

# **LET THE PEOPLE DECIDE: TRANSFORMATIVE COMMUNITY DEVELOPMENT THROUGH PARTICIPATORY BUDGETING IN CANADA**

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Imagine if, in your city, ordinary residents met regularly to decide how government funds were spent on playgrounds, health clinics and adult education. If you lived in the Canadian city of Guelph or in a public housing building in Toronto, you could do more than imagine. In these two cities, low-income residents are determining how public funding is allocated for community services and infrastructure. Not only are participants altering public spending, they are also transforming the decision-making processes that determine this spending.

Guelph's Neighbourhood Support Coalition and the Toronto Community Housing Corporation's Tenant Participation System are the first North American experiments with participatory budgeting, a democratic process in which city residents decide how to allocate part of a municipal or public budget. In the face of Canada's increasing inequality and neoliberal politics, participatory budgeting has made public participation more powerful, government decision making more democratic and public spending more equitable. In Guelph and Toronto, participatory budgeting is being applied in innovative ways, generating new strategies for transformative community development.

## **FROM PORTO ALEGRE TO NORTH AMERICA**

Citizen participation in budget making is not a new idea. The Brazilian city of Porto Alegre launched the first participatory budget in 1989, developing an annual process in which thousands of city residents decide how to allocate part of the municipal budget. In a series of neighborhood, district and citywide assemblies, citizens identify public spending priorities and vote on projects to implement.

Since its emergence in Porto Alegre, participatory budgeting has spread to hundreds of cities in Latin America and elsewhere. It has also been applied to school, university and public housing budgets. Although these approaches differ significantly, they are generally defined by six basic steps.

1. Community members identify spending priorities.
2. Community members elect budget delegates to represent their neighborhood.
3. The budget delegates transform the community priorities into concrete project proposals.
4. Public employees facilitate and offer technical assistance.
5. Community members vote on which projects to fund.
6. The municipality or institution implements the chosen projects.

Studies have shown that participatory budgeting increases popular participation in government and changes political decision making. Since participants get to decide local issues that directly affect their lives, participatory budgeting offers more attractive ways for unengaged residents to get involved. This increased participation makes government decisions more democratic. When more ordinary residents participate, decisions are more likely to represent the will of the people and to result in more equitable distribution of resources.

In Canada, participatory budgeting faces a context that is quite different from Brazil. Compared with Latin America, Canadian cities have more affluence, more developed infrastructure and more cultural and language diversity. Local governments have relatively little legal autonomy, and recent neoliberal reforms (privatization, government restructuring and downsizing, spending cuts) are leaving them with even fewer resources and powers. Partly as a result, social and economic inequality is growing. These limitations, however, have presented new opportunities and incentives to experiment with participatory budgeting.

### **GUELPH NEIGHBOURHOOD SUPPORT COALITION**

The first North American participatory budget was developed an hour's drive west of Toronto, in the city of Guelph, a progressive university town of 100,000 people. In the early 1990s, several informal neighborhood groups started to form in Guelph's low-income communities to organize for social change. Gradually, the United Way and Guelph's Family and Children's Services agency began to provide funding for the groups to organize community activities, such as recreation programs, adult education and child care. A few years later, city staff got involved, and they proposed that the groups work together through an umbrella organization rather than competing for funding.

In 1997, the neighborhood groups and city staff founded the Guelph Neighbourhood Support Coalition, with the aim of enabling residents, city staff and partner organizations to collectively allocate community funding and improve community life. The Coalition initially depended on \$50,000\* from the City's community grants program. Over time, the neighborhood groups attracted additional funding from other public and private sources, and they consolidated these funds as a line in the City's Community Services budget.

At first, funding was divided equally between the neighborhoods. In 1999, city staff suggested that funding would be more equitable if the neighborhood groups negotiated their needs and priorities together. In response, the Coalition began to implement a participatory budgeting process, before even learning about Porto Alegre. By 2005, the Coalition budget had reached a million dollars, providing funding for community services and small capital infrastructure projects through 15 neighborhood groups.

The Coalition's participatory budgeting process takes over a year to allocate funding and implement projects. The process consists of five main phases.

1. Starting in December, the Coalition discusses citywide priorities for the year and reviews the budgeting process.
2. Residents meet in their neighborhood groups to discuss citywide and neighborhood spending priorities. Each group prepares project proposals, including a “needs” budget and a “wants” budget. The residents elect two delegates to represent each group in the Coalition.
3. The neighborhood delegates meet to share their budget proposals. City staff and Coalition funders outline the funds that are available. After the meeting, neighborhood groups re-evaluate their needs and wants.
4. The neighborhood delegates meet to decide on budget allocations. The delegates negotiate on the proposed activities until they agree by consensus on a budget.
5. Neighborhood groups implement and monitor their projects through a yearlong funding cycle.

City residents, neighborhood groups, partner organizations and city staff collaborate throughout the budgeting process. Residents in participating neighborhoods, most of which are low income, identify community priorities and develop project proposals. Neighborhood groups, representing over 1,100 residents on average, advocate for these priorities and implement funded projects. To reduce obstacles to participation, the Coalition offers childcare, eldercare, oral and written translation services for nine languages and transportation reimbursements for participants in need.

Partner organizations provide technical support and funding. Partners include the Community Health Centre, the United Way, the county’s Social Services agency and local school boards. City staff is responsible for Coalition administration, preparing minutes of Coalition meetings and providing support at group meetings. The annual administrative costs for the City are roughly \$60,000.

Each year, the budgeting process funds hundreds of prioritized community projects and involves thousands of people in neighborhood activities and groups. In 2005, the Coalition funded 460 community events and programs, including peer support groups, community carnivals, summer camps and language classes. Roughly 10,000 people participated in these activities. The Coalition has also begun to fund small capital projects, such as community center improvements.

Through this collaborative process, city staff is gaining new understanding of the needs and perspectives of low-income residents, and residents are learning how to work with city staff and each other. As residents learn about the needs of other communities, they often change their own priorities. In 2005, for example, one neighborhood group decided to not accept any Coalition money for its projects, instead leaving the funds for groups with greater needs. As one

participant observed, "Each group is individual, but yet when we come to this table, we need to advocate and make decisions based on the good of the whole. I now understand the statement, 'what is good for you is also good for me.'"

## **TORONTO COMMUNITY HOUSING**

Since 2001 public housing tenants in Toronto have used participatory budgeting to decide how to spend \$9 million per year – 13 percent of the Toronto Community Housing Corporation's (TCH) capital budget. TCH is the second largest public housing authority in North America, with 164,000 tenants housed in over 350 high- and low-rise apartment buildings and 800 houses and duplexes. With an average income of \$15,400, residents are generally low income, and many are new immigrants, elderly or disabled. TCH operates at arm's length from the City of Toronto, and it is responsible for a \$570 million operating budget and \$70 million capital budget.

During the 1990s, increasing tenant demands and decreasing government funding put pressure on the TCH budget. Frustrated with top-down management, tenants began asking for greater participation in budget decisions and more control over how funds were spent. TCH was also faced with funding cuts because of provincial and municipal social spending reductions. In response to these pressures, and based on the Porto Alegre model, TCH staff developed a new participatory budgeting process in 2001 for the capital budget's discretionary funds (the funds that are not fixed in advance).

Unlike the approach used in Guelph, the TCH Tenant Participation System only deals with physical infrastructure – maintenance and improvements for public housing buildings and property. To coincide with TCH's three-year capital budget cycle, the participatory budgeting process takes place every third year, in six phases.

1. Tenants and staff hold meetings in each TCH building to discuss local budget issues and identify each building's top five priorities. Tenants elect delegates to represent their buildings in further budget deliberations.
2. The building delegates hold district forums to discuss spending priorities with other delegates from their city district (TCH divides its buildings into districts known as Community Housing Units or CHUs). At each forum, the building delegates review and rank the building priorities and elect district delegates for the citywide Tenant Budget Council.
3. TCHC staff drafts a budget. District delegates go through a budget orientation, decide on guidelines for their deliberations and share their district priorities.
4. Staff presents their budget to the Budget Council, and the delegates deliberate how to allocate funding amongst the tenants' proposed projects. After negotiating trade-offs between tenant and staff priorities, the Budget Council recommends which capital projects should be funded.

5. The Budget Council submits its recommendations to the TCH chief executive officer, who finalizes the list of projects to receive funding. This final budget goes to the TCH board of directors for approval.

6. Staff and tenants implement and monitor the approved budget projects. Tenant delegates oversee projects through a monitoring committee, adjusting funding when necessary.

TCH tenants and staff collaborate throughout the budget process. Tenants decide on local (building), district (CHU) and citywide spending priorities. TCH uses translators and offers childcare at budget meetings to reduce barriers to participation. TCH staff facilitates budget deliberations and provide technical support, using visual aids based on colors, pictures and symbols to help people communicate across language barriers.

The first participatory budgeting cycle provided funding for 237 tenant priorities, such as playgrounds, roof repairs and replacement stoves. The process also helped increase solidarity among tenants. As in Guelph, some participants voluntarily gave up funds to support TCH communities with greater needs. One tenant explained that such decisions were a natural result of the intense budget deliberations, that “once everybody gave a little bit, we all came together as a community.”

As tenants and staff learned about their needs and capacities, they developed greater mutual understanding. As one tenant said, in a report by the organization Shared Learnings on Homelessness, “When you are sitting in your own community, you don’t understand why they don’t fix things or why you can’t have the things you want... With this budget process, people began to see how limited the funding was and the need for it out there.”

### **WHY GUELPH AND TORONTO?**

What conditions enabled these initiatives to emerge in Guelph and Toronto? Probably the most important condition was experienced leadership from within the government. In both cases, a few enthusiastic and committed bureaucrats (not politicians) made participatory budgeting happen. Since they were out of the political spotlight and able to work relatively autonomously, it was easier for these staff leaders to develop new budget processes.

The budget processes were able to grow when politicians were looking the other way. In Guelph, politicians only began to take notice of the Coalition after several years. Toronto politicians have paid little attention to the TCH Tenant Participation System. This contrasts sharply with experiences in Latin America, where Socialist and Workers’ Party leaders have often initiated participatory budgeting. In Canada, however, where radical leftists are not in power, it seems that participatory budgeting is more likely to emerge when politicians are not highly involved.

Grassroots community pressure and support has also been influential. Neighborhood groups initiated the Guelph Coalition, and it was only after they had begun working together and

pooling their funds that the City got involved. At TCH, tenant demands for greater involvement in decision making motivated staff to develop a new budget process.

Finally, budget shortfalls and pressures helped instigate greater participation. In Guelph, neighborhood groups began to raise funds for a collective budget largely because they were finding it difficult to raise enough money independently. At TCH, funding cuts forced management to reduce spending, and rather than imposing budget reductions, the corporation opted to let tenants decide. In both cases, scarce funding prompted people to consider an alternative budget process.

## **LIMITATIONS AND CHALLENGES**

Although Canada's participatory budgets have led to more democratic participation, they are far from perfect. Perhaps the biggest limitation is that the initiatives are relatively small. Unlike in Latin America, the Canadian programs have not implemented participatory budgeting throughout a city budget. They have only increased participation for part of the budget in a few government bodies and organizations, so far. These limitations, however, are not as large as they may seem. Even in Porto Alegre, participatory budgeting started out as a small program. Despite their size, the Guelph and TCH processes still affect a large proportion of the discretionary budget funds.

Even for these relatively small initiatives, participants sometimes have limited decision-making power. At TCH, the budget process is mostly designed and managed by staff, not participants. When residents are not in control, participatory budgeting has been more vulnerable to co-optation. In some cities, politicians have used budget participation as a cover to download public services and shift the blame for spending cuts to citizens.

At the budget deliberations themselves, participation is not always representative or equal. The initiatives use facilitators to structure budget deliberations, but people with less power and linguistic or technical skills are often not able to participate equally in discussions. Even with these limitations, participatory budgeting still tends to facilitate more equal participation than other public engagement processes.

## **STRATEGIES FOR BUDGET PARTICIPATION IN NORTH AMERICA**

Despite their limitations, the Guelph Coalition and the Toronto Community Housing Corporation have managed to make participatory budgeting work. The two programs have used the following strategies and techniques to adapt participatory budgeting to the Canadian context.

*Initiate participation in organizations that are autonomous from the city budget.*

In Toronto and Guelph, participatory budgeting started outside of the municipal budget, in public housing and neighborhood groups. These initiatives show that participatory budgeting can democratize not only city budgets, but also other public sector and civil society organizations.

*Start out with a low profile.*

The Guelph and TCH participatory budgets did not try to attract attention from the media and politicians, which allowed organizers to develop each process organically and avoid legal, procedural or political challenges. Coordinators only promoted their programs externally once they had established strong institutional and participant support.

*Expand the funding base by incorporating multiple organizations.*

Faced with scarce municipal budget funds, the Guelph Coalition raised additional funding from different agencies and foundations by involving them as partners and sponsors. As a result, the Coalition is less dependent on any one funding source, creating more financial autonomy.

*Start by only involving communities with the greatest needs.*

The Guelph Coalition and TCH have launched participatory budgeting only in low-income neighborhoods and public housing. Since low-income residents have the most pressing needs and, therefore, strong incentives to influence public spending decisions, this provides more motivated participants in the budget process and establishes participatory budgeting as a pro-poor process.

*Adapt facilitation and popular education techniques.*

Faced with participants from many different cultures, speaking different languages and with different abilities and levels of education, the Canadian programs have experimented with new ways to facilitate equal participation. Interpreters, cartoons, symbols and low-tech visual aids have helped people learn about budget issues, deliberate and vote despite language barriers.

*Educate public employees.*

By creating learning opportunities for public officials, the participatory budgeting initiatives help transform municipal government and institutions from within. At TCH and in Guelph, staff have learned about resident priorities and perspectives by observing their budget debates and closely collaborating with participants.

*Establish links with participatory processes elsewhere.*

The coordinators of the Guelph and Toronto processes have linked with participatory budgeting programs in Porto Alegre and elsewhere in Canada, to build legitimacy, counter neoliberal pressures and connect local political engagement to broader global struggles.

## **A PROGRESSIVE AGENDA**

The initiatives in Guelph and Toronto have already begun to influence other progressive political programs. In 2004 the City of Toronto launched new budget consultations, and in 2005 Vancouver elementary school students used participatory budgeting to decide some of their school funding. City governments in Montreal, Vancouver and Hamilton are considering implementing participatory budgeting, and budget campaigns are also growing in the United States.

As the Canadian experiences demonstrate, participatory budgeting can be a strategic tool for transformative community development and progressive urban politics in North America. It changes public spending policies to deliver concrete improvements in people's lives, while simultaneously transforming how these policies are decided. Canada's initial participatory budgets suggest new ways to promote budget participation, and perhaps even to build the more democratic and participatory cities that many of us imagine.

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\*Canadian dollars used throughout.

## **RESOURCES**

A longer version of this article, entitled "Participatory Budgeting in Canada: Democratic Innovations in Strategic Spaces," was previously published by the Transnational Institute, with full references and more details. It can be accessed at [www.tni.org/newpol-docs/pbcanada.htm](http://www.tni.org/newpol-docs/pbcanada.htm).

General information on participatory budgeting  
[www.participatorybudgeting.org](http://www.participatorybudgeting.org)

Guelph Neighbourhood Support Coalition  
<http://guelph.ca/living.cfm?subCatID=1243&smocid=1827>

Toronto Community Housing Corporation  
[www.torontohousing.ca](http://www.torontohousing.ca)