2

Em cada região a aplicação dos recursos foi calculada com a seguinte tabela:

<b>Carencia (peso 4)</b>	
Até 25%	nota 1
De 26% até 50%	nota 2
De 51% até 75%	nota 3
De 76% até 100%	nota 4
<b>População (peso 1)</b>	
Até 13.000 Hab.	nota 1
De 13.001 a 26.000 Hab.	nota 2
Acima de 26.000 Hab.	nota 3
<b>Prioridade (peso 2)</b>	
Primeira Prioridade	nota 3
Segunda prioridade	nota 2
Terceira prioridade	nota 1

**Presupuesto Participativo Municipal de Villa El Salvador**

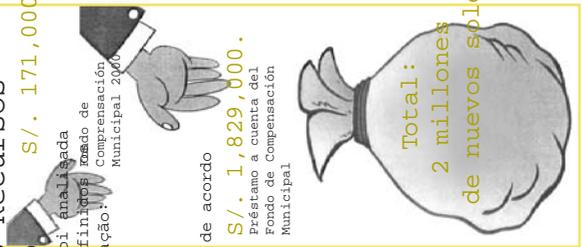
**FONDOS**

**S/. 171,000.**

**S/. 1,829,000.**

Préstamo a cuenta del Fondo de Compensación Municipal 2000

**Total: 2 millones de nuevos soles**



**Box 12:**

**Criteria for Allocating Resources. Examples from Villa El Salvador, Peru (2002) and Dourados, Brazil (2002)**

**Criterios para decidir la aprobación de los proyectos de los planes sectoriales**



**índice de pobreza**



**Volúmen poblacional**



**Morosidad en la tributación**

Sector	% de predios que no están al día en sus tributos
I	66.43%
II	66.89%
III	69.85%
IV	68.36%
VII	72.47%
IX	80.31%
Edilberto Ramos	67.26%
Oasis	75.71%

Source: Municipality of Dourados, 2002

Source: Municipality of Villa El Salvador, 2002.

Instrument used in Brazilian municipalities (but not exclusively) is the Caravans of Priorities. During these "caravans", the elected delegates visit the different areas of the city to see the identified demands first-hand. This makes it possible for them to visualise the different levels of need and above all gives greater legitimacy to the technical criteria presented. It also allows the neighbourhood delegates to open up to the city in its entirety and to the needs beyond their neighbourhood.

## 28 Where are Participatory Budgets decided, and who has the decision-making power?

In general, and in particular in the Brazilian system, the initial decision on the lines of the budget and the amounts to be debated is voted upon by the City Council (or equivalent body). Similarly, the proposed budget matrix which results from the Participatory Budget process is ultimately ratified by the Council. Experience shows that in few cases does the Council veto or change the proposed budget matrix.

Formulation of the budget matrix on the basis of territorial and sectoral demands is one of the unique features of the Participatory Budget. The first level of prioritisation of demands happens in the assemblies. The second instance is the final agglomeration and prioritisation of those demands. In cities where a Participatory Budget Council exists, those councillors have that responsibility.

In cities where participation happens through social organizations (community boards and associations) or political entities (i.e. parish boards in Ecuador), the final decisions take place at those levels.

In some countries, in cases where the resources to be debated are only those of specific programmes or sectors, decisions are arrived at together with the respective officials of the Mayoral Administration and the Municipality (Secretariats), and do not pass through the City Council.

## Is the Participatory Budget limited to planning short-term expenditures?

29 Yes, it is limited to the allocation of all or part of the annual municipal budget. This is characteristic of the process and also a limitation. Nevertheless, the cycle for the carrying out of the expenditures can be two years, to facilitate the implementation process. Some cities have Participatory Budgets every other year.

The case of Montevideo, where since 1990 citizens have been invited through their elected Neighbourhood Councils to decide on the five-year budget, is relatively rare.<sup>23</sup> Still, some Brazilian cities discuss their Multi-year Investment Plans with the population, which establishes priorities every four years

## Is there more and better participation when the municipal resources to be assigned are greater? In this sense, is having few resources subject to discussion an obstacle or a conditioning factor?

30 It is clear that the larger the budget under discussion (in absolute and percentage terms), the better for the citizens. Nevertheless, there is no evidence of a direct correlation between the level of resources under debate and the level of participation, in qualitative or quantitative terms. To have relatively small amounts under discussion is not an obstacle or conditioning factor (see Box 13). What matters is that the amount is transparent, regardless of how limited it is, the reasons why it is limited are clearly explained and understood, and the public defines clear rules of the game for its allocation.

## Does the Participatory Budgeting process only discuss revenue from municipality's own sources?

31 While Participatory Budgets usually cover the municipality's own sources of revenue only (i.e. taxes, fees, levies, service charges etc.), some initiatives and experiences also point to discussion and prioritisation of public expenditure made from regional and central government sources. Currently there is a debate over whether or not national and international financing should be discussed and approved within the Participatory Budgeting process. There are still very few cases in which international finance (i.e. loans or credits) is approved by the Participatory Budget Council.

Community organizations and sometimes NGOs administer the public resources assigned to the projects and priorities voted upon.

<sup>23</sup> See PB Toolkit: Case Study and Technical Instrument from Montevideo.

## Box 13:

### Experiences from cities with low per capita resources

In Villa El Salvador, a poor district of the Lima Metropolitan Area, the PB process got underway in 2000 with a very limited amount, of the order of US\$600,000, for a population of 300,000 (less than US\$2 per capita). In spite of the small numbers, and in a context rife with serious problems (uncollected trash, for example), the process was very enriching and the levels of participation were among the highest in the region: 25 per cent of the population over 25 years of age participated. (1)

The experience of the Young People's Participatory Budget in Barra Mansa, in the State of Rio de Janeiro, indicates a similar conclusion. The children and youth participated without having a clear notion of the amounts that were going to be authorised by the municipality. The first year it was 180,000 Reals, equivalent to US\$180,000. The interesting aspect of the process was that 7,000 children and youth participated and the proposals were very diverse. It might have been imagined that the low value of the budget would cause tensions among the youth and the delegates. One could also have imagined that they would become disillusioned upon seeing that their projects were not selected, and would therefore not want to participate further. This was in fact not the case, and the young people continued to participate actively. The tensions were minimal, because the rules of the game were clear.

(1) See PB Toolkit: Case Study VES

Source: Proceedings from the international seminar "Participatory Budgeting in the Bolivian Context", Y. Cabannes.

### 32 Are there processes to ensure accountability in the Participatory Budget?<sup>24</sup>

In general, yes.

These processes can be classified into three modalities:

- Public hearings (annual or more often) in which the Mayor and the municipal decision-makers explain to the population the use and destination of the total budget.
- Brochures or newspaper inserts which provide detailed information, by region and by sector, about each approved public work and service, its value and the progress made in its implementation. In the best practices, these brochures are distributed wi-

### III. Financial Dimension

dely to each family<sup>25</sup> and are the main source of information on the concrete results of the Participatory Budget.

- Placing the financial information and the results of the Participatory Budget on the website of the Municipality. A visit to these websites (see Box 2) suggests that the Participatory Budget occupies an important place on these sites. It also shows that the Participatory Budget improves the system of communication and information sharing with the citizenry.<sup>26</sup>

### How much does the process cost the municipality and how are these costs covered?

33

The Participatory Budget implies a series of costs for the local government. To implement a Participatory Budget properly, four types of resources are needed: a) municipal staff committed and trained to implement the process, including being willing to work nights and weekends, b) means of transportation to be able to circulate throughout the neighbourhoods and transport the municipal staff, c) ample communication resources in order to share information with the public, d) personnel for the technical, economic and budgetary feasibility studies of the prioritised demands. In addition, to accelerate the process and ensure its quality, it is important to have resources to transport people who live far from the meeting places and to train functionaries as well as citizens, and in particular delegates, in the Participatory Budgeting process. Cities that have not planned for these costs have, in general, faced difficulties and, in some cases, have even suspended the activity. Therefore, it is important to do a cost/benefit analysis before deciding to implement a Participatory Budget.

The cost/benefit analysis must consider the contributions of the communities and the leveraging of the social capital produced, particularly through their participation in the execution of the projects (see FAQ 47 for more details).

If the process remains only at the level of consultation, the costs to the municipality are greater because the local administration has to repeat the discussions twice: once in the Participatory Budget and again internally in the administration. If the Participatory Budget bodies can make decisions (deliberative power), this can save staff time and costs because the decision-making process is shorter and simpler than the traditional bureaucratic process.

<sup>25</sup> See PB Toolkit: Accountability handbooks from Caxias do Sul (2002) and Tapejara.

<sup>26</sup> See PB Toolkit: List of websites of cities with Participatory Budgeting

<sup>24</sup> For more information see question 41 of the Fact Sheets on Illustrative Cities.

It is difficult to give indications of absolute numbers, given the variations of the costs of personnel, transportation and the production of communication materials in each place. By way of example, the city of Porto Alegre (pop. 1.4 million) sets aside over US\$ 250,000 annually for the implementation of its Participatory Budget.

This expense can easily be covered in poor cities through international co-operation. Unfortunately, at the present time, it can be observed that international resources are often accompanied by technocratic orientations "from above" and requirements which may distort the local process and creative solutions of the citizens and local governments themselves.

# IV.

## CHAPTER

# Participatory Dimension



## Citizen Participation

### 34 Who participates in the Participatory Budget?

It is necessary to differentiate what happens in Brazil from what happens elsewhere. One of the main characteristics of the majority of Participatory Budgets in Brazilian cities is the universal right to participate in a voluntary, individual, and direct manner, not necessarily through community, union, or other representatives (see FAQ 1). In these cases it is not necessary to belong to any organization to participate. Clearly, organizations play an important role, but they do not have formal privileges. In fact, it is the mobilised citizenry - organised or not - which decides. Many times, this kind of participation is also valued in Europe.

In contrast, the remaining Latin American cities and some European ones (for example, Spain) tend to encourage participation through representatives of existing organizations. This modality reflects what is called "community or associative representative democracy". In this case, the participation of individuals is mediated by delegates most likely "closer to their concerns and demands" than in conventional representative democracy.<sup>27</sup>

There are also "mixed" systems which rest on neighbourhood organizations, but which at the same time broaden the budgetary discussions to include all residents. Due to their strong participatory tradition, Cordoba (Spain), Cuenca (Ecuador) and Villa El Salvador (Peru) are illustrative of this modality.

Finally, in a number of European cities, participants and/or delegates are designated by raffle in order to promote the participation of those citizens who do not normally get involved, in particular from the more marginalised groups.

### How many people participate in Participatory Budgets?

In the experiences of individual, direct participation, the rates of participation normally range between 1 per cent and 15 per cent of the voting population (in general over 16 years old). Cases with more than 15 per cent participation are exceptional. Generally, participation is greater in cities of smaller size or when the assemblies are ma-

35 de in smaller geographic sub-divisions. It is important to point out that the number of participants is highly variable from one year to the next (see Box 14: Participation in Belo Horizonte). In addition, there is a high degree of turnover, and it is not the same people participating each year. During the first few years, participation may be low, and as the process is refined, this number tends to increase. Initially in Porto Alegre, which had over 1.2 million inhabitants at the outset of the process, only around 1,000 people participated, a number which is today close to 40,000.

In cities where participation happens through representatives of social organizations, the number of participants is inferior to and sometimes equal to the aforementioned cases. Thus, in Cotacachi, "788 people participated, representing 90 per cent of the organizations in the Canton"...in Ilo, 100 organizations participated... in Puerto Asís, 232 "very representative" people participated. In Cuenca, the 1,100 participants are, on one hand, the elected representatives of the 21 parish boards and, on the other, people from the community.<sup>28</sup>

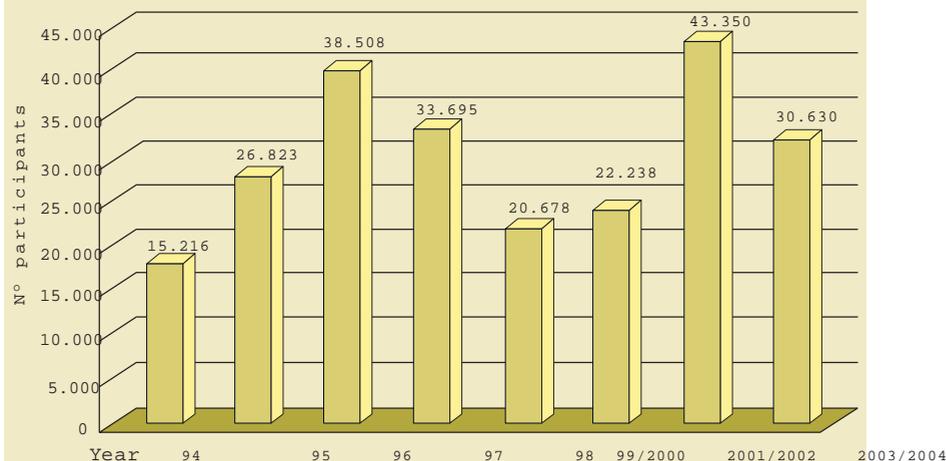
The Participatory Budgets of Children and Youth reach higher numbers of participants because they are carried out at the public school level (and in rare cases private ones). The plenary sessions with free (non-obligatory) participation may take place outside of the school grounds. Nevertheless, educating and mobilising the youth about the PB mainly takes place at school. The result is that thousands or tens of thousands of young people participate and define the destination of part of the municipal budget.

<sup>27</sup> See PB Toolkit: Cordoba, Villa El Salvador and Cuenca case studies.

<sup>28</sup> PB Base document, cit p. 61

Box 14:  
Yearly variations in participation  
in Belo Horizonte

Popular participation in the Regional Participatory Budgeting



Fuente: Municipality of Belo Horizonte. OP. 10 años de experiencia en Belo Horizonte.

36 If participation is limited, does not that take legitimacy away from the process?

It is definitely a risk. Therefore, one of the most important goals is that the PB process gain legitimacy in the eyes of the majority of citizens, including those that do not participate. This legitimacy is achieved through a strong communication effort from the municipality so that everyone feels invited to participate and so that they have access to the main financial information and the decisions made in the Participatory Budget.

Other appropriate instruments are public opinion polls which can serve to verify the

level of recognition of the process and its legitimacy among the general public, as well as referendums, which allow for the voting approval of certain particularly sensitive decisions. Another important goal is that the participation, although quantitatively limited, includes citizens from all social groups and does not leave anyone marginalised from the process. For this reason, special attention should be paid to the inclusion of women, youth, the poor and vulnerable, and groups who face discrimination (ethnic minorities, immigrants, sexual minorities etc.).

Where are decisions made during the process?<sup>29</sup>

In the great majority of Brazilian cases, and a few others, delegates are elected, who in turn elect councillors. The Participatory Budget Council - PBC - or its equivalent is the central body where the rules of the game are defined, which are later transformed into Internal Regulations. The decision-making systems, the criteria for the distribution of resources, the number of plenaries and the sectoral themes are defined by this body. In addition, the PBC is responsible for finalising the "budgetary matrix" which is presented to the City Council. Many of the non-Brazilian experiences are built over existing community structures (neighbourhood councils, community boards) or political ones (parish boards, for example).

37

If the Participatory Budget Council - PBC - is the central player, who makes up the PBC?<sup>30</sup>

The PBCs, or their equivalents, are entities created specifically to decide on the Participatory Budget. The composition of the PBC varies from one city to another, in number of members as well as in the social and institutional actors it represents. In general, they are composed of 30 to 50 councillors and an equal number of alternates. They always include representatives elected in the sectoral plenaries (one or two per sector) and the territorial plenaries. In addition, there may be representatives from the Municipal government (with or without the right to vote), popular movements, unions, excluded groups, such as women, youth, indigenous peoples, racial minorities, people with special needs, homosexuals (represented in few cities), the business sector, NGOs (occasionally) or strategic planning commissions. In some cases, representatives from other municipal councils are present, such as those of health or education.

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The wide-ranging discussion over who forms part of the Participatory Budget Council or Forum is another important step for the success of the experience. As with the In-

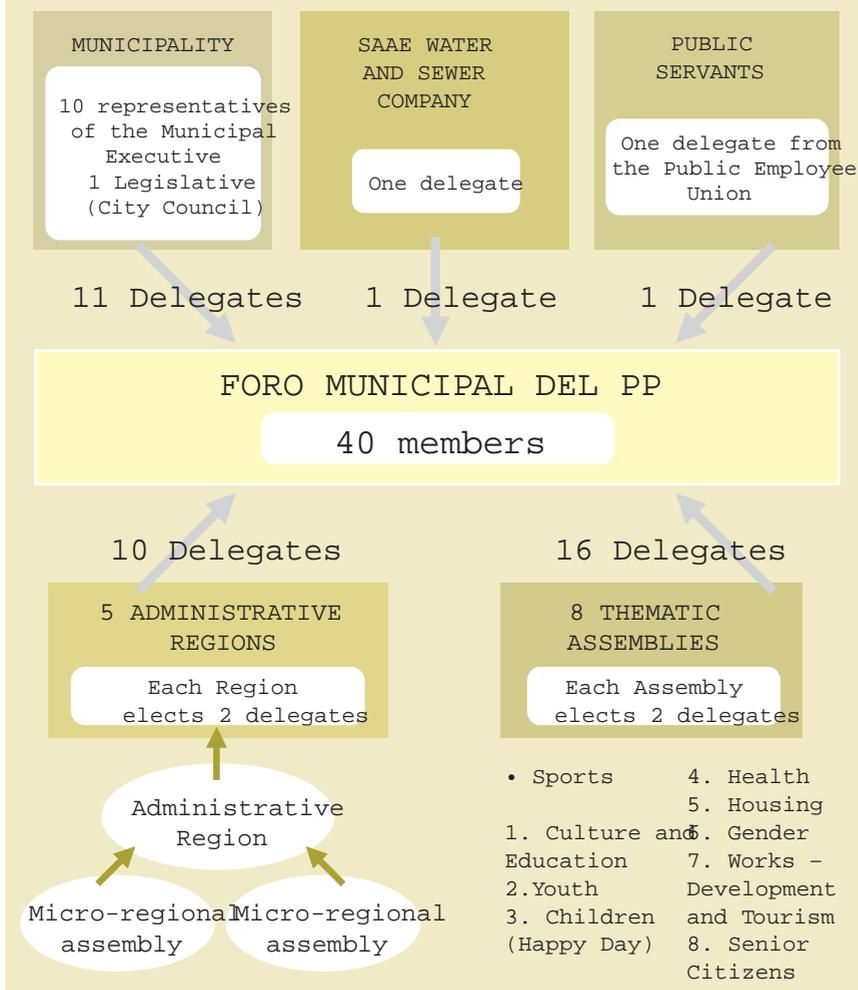
<sup>29</sup> For more information see questions 29 and 30 of the Fact Sheets on Illustrative Cities.

<sup>30</sup> For more information see question 31 of the Fact Sheets on Illustrative Cities.

## Box 15:

## Examples of the Composition of PB Councils: The Municipal Forum of Icapui and the Congress of the City of Belem

## Structure of the Municipal Participatory Budgeting Council (Icapui, Brazil, 2001/2002)



## IV. Participatory Dimension

Internal Regulations or Rules of Procedure, changes inside the Council take place annually and at times can be significant from one year to the next.

### Can the delegates and councillors of the Participatory Budget be re-elected?

The councillors and delegates generally serve one-year terms and cannot be re-elected. There are very few cases where a delegate serves for two terms.

### How can the bureaucratisation or even corruption of the Participatory Budget delegates be avoided?

39

There is a risk that the delegates and councillors use the Participatory Budget as a political/electoral stepping stone or for individual gain. It should be noted that normally the work of the councillors and delegates is non-remunerative. Some cities have created norms to reduce this risk, but there remains much to be looked at. Not allowing the re-election of delegates and/or councillors is a first step in the process.

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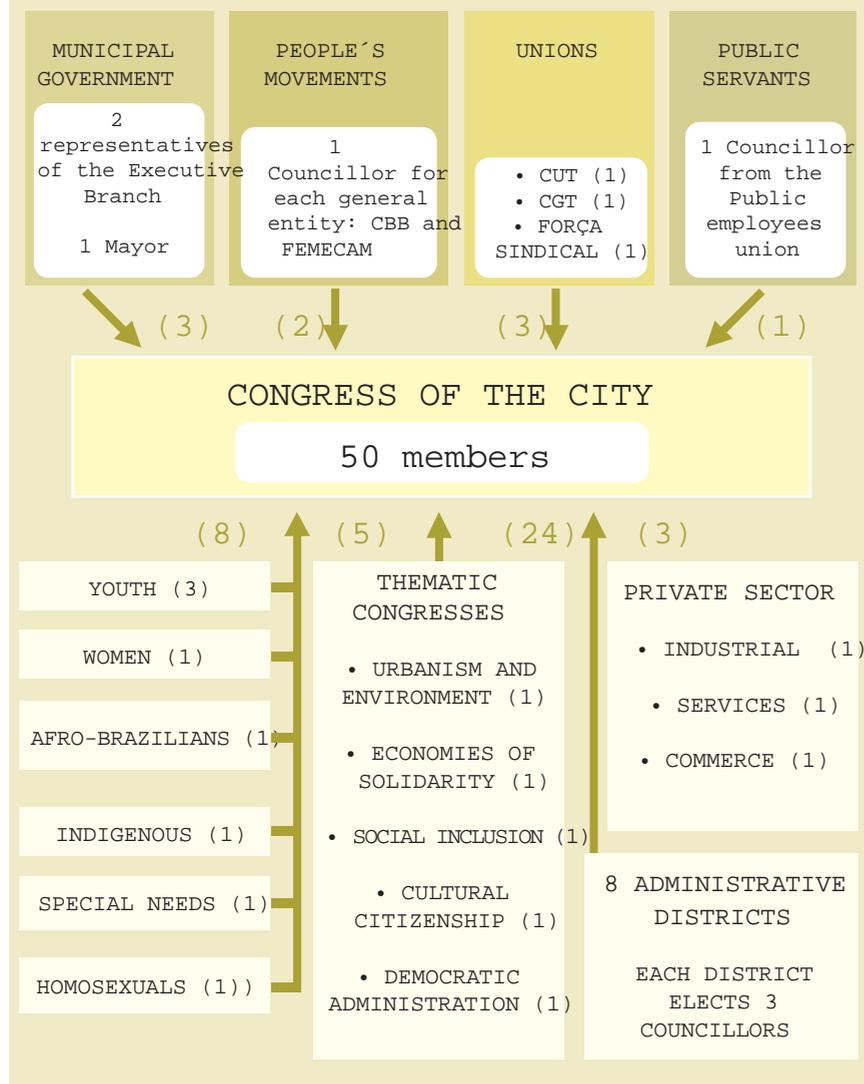
In Porto Alegre, municipal workers cannot be Participatory Budget delegates. In Cotacachi, an indigenous municipality in Ecuador, the Quichua saying "no stealing, no lying and no laziness"<sup>31</sup> is repeated publicly and often. However, beyond the positive examples, it should be remembered that the Participatory Budget is not an island. In cases where there is already a corrupt or clientelistic political culture, it is that culture that must be confronted. The Participatory Budget can contribute to this transformation, but cannot bring it about by itself.

### What level of participation do women have?

"Women in general are more than 50 per cent of the participants in the assemblies that take place in the neighbourhoods and districts. Nevertheless, in the sectoral municipal assemblies and among the elected delegates and councillors, the proportion of women is substantially less. One of the reasons for this has been found to be the distance between the meeting places and their respective homes. There may not be places to leave the children and/or money for the bus.... The reduced participation of women (on the order of 30 per cent) as elected delegates and councillors is explained by some women by their reluctance to promote themselves as candidates, and to occupy spaces in which there are strong power struggles. Nevertheless, the women that occupy these positions are generally considered to be more

<sup>31</sup> Ama Quilla, Ama Llulla, Ama Shua

Recuadro 15:

STRUCTURE OF THE CONGRESS OF THE CITY  
(Belem, Brazil, 2002)

Source: PM Icapu, YC (UMP-LAC), 2002

- 41 committed to the collective interest, and less likely to be seduced by the chance for self-promotion or personal gain.<sup>32</sup>

## Are there gender-sensitive Participatory Budgets?

Initiatives in this sense are still at incipient stages and inadequate to confront injustices against women and girls in terms of access to housing, attention to victims of violence or salary inequity. Much remains to be done to integrate a gender perspective, taking into account the particularities of gender and to carry out some form of redistribution justice in light of the larger proportion of women in many cities (380,000 more women than men in the Federal District of Mexico City; 124,000 more in Belo Horizonte).<sup>33</sup>

Nevertheless, there are affirmative actions which constitute initial steps toward a solution:

- 42
- Municipal Quota Policies, requiring that 50 per cent of the delegates are women (Ilo, Peru), that more or less one-third of the councillors in the Participatory Budget Council are women (Rosario, Argentina), or creating special conditions to increase the number of female delegates (see figure 16 for an example from São Paulo).
  - Specific Sectoral Assemblies for women, implemented in several cities (in particular Belem and Recife, Brazil)
  - Municipal facilities such as childcare centres to facilitate women's participation (Recife)
  - Analysis of municipal budgets from the perspective of gender (various cities in the Andean<sup>34</sup> region and Northern Europe)

## How do the excluded and marginalised participate in the Participatory Budget? Isn't there a risk of greater social exclusion, for example in the case of immigrants, undocumented workers or the homeless?

The groups which are most discriminated against and marginalised, in particular women, youth, afro and indigenous urban populations (in Latin America), immigrants, the undocumented and displaced, refugees, gays and lesbians, have had a second-

32 Maria do Carmo Albuquerque, Pólis 2004. E equidade de gênero nos Ops no Brasil, in Era Urbana Special Issue, 2004

33 See PB Toolkit: Case Studies and Base document, op. cit.

## Box 16:

### Mechanisms to favour the participation of the excluded in Sao Paulo

The Participatory Budget in Sao Paulo "proposes mechanisms that seek to favour the representation of those inhabitants most discriminated against and marginalised - the vulnerable social sectors - which in spite of their numerical strength are not listened to in public arenas."

In its current form, the PB includes mechanisms that aim at enhancing the representation of those social sectors. Conceived of as the so-called "quota policies", they provide special conditions for the selection of delegates from each one of nine vulnerable groups: women, blacks, children and adolescents, the elderly, young adults and GLBTs (gay, lesbians, bisexuals and transsexuals) elect one delegate for each 5 voters, while indigenous, homeless and physically challenged have the right to one delegate per voter. By comparison, for the election of territorial or thematic delegates, the proportion is one for 20 voters (Testimony of one of the leaders).

**Source:** Municipal Prefecture of Sao Paulo. Co-ordinator of the Participatory Budget. OP: Tool for fighting poverty and social exclusion, SP, 2003, p.19

dary place and role in Participatory Budgets. PBs are built in general on physical bases (district, region, neighbourhood) and with sectoral themes (health, transportation, economy of solidarity, recreation, etc.) and not from the perspective of the individual actors or excluded groups. This is one of the limitations of the majority of Participatory Budgets, in their current form.

#### 43 How can the participation of the poor, the excluded, and the unorganized be facilitated?

Various cities have offered a range of solutions (see Box 16) which open a space for the excluded in Participatory Budgeting.

- Some issue-based assemblies are not limited to sectoral themes but also tackle is-

#### IV. Participatory Dimension

sues of vulnerable groups from their own perspective: i.e. the thematic assembly on citizenship (Campinas<sup>35</sup>) or the assembly on social inclusion (Caixas do Sul<sup>36</sup>) where issues related to women and youth are addressed.

- Between 1997-2000 Barra Mansa (Children's PB) and Icapui<sup>37</sup> (Happy Day) were pioneers in introducing an actor-based vision from the perspective of children and youth. Currently this process is in various phases of experimentation and consolidation in several Brazilian cities: Pinheiral (Children's PB), Recife (Children's PB and Thematic Assembly on Youth Issues), São Paulo<sup>38</sup> (Children's PB), Goiania, Mundo Novo (Youth PB) and Alvorada (Youth PB, in 2004).

- In Belem (Brazil), the Congress of the City opened the Participatory Budget to historically excluded segments, in two ways: on the one hand, the process includes municipal congresses of young people, women, afro-Brazilians, indigenous groups, differently-abled people and homosexuals. On the other, delegates from each of these commissions are part of the Congress of the City, representing 8 of the 50 members (See Box 16).

## Box 17:

### The experience of the Citizen Oversight Committee and transparency in Cotacachi

The case of Cotacachi in Ecuador is unique in that a Citizen Oversight Committee (Contraloría Social) was created at the municipal level by the Cantonal Assembly, bringing together the organizations active in the city and the municipal government.

This Citizen Oversight Committee, which forms part of the Cantonal Assembly of Cotacachi, oversees the implementation of the works and projects that have been approved in the participatory municipal budget, reviewing the pre-contractual process, as well as the execution. It is important to note that they are generally able to monitor only three or four projects, looking at elements such as the method of contracting, the amount and the location, given that the people who make up this committee are ad-honorem, and there are about 140 works and projects approved per year.

Similarly, a Public Works Transparency and Community Oversight project has been undertaken in Cotacachi, which involves the community and/or neighbourhood in the pre-contractual and implementation processes of the public work or project, with instruments such as the Participatory Budget in effect, and the monitoring report forms: mid-period, end of period and a hand-over act where the community affirms its acceptance of the completed work or project.

Source: Municipality of Cotacachi, 2003. URBAL Case Study.

#### 45 Who oversees and monitors the execution of the budget and the approved projects?<sup>39</sup>

In contrast to the great majority of European experiences, in which the Executive branch of the local government normally controls the execution of the Participatory Budget as well, the majority of Latin American cases include instances of public oversight, both for the implementation of the PB as well as for the execution of the works. This control can be exercised, according to each city, through the following mechanisms:

a) The Participatory Budget Council, through its delegates, as in Cordoba, Caxias

#### IV. Participatory Dimension

do Sul and Icapui<sup>40</sup>

b) A specific commission or working group of the PBC, as in Campinas and Porto Alegre<sup>41</sup>

c) Residents and Neighbourhood Associations and citizen organizations as in Caxias do Sul<sup>42</sup>

d) Specific commissions of community organizations, such as public works commissions growing out of Neighbourhood Councils (Montevideo<sup>43</sup>) or Parish Boards (Cuenca<sup>44</sup>)

e) In some cases, such as Bobigny (France) there is a specific entity which oversees the activities of public authorities.

Citizen oversight, once the PB is approved, is a central element in maintaining the quality of the process, guaranteeing transparency and avoiding corruption until the completion of the works or services (see Box 17 for an example from Cotacachi).

#### What is the role of NGOs, universities and professionals in the Participatory Budget?<sup>45</sup>

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Professional organizations, in particular NGOs, act in very different forms from one experience to the other: advocacy, advice, training, research or promotion can be some of their areas of work. In most cases, except for example in Buenos Aires, NGOs are totally removed from decision-making power (the Participatory Budget Council). However, members of these organizations can be elected as delegates or councillors, in their capacity as citizens.

In municipalities where the government has not yet implemented the Participatory Budgeting process, these actors can contribute greatly to the creation, from the civil society perspective, of fora which encourage the discussion of the city budget and can organize a movement to pressure local governments to implement the PB.

#### Is there volunteerism in the Participatory Budget? What is its role?

Participatory Budget Processes are always undertaken with a great amount of volun-

40 See PB Toolkit: Case Studies of Illustrative Cities

41 Ibid.

42 Ibid.

43 Ibid.

44 Ibid.

45 For more information see question 36 of the Fact Sheets on Illustrative Cities.

47 tary effort, both from civil society and from the various instances of local government. Volunteerism is expressed in every stage of the PB cycle, as much in the elaboration of the budget as the execution phase. In order to reinforce citizen participation and voluntary action, some cities have included this dimension as a criterion for the prioritisation of works.<sup>46</sup>

Furthermore, the analysis of the experiences indicates that the Participatory Budget channels social capital, stimulates voluntary action and reactivates traditional community voluntary practices, for example, the mingas (or minkas) in the Andean region. In Cuenca,<sup>47</sup> the value contributed by the community in labour, material and equipment doubles the value of the projects financed by the Participatory Budget.

### What is the role of the local government throughout the process?

The local government's role is decisive in each stage, from determining the priorities to the implementation of decisions. The local government facilitates the process, while the Mayor legitimises it politically.

### Governmental Participation

48 Another important function of the local government is the adoption by the administrative apparatus of the decisions made through participatory processes.

The local government is also a protagonist with the responsibility to create mechanisms which ensure a holistic vision of the problems and needs of the city. Therefore, it should present its own projects and place them for discussion in the Participatory Budget. It should be remembered that the government has a legitimacy that comes from winning an election. The Participatory Budgeting process, in this sense, should be a synthesis of two sources of legitimacy: one based on the participation of the citizens and another resulting from commitments made in the Plan of Government.

### What is the underlying logic regarding the place of Participatory Budgets in local governments?

In Europe, as in Latin America, Participatory Budgets can have different kinds of ob-

jectives (although they are not mutually exclusive). The first is administrative: the Participatory Budget is conceived as a way to improve the efficiency of public administration. The second is social: the Participatory Budget should have a social outcome, like that of helping to "re-order priorities" (Brazil) or "generate social ties" (France). The third is strictly political: the idea of "democratising democracy".<sup>48</sup> These last two objectives, the social and political, are predominant in the Latin American experience.

49

### Which is the municipal area or department responsible for the process?

The institutional "anchoring" of the Participatory Budget within the administrative apparatus varies from city to city and reflects the logic expressed in the previous question.

Typically, the PB is anchored in one of the following departments:

- **Office of Finance or Department of Planning**, with the perspective of improving the efficiency of public administration
- **Department of Participation or Social Action**, with the perspective of re-aligning priorities

50

- **Department of Culture**, to generate a new political culture and reinforce the cultural dimension of the Participatory Budget
- **Mayoral Cabinet**, in a clearly political perspective

### Does the Participatory Budget depend on only one unit of the municipal administration?

No. In many cities, the Participatory Budget is formally anchored in more than one municipal department, illustrating the multiplicity of objectives of the city (social, political, etc.), as well as the multi-dimensional character of the PB. In Belo Horizonte, for instance, there are three administrative units of the Participatory Budget: one at the level of the Planning Secretary, another with the Housing Secretary (responsible for the Housing PB) and the third with the Municipal Secretary for Urban Policy Co-ordination. In Villa El Salvador, the PB also directly involves various departments: Human Development, Urban Development and the Municipal Development Administrations present in each of the eight districts<sup>49</sup>. In addition, to make the

46 See PB Toolkit: Criteria for assigning resources. Ilo Case Study  
47 See PB Toolkit: Case Study

48 Sintomer, Yves. Rheinsetten Case Study, URBAL/POA, 2003.

51 process more effective, there are also often cross-cutting structures for internal coordination within the municipality (coordination meetings, inter-departmental commissions, inter-sectoral working groups, etc.)

## What is the role of the legislative branch in the Participatory Budget?

The legislative branch, through the elected Municipal Council, maintains its traditional role of final approval of the municipal budget. The attitude of the council members varies from opposition to and abstention from the process, to active participation, in particular in the issue-specific (thematic) assemblies of interest (transportation, sanitation, sports, etc.). There are exceptional cases (but positive ones) in which council members or even council presidents form part of the Participatory Budget Councils. In these cases, they usually have the right of voice but not vote.

In some countries, the Mayor is not elected directly by the people but rather by the Council. In such situations, the Mayor is simultaneously the representative of the executive and legislative branches. This tends to reduce tensions between the two

52 branches during the implementation of the Participatory Budget.

It is necessary to establish a healthy dialogue with the members of the legislature (councillors, vereadores, regidores) and invite them to participate in the process. It must be made clear that the PB is not intended to usurp their legislative functions, but rather to improve the democratic process through the involvement of the citizenry.

## How does the municipality invite the population to participate in the Participatory Budget?<sup>50</sup>

The call to participate in the PB is made through various media and information channels, such as local newspapers, direct mail, circular flyers, explanatory brochures or posters (see Box 18). These do not just explain the objectives and rules of the process but also provide specific information on the dates, times and venues of the next neighbourhood assembly or sectoral plenary.

Some cities have begun to use the internet and their websites to inform people and as an interactive means of communication. Of course, the more common methods to reach the population, such as newspapers, posters and radio, cannot be

forgotten, as low-income people often do not have telephones, much less computers, and in some cases lack electricity.

In the case of larger cities, and in spite of the difficulties, it is particularly important to communicate through the major newspapers, radio, and television channels. It is recommended that governments use part of their public relations and communications resources to invite the population to participate.

53

## What steps can the municipality take to encourage and mobilise the community to participate in the Participatory Budgeting process?

In general, by designing annual campaigns directed by the department responsible for the Participatory Budget, but which also mobilise other administrative departments and, where possible, the

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49 See base document and PB Toolkit: Case Studies.

50 For more information see question 39 of the Fact Sheets on Illustrative Cities.

## Box 18:

## Forms of informing and mobilising the public for the PB (1997-2000) in 103 Brazilian Municipalities

Communication method	No. of municipalities using method	Percentage (%) of municipalities using method
Local press	77	75.0
Radio	76	74.0
Vehicle with speaker	76	74.0
Mass mailings	69	67.0
Posters	60	58.0
Pamphlets, folders, invitations	29	28.0
Outdoors	23	22.0
Television	17	17.0
Public and cultural institutions (schools, churches, theatres)	10	10.0
Others	20	19.0
No response	03	03.0
Total	103	

Source: FNPP study, "Participatory Budgeting experiences in Brazil", 2002, op cit. p. 82.

mass media in the city (press, radio, television). Two experiences illustrate this work of persuading and mobilising the citizenry in the PB process (see Box 19 below).

55

### How does the Participatory Budget relate to other instruments and mechanisms of citizen participation?<sup>51</sup>

They are closely related and feed into each other continuously. The Participatory Budget is one, but by no means the only, mechanism for the construction of Participatory Democracy and dialogue between the local government and the society. While other instruments exist, such as the sectoral councils in Brazil (conselhos), roundtables for consensus-building, Local Agendas 21 and participatory strate-

gic plans, in each city the situation is different. Various examples from Brazilian and European cities illustrate the complexity and diversity of the tapestry of participation into which the PB is woven.

### What are the main difficulties that municipal administrations face in implementing a PB?

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A first difficulty is related to the lack of capacity of the administrative apparatus to implement the process. In most cases, the administrations have difficulty adapting to the new demands placed on them: a different type of dialogue with citizens, work outside of normal hours, work in the neighbourhoods, etc.

A second important problem relates to the systems of information managed by the community and the low quality of information presented to participants. Other difficulties also occur with some frequency, and not only in Brazil.<sup>52</sup> These include the accumulation of projects which have been approved but not carried out, insufficient resources to meet the demands, municipal budget deficits, lack of public participation, disputes and tensions among political parties, the clientelistic political system and difficulties with the legislature and the City Council.

Without the introduction of new models of public management (functioning with programmes and objectives, evaluation and accountability of the different municipal departments, transparency, new budgetary accounting methods, capacity for cross-sectoral action among municipal areas, etc.), the efficiency of the participatory process will be reduced.

Increase of municipal income and investments through the collection of taxes, sound fiscal policy, elimination of corruption and the optimisation (even reduction) of expenses are important aspects of public management reform, as they allow the Participatory Budget process to have a significant impact on the quality of life of the population, in particular those most in need.

### How can the private sector be integrated into the Participatory Budget?

Up to now, the participation of the formal private sector in Participatory Budgets has been limited. Nevertheless, in several cities the formal private sector or particular businesses have a voice and sometimes a vote in decision-making spaces regarding the budget. In this vein, the industrial, commercial, and service sectors are

51 For more information see question 44 of the Fact Sheets on Illustrative Cities.

52 See Experiencias de OP no Brasil, op.cit. p. 106

## Box 19:

## Two experiences in mobilising people: Villa El Salvador and Barra Mansa

In Villa El Salvador (Peru), the Citizen Consultation was a municipal referendum over the priorities of the Development Plan which preceded the launching of the PB in 1999. The effort to inform each citizen was enormous: thousands of brochures were printed and distributed house to house, young people were mobilised by various NGOs, videos, radio spots and theatre works were created and broadcast to raise awareness in the population. The positive result matched the effort as over half of the population voted on their priorities.

In Barra Mansa (pop. 200,000, Brazil), in order to motivate children and youth to participate, the municipality distributed t-shirts, caps, rulers and illustrated booklets. Through these items, the process gained visibility in the schools and in the city. The Municipal Education Secretary organized the teachers to explain the stages of the process and go through the illustrated booklets (primer). Parallel to this, an NGO tied to the municipality with experience in working with young people, ENCOMEN, carried out important initiatives in the neighbourhoods. The children and youth, in turn, informed their families. In the first year, not only did 7,000 children participate, but 400 adults were inspired to help in the process, despite the fact that they had not had experience in community participation.

**Source:** Proceedings from the International Seminar "Participatory Budgeting in the Bolivian Context", Working Paper No. 130, UMP-LAC, Quito, 203, 110 pp.

## Participation of the Private Sector

57 part of the Congress of the City in Belem, with three of the 50 representatives. The water and sanitation company (SAAE) has a delegate in the Municipal Participatory Budget Forum in Icapui (see Box 15). Santo Andre, located in the industrial heart of the metropolitan region of São Paulo, invited representatives from the petrochemical and metallurgical sectors to participate in the long-term strategic planning process, called "City of the Future". Today, these actors, organized through a commission, have a voice and vote in the Participatory Budget Committee of the city.

### How can the informal or solidarity-based economy sectors be integrated?

In Latin America, the participation of the informal sector, small producers, micro-businesses, street vendors, productive associations of young people, garbage collectors and recyclers, and urban farmers, is much more expressive than that of the formal sector. These producers of wealth for the city can obtain benefits from the PB to improve their situation. That it can benefit the informal sector, even if only partially, is one of the important virtues of the PB, given that there is much to do in this area.

58 The benefits for the informal and solidarity-based economy sectors are of two types: first, the projects selected within the Participatory Budget can benefit them directly (training, capital for a rotating credit scheme, provision of equipment, access to public markets, for example); secondly, the projects approved by the Participatory Budget can be administrated by the communities and executed by the informal sector, generating paid work.

Box 20:

The relationship between PB and other mechanisms of participation in Porto Alegre, Santo Andre and Cordoba.

**Porto Alegre, Brazil**

In addition to the Participatory Budget there are significant numbers of participatory democracy mechanisms in the municipality, for instance: the Sectoral Councils (currently numbering 22) whose objective is to define policies and directives in their respective areas; 8 Regional Planning Forums in accordance with the management strategy of the Master Development and Environment Plan; Sectoral Conferences and the Congress of the City which this year meets for the fourth time. (Case Study: Porto Alegre)

**Santo Andre, Brazil**

The Participatory Budget and the Future City Project are the principal channels. They have become national and international benchmarks, but it is important to point out that these are not the only channels adopted by this administration. In the city there are also 17 Thematic Councils and two Forums, a Theatre of the Oppressed (which addresses citizen participation using the entertaining language of theatre), the Citizen's Network of Digital Inclusion, the Plant Maintenance Councils, The Participatory Management of aquatic reserve areas, Public Hearings and Complaint Hearings (ombudsman). (Case Study: Santo Andre)

**Cordoba, Spain**

Citizen participation in the Municipal Government of Cordoba is articulated through the following citizen bodies, according to the Citizen Participation Guidelines of 1986: a) District Councils (14); b) Citizens' Movement Council; c) Representatives in Municipal companies, foundations and trusts; and d) other means established by the City as means of representation for sector-specific organizations, such as unions and others.

The Citizens Movement Council, in a rather unique way, is conceptualised as being the point of coordination and orientation of citizens' movements, as well as the focal point of participation within the municipality on issues relating to the whole city. As part of its latter role, it participates in the Support and Follow-up Committee for the Participatory Budget. In all the Boards of the municipal utility companies and in the executive organs of the Municipal foundations and trusts, there is a resident representative designated by the Citizens' Movement Council. (Case Study: Cordoba)

Source: Base Document (op cit.) and PB Toolkit.

V.  
CHAPTER

**Normative and  
Legal Dimension**



## 59 How and when should the Participatory Budget process be formalised and legalised?

In the majority of Brazilian cities, the Participatory Budget is not institutionalised nor legalised. It depends on the will of the local government, and the mobilisation and desire of the population. The Rules of Procedure elaborated by both parties defines the principal rules of the game. The reason given for not institutionalising the PB is in order to preserve the dynamics of the process, and avoid both bureaucratisation and political co-optation. The annual discussions to modify the Rules of Procedure and adjust them to the local reality allow for the self-regulation of the process and preserve its creative nature. On the other hand, there is a greater risk in tying the permanence of the Participatory Budget to the electoral results of a given party.

In the majority of non-Brazilian cities, the Participatory Budget is regulated and institutionalised by municipal orders or decrees approved<sup>53</sup> by the City Council and/or drafted by the Mayor. To avoid "top-down" decision-making, some cities legalise the process after one or two years of functioning and even then only legalise those elements that are considered essential to consolidate the process without affecting its dynamic nature.

## What aspects of the Participatory Budget should be inscribed in a legal framework?

60 The answer has to be tailored to the existing legal conditions and normative frameworks. Nevertheless, at least the following elements can be legalised, in order to ensure the continuity of the PB while preserving the flexibility and evolutionary nature of the process.

- Municipal decree recognising the participatory process as a form of municipal administration
- Insertion of the Participatory Budget in the Municipal Finance Law or the Organic Municipal Law (where they exist)
- Designated budgetary line voted on and approved.
- Provision of resources for the municipal Participatory Budget team, aiming at ensuring adequate functioning of the administrative machinery.

- Vote and approval by the City Council on the "budgetary matrix" prepared during the process. Publication of the result and the corresponding amounts in the "Official Gazette" or other official publication.
- Municipal by-law relating to the composition and prerogatives of the "Participatory Budget and Public Works Monitoring Commission". This by-law can be modified and added to as needed.

## Is it necessary for the Participatory Budget to be related to a Development Plan (long-term, strategic or physical)?

61 It is not absolutely necessary, and several Participatory Budgets are not, above all because these plans do not exist at the municipal level. However, it is highly recommended for them to be linked. In this way, short-term decisions which could be disadvantageous to the city in the long-term, can be avoided.

## How can the Participatory Budget be tied to urban planning instruments?<sup>54</sup>

62 Various cities have opted for tying the Participatory Budget to city planning processes, innovating complementary paths and strengthening the PB itself. Two typical situations occur:

The first situation has to do with cities that have Development Plans and in which the Participatory Budget comes after the approval of such plans. In this case, the PB "is inserted within the Sustainable Development Plan, the Master Plan and the Physical Master Plan".<sup>55</sup> In several cities, the Participatory Budget has become an instrument for the selective implementation of the Plan. To facilitate the link, the municipality should make an effort in educating and training the participants in the Participatory Budget on the content of those plans. At the time of the technical appraisal of the requested projects, the municipal technicians examine the compatibility of the demands with the existing plans.

The second situation relates to cities where Strategic Urban Development Plans do not exist, or where they are obsolete and/or not applied. In these cases Participatory Budgets are a first step towards participatory planning of the city. Upon elaborating these long-term plans, the needs and concerns of the population are integrated. This situation has been very common in Brazil.

<sup>53</sup> See examples of municipal ordinances in the PB Toolkit.

<sup>54</sup> For more information see question 43 of the Fact Sheets on Illustrative Cities.  
<sup>55</sup> See PB Toolkit: Ilo Case Study

## Who makes the link between the long-term plans and the Participatory Budget?

Those who make this link are, first of all, the citizens who participate in both processes. The links between the short and long-term<sup>56</sup> perspectives are the delegates, council members and representatives who act in both arenas. In Porto Alegre, for example, the councillors of the PBC are, at the same time, representatives (not the only ones) of the Urban Master Plan Council. On the one hand, this allows them to draw on immediate demands when debating about the future of the city, and on the other, these same representatives/delegates conduct the discussions about the Master Plan within the Participatory Budget Process.

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If the role of the citizen is central, the ordering and integrating role of the local government should be valued. It is the responsibility of the public authority to create an integrated system of participation which links diverse channels and spaces of debate and in particular, long-term plans and the Participatory Budget.

## Are there evaluation mechanisms or systems for the Participatory Budget?

There are very few, and even though there are incipient efforts<sup>57</sup>, there is a clear deficit in evaluation resources given the multiplicity of experiences in various regions. The evaluation of 103 Brazilian<sup>58</sup> experiences, the documentation of 25 international cases parting from a common model<sup>59</sup> in the context of the Urban Network 9, and a study on participation and PB in Europe are three initiatives which use a common body of variables and criteria.

64

56 See PB Toolkit: Montevideo and Ilo Case Studies

57 See PB Toolkit: Digital Library and UMP library

58 Grazia de G, Torres Ribeiro, Experiencias de OP no Brasil.

59 See PB Toolkit. Questionnaire for the documentation of experiences

# VI .

## CHAPTER

# Territorial Dimension

## 65 How is the Participatory Budget linked to municipal decentralization?<sup>60</sup>

Participatory Budgeting processes are strongly linked to the de-concentration of municipal services and the decentralisation of power within the municipality. In certain cities, the process of intra-municipal decentralisation precedes the Participatory Budget, which is built upon the cities' physical divisions (regional administrations, districts, zones, etc.). Conversely, in other cities, the Participatory Budget comes before the process of intra-municipal decentralisation.

## 66 Is there an optimal number of regions and/or sub-regions which guarantees the proper functioning of the Participatory Budget?

No. It depends, in each case, on the will of the municipality to get closer to its neighbourhoods and communities, and at the same time, on its capacity of mobilisation and intervention. It also depends on the citizens' willingness to subdivide the regions so that the Participatory Budget is closer to their interests. This number can change and adjust itself over time based on the local contexts, such as: neighbourhood history, urban growth patterns and the location of communities without basic services. In general, the regions that are part of the Participatory Budget tend to be smaller than the existing administrative divisions, and thus bringing the citizen closer to the public authority. For example, in Belem (pop. 1.3 million) the eight administrative regions were subdivided into 28 micro-regions; in the Federal Capital zone of Buenos Aires (3 million inhabitants), the 16 Citizen Participatory Management Centres were subdivided into 51 PB areas; and Belo Horizonte went from nine administrative sub-regions to 41 Participatory Budget sub-regions. Citizen participation tends to be greater in smaller regions and/or sub-regions.

Several municipalities seek to match the territorial divisions of the Participatory Budget (and therefore the number of zones) with those of other sectoral areas of the municipality, like health, education, or public services. This effort represents an important advance, in particular for those municipalities which have not yet been through

a process of intra-municipal decentralisation.

## Are there Participatory Budgets in rural areas?

Yes, and they are extremely important for the inclusion of regions and human settlements (villages, parishes, aldeas, veredas) where the poorest populations in the municipal area often reside. In spite of the fact that these settlements represent a low proportion (in percentage terms, although not always in economic terms) of the total population, many municipalities assign a much higher amount of resources to them proportionally.<sup>61</sup> In some municipalities, the Participatory Budget has been an instrument of inclusion and development for the rural municipal areas. Some have even limited the Participatory Budget to the rural zone of the municipality, with a similar approach.

67

## Is the Participatory Budgeting methodology similar in rural and urban areas?

The methodologies commonly used in urban areas have to be adjusted to the rural context, in order to take into account the distances involved, the relative isolation of the communities and their demands, which are normally different from those in urban areas. The main differences have to do with the smaller size of the assemblies, the need for transportation of the participants and taking into account a culture of self-help for the execution of the projects. Another option chosen by rural municipalities is that of initiating the Participatory Budget on the basis of a development plan for the rural area, in order to define the overall priorities and only then introduce participatory budgeting.

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<sup>60</sup> For more information see questions 46, 47 and 48 of the Fact Sheets on Illustrative Cities.

<sup>61</sup> See PB Toolkit: City fact sheets on Caxias do Sul, Mundo Novo, Cuenca, Cotacachi

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# VII

CHAPTER

## Final Questions



### 69 Is the Participatory Budget a proposal that emerges from certain political parties? Do these parties have any particular leanings?

Historically, the Participatory Budget has been promoted by parties of the left or centre-left. They have been, in many cities, the fruit of movements from civil society, which at the same time managed to elect mayors sympathetic to their demands. In Brazil, it was the Workers Party (PT), which saw the Participatory Budget as a tool for social justice (to redistribute public resources to those who had been denied them), fiscal justice and above all political justice (giving voice to those who had never had one). These parties have a common characteristic of promoting participatory democracy, within the given legal framework. Nevertheless, the Participatory Budget has been transformed from a political technique to a political-administrative process. In recent years, the Participatory Budget has been implemented by party alliances or parties different from those which initiated them.<sup>62</sup> In these cases the PBs undergo changes, sometimes significant ones.<sup>63</sup> In Germany, for example, all the foundations tied to political parties have made an agreement to promote the methodology of participatory budgeting.

### Is there a risk of considering the Participatory Budget as a panacea? As the cure for all ills?

70 Yes! It is as much a serious risk for the municipality (who may come to promise too much) as for the citizenry (who may come to expect too much). In addition, Participatory Budgets only determine the designation of a limited part of the small slice of all public resources represented by municipal budgets. For this reason, the initial dialogue between the municipality and the public, to define the reach and the rules of the game, is important.

### Does the Participatory Budget reduce corruption?

Yes, in particular when there are citizen-based oversight mechanisms for the execution of the budget and of the respective works. The presence of the commissions of the Participatory Budget Council at the time of inviting bids for given

71 projects greatly reduces the chance for bribery by businesses and/or public officials. Accountability on the part of the municipality and the publication of accounts avoid a non-transparent use of resources. These and similar measures also avoid, during the phase of designing the "budget matrix", clientelism and the distribution of favours which some council members are known to practice. In this sense, they can be useful even in the European context.

The Participatory Budget reinforces transparency by sharing budgetary information and requiring accountability to the public on the part of government officials or PB delegates. These mechanisms generate trust and improve the quality of governance in the city.

### How can the sustainability of the Participatory Budgeting process be guaranteed?

A study of the Brazilian Popular Participation Forum indicates that during the period 1997-2000, of the 103 cases examined, over 20 per cent were suspended. This situation compels one to consider the conditions for irreversibility of the processes, in other words, mechanisms to ensure that these processes are consolidated and strengthened over time, beyond the political will of one or another mayor and the activism of some citizen movements.

It seems that, through time, the sustainability of Participatory Budgets proceeds alongside the empowerment of the population and its understanding of the importance of the process and the benefits it can bring. Such empowerment requires a clear prioritisation of consciousness-raising and educational efforts directed at the grassroots. These efforts, in the light of the teachings of Paulo Freire, call for an up-scaling of the educational perspective of PB.

Another condition of irreversibility relates to the legalisation of the process, which should be sufficiently open so as not to threaten the flexible and evolutionary nature of the process and to permit its self-regulation. At the same time, this flexible legalisation should insert the Participatory Budget within a normative-legal framework which allows for its institutionalisation, beyond any particular Mayoral administration. This is, most probably, the greatest challenge.

Finally, the Participatory Budget will be sustainable if the various actors can see

<sup>62</sup> See Estado de São Paulo, 21.01.2001. Orçamento Participativo átrai do PT ao PFL, Vilson Paiva.

<sup>63</sup> See Base Document. op. cit.

that it represents an opportunity to serve their values and interests: politicians can enhance their legitimacy; technicians and public officials can improve the efficiency of their work and its social meaning; international organisations can see that the resources they contribute are better used; and citizens can contribute productively to decision-making and local management.

29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 5

The Global Campaign on Urban Governance promotes increased acceptance and use of the principles of urban governance. The Campaign has succeeded in initiating concrete activities aimed at spurring policy change and enhancing organizational capacities in more than 30 countries across the world. To further translate urban governance principles into practical measures, the Campaign has developed a range of tools, which includes a collection of resources on Participatory Budgeting.

The Urban Management Programme (UMP) represents a major effort by UN-HABITAT and UNDP, together with external support agencies, to strengthen the contribution that cities and towns in developing countries make towards economic growth, social development and poverty alleviation. Over the past 18 years, UMP has been able to provide a platform for partners to engage in work related to emerging urban management themes.

The present Manual attempts to provide direct and practical answers to the how, why, when and where of implementing a Participatory Budget under the best possible conditions.



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