

Cabannes, Yves; Lipietz, Barbara

**Working Paper**

## The democratic contribution of participatory budgeting

Working Paper Series, No. 15-168

**Provided in Cooperation with:**

Department of International Development, London School of Economics and Political Science (LSE)

*Suggested Citation:* Cabannes, Yves; Lipietz, Barbara (2015) : The democratic contribution of participatory budgeting, Working Paper Series, No. 15-168, London School of Economics and Political Science (LSE), Department of International Development, London

This Version is available at:

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# Working Paper Series 2015

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## The Democratic Contribution of Participatory Budgeting

**Yves Cabannes and Barbara Lipietz**

**Published: May 2015**

**Department of International Development**

**London School of Economics and Political Science**

**Houghton Street**

**London**

**WC2A 2AE UK**

**Tel: +44 (020) 7955 7425/6252**

**Fax: +44 (020) 7955-6844**

**Email: [d.daley@lse.ac.uk](mailto:d.daley@lse.ac.uk)**

**Website: <http://www.lse.ac.uk/internationalDevelopment/home.aspx>**

# The Democratic Contribution of Participatory Budgeting

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**Cabannes, Yves and Lipietz, Barbara**

©May 2015

## **Authors**

Prof. Yves Cabannes

Emeritus Professor of Development Planning

The Bartlett Development Planning Unit | University College London

*Email:* y.cabannes@ucl.ac.uk

*Mail:* 105-3° Avenida Duque de Loulé | 1050-089 Lisbon | Portugal

Dr. Barbara Lipietz

Lecturer and Co-Director MSc Urban Development Planning

The Bartlett Development Planning Unit, University College London,

*Email:* b.lipietz@ucl.ac.uk

*Mail:* DPU | 34 Tavistock Square | London WC1H 9EZ

## **Abstract**

Participatory Budgeting (PB) has emerged as one of the major innovations in participatory governance for local management and local democracy worldwide. With more than 3,000 experiences recorded in over forty countries, PB is gradually changing the living conditions of increasing numbers of citizens across the world. Highly heterogeneous in processes and underlying ambitions, PB in its diversity provides a challenging alternative to the New Public Management-informed route to public sector reform. In most cases, PB has positively contributed to administrative modernization and other ‘good governance’ imperatives, including bringing substance to decentralization policies. In its most radical incarnations, PB has moreover contributed to inverting established spatial, social and political priorities in cities, in favour of the more deprived.

This working paper briefly introduces the world-wide expansion of PB and the heterogeneity of current experiences before proposing two analytical frameworks to help differentiate between them. The heterogeneity of cases reflects substantially differing logics which can be described as political (for radical democratic change), managerial and technocratic (to improve municipal finance transparency and optimize the use of public resources for citizens’ benefit) or good governance driven (to improve links between the public and citizens spheres). These logics are illustrated through the examples of Rosario (Argentina), Seville (Spain), Chengdu (China), Soligen (Germany), Dondo (Mozambique) and Porto Alegre (the iconic case in Brazil). Finally, the paper closes with an assessment of PB’s major contributions to democratic governance, as well as its on-going challenges and limitations to date. Specifically, we bring attention to PB’s potential in reverting (political and territorial) priorities, deepening decentralisation and administrative modernisation; but also ongoing challenges in deepening the deliberative quality of PBs, citizen’s education and the institutionalisation of participants’ power.

## **Key words**

Participatory budgeting, governance, democratization, spatial justice, local governments

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# 1. The world-wide expansion and success of Participatory Budgeting in its diversity

Participatory Budgeting (PB) is at core a novel form of decision-making that actively involves the citizenry in prioritizing public resources spending. As one of its key instigators and proponents, Ubiratan de Souza, explains: through PB, “populations decide on the allocation of all or part of public resources available, or are involved in the decision-making related to this allocation”<sup>1</sup> (Genro, Tarso; Souza de, Ubiratan: 1998).

Beyond this general definition, PB experiments span a broad spectrum: from symbolic participatory gestures with little transformatory impact to vectors of structural change in cities’ governance systems that have reconfigured relationships and responsibilities across actors and institutions in the public domain - and have led to measurable improvements in the quality of life of their citizens. Participatory budgeting occurs in cities of all sizes: from megacities and capital cities to intermediary and periphery municipalities; PBs are also being developed at village level. Originally confined to the municipal level, PBs can now be found at a variety of scales. Examples of PB at supra-municipal level include or have included Rio Grande do Sul (Brazil)<sup>2</sup>, Malaga (Spain), Lazio Region (Italy) and the Poitou Charentes Region (France). In the latter, a form of PB has been experimented with, whereby the regional budget was debated in secondary schools. A number of countries such as Peru and the Dominican Republic have instituted national frameworks that render PB compulsory at district/municipal level. And PBs can also be developed at infra-municipal level, as in Itzapalapa, a ‘delegation’ (borough) of Mexico City of 2 million inhabitants, or Chicago’s Ward 49 that, in 2010, pioneered PB in the United States. This makes for a great diversity of experiences and local governance contexts under the heading of PB.

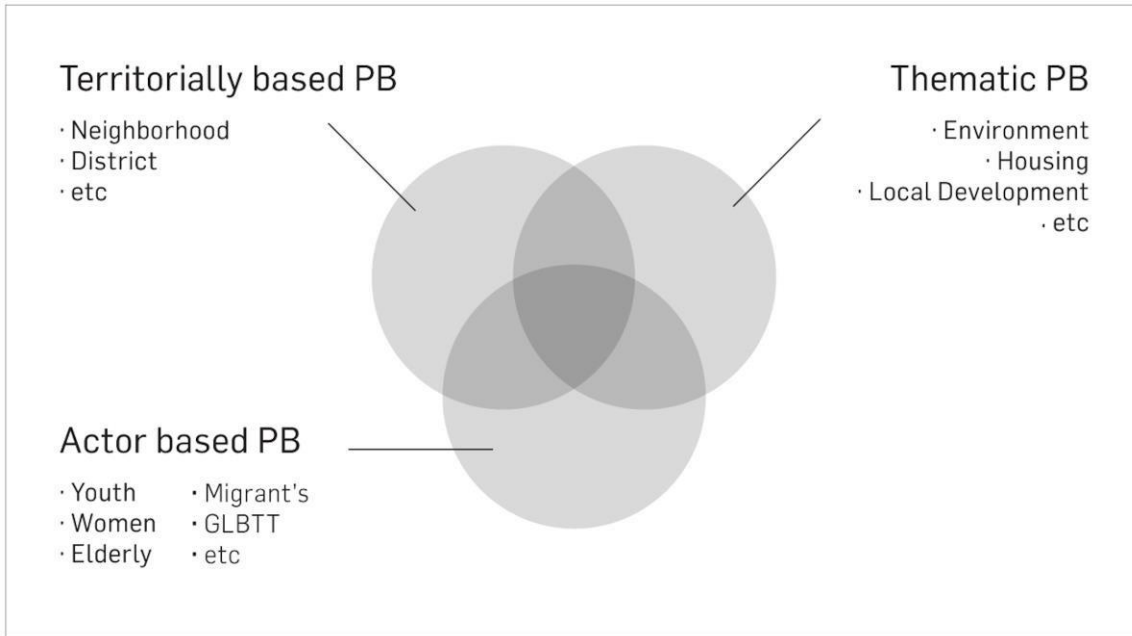
Participatory budgets’ heterogeneity equally stems from their varied organisational underpinnings (see figure 1). Most PBs are essentially *territorially* based: they occur at community, district, city or regional level and act primarily as ‘space based’ budgetary and management instruments. Alternatively, PBs can be *thematic*, addressing context specific priority issues such as transport, housing, education, the environment or local economic development. The issues or themes debated under PBs are likely to change over time, but decision-making generally occurs at a citywide scale. More rarely, PBs can be *“actor-based”*: in this case budgetary resources are earmarked for specific social groups, usually the most vulnerable and excluded such as the youth, women, the elderly, afro Brazilians in Brazil or first nations/indigenous groups. The majority of PB experiments so far are a combination of territorial and thematic approaches.

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<sup>1</sup> Ubiratan de Souza is one of the mentors of PB in Porto Alegre, Brazil, one of the key founding sites of PB.

<sup>2</sup> The regional PB experiment was interrupted with the change in the State’s political leadership.

Figure 1: Types of Participatory Budgeting



The heterogeneous experiences of participatory budgeting described above have evolved and diversified with time. A base document for the launching of the URB-AL<sup>3</sup> Network on Participatory Budgeting and Municipal Finance, coordinated by the City of Porto Alegre from 2002 to 2006, distinguishes between three phases of PB evolution (Cabannes 2003). The years 1989 to 1997 were marked by a period of *experimentation*: starting in Porto Alegre (Brazil) and a few other cities such as Santo André (Brazil) and Montevideo (Uruguay), new forms of management of public resources were, literally, “invented”. This was followed by what is called the “*Brazilian spread*”, when more than 130 Brazilian municipalities adopted the model, with marked variations. The new millennium represents a stage of *expansion* (that is, expanding beyond Brazil) and of *diversification* as existing models have been profoundly adapted (ibid: 28). Under this later phase, PB has gradually spread throughout Latin America, followed by Europe and, since 2003, the African continent; Asia, including China, is the latest newcomer to the fold. The world-wide spread, however, masks regional differences in intensity. Latin America is broadly ahead in terms of the percentage of urban residents living in cities where some forms of PB are taking place: in Argentina, one third of the urban population is practicing PB and, as we saw above, all local governments in Peru are now mandated to engage in PB on a yearly basis.

The widespread adoption of PB is impressive given the time-consuming nature of the process. PB is not a one-off event but rather a yearly process, bound by the budgetary cycle. Its effective, ‘real life’, cycle spans two years: in the first year, budget allocations and priorities are decided (cycle 1); in the second year agreed-upon priorities are implemented (cycle 2)<sup>4</sup>. PB is, therefore, a time consuming and involving process - for the people participating in the

<sup>3</sup> The URB-AL programme (or “urbanization Latin America” programme), financed by the European Union funded the activities of 12 networks of European and Latin American local authorities and professionals organizations on urban issues such as poverty, strategic planning or democracy in the city. Network 9, concerned with participatory budgeting and municipal finance, was important for the dissemination of the Brazilian PB experience in Latin America and beyond.

<sup>4</sup> Accordingly, in a growing number of cities, PB cycle 1 takes place every two years in order to allow the running of the second cycle (implementation) before new priorities are voted.

process and people's delegates primarily, but for civil servants as well. In Rosario, Argentina, it was estimated that, from 2003 to 2009, 185 000 hours of participation were dedicated to PB by 50 607 citizens who engaged in the first and second rounds of PB cycles and in District Participatory Councils activities (Ford, A 2009: 26 to 28). Yet, despite some evidence of 'participation fatigue' in cities where PB has been practiced for decades, most citizens are passionate about this participatory process and are pressing for more. This is for instance the case in Porto Alegre where PB remains a central element of urban governance twenty-five years down the line, thanks to the pressure of citizens.

To explain PB's uptake and expansion, two broad considerations are worth noting at this stage. On the one hand, PB offers an *effective contribution to the broadly defined 'good governance' agenda* – both in its minimalist and more political/transformatory accounts. At an international level, attempts to define the contours of the rather fuzzy concept have centred in part on developing an Urban Governance Index (UGI) at the city level.<sup>5</sup> The composite index, aimed at incentivizing and measuring 'good governance' practices, tracks achievements in the following five dimensions of urban governance: effectiveness, equity, accountability, participation, security (UN-HABITAT, 2003: 26). A study conducted under the auspices of UN-HABITAT (2004), showed that on most of these, and in terms of participation, effectiveness and accountability specifically, PB was found to perform 'highly' – especially in its most developed incarnations (ibid: 44-46). We return in a later section to these criteria and ways of assessing the contributions of PB. For, at this stage, what most needs to be stressed and perhaps best explains the attraction of PBs, is its unique 'value-added' relative to other participatory processes: that is, *its ability to deliver short-term, concrete outcomes* for the people involved. Contrary to other participatory processes, PBs carry very real concrete implications; they have an impact on people's lives and on cities, through *endogenous resources* (not aid), and in the short-term (one year of budgetary cycle).<sup>6</sup>

PBs, then, regroup a huge diversity of participatory experiments, in terms of the size of the population involved, municipal resources, styles of participation, degree of consolidation of the experiences and budget allocation actually put under discussion. To help us navigate and differentiate amongst this great diversity of experiences, we propose, over and above the organising principles outlined in figure 1 above, an analytical grid described and exemplified in section 2 below. Section 3 teases out more explicitly the differing underlying logics that underpin these vastly different PB processes.

## **2. An analytical grid for Participatory Budgeting**

To help discern amongst the great (and growing) diversity of PBs across the globe, we first present an analytical grid adapted from the grid developed by Y. Cabannes for UN-Habitat (UN-Habitat, 2004: 20-21). This grid has been largely tested in the field and modified over time to reflect the practices of PB in their diversity. It was set up with two key objectives in mind: a) to serve as a tool for building a city's PB profile and; b) as an action tool for devising locally-specific PBs. We present the grid briefly before exemplifying its use in the case of Rosario, Argentina and briefly referencing the iconic case of Porto Alegre, Brazil.

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<sup>5</sup> This is the work mainly of the UN's Global Campaign on Urban Governance (UN-HABITAT 2002).

<sup>6</sup> In Belo Horizonte (Brazil), for instance, over 1000 projects were financed through PB over 15 years (Prefeitura Belo Horizonte, 2009:53); in Porto Alegre, over 5000 projects prioritized and voted through this people's process have been implemented since 1989 and in Chengdu, 40 183 projects were funded in three years from 2009 to 2011 (Ming, Z 2012).

## 2.1 Dimensions and variables to build a city's PB profile

DIMENSIONS	VARIABLES	MINIMAL ARRANGEMENT	INTERMEDIATE ARRANGEMENT	MAXIMUM ARRANGEMENT
I PARTICIPATORY (citizens)	1. Forms of participation	Community-based representative democracy	Community-based representative democracy open to different types of associations	Direct democracy, universal participation
	2. Instance of final budget approval	Executive (partial consultation)	Council (consultative)	The population (deliberation and legislative approval)
	3. What body makes budgetary priority decisions?	None	Existing social or political structure Government and citizens (mixed)	Specific commissions with elected council members and a citizen majority
	4. Community participation or citizen participation	Neighborhood level	City-wide level, through thematic contributions	Neighborhood, regional, and city-wide level
	5. Degree of participation of the excluded	Thematic and neighborhood plenaries	Neighborhoods, themes (including civic issues)	Neighborhood + Thematic + actor-based, preference for excluded groups (congress)
	6. Oversight and control of execution	Executive	Non-specific commissions (PB Councils, associations)	Specific commissions (Cofis, Comforça, etc.)
PARTICIPATORY (local government)	7. Degree of information sharing and dissemination	Secret, unpublished	Limited dissemination, web, official bulletin, informing delegates	Wide dissemination, including house-to-house distribution
	8. Degree of completion of approved projects (within two years)	Less than 20%	20% to 80%	Over 80%
	9. Role of legislative branch	Opposition	Passive, non-participation	Active involvement
II. FINANCIAL AND FISCAL	10. Amount of debated resources	Less than 2% of capital budget	From 2% to 100% of capital budget	100% of capital and operating budgets
	11. Municipal budget allocation for functioning of PB	Municipal department/team covers costs	Personnel and their activities (i.e. travel)	Personnel, activities, dissemination, training
	12. Discussion of taxation policies	None	Deliberation on tax policies	Deliberation on loans and subsidies
III. NORMATIVE / LEGAL	13. Degree of institutionalization	Informal process	Only institutionalized or only self-regulated annually	Formalized (some parts regulated) with annual self-regulation (evolutionary)
	14. Instrumental or participatory logic	Improvement in financial management	Ties with participatory practices (councils, roundtables)	Part of the culture of participation, participation as right (i.e. San Salvador)
	15. Relationship with planning instruments	Only PB (no long-term plan exists)	Coexistence of PB and City Plans, without direct relationship	Clear relationship and interaction between PB and Planning in one system (ex. a congress)
IV. PHYSICAL / TERRITORIAL	16. Degree of intra-municipal decentralization	Follows administrative regions	Goes beyond administrative regions	Decentralization to all communities and neighborhoods
	18. Degree of investment	Reinforces the formal city	Recognizes both formal and informal city, without preferences	Priority investment in most needy areas (peripheral, central, rural)

**Table 1** Dimensions and variables for differentiating self-denominated PB experiences *Source: CABANNES, 2004. Concept paper on Participatory Budgeting, UN Habitat, Urban Management Program*

The grid (see table 1 and annex 1 for details) comprises a series of analytical dimensions, derived from extensive studies of PBs in their diversity, and an assessment of the intensity of their implementation. On a *vertical axis* are eighteen variables grouped under four broad dimensions: financial and fiscal; participatory; normative/legal; territorial. A *horizontal axis* is organized along ‘minimal arrangements’, ‘medium arrangements’ and ‘advanced arrangements’ with each of the arrangements corresponding to the assessment of a particular situation *at a given time*. Details for the vertical axis analytical categories are provided in Annex 1.



As we will see in the case of Rosario below, it is important to note that cities may be “advanced” on some variables and less so on others. Moreover, and as briefly illustrated in the case of Porto Alegre, temporality is an important element to take into consideration when assessing PB experiments since PB processes are evolutionary (they can, and do, change over time). All in all, the grid acts as an analytical tool, helping to draw out the varied contribution of PBs to urban governance in specific contexts and at particular times. It can also act as a barometer of the various political projects underpinning PBs, and as a political instrument or lobbying tool to v for the irreversibility of PB and the deepening of its transformatory promises.

## 2.2. Highlights on the grid: Rosario PB experience, Argentina<sup>7</sup>

To illustrate the analytical use of the grid, we propose to unpack the experience of PB in Rosario, Argentina, according to the grid categories. Rosario’s grid PB profile is illustrated in Table 2. PB was voted in by the city’s Municipal Executive in 2002 and started in earnest in 2003. It has continued uninterrupted ever since.

Starting with dimension I (financial and fiscal dimensions), Rosario’s PB experiment is regarded as an ‘advanced’ process. Municipal resources debated (variable 1) have increased steadily between 2003 and 2011, from 24 to 36 million pesos (i.e. roughly 9 million dollars per year)<sup>8</sup>, which classifies the city as a ‘medium arrangement’ on the grid. Rosario qualifies as ‘maximum arrangement’ in terms of having a specific budget earmarked for PB. The latter has covered the costs of PB personnel, dissemination of PB through posters and the media, training activities, as well as research into innovative ways of reaching out to citizens<sup>9</sup> (variable 2).

Most of the indicators for citizen participation (dimension IIa) are also on the higher side: in each of the six districts, priority projects are defined through direct voting (variable 4); participation is universal (variable 5); and specific commissions, called District Participatory Councils (*Consejos Participativos Distritales*, CPD), are elected in each district on a yearly basis (variable 6). Members of the CPD can voluntarily become part of the oversight and control monitoring team for the implementation of PB projects (variable 9). However, the projects approved are essentially at the neighbourhood level (variable 7) and do not relate to budgetary decisions at city level; this variable therefore classifies as a minimum arrangement.

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<sup>7</sup> We would like to thank Ana Laura Pompei, Coordinator of the Planning and Evaluation team of the Municipal General secretary for her comments and the sharing of her experience and data. Our gratitude as well to Dr. A. Ford, from Rosario University, Faculty of Political Sciences and International Relationships for his insights on the case. The narrative is fuelled by their comments, written source (Ford, 2009; Municipalidad de Rosario, 2011a, 2011b), as well as numerous visits to Rosario from 1999 to date.

<sup>8</sup> This represents approximately 22 % of municipal budget for investment but solely 1.5 % of the overall municipal budget (Rosario Municipality, 2012:12, Report for GOLD Report, unpublished material).

<sup>9</sup> The unit developed a glossary of the basic terms used in PB, as well as game strategies to enliven the voting process (see J. Lerner’s (forthcoming) ‘Making Democracy Fun’ based on the Rosario example).

Table 2: Rosario Participatory Budgeting Profile

DIMENSIONS & VARIABLES	ARRANGMENTS >	MIN	MED	MAX
<b>I. FINANCIAL AND FISCAL DIMENSIONS</b>				
1. Amount of debated resources			X	
2. Municipal budget allocation for functioning of PB				X
3. Discussion of taxation policies		X		
<b>II. PARTICIPATORY (CITIZENS)</b>				
4. Instance of final budget approval				X
5. Forms of participation				X
6. Which body makes budgetary priority decisions?				X
7. Community participation or citizen participation		X		
8. Degree of participation of the excluded			X	
9. Oversight and control of execution				X
<b>II. PARTICIPATORY (LOCAL GOVERNMENT)</b>				
10. Degree of information sharing and dissemination			X	
11. Degree of completion of approved projects (within 2 years)				X
12. Role of legislative branch		X		
<b>III. NORMATIVE AND LEGAL</b>				
13. Degree of institutionalization			X	
14. Instrumental or participatory logic			X	
15. Relationship with planning instruments				XX
<b>IV. PHYSICAL / TERRITORIAL / SPATIAL</b>				
16. Degree of intra-municipal decentralization			X	
17. Degree of inclusion of rural areas			X	
18. Degree of reversion of territorial priorities				X

An interesting and important facet of the Rosario PB experiment is its mainstreaming of gender through a number of mechanisms: (i) gender parity in the councils; (ii) projects with a clear gender perspective such as the prevention of domestic gender violence, awareness raising on sexual rights, strengthening of women networks, etc.<sup>10</sup>; (iii) the organisation of a “*ludoteca*” (childcare for babies and children) during meetings to facilitate the participation of mothers in debates; (iv) systematic campaign against the use of words and attitudes disrespectful of women. However, the only ‘properly’ actor-based aspect of the Rosario PB started in 2004 with the Youth Participatory Budgeting and 1% of the PB budget has been earmarked for the Youth (Variable 8). For this variable, the Rosario PB has gradually evolved

<sup>10</sup> From 2003 to 2011, 100 out of a total of 1200 approved projects were dedicated to projects with a clear gender perspective.

from a minimal to an intermediate arrangement and is heading towards a maximum arrangement with significant resources earmarked for the excluded. In 2013, the city introduced a voting system in Braille and translated the PB manual in one indigenous language, becoming the first city in Argentina claiming a multi-cultural approach to planning, spearheaded by PB.

As far as local government participation is concerned (Dimension II b), Rosario is doing well. Out of the 1200 projects approved since 2003, 900 have been fully implemented so far and the others are in the pipeline. This positions Rosario on the higher side on variable 11 (degree of completion of approved projects within two years).

Finally, from a normative and legal point of view (dimension III), the PB process in Rosario is regulated by an internal set of rules defined by the municipality and bylaws voted in 2002, subsequently modified in 2005 and 2006. These, however, leave some degree of leeway for each of the six districts councils (CPD) to shape the PB process including, for instance, in setting up venues and dates of the plenaries (variable 13). In terms of the relationship between PB and other planning instruments (variable 15), Rosario has been particularly successful in establishing a clear and functioning connection between decisions taken through the PB process and its Strategic Plan. In fact, many of the projects and priorities decided (and funded) through PB reflect decisions reached in deliberative processes in the context of elaborating the city's Strategic Plan. The very high score on this last indicator sets the Rosario case apart: PB, from the outset, has been seen as an instrument to bring about and enhance democratic decision-making in the Argentinian city, through democratic prioritisation of public resources.<sup>11</sup>

The grid thus provides important clues for assessing the extent and nature of a particular PB. Rosario's very high score on many of the analytical variables in the grid denotes a strong political commitment to the process. In turn, this reflects the particular emergence and rationale of PB in the Argentinian city of one million inhabitants. Participatory budgeting in Rosario arose out of a process of strategic planning initiated in 1996, in a context of administrative de-concentration of services and strong decentralization. Moreover, the context of its adoption highlights a commitment to deepened societal governance associated with a political ambition towards more participatory democracy. PB was effectively selected during a public consultation exercise in Rosario in 2001 as the best – most democratic – means of tackling the municipal budget. The adoption of PB in Rosario, at the heart of the profound political and economic crisis that hit Argentina in the early 2000s, reflects the city's idiosyncratic radical tradition - and speaks to Rosario's on-going dialogue with cities of similar character in the sub-region: Porto Alegre (Brazil) and Montevideo (Uruguay).

The reading of Rosario's PB experiment through the grid highlights the tool's analytical credentials. Specifically, it serves to highlight the differing underlying logics underpinning PB processes. However, before we go on to unpack the varied competing logics at the heart of PBs, it is useful to highlight another analytical benefit of the grid: its ability to develop a PB profile *over time*.

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<sup>11</sup> The General Secretary of the municipality, along with the city's six Municipal Districts General Directorates, are in charge of coordinating the PB. The Planning Team of the General Secretary hosts the PB team and gives technical, intellectual and operational back-up to the whole process.

Indeed, we mentioned earlier that PB experiments can and do change with time. One way of analysing this change is through the use of the grid, which facilitates the production of PB profile snapshots at given times; snapshots which can be compared to trace potential evolutions of PB experiences. When using this analytical technique, the shift in the nature of PB in Porto Alegre over its 24 years of existence becomes readily apparent<sup>12</sup>. PB originated in the Southern Brazilian city of 4 million inhabitants<sup>13</sup> and the experiment has gone uninterrupted since 1989, when it was first introduced by the PT (Partido dos Trabalhadores or Workers' Party), representing the longest accumulated experience of PB worldwide. Its classic mix of spatial- and thematic-based PB has inspired most PB experiments so far. There are however, two clear phases to Porto Alegre's PB, coinciding roughly (although not neatly) with periods of PT rule (1989 to 2004) and the period from 2005 to date when the city has been governed by a wide coalition of parties spanning the center and right of the political spectrum.

When one builds a PB profile of the two periods through the grid, they appear relatively similar with regards to dimensions I and dimension IIa.<sup>14</sup> However, with regards to dimension IIb the gradual shift becomes apparent. While the first years were clearly marked by a willingness to "deepen and radicalize democracy", this emphasis gradually shifted towards the optimization of public resources. This shift has been accentuated under the Coalition era and this has partly manifested through the development of a double anchorage for PB within the municipality: PB was placed under the responsibility of the Municipal Secretariat for Political and Local Governance (SMGL), but was also anchored, as during the PT mandates, at the GPO, the Office of Budgetary Programming (Gabinete de Programação Orçamentária)<sup>15</sup>. In addition, Porto Alegre Observatory (ObservaPOA), was created by the municipality in 2006, to provide citizens with socio-economic information, including on PB. With its new, double anchoring and improvement of access to data and the stronger vertical link between the central and district levels of the municipality, the coalition-led Municipality of Porto Alegre operated a strong shift toward a more governance-led logic.

Below we explore with greater details the competing logics at the heart of PBs, apparent through a careful use of the grid.

### 3. Underpinning logics of some key PB experiments in practice

As the above examples have started to illustrate, qualitatively different political projects underpin the huge heterogeneity in PB experiments. Accordingly, PBs can be classified according to the following typology:

- a) **Managerial/technocratic** tool: the rationale for PB here is to improve efficiency and the optimization of – at times scarce – public resources and service delivery. PB is seen

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<sup>12</sup> The information provided below relies on a the proceeds of an evaluation workshop in late 2009 in Porto Alegre, assessing the two periods of the PB process with senior permanent municipal officials.

<sup>13</sup> The city counts 1.4 million people but the Porto Alegre Metropolitan Region approximates 4 million people and ranks accordingly fourth in Brazil.

<sup>14</sup> There is, however, evidence that the second phase of PB opened with a dwindling sense of ownership of decision-making through PB (findings from a survey conducted in 2005 by L. Fedozzi, from the University of Rio Grande do Sul (Fedozzi, L., year: page: Table 24. ref?))

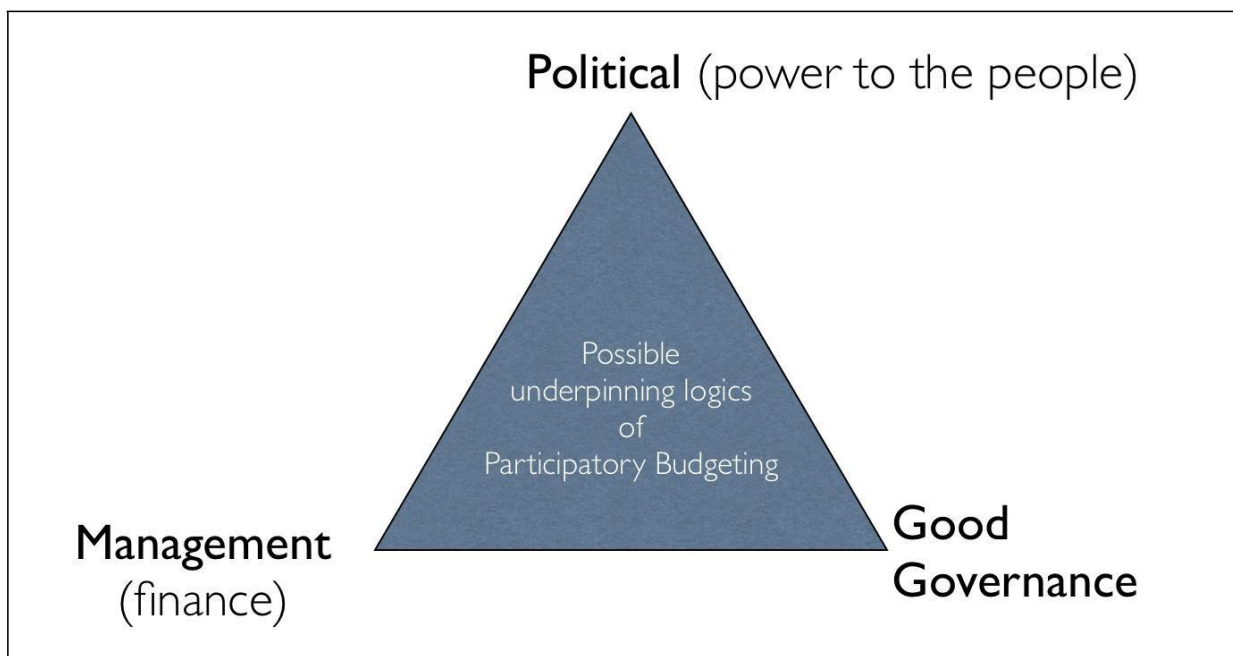
<sup>15</sup> SMGL coordinates the PB process for political and community relations and is responsible for the Administrative Regional Centres that are in charge of governmental actions in each district. GPO is in charge of the budgetary Plan and the budgetary matrix resulting from the whole participatory process (adapted from PMF, 2009).

as a technocratic management response to governance problems. The logic is clearly *managerial*.

- b) **Good governance** instrument: here, the underlying rationale is the establishment of new societal priorities and the construction of new relationships between citizens and governments. In contexts of declining public confidence towards political parties, politicians and public affairs, PBs appear as a route to re-establish or strengthen links between actors, to deepen social ties and improve *governance*. It tends to be a government-led process, with or without increased decision power for the citizens, and usually involves strengthening vertical and horizontal lines of governance.
- c) **Political** instrument to radically democratise democracy: in this instance, PB is seen as a tool to facilitate a bottom-up approach to policy and decision making, and the building of a new polity – participatory democracy - in the context of representative democracy’s perceived failure. The underlying logic is clearly much more *political*; the overall objective is to deepen Participatory Democracy as a political system.

Figure 2 illustrates these broad logics as a triangle of competing objectives. However these logics are not mutually exclusive. In fact they can, and do, coexist within municipalities – and can lead to internal tensions. Moreover, these logics are prone to change over time (see the Porto Alegre case). Interestingly too, these various political projects lead to differentiated institutional anchoring within local government (Cabannes, 2003: 57). Thus when the underlying motivation for PB is that of public administration efficiency, PBs are usually anchored in the municipality’s finance department (e.g. Rheinstetten, Germany) or planning department (eg: Santo André, Brazil; Cuenca, Ecuador). In the case of PB with eminently social objectives, that of increasing social ties, cities have tended to create a specific department to house the initiative (e.g. the Department of Participatory Budget in Recife, Brazil or the Municipal Department of

Figure 2: PBs and their different logics



Participatory Management in Alvorada, Brazil). Interestingly, the “*Office of Participation*” in charge of PB in the city of Pieve Emanuele (Italy), relies on the Office of Culture, an original entry point that clearly aims at generating a new citizen-based political culture. Finally, in the more ‘political’ incarnations of PB, the process tends to be directly linked to the mayor’s office. In Mundo Novo (Brazil) for instance, the adviser for PB is directly linked to the mayor, who appoints the members of the Participatory Budget Executive Commission.

Participatory Budgeting is thus a highly heterogeneous phenomenon, a potential vector of (social, spatial, political) change and institutional innovation – but potentially also a gimmick to satisfy superficial ‘good governance’ criteria. In what follows, we provide an analytical framework with which to apprehend and situate various incarnations of this growing response to contemporary governance dilemmas at the city level. We start with the case of Dondo, Mozambique, exemplifying PB as a vector for improved governance. We then move on to the examples of Seville, Spain and Chengdu, China to illustrate the potential political incarnations of PB in remarkably differing political contexts. And we finish with the experience of Solingen, Germany to illustrate the managerial and technocratic use of PBs.

### **3.1. Participatory Budgeting in Dondo, Mozambique: PB as a driver of Good Governance<sup>16</sup>**

Dondo’s PB process is one of the first of its kind in Africa. Its sophisticated governance model, able to overcome deep historical divides, as well as its distributive outcomes have won it, in 2009, the United Cities and Local Government Africa (UCLGA)’s Excellence Award.

Dondo, or *cidade cimento* (cement city), is located half an hour away from Beira, the regional capital of Mozambique’s central region. Its population of roughly 70 000 in 2010 is spread across ten overpopulated and largely self-built districts that surround the city’s formal, colonial centre and spill into rural Dondo which counts around fifty villages and hamlets. Many of the latter are poorly accessible, particularly in the rainy season. In 2007, less than 6% of the population had access to water on their plot of land. It is a poor municipality in one of the world’s poorest countries, by all accounts – and yet through PB, 2.6 million US\$ were discussed, debated and invested in the area in the years 2007 to 2009<sup>17</sup>, with impressive distributional outcomes. In particular, living conditions have improved with PB-related investment in basic services, the provision of water supply and health centres and the installation of stand-pipes. Community mobilization has further led to a large number of works being conducted such as the construction of latrines or drainage canals.

PB in Dondo unfolds according to the following stages:

1. The first stage consists of a socio-economic diagnosis conducted in each district by the development units with the population and the community councils.
2. Projects and identified needs are then divided into three categories: (i) those with local solutions (e.g. cleaning streets or drainage channels); (ii) those which require mixed

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<sup>16</sup> The below information relies on Cabannes (2010) with primary data provided by the municipality of Dondo (Cambezo, 2008 and Figueira, 2010).

<sup>17</sup> Half from local government and half from international aid. With a value of over 12\$ per inhabitant per year debated, Dondo’s PB is probably at the top end in relation to African PBs so far.

solutions involving both the community and the municipality (e.g. repairing zinc roofs on schools: nails will be purchased by the municipality while manpower will come from the community); (iii) those which depend solely on the municipal budget (e.g. street lighting). This process is a Dondo innovation.

3. Once priorities have been defined by the communities, the municipal team calls upon its Consultative Forum which finalizes the budget matrix, taking into account the anticipated municipal revenue.
4. The conclusions and recommendations of the Forum are presented to the Municipal Council, which takes a vote on the proposed budget.
5. Decisions are implemented with the participation of the community.

PB in Dondo emerged in the context of decentralisation initiated at national level in 1998 and a number of key features underpin its strong governance logic. Firstly, the essentially ‘territorially-based’ process operates in a very decentralised fashion: decisions on key PB projects (divided across the key priority sectors of urbanisation, infrastructure, water, sanitation and roads) are debated at the level of fifty-one communities - ‘unidades comunais’, i.e. way beyond the ten official neighbourhoods that comprise the city. Secondly, the Dondo PB experience stands out for the sophisticated way in which the complexity of formal and informal institutions operating in the area have been incorporated – overcoming in the process deeply entrenched historical tensions. These include:

- the socio-political structures inherited from FRELIMO, the Marxist party that spearheaded the decolonisation war and came into power after independence;
- chieftaincies and traditional organizations, many of which had joined or supported the opposition party, RENAMO during the civil war which followed independence;
- more recent organizations, religious and non-religious that can roughly be grouped under the term of ‘civil society’.

Over the years, several spaces that play a role in participatory budgeting have taken shape:

- a consultative forum with 75 members, consisting of community leaders, religious leaders, mass organizations, influential and public figures and economic agents;
- Development Units in each district, led by social workers and educators;
- Development units in each one of the 51 “village” units in surrounding rural areas; and
- Community Councils.

Finally, the governance logic at the heart of Dondo’s PB is evident in its institutional anchoring: PB in Dondo is coordinated by two different administrative bodies: (i) the Office for Studies and Councils and (ii) the section of Community and territorial affairs; both of which fall under the Administration and Institutional Development Secretariat. The strong governance logic (both societal and horizontal) at the heart of this institutional anchoring parallels processes in Rosario and Porto Alegre’s second phase.<sup>18</sup>

PB has played a central role as a process with significant distributive outcomes, *and* as a participatory channel opener. The small projects formulated, selected and implemented through PB became the glue that sealed and buttressed the complex and challenging (post-conflict) PB governance model. And indeed, the impact of PB has gone beyond mere

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<sup>18</sup> The process has also benefited from the leadership of Dondo’s Mayor and his direct involvement explains the steady progress and achievements of the PB experiment.

budgeting: the increased confidence communities have gained through participation in PB and the marked improvement in relations between varied PB actors have translated into enhanced communication flows between municipal employees and the population generally. Issues as diverse as HIV/AIDS and security are now being tackled through more participatory channels as a result of PB's successful implementation.

### **3.2 Political Logics: PB as a vector for deepening democracy**

We now turn to two examples of PB processes that denote a more radical/political objective of deepening democracy. Each are ensconced within contrasting institutional and political contexts: Seville (Spain) in a representative democracy; and Chengdu, China, in the context of a one-party state.

#### **3.2.1 Seville, Spain<sup>19</sup>**

With its 700, 000 inhabitants (1.5 million for the metropolitan area), Seville constitutes the first large city and regional capital of Europe to adopt PB. Building on prior experiences in Spanish Andalucía, it quickly became a PB reference in terms of quality and innovation. Initiated in 2004 by a Socialist-Communist coalition government, its fate is currently uncertain under the government of the *Partido Popular* (right wing party).

From a financial and fiscal viewpoint (first domain on the grid), the Seville experience ranks high. From 2005 to 2009, 70 million Euros were spent through PB, representing an average of 25 to 30 US\$ per inhabitant per year<sup>20</sup>. Interestingly, and as in Rosario, a significant budget allocation was set aside to assist the functioning of PB (variable 2 on the grid). This facilitated the hiring of local universities and NGOs for technical support and monitoring in the early years of the process, which enhanced its quality.

Beyond financial commitment, Seville's PB process is remarkable on a number of fronts, which, combined underpin its political logic. Firstly, there is a clear commitment to the inclusion of traditionally excluded groups. Whilst participation is universal and opened to all citizens, emphasis has been placed on the participation of the youth and children and affirmative measures were taken to facilitate the participation of migrant population. Secondly, PB in Seville has attempted to go beyond participation and mobilisation at the neighbourhood scale to develop a city-wide or citizen scale of participation. Thus while some PB projects are debated at the neighbourhood scale and earmarked for neighbourhood projects, the '*carril bicy*' (cycling paths) project, decided through PB, has had a clear citywide ambit. Importantly, this innovation has benefited poor and low-income residents whose mobility and accessibility to places of work and education has dramatically improved. Thirdly, the commitment to participatory democracy has translated into an established set of rules – the manual for PB<sup>21</sup> - which enshrines the binding nature of decisions voted through direct democracy in citizens assemblies. These include the fact that local government is bound to

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<sup>19</sup> This section is indebted to Virginia Gutierrez Barbarussa who brought her first hand knowledge of the process and clarified some of the grey areas for the grid analysis; to Vincente Barragan and his colleagues from Pablo Olavide University who kindly shared the results of their research on the process.

<sup>20</sup> With an average of 14.5 million being put for debate for the years 2007 to 2009, this represents between 2.6 and 3.7 % of what is locally labelled the 'non-bound municipal budget' (Barragan, V. et al, 2011).

<sup>21</sup> Autoreglamento de los presupuestos participativos.



implement PB decisions; is bound to declare in a transparent fashion the size of the budget and the budget allocation; and as in Rosario and Porto Alegre, oversight and control of project implementation are in the hands of follow-up commissions, the members of which are elected during project proposal assemblies. PB's institutionalisation is therefore two-fold: on the one hand it is formalized with a high level of legitimacy; on the other, it is "self-regulated" through the regular revision of the PB Manual, orchestrated by a Commission composed of elected delegates, the *Comisión de Autoreglamento*. The quality of the PB manual and its regular amendment through a transparent process, mean that it has become a reference for European PBs and beyond. In Seville, this set of rules, impacting on €15 to €25 million per annum of public money, was twice taken to the city council and on both occasions, was supported by all political parties (except for the Popular Party which did not vote against it but abstained). And this occurred despite the damaging campaign waged against the PB process and PB manual by the local newspaper (ABC) closely associated to the Popular Party. This highlights the legitimacy of the process at the city level.

The underpinning logics of PB in Seville, under the communist-socialist coalition that initiated the process, has therefore been to deepen democracy and give more power to the people, primarily the excluded.

### **3.2.2 Participatory Budgeting in Chengdu**

In an entirely different political context, the PB process taking place in villages and rural communities of the city of Chengdu, China illustrates how PB can act as the vector of noteworthy democratic innovation on a massive scale - in the (apparently unlikely) context of a one party state. With more than 40 000 projects agreed to between 2009 and 2012, across more than 2 300 villages, the Chengdu PB is the largest process in China, and possibly in the world. While questions remain regarding the long-term prospects of this experiment, as well as its replicability, the Chengdu PB experience is nonetheless remarkable for its innovation on a number of fronts. One such novelty relates to the projects being covered by PB: the Chengdu experiment is indeed one of the rare international cases that covers infrastructure for economic development – including via the potential use of PB resources to secure medium-term loans<sup>22</sup>. Examples of such uses include paving roads or the maintenance of the irrigation network that underpins agricultural production in this part of China. Strikingly, this 'productive' focus represents an attempt to balance the growth of privatisation in the Chinese peri-urban landscape, brought about by the emergence of individual land-use rights, through a focus on the village 'commons'. Indeed, by building on the recognition and protection of collective lease on land use rights, and by facilitating the collective development of agriculture (and thereby, of land value increase), PB represents an 'investment in local solidarity, not just in village public services and infrastructure' (Cabannes and Ming, 2013: 17). Below we focus more explicitly on the democratic innovations that characterise PB in Chengdu.

Chengdu's PB experience emerged in a context of prior experimentation with the principles of PB in China. Two broad 'models' have so far emerged: the first, mainly inspired by PB in Brazil, involves resident participation in the decision-making, implementation, execution and monitoring of a part of the public budget; examples can be found in Harbin, Heilongjiang and

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<sup>22</sup> Projects eligible through PB are relatively similar to what is happening in most cities and are primarily those public services that can be delivered and monitored by local villagers and residents, such as local sanitation, security patrol, water and electricity, public reading room and library, local roads maintenance and building, pavement or local recreation activities.

Wuxi (Jiangsu Province). The second model is illustrated primarily by Wenling, (Zhejiang Province) and entails the empowerment of the local People's Congress towards more specific involvement in decision-making and allocation of the government budget (op.cit., p.2). The Chengdu experiment, initiated in 2009, builds on the above and represents a third way of sorts. Crucially, it represents a top-down attempt to address the twin challenge of rising rural-urban disparities in China and rising pressure on villagers' land use rights (for housing and agriculture) in the face of creeping urbanisation. While the above pressures are common to fast-growing cities in China, Chengdu, the fourth city in China and one of its fastest growing (both economically and demographically)<sup>23</sup> was selected as 'a pilot reform area for integrated and balanced rural and urban development' (Zhou, 2012).

In this context, the Chengdu PB experiment represents a rather unique and bold attempt to address contemporary urbanisation/development challenges in China and its location in a largely peri-urban (i.e. less 'risky') setting may explain some of its more radical components. Firstly, and contrary to other PB experiments in the country, it is an endogenous process – and has accordingly evolved, from the outset, within Chengdu's local political and administrative structures. While this has translated into a rather complex institutionalisation process involving an impressive number of official bureaus<sup>24</sup> and a clear set of pre-established rules, these have also ensured stability and anchorage for the PB process. Interviews and meetings with politicians responsible for PB revealed how much PB was embedded as a tool for reducing the rural-urban divide (Cabannes and Ming, 2013:14).

Secondly, the Chengdu PB represents an attempt to reach and involve communities *at scale*. PB in Chengdu is taking place in all 2,308 villages of Chengdu's city-region and is open to over 5 million citizens. The PB experiment is currently undergoing a careful expansion towards urban areas, while ever-increasing sums are being allocated to PB deliberation<sup>25</sup> (Cabannes & Ming, 2013). This contrasts with other PB experiments in China that have tended to be city-based or more circumscribed, and generally not open to the general public.

Thirdly, the implementation of PB in Chengdu has gone hand in hand with the development of a new village level governance mechanism: the village council. These village councils, set up to regulate the allocation of village public services funds and comprising a dozen or more members, are elected by local villagers. This new body sits in parallel to the communist party appointed and controlled Village Committee. In principle, there is no overlap between these two structures as power and Chengdu's Authorities have transferred functions to village councils. Clearly, more research is required to clarify these roles and the actual relations and tensions that might exist within this dual structure. Village councils represent the real PB-induced governance innovation as they play the interface between the established administrative and political hierarchical system and the citizens. Village councillors, elected from within the locality, go on to form a democratic finance management group and a budget oversight group. And this is where another key innovation lies: Chengdu's PB appears to go beyond mere consultation, seeking instead to build deliberative fora for decision-making *and*

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<sup>23</sup> According to the sixth population census, Chengdu had 14 million permanent residents in 2010, with its main urban areas accounting for slightly above 5 million permanent residents.

<sup>24</sup> The following state institutions are involved in the PB process: the Chengdu Communist Party Committee, the Bureau of Integrated rural-urban development, the Civil Affairs Bureau, the Financial Department of Chengdu Municipality and the Commission for Discipline Inspection.

<sup>25</sup> Resources allocated to PB by the Chengdu Municipality Financial Department range from 60 000 millions USD up to 110 million, according to different sources (Cabannes and Ming, 2014).

monitoring. Deliberation is encouraged through the dissemination of a PB training manual developed by the Commission for Balanced Rural and Urban Development. Interestingly, the manual provides the example of a woman arguing against the village (party) secretary in the context of PB-induced deliberative practices, in a break from most propaganda material disseminated in China (Cabannes and Ming, 2014). Meanwhile, the Village Council's monitoring oversight function is particularly noteworthy as, internationally, the placing of monitoring and evaluation functions in the hands of citizens has proven to be a key facet of sustained participation and sustainability of democratic through time (Cabannes, 2014).

### 3.3 Managerial and technocratic logics: The case of Solingen, Germany<sup>26</sup>

Finally, the Solingen case represents a radically different logic of PB. Initiated in 2009, it is probably one of the most successful examples of German PBs – in terms of a rather narrower logic of finance optimization. In that sense it exemplifies the dominant trait amongst PBs experiments in Germany, many of which emerged as a novel governance tool in the early 2000s. Significantly, German PBs have tended to be influenced by the participatory components of New Public Management and the experience of Christchurch (New Zealand), rather than the iconic case of Porto Alegre and other Latin American experiences (Sintomer et al., 2008). An early 2000's research on PB experiments across Europe describes German PBs as 'consultations on public finances', providing innovative solutions to the modernization of local bureaucracies, but with little or no citizen impact on local politics (Sintomer et al., 2005). One of their key contributions has been to render the budgetary process more transparent and accessible to citizens (Sintomer et al., 2008).

Ten years down the line, a comprehensive overview of German municipalities gives an accurate vision of the evolution of these 'consultation on public finances' (Schröter, 2013): out of 440 municipalities researched, including all German municipalities with a population of more than 40 000, as well as those registered in the PB network, 274 were engaged in some sort of PB process. Out of the 96 consolidated cases identified in the report where citizens are able to table propositions through PB, only nine are exclusively expenditure-based, i.e. concerning suggestions and comments on where future *expenditures and investments* should be made. The majority are *savings-based*, which means that participants are invited to submit and/or comment on proposals to cut costs or improve municipal revenues (ibid:5); or represent a mix of cost savings with some possibilities of expenditure-based proposals. Channels of participation are in most cases on-line<sup>27</sup>. German PBs are thus illustrative of an emphasis on finance optimization with a degree of participation; they clearly endorse a managerial logic. As such, they depart quite vigorously from most of their peers in Latin America and other parts of the world whose foundations are more political and which place deliberation at the core of the process. This being said, German PBs are unique in that the great majority of them (74 out of 96 researched) deal with the entire municipal budget (cuts can be made on any part of the budget) and not, as is often the case, with a portion of the investment budget which, in many cases, can represent less than 5% of the overall budget.

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<sup>26</sup> The case builds on the contribution of Mandy Wagner and other colleagues from Engagement Global (GmbH) involved in the support of the German PB network. They have kindly facilitated contacts with officials from Solingen and generally assisted in the writing-up of the case. Mr. Koch from Solingen Local authority provided detailed information on PB results. Finally, Martin Lichtenegger, Master's student at the Bartlett's Development Planning Unit, kindly translated material in German and discussed results with the authors.

<sup>27</sup> More specifically: only on-line (17), on-line supported by traditional channels /face to face (43), traditional face to face only (2), traditional face-to-face supported by on-line communication (17) or multiple channels procedures (16).

Solingen's PB clearly fits the managerial and technocratic logic and is indeed one of the most successful cases in Germany so far, both for its capacity to address an unstable budgetary situation, and for its ability to identify the 45 million euros of savings requested by the Regional Government of Düsseldorf (Stadt Solingen: 2011). Indeed Solingen city described its key specificity in relation to "other internet based collaborative examples such as Cologne, Berlin and Postdam [that] offer citizens the chance to suggest how monies should be invested" in the following terms: "Solingen's focus was exclusively on reduction of spending and increase of revenues" (Stadt Solingen *ibid*: 3).

The process started in 2009 and has been reproduced on a yearly basis since then. Spurred by important budget cuts imperatives, the municipality fostered the mobilization of citizens to help identify target areas for spending cuts. 248 savings proposals (organized into specified categories) developed by the City were posted on-line and citizens were given the opportunity to comment on the cuts package. More than 20 000 citizens visited the platform in 2010 and nearly 3600 participated actively, a number never reached before in a city of approximately 160 000 inhabitants ([www.solingen-spart.de](http://www.solingen-spart.de)). After consultation, the total savings derived from citizens' vote reached 31, 6 million euros – short of the 45 million target. In order to reach its target, "the council was thus compelled to disregard in part public opinion" (*ibid*:4).

Below are some of the solutions proposed (usually by the municipality) to cut the municipal budget:

- Renting out the theater to increase income; getting rid of festivities related to national day (category - culture and events);
- Reducing the interest rate on outstanding public loans by shortening the reimbursement period (category - finance);
- Generating electricity as income source. In practice, energy was privatized so that the proposal could not be implemented;
- Changing street lights to LED bulbs instead of conventional systems (category - traffic, nature, environment). The proposal, voted by the citizens, was considered too expensive, but new bulbs were to be LED.

Since 2009, various cities in Germany are following a similar path.

The examples above highlight the immense diversity of PB experiences stemming from the extreme decentralization of these initiatives. What do the Solingen case, the Chengdu case (developed at the same period) or indeed the Porto Alegre case of the 1990s have in common? Here, the grid becomes a critical tool for comparison, with its ability to deconstruct PB experiments along four key dimensions. Yet the extreme diversity raises the issue of what should and shouldn't be considered PB, and who should have the authority to stamp a PB trademark. This is a current debate that unfortunately cannot be opened in the present paper. Below we turn to a general overview of PB's contributions as a transformatory instrument – as well as some of its limitations and the challenges that lay ahead.

## 4. Major contributions and challenges

### 4.1. Major contributions

#### 4.1.1 Reverting priorities

One of the greatest and most visible effects of PBs lies in its concrete contribution to ‘reversing’ previously established priorities in cities, no doubt explaining its attraction for the millions of people involved in PB year after year. The notion of ‘reversion’ or ‘inversion’ originates from PB experiments in Brazil where the objective has clearly been “a shift in the order of priorities” understood both in *political* terms (i.e. those who previously never exercised power can now make decisions concerning the budget) and in *territorial* terms (i.e. traditionally investments did not reach poor neighbourhood or rural areas and now they do) (Cabannes, 2007: 27).

The case studies described above all provide some indication of the effects of PB in channelling public resources – in some cases, quite substantial amounts, as we saw in the case of Chengdu, Porto Alegre and Seville - towards traditionally excluded areas and neighbourhoods, in the process contributing to bridging the ‘urban divide’ (UN-HABITAT, 2010). The most explicit example of this achievement comes, however, from Belo Horizonte (Brazil) where a sophisticated tool to measure ‘inversion’ was developed through a set of composite indicators of “access and perception by the population of projects financed by PB” (Cabannes, 2007; Ubirajara de Carvalho e Camargo, 2007 a, 2007b). The indicators focused on the distance separating residents of Belo Horizonte from PB-financed projects (816, completed between 1994 and 2006). The results showed that “99% of the population lives less than 1km from a completed project, 84% less than 500m away and 40% live less than 200m” (Cabannes, 2007: 29); i.e. a high accessibility level of PB-financed projects, underlying the *material* impact of PB in improving the living conditions of the population. Moreover, the findings clearly demonstrated that the population *closest* to PB projects – those most likely to benefit from PB-financed projects - were indeed the poorest families in the city.

The Belo Horizonte PB experiment exemplifies in a most concrete fashion how PBs can – and already do - contribute to upholding what Ed Soja terms ‘spatial justice’, that is “the fair and equitable distribution in space of socially valued resources and the opportunities to use them” (Soja, 2008: 3). Importantly, these examples of spatial inversion have been the fruit of participatory processes intent on broadening, and indeed universalizing, the participation of citizens. In that sense the most radical forms of PB have given flesh to the Lefebvrian concept of the ‘right to the city’, whereby citizens are enfranchised to access decision-making processes – to participate meaningfully – in order to produce urban space. The figures from Belo Horizonte show how powerful PB can be in enabling spatially and socially vulnerable groups to act out their right to the city. Interestingly, other cities have pushed this attempt to democratise participation further by developing additional mechanisms of participation, aimed at circumventing the structural conditions that impede the participation of vulnerable or excluded groups *in practice*. In Rosario and Sevilla, parallel actors’ based assemblies have been established as a vector of ‘political inversion’, specifically seeking and facilitating the participation of women, and more recently, the youth. Other cities, still, have targeted excluded groups through a thematic focus: in Campinas (Brazil), PB has a specific committee

on ‘Citizenship’; in Caxias do Sul (Brazil), the thematic committee addresses ‘social exclusion’ (Cabannes, 2003: 55).

It is too early to assess the effects of PB on political, social or spatial inversion in China, but the experiments will certainly be worth monitoring and represent a unique insight into the workings of a still largely closed political system. One of Chengdu PB’s explicit objectives was to reduce the income gap between the urbanized districts and the 2600 surrounding villages and rural localities; and, to a large extent, the “Commission for balanced rural and urban development of Chengdu” in charge of PB’s implementation did quite well in this regard. The model could expand over the next years in other large municipalities in China. However, we lack the necessary information to conclude as of yet on the *extent* to which political inversion of priorities (giving power to those who never exercised power) has taken place effectively. Further research is needed to measure the impacts of PB on local democracy and socioeconomic development, including on issues such as:

- the extent of deliberation taking place in villages and its impact on political and social terms with regards to quality of life improvements;
- what differentiates the implementation of PB projects in Chengdu from that in other Chinese cities such as Wenlin, Jiaozuo and Wuxi? Has the introduction of elected Village Councils and their ‘people’s oversight commissions’ significantly altered ‘business as usual’?
- in what ways will tensions between Village Councils and the appointed and conventional Village Committees be resolved? What will be the role of the Chinese Communist Party in such cases?<sup>28</sup>

#### **4.1.2 Deepening decentralization**

The above multi-layered ‘reversion’ effects are intimately connected to PB’s ability to deepen or give substance to decentralization policies. PBs have enabled the participation of citizens usually relegated to the periphery of decision-making and broader place-making processes because, in their most developed incarnations, they have actualized the notion of ‘bringing decision-making closer to the people’.

Most PB experiments have emerged on the back of prior waves of decentralization, as in the case of Rosario and Dondo described above.<sup>29</sup> Yet, as numerous comparative studies have highlighted, decentralization *in practice* has often failed to live up to expectations with regards to a range of policy and social objectives, including improving information regarding citizens’ wants/needs, increasing citizen voice and enhancing government accountability. Part of the issue is that widely different experiences and institutional arrangements have been lumped under the general term of ‘decentralization’ (from delocalization, to delegation, to devolution), despite their radically different real-life implications in terms of resources and decision-making power. Decentralisation at city level has equally encapsulated an array of institutional experiences. Yet, in those cases where the political and administrative intention has effectively been to bring decision-making ‘closer to the people’, an important practical break has often been, literally, figuring out a workable mean of devolving decision-making power at a lower

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<sup>28</sup> Cabannes, Y, and Z. Ming, 2013:9.

<sup>29</sup> However, it is interesting to note that in some cities, PB has anticipated and enriched processes of decentralisation (Cabannes, 2003: 61).

territorial scale. This is where PBs have, in their most advanced instances, provided a remarkably effective tool for meeting that challenge.

First of all, PBs have generally facilitated a process of administrative deconcentration since PB units of deliberation tend to be more numerous than administrative regions. We saw above how in Dondo, the PB process allowed deliberation and decision-making over public resources to be brought down to 51 communities ('unidades comunais') - that is, well beyond the 10 official neighbourhoods that came to compose the city after decentralization was achieved. In the city of Guarulhos (Brazil), the unit of planning and decision-making has also been greatly increased through the PB process: from five demarcated macro planning zones for master planning to sixteen regions and then twenty regions for PB-related deliberation (Cabannes 2007: 12). Importantly and secondly, this administrative deconcentration has been accompanied by a decentralization of power to areas increasingly distant from traditional bodies of power. In the Urban base document on PB (Cabannes, 2003), it is suggested that "PB is not only contributing to participatory democracy but to 'neighbouring participatory democracy [...] as well'" (ibid: 62). This goes a long way in explaining the concrete material effects of PB in remote and/or previously excluded parts of cities and villages: PBs have given meaning to the most expansive understanding of decentralization, both in terms of bringing administration physically closer to the people and lowering the scale at which decisions are made.

#### **4.1.3 Contribution to Developmental State through good governance and administrative modernization**

The above elements point to PBs' positive contribution to the modernization of the administration and the broader 'good governance' agenda hinted in the introductory section. As mentioned earlier, PB experiments scored particularly high on the Urban Governance Index in terms of "a broadening and deepening of participation, increased effectiveness and a qualitatively different form of accountability" (Cabannes for UN-HABITAT, 2004: 44). The participatory elements have been somewhat broached above and will be addressed in greater details in the following section, but it is worth, at this stage, to return to the effectiveness and accountability principles.

Effectiveness is defined by the UGI base document as follows: "An effective local government has a budget that is sufficient for its operational and development needs. It has control over the collection of a significant part of its budget. It assigns a fair part of its revenues to basic services to respond to the needs of the residents and business" (UN-HABITAT, 2003). Concretely this is measured in terms of five indicators: "major sources of income, predictability in transfers from the central government; published performance delivery standards, customer satisfaction survey and existence of a vision statement" (UN-HABITAT, 2004: 27). What is particularly striking from the report's findings<sup>30</sup> is that PB has a positive impact on financial autonomy and on municipal revenues: the majority of municipalities claim that the PB process coincides with an increase in fiscal collections and a reduction in tax arrears, tied mainly to improved transparency in public administration and visibility of works and services in the short-term. The report further highlights how PB tends to channel the participation and mobilization of communities at the moment of execution of

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<sup>30</sup> The report bases its findings on a study of 103 Brazilian municipalities, which practiced PB between 1997 and 2003 (see refs in UN-HABITAT, 2004: 28).

the financed works. While this contribution is usually non-monetary, it allows for a significant increase in the value of investments in the city, even if it does not add to the municipal budget. The willingness of the communities to maintain the infrastructure projects that result from the PB, additionally, represents an important avoided cost which can be quantified (as has been done in Cuenca, Ecuador) (ibid: 28). These findings provide a noteworthy counterpart to analogous efficiency claims made by proponents of NPM.

Effectiveness, however, goes beyond better use of public funds. Other notable elements that pertain both to the UGI's effectiveness and accountability principles, relate to *transparency*: one of the clearest contributions of PB to good urban governance relates to transparency in delivery standards, formal publication of contracts and tenders, budgets and accounts, codes of conduct (ibid: 37). The Porto Alegre Observatory (ObservaPOA) described above is a good example of the positive contribution of PB to the modernization of the administrative apparatus. In many PB processes, transparent communication and information channels have been further reinforced by the development of formal complaints procedures and monitoring and evaluation processes. As the 2004 UN-HABITAT review report indicates, these "are powerful instruments to eliminate the chance for corruption when the budget is implemented, in particular during the execution of public works and services [...]. The strength and integrity of [anti-corruption] commissions is such that they can lead to the removal of corrupt officials" (ibid: 39). Such processes are part and parcel of the PB process and overseen by a number of PB fora such as the elected District Participatory Councils in Rosario.

Finally increased public administration effectiveness is also the making of improved planning. The 2004 UN-HABITAT review report found that "in those cities where PB has come after development plans [...] PBs are an important mechanism to realise the long-term vision of the city in the short-term. [...] Whereas for] those cities in which there are no Strategic Plans or Urban Development Plans, or where these are obsolete [...], PB is a first step towards a participatory planning process for the city. When it is time to develop these long-term plans, they will include the demands and interest of the population. This situation has been very common in Brazil" (2004: 30), as exemplified by Porto Alegre above, although Rosario provides another strong example.

Improved planning as a result of PB is arguably the outcome of PB's positive effects on vertical governance and horizontal integration. At the beginning of section 3, we noted the multiple anchorages of PB experiments, often motivated by underlying competing logics. However, in several cities, participatory budget has been formally anchored in more than one municipal office, exemplifying (or mirroring) the multiplicity of these logics (governance, political or managerial) - but also the multidimensional character of PBs. In Belo Horizonte, Brazil, for instance, PB has been anchored in three departments: one linked to the Department of Planning, another to the Department of Housing (responsible for the Housing PB) and another to the Department of Coordination of Urban Policies (Cabannes, 2003). This direct challenge to the traditional 'silo' approach to policy development and budgeting decisions has not come without institutional hic-cups and wrangles. But in a number of cases, PB processes have acted as a vector of administrative innovation, and indeed modernisation, by promoting the development of inter-disciplinary/coordination processes. The most successful experiments of PB have managed to bolster vertical integration of city governance. Porto Alegre's PB, for instance, has enabled a stronger vertical link between the central and district levels and some parallels can be clearly established with Rosario where the PB office also deals directly with the sub-municipal administrative centers. In Dondo too, PB's anchoring



within the Administration and Institutional Development department (in part) has facilitated good relations and planning practices between the centre and neighbourhoods.

The above clearly illustrate the real contribution of PB experiments in terms of bolstering the integration and modernization of a coherent developmental public administration. However, the broader transformatory promise of PB, especially in terms of democratic deepening remains, as we now examine, an altogether more intricate challenge.

## **4.2 Major Challenges and how they are being addressed**

### **4.2.1 “Voice” and the deliberative quality of PB**

One of the limits of Representative Democracy, conventionally summarized as ‘the right to voice and the right to vote’, is that it has essentially been reduced to the right to vote; public debate among citizens has become the exception rather than the rule. The added value of *some* PB processes lies precisely in their ability to “re-open the agoras” and provide a platform for citizens’ deliberation - most of the time heated deliberation - over what they would like to see for the immediate future of their city/their neighbourhood. The fact that financial resources and concrete outcomes are tied to the debate (“your project or my project will be selected and implemented”) have provided material incentive for deliberation. However, opening up the future of the city (or the village or region) to citizen participation remains a challenge – even in the most advanced and radical forms of PB.

Few studies have explored the *deliberative quality* of PB processes so that the recent work carried out by the Porto Alegre PB team in this regard, remains unique to this day (see Fedozzi, 2007). What this research shows is that, twenty years down the line, citizen presence in PB forums and assemblies remains impressive, with well above 10 000 citizens participating in PB deliberation every year, tempering criticisms of ‘participation fatigue’. However, questions remain as to the turnover of participatory input (i.e. are there new participants or do the same always participate?), as well as the quality of participants’ inputs (i.e. what is the active role of participants during the fora and assemblies?). On the latter issue, Fedozzi (ibid.) highlights that the number of participants who never speak in assemblies is, and remains, extremely high: 62,8% in 1998; 49,8% in 2000; 51.8% in 2002 and 57,3 % in 2005. If we argue that democracy should be about voice as much as vote, one needs to explore ways of improving such a situation and aim to encourage more active participation from those who are present in PB assemblies.

The need to focus on deliberation practices as a means of improving PB processes has also been stressed by scholars from the managerial and administration field, including José Molina Molina (2011). Speaking from a Spanish vantage point, he proposes a series of tools that could become ‘indicators of deliberation’ to help monitor and improve the deliberative value of PB processes including:

- (i) Look out for the fundamental ideas in others – don’t get stuck in the details
- (ii) Analyse priorities and preoccupations
- (iii) Accept answers provided by each citizen
- (iv) Avoid disqualifying your opponent
- (v) Work towards a common understanding

- (vi) Disseminate the content of agreements
- (vii) Solutions and proposals should strive towards collective consensus<sup>31</sup>

Interestingly, many of these rules are absolutely identical to those developed by the Chengdu authority in their Training and Information PB manual (Chengdu Bureau of Integrated Rural–Urban Development, 2012) and largely disseminated to citizens participating in PB. Deliberative values are therefore clearly the DNA of successful PBs.

#### **4.2.2 Citizen’s education**

One way of improving the quality of deliberation processes (i.e. bringing about conscious and active participation) lies in civic education in a broad sense. This includes enhancing budget literacy and the collective unpacking of such issues as what constitutes a budget, where do the resources come from and why they may vary, etc. Another key area for civic education pertains to the responsibilities of municipal governments as this has direct bearing on the types of projects that might be eligible for PB deliberation. Yet another issue relates to a better understanding of the interconnectedness between various territorial divisions within a locality. Interestingly, these concerns have been raised by various citizen organisations in different cities, and have led them to call for a broadening of projects eligible for PB resources to include civic training in the broad sense described above.

One key area of citizen education relates to the process of deliberation per se – for instance knowledge about democratic rules, daring to speak in public - as clearly expressed in the Chengdu case. In short, a PB process is best likely to develop and sustain where a participatory culture is in place such that citizens can, in assemblies, express themselves on the same level as city officials - which clearly suppose some form of democratic precondition. Crucially, the need for civic education lies not only with citizens but, more importantly still, with city officials who are not used and not equipped to dealing with horizontal ways of engaging citizens. This is particularly the case in “old established democracies” and more challenging and necessary still in authoritarian contexts like China or in contexts marked by top-down party-political traditions. From our direct observation, cities that have invested efforts and resources on “soft projects” and awareness raising on issues such as gender roles, formulation of projects or participatory techniques have usually done much better in terms of long-term sustainability of the process and its appropriation by citizens. Rosario is a good case in point here.

It is here too that “actor-based PB” reveal their comparative advantage. Projects tailored to the expectations of specific groups, that empower them, tend to have less political visibility than brick and mortar projects; however, they have had in practice far more long-lasting effects. In a nutshell, if a PB process is not at once and primarily a massive education project, where PB acts as a pedagogic pretext, the managerial and governance logics inherent in PB will tend, over the years to supersede the potential for a deepening of democracy. At the same time, the risks of political co-optation and populist uses and misuses will become more entrenched.

The experience of Guarulhos, a municipality of one million inhabitants in the São Paulo Metropolitan Region, illustrates the transformatory results that can be achieved when education becomes a central component of PB. In this case, the municipality saw PB as a

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<sup>31</sup> Translated from Spanish (Molina: 2011) by authors.

means to foster “the emergence of new community leaders, able to participate in an independent way to the building of a city of justice and solidarity” (UN-Habitat 2009).<sup>32</sup> To this end, it took the rather unique initiative of contracting the Paulo Freire Institute to support its PB process. The training, initiated in 2005 and running for four consecutive years, was targeted at the hundreds of PB delegates elected during assemblies, the PB councillors elected among the delegates, the supporters of people’s education and the members of the various sector-based city councils.<sup>33</sup> In line with the legacy of Paulo Freire, training built on the diverse knowledge and know-how brought by the various participants and sought to facilitate the development of a collective knowledge on each of the issues debated. An evaluation of the PB process shows that local leaders were particularly satisfied with the training process: beyond the technical and political knowledge acquired, they felt that they had developed a better grasp of how their municipality works. They also stressed that it helped them better deal with their communities, and in their day-to-day life, at family, social and professional levels (ibid).

#### 4.2.3 Institutionalizing power of the participants

One major dividing line between PB processes relates to cities in which the citizens are able to define the rules of the game, on an annual and transparent basis, and those cities where the rules are defined by the authority in place. Porto Alegre sits squarely in the first camp (from its early days), and so does Rosario. These rules called “*regimento interno*” in Brazil or “*autoreglamento*” in Spain refer to most of the key aspects of the PB process: the elections of delegates and of councillors that will compose the PB Council at municipal level, as well as their responsibilities and power; the criteria for the allocation of resources and the priority criteria for selecting the projects proposed by citizens; the venues and the number of plenaries; the dates of the whole cycle, the rules of transparencies and accountability. In both Porto Alegre and Rosario, the budgetary cycle includes a specific period dedicated to the revision of such rules.

These “self determined rules” represent a decisive devolution of power to the community sphere, and are heading towards a democracy where apart from the legislative, executive and judiciary powers, a fourth power is put into place. For those delegates and councillors that have been involved in PB processes for the last twenty years, and who are more passionate about its transformative potential, the definition of the rules, and the conditions upon which PB will be implemented, is just as important as the amount of resources put under debate. While the amount of budget under deliberation is obviously key for PB to have meaning, they point to the qualitative dimension of the process for long-term transformatory change.

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<sup>32</sup> The Paulo Freire Institute keeps in Brazil the legacy of the educator who wrote “Pedagogy of the oppressed” and introduced alphabetization and education methods that have played a decisive role in Brazilian social transformation over the last 50 years.

<sup>33</sup> The training syllabus was adapted to each constituency and included:

- *Syllabus for the PB delegates*: Functions of the PB delegates; understanding the world; history of social movements; ways for people’s education; rights and duties of Guarulhos citizens; The PB forums and councils; Participatory Budgeting; Budgetary processes; Participatory research; Democracy; Public policies, local power; eco-pedagogy and sustainability.
- *Syllabus for the PB councillors*: Public Budget; Public-community commissions; Conflict negotiations; Role and functions of a PB Councillor.
- *Syllabus for the Guarulhos People educators*: Gender relations and affirmative policies; Ethnic relations and affirmative policies; Inclusion Policies; Participatory observation.

Back to the analytical grid, the indication of whether the process is institutionalized through a decree or a municipal ordinance or any other legal instrument or is an annually regulated process appears as the variable 13 'degree of institutionalization', and is part of the dimension "normative an legal framework". A situation where some parts of the process are formalized (for instance the amount of budget that will be discussed is fixed by the city council and inscribed in the budget) and some others are simply regulated through a people's based process correspond to a maximum arrangement. This being said the two theses one based on self-regulation and the other one on having a fixed legal framework is still hotly debated in the international fora on PB. They reflect quite different logics and are probably a key indicator in terms of deepening democracy

### **4.3 Concluding remarks**

The case studies and examples cited in this text have highlighted the diversity of PB experiments, whilst the analytical tools provided have offered a way of 'reading' the transformatory potential or success of PB experiments in practice. Ambitions to modernise and transform governance processes have been easier to reach, while those of radically transforming democracy still face interesting challenges. PB, however, is a constantly evolving instrument and there is little value in speculating its future course. In its complexity, PB nonetheless offers clear directions for those wishing to practice democratised participatory governance.

An important challenge remains in terms of carrying out research and critical analysis on the multiple forms of self-denominated participatory budgeting. This is a pre-condition for deepening the debate and understanding of its democratic contribution, over and beyond its potential for responding to managerial and governance ambitions. This is both an invitation and a demand.

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## Appendix. Dimensions and variables of a PB analytical grid<sup>34</sup>

Below is a description of the various analytical dimensions that, together, help build a PB profile. These dimensions are on the vertical axis of the analytical grid illustrated in table 1.

### Financial and Fiscal

1. *Amount of debated resources*: PBs generally represent between 2% and 10% of the overall implemented budget. The minimalist extreme is situated at less than 2% while some rare cities have reached the maximal 100% of their budget (both capital and operating) under participatory scrutiny.

2. *Municipal budget allocation for the functioning of PB*: This variable is key for the quality and level of consolidation of the PB process and concerns the resources set aside for the running of PB, especially staffing costs. In minimalist cases, no specific budget has been set aside for supporting the running of PB and this cost is usually shouldered by NGOs or international agencies. In the most advanced cases, specific budgets cover PB personnel and operational costs, as well as communication, transport for spatially excluded participants, dissemination of results, auditing of PBs, etc.

3. *Discussion of taxation policies*: PB experiences vary from no discussion on tax policy (minimal), to discussion circumscribed to local tax policy, to the deliberation of broad fiscal policy, including loans and subsidies from national, international and NGO sources (maximum arrangement).

### Participatory dimension

The participatory dimension is not limited to citizen's participation but embraces the involvement of local government as well.

#### *Participatory (citizens)*

4. Instance of final budget approval: the majority of PBs are enmeshed in systems of representative democracy<sup>35</sup> so that the elected Municipal Council votes, in the final instance, on the budget. However, this voting can occur before (minimal arrangement) or after the participatory process. In the minimal arrangement, PB refers to debates on funds voted by Council for one sector of the municipality (e.g. health), usually with a City department (e.g. Health); it is basically a partial public consultation. An 'intermediate' situation is when the citizenry is consulted to plan a part, or the whole of public spending (to be deliberated in the City Council). The most 'advanced' scenario is when citizens have the power to deliberate and decide on the budget itself (e.g. in the majority of Brazilian examples).

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<sup>34</sup> Cabannes, Yves. (2004) Participatory Budgeting: Conceptual Framework and Analysis of its Contribution to Urban Governance and the Millennium Development Goals. Concept Paper. Quito, Working paper 140, UMP-LAC, UN-HABITAT, UNDP

<sup>35</sup> We explore later the experience of PB in a non-democratic system.



5. Forms of participation: This relates to forms of participation in the PB process. In the ‘most advanced’ forms, representation is direct: all citizens have the right to participate in the various assemblies and be elected delegate or council member. In ‘intermediate’ forms, representation in discussions is indirect, i.e. through leaders or community /national government; no other organisations are able to take part in deliberations. representatives.

6. Which body makes budgetary priority decisions: Different arrangements are revealing of the depth of transformation in citizen participation and representation through PB. In minimal arrangements, demands expressed by the public in PB processes are prioritised by municipal officials, which means that, effectively, citizens only have consultative power through PBs. In ‘intermediate arrangements’, PBs are superimposed on existing community or political structures: their functions are broadened and structures affected, but there is no substantial modification to the local social and political fabric – or to the traditional ways of doing politics. In the most advanced cases (most Brazilian cases and some other cases), the prioritisation of citizen ‘demands’ through PB – which will subsequently be presented to the Municipal Council - is done by a PB Council (or equivalent), elected by PB delegates who are, themselves, chosen from the citizenry. In these instances, PBs act as catalysts for new forms of citizen and community participation and expression, leading to novel representative structures.

7. Community participation or citizen participation: this relates to the priorities set by citizens in the PB process. In most cases, demands have to do with an improvement in living conditions at the neighbourhood or community level, circumscribed to the community/proximity sphere (minimal arrangement). Some experiences however depart from the neighbourhood and deal with the determination of public works at the city-wide level; we can talk then of ‘citizen’ participatory democracy (contra the previous example of ‘proximate’/community participatory democracy). In intermediate cases, PB experiences operate only at city-wide level, through a general assembly or through thematic assemblies dealing with issues of interest to the city in general.

8. Degree of participation of the excluded: Most PB experiences are built on spatial principles or are sector-based and tend to ignore issues of representation of social identities. This means that even in many advanced forms where universal participation is applied, vulnerable groups such as youth, women, Afro populations (in Latin America), immigrants (in Europe), the displaced, etc. tend to be invisible. Only in the most ‘advanced’ examples of PB has the issue of differentiated identity-based concerns been addressed, through the introduction of affirmative actions (actor-centric assemblies) to allow the greater participation of vulnerable groups. These usually supplement neighbourhood and thematic assemblies.

9. Oversight and control of execution: This refers to different arrangements in supervising the implementation of approved PB projects. In ‘minimalist’ cases, oversight and control is done by the municipal apparatus, which reclaims its traditional role. In most cases (intermediary), oversight is exercised by the PB Councils of Neighbourhood associations. In the most advanced examples, a specific commission is set up to control the public bids for the works and/or monitor the transparency of the process of execution.

### ***Participatory (local government)***

10. Degree of information sharing and dissemination: Cases vary between minimal effort to share the results of PB proceedings, to tentative efforts such as via websites or through PB

delegates only (intermediate), to genuine attempts to publicise widely the results and progress of PB through public accountability meetings, pamphlets and mass media (advanced). These various levels of information sharing clearly impact on citizens' trust in the process.

11. Degree of completion of approved projects: These vary from less than 20% completion rate of approved PB projects (minimal) to above 80% (maximum arrangement). Most experiences fall between the two. While some of the explanation for low completion rates may be entirely understandable (devaluations, reduction of transfers from central government, complicated rules of the public market place), it is clear that the low degree of completion will have great negative impacts in terms of eroding citizen trust in the PB process.

12. Role of legislative branch: PB implies some form of unsettling of the traditional space and power of council members over the budget – even if they have the last word in the approval of Participatory budgets. This leads to a necessary realignment of roles which is more or less well accepted by councillors. In some cases, there is open opposition to the process (minimal arrangement); in others, it is more a case of passivity or lack of involvement (intermediate and most common scenario). In only a few cities are municipal council members heavily involved in the process; some are even present (with voice and no vote) in various incarnations of PB Councils. In these more advanced cases, council members are an important element of the success of PB.

### **Normative/Legal dimension**

13. *Degree of institutionalization of PB*: There is a great diversity of cases from those that rest on informal arrangements such as political will of the Mayor and/or the mobilization of civil society (minimalist arrangements) to those with institutionalization of some key aspects of PBs, accompanied by an annual self-regulation of other aspects to preserve the flexibility of the process (advanced arrangements). Most cases are located in between. The 'best' equilibrium between institutionalisation and annual refinement of various elements of PB remains a moot point and marked by the competing benefits of legal formality v. flexibility and citizen dynamics.

14. *Instrumental or participatory logic*: In minimal arrangements, PB is voluntarily inscribed in –and limited to - an effort to modernise public administration. In such cases (e.g. in some European cities and especially Germany), the process is led by the Department of Finance and is seen as a consultative mechanism for optimising the use of public resources. In other cases (intermediate), however, PB is part of a wider canvass of existing participatory practices and these various practices are seen as mutually reinforcing and enriching each other. They also have functional links which are intensified by the citizens who participate in both of them. In 'advanced' situations, PB is set in a legal participation mechanism, which sets for the rights and obligations of participation. The legal mechanisms require a strongly mobilised citizenry and clear political will for full effect.

15. *Relationship with planning instruments*: PBs are generally short-term exercises that respond to immediate demands of the population; they tend not to be particularly linked to long-term planning of the city. In most 'advanced' cases however, PBs are clearly related to planning instruments in the city – although how that is so differs widely. It is interesting here to distinguish between those where PB is an instrument of (participatory) implementation of

the Plan, from those where PB and its decision-making structures are diluted in a wider universe such as the ‘Congress of the City’, which attempts to debate through thematic, geographic and group-specific roundtables, the present as well as the future of the city.

### **Physical/Territorial/Spatial dimension**

16. *Degree of intra-municipal decentralization*: PBs tend to be linked to a dual process of deconcentration of municipal services and decentralisation of municipal power. In minimal examples PB simply adhere to existing administrative divisions in the municipality and the decentralised units of the administrative apparatus serve as support base for managing the process. In intermediate scenarios, the territorial PB assemblies go beyond existing geographical-administrative divisions (this is often a gradual process)<sup>36</sup>. The most ‘advanced’ situation corresponds to extremely decentralised PBs, in which the territorial assemblies occur in all communities and neighbourhoods, including the most marginal or isolated.

17: *Degree of inclusion of rural areas*: This is an important distinction in cases where municipalities encompass peri-urban, and often neglected, areas. In minimalist cases, PB is only carried out in the urban area or the rural area; in intermediate cases PBs are carried across the municipal territory. In advanced cases, affirmative actions are put into play on top of municipality-wide PB, to recognise the higher level of needs of specific - often rural- areas.

18. *Degree of territorial priority inversion*: PBs carry the potential of ‘inverting priorities’ – that is they can facilitate the channelling of public resources towards traditionally excluded neighbourhoods and spaces. In practice, experiments vary between minimalist arrangements that tend to reinforce the formal city, at the expense of irregular neighbourhoods/settlements, to intermediate arrangements where both formal and informal city are recognised without special consideration for the latter. In the most ‘advanced’ cases, resources are proportionally directed to the most needy areas of the city (which, in different cities will entail: the city centre, rural areas, the periphery of ‘in between’ areas). A reduction in territorial exclusion can be attained only with this kind of focus.

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<sup>36</sup> Note that the process can go in reverse direction when the human or financial resources do not allow for the ongoing number of territorial reunions or when the process of discussion and debate has gone too far (according to city officials).