

CASE STUDY

PARTICIPATORY BUDGETING: A NEW TOOL FOR DEMOCRATIC DECISION-MAKING

In traditional models of decision-making, responsibility for making a decision rests with one person. Josh Lerner and Jez Hall set out a radical and effective alternative.

Transformation Journal, Spring 2007

In November 2006, the city of Newcastle was faced with a tough budget decision. Its response was to find someone else to decide – the residents of the city. Through the Newcastle Partnership's "Udecide" initiative, the city invited ordinary community members to propose local projects and then directly decide how £25,000 would be spent amongst them. The initiative even inspired a group of young people, the Wikkid Planners, to help develop a parallel process, in which city youth decided how another £25,000 was spent.

Udecide is one of the first British experiments with participatory budgeting, a decision-making process through which city residents decide how to allocate part of a budget. There is strong evidence to suggest that participatory budgeting helps people to become more active citizens, increases government transparency, and generates more informed and equitable decisions. As the advantages of this process become better known, might Newcastle's experience become commonplace in local government in the UK?

WHAT IS PARTICIPATORY BUDGETING?

Citizen participation in budgeting is not a new idea. The Brazilian city of Porto Alegre trialled the idea in 1989, gradually developing an annual process in which thousands of city residents decide how to spend part of the municipal budget. In a series of neighbourhood, district and citywide assemblies, citizens identify public spending priorities and vote on which projects to implement. Each year, over 50,000 people participate, deciding how roughly 20% of the city's budget is spent.

Since its emergence in Porto Alegre, this tool has spread to hundreds of cities in Latin America and elsewhere. It has also been used in schools, universities, housing and community organisations. Although the initiatives differ significantly, they are generally based on a common approach. First, community members identify spending priorities and elect budget delegates to represent their neighbourhoods. With technical assistance from public employees, the delegates transform the community priorities into concrete project proposals. Community members then vote on which projects to fund, and the municipality or institution implements the chosen projects. In short, participatory budgeting involves diagnosis, deliberation, decision-making, and follow-up.

Increasingly, cities in Europe and other developed countries are experimenting with participatory budgeting, and adapting it to contexts quite different from Brazil. Compared with Latin America, these cities are more affluent, with more developed infrastructure and greater cultural and linguistic diversity. Their local governments often have less legal autonomy and are facing increasing budget shortfalls and constraints. These challenges, however, have inspired new variations of participatory budgeting, including in the UK.

PARTICIPATORY BUDGETING IN THE UK

With the support of Oxfam's UK Poverty Programme, in August 2000 a small charity based in Manchester called Community Pride Initiative (CPI) organised a study visit to Porto Alegre. After learning how the participatory budget works in practice, several of the participants were inspired to form a Participatory Budgeting (PB) Unit in the UK. The PB Unit has directly supported most of the participatory budgeting initiatives that have taken place in the UK.

Until 2003, discussions about participatory budgeting were limited to Manchester and Salford. Despite some early successes, including improved budget consultation materials, a breakthrough to direct citizen control over significant amounts of public money seemed impossible. Local authorities were focusing their energy elsewhere, and the resources of local councils were tightly constrained by budgetary control from Whitehall and performance management frameworks.

Momentum began to gather in 2003 when policy makers in the Neighbourhood Renewal Unit (then based within the Office of the Deputy Prime Minister) awarded some money to stimulate local participatory budgeting pilot projects. The PB Unit subsequently extended its work beyond Greater Manchester, and benefited from institutional support from a new 'participatory budgeting national reference group'. 2005 and 2006 saw a rash of new initiatives, in Newcastle, Keighley, Sunderland, West Dunbarton in Scotland, and Coedpoeth in Wales. Additional programmes are being planned in Salford, Lewisham, Southampton, Manton, and Birmingham. Most of these are homegrown variants of participatory budgeting, often based on what might be called participatory grant making. All are slightly different but share a common theme: participatory decision-making at the community level to distribute public funds.

The PB Unit is not the only way that knowledge of PB has come to the UK. In 2004, Bradford Vision, the Local Strategic Partnership (LSP) for Bradford, began to do participatory budgeting through its "Clean, Green, Safe Neighbourhoods Fund" after being separately inspired by Porto Alegre. That November, over the course of two public assemblies, local residents from 50 community organisations decided how to spend £700,000 from the LSP's environmental strand. Funding was for the most deprived wards of the city.

In Bradford, the format provided for community groups to present their own projects to other groups also hoping for a share of the funding. Participants were asked to score the quality of each "Clean, Green, Safe" project on a scale of 1 to 10, based on a set of simple criteria and their own local knowledge and experience. Only those bidding for money could take part in the

scoring, and there were clear rules and record-keeping to ensure transparency. The participants mirrored the social profile of Bradford's poorest communities, in terms of gender, ethnic background and age.

One after another, in groups of two or three, local residents took the platform and presented, in three minutes only, the key features of their project. Each group could request a maximum of £10,000, though most asked for less. Their presenters spoke passionately about their dedication to making a difference in their community. For those that had never previously spoken in public, the applause and peer recognition was powerful. One successful bidder, on hearing that her group had received funding, exclaimed, "*I could cry, I could really cry. It's been fantastic, I didn't expect to get the support I did, thank you.*" (An online video of the event can be viewed at: <http://www.bradfordvision.net/video1.php>)

The Bradford experience crystallised much of the thinking about participatory budgeting in the UK. Here was tangible evidence in a UK context for the transformative effects of participatory budgeting witnessed in Latin America. Local residents could be trusted to act responsibly, and with concern for than more than their own backyard. They could balance competing needs, and make valuable judgements if the right format for exchanging information and decision-making existed. No longer relying on paper applications and small awards panels, diverse citizens sharing a common experience of local deprivation entered into new dialogues. Those most affected were making the decisions. Trust had been handed down to communities, even the most deprived and excluded, and those communities had risen to the challenge.

In October 2006, there was another significant breakthrough for participatory budgeting in the UK: it was included in the local government White Paper "Strong and prosperous communities". The Paper's implementation plan, launched in January 2007, states that the new Department Of Communities And Local Government "will work with local government and community organisations to identify and promote good practice in local charters, neighbourhood planning, citizenship learning and participatory budgeting..."

NEW ROLES FOR CITIZENS AND CIVIL SERVANTS

Participatory grant making is only one variant of participatory budgeting in the UK. Salford council is developing a more mainstream pilot, based on their existing devolved budgeting process. Still working at the local level, and in only one district to date, it uses £100,000 of highways money as its investment pot. Residents, through their community committee, exercise influence over local highways budgets. This programme institutes a new form of partnership between citizens and the highways department, with knowledge flowing between service planners and communities, informing and empowering both camps.

Salford's approach illustrates how participatory budgeting can lead citizens and public sector professionals to adopt new roles and responsibilities. *These changes invert traditional hierarchies, which give decision-making power only to those with recognised technical*

knowledge. Instead, community members and government employees collaborate on decision-making.

For participatory budgeting to be effective, public officials need to provide citizens with detailed and accessible information, to help them better understand budgetary constraints and options. Experts should play an essential role as technical advisors, clarifying the range of possible and appropriate budget projects, and working with residents to design sound projects. They also often serve as facilitators, guiding people through balanced and inclusive discussions that aim to incorporate the views of all participants. This helps citizens develop projects that are better informed and more easily implemented.

Community members, on the other hand, assume the roles of deliberator, policy-maker, and decision-maker. Before making demands, they are first encouraged to evaluate and prioritise them through deliberation. Participants are then able to design their own policies and projects – not just choose amongst pre-packaged offerings. In the process, they gain trust and mutual respect from professionals. This allows them to direct new expenditure, rather than simply being consulted. These new roles are an invigorating change and a powerful incentive to become engaged.

MORE TRANSPARENCY, BETTER DECISIONS

Sunderland New Deal for Communities (NDC) also adopted a participatory budgeting model in 2005. Their initial intent was to reach beyond the very limited pool of residents who had thus far opted to engage with the NDC programme, and better link into what the local authority was already doing. Learning from Bradford, they ran an experiment using a small grant format that distributed £35,000 (£15,000 from NDC funds and £20,000 of local authority money under the remit of local councillors). Resident interest was higher than before and exceeded expectations, with 55 residents participating, and 20 non-voting observers. In contrast to the panel of 6 or 7 community leaders that would traditionally make decisions, all the participants voted for projects using electronic ballots. Both the NDC board and residents were impressed with the results.

One reason why participatory budgeting works so well is its transparency. The decision-making process is open and visible to all. Participants base their budget decisions on predetermined and publicly disclosed criteria. Public meetings and information sharing also require government and community decision-makers to account for their actions. They build greater trust and confidence in spending decisions, and in government itself.

Democracy is time-consuming. Participatory budgeting, however, can make democratic decision-making more efficient and effective. It increases budgeting outputs, so that they include not only funds allocated, but also resident education and empowerment, better local intelligence, the development of new community organizations, and the inclusion of marginalised people. Meanwhile, *the quality of projects improves when they are based on people's on-the-ground knowledge*. When residents directly reveal their preferences, decisions

can better reflect local needs. Participatory budgeting has even helped attract new funding. According to the World Bank, it makes cities more financially sound. It has also encouraged 'partnership working' between public agencies and the pooling of public money.

For many people, however, greater transparency and efficiency are mere window dressing for a more fundamental change: more equitable public spending. One of the original goals of participatory budgeting was the "inversion of social priorities." In other words, to redirect resources to those with the greatest needs. How does this happen? By giving those in need a stronger voice. Public consultations usually draw out more educated and affluent "professional citizens," but participatory budgeting consistently attracts people with lower incomes, as well as more women and minorities.

Although shifting control over resources can be politically risky, participatory budgeting lets citizens make difficult redistribution decisions themselves. These decisions often have powerful results. After eight years of participatory budgeting in Porto Alegre, the percentage of residents connected to water and sewage services nearly doubled, half of the city's unpaved streets were paved, the number of students in elementary and secondary schools doubled, the rate of public housing construction increased, and bus services were extended throughout previously neglected neighbourhoods.

LEARNING DEMOCRACY BY DOING IT

Since 2004, Bradford LSP has built on its participatory "Clean, Green, Safe" programme. During 2006 it tried participatory budgeting in the deprived wards in the textile town of Keighley, distributing Neighbourhood Renewal Funds totalling £130,000. This time, both residents and agencies developed projects and presented them on 'decision day', branded in the local press as Keighley's very own 'X factor' (after the popular TV talent show). Hundreds of people flocked to a local Surestart centre to learn about each other's ideas, almost overwhelming the LSP workers.

The energy and buzz of the event was matched only by the seriousness with which people set about agreeing who would get funded. But even those who left disappointed said that they valued the opportunity to practise their presentations, learn the ingredients of success, and network. As one unsuccessful community bidder concluded: "We've mixed all day with other people doing work in this area. I have a series of telephone numbers in my bag and they are all links we will be feeding off in the future, so even without funding coming here has been beneficial." He plans to be back next year, a bit wiser.

Similarly, a study in the Argentine city of Rosario found that *people who regularly engaged in participatory budgeting for at least a year reported substantial increases in their citizenship knowledge, skills, and attitudes.* They became more familiar with the needs of different communities, got to know new and different people, and became more knowledgeable about politics and government. This new knowledge helped them better understand complex government problems and contribute more constructively to their solutions. They learned

political and analytical skills by participating in decision-making, new communication and conflict resolution skills by deliberating with other city residents, and leadership and organizing skills by planning and carrying out budget meetings.

Perhaps most importantly, many of these residents translated their learning into new practices and behaviours. They began attending more community meetings, following the news more closely, and formulating and proposing more solutions to community problems. Taken together, this learning suggests that the most important output of participatory budgeting may be better citizens.

A NEW WAY OF GOVERNING?

Participatory grant making is one innovative approach that has worked well in the UK. But in itself it does not realise the full potential of participatory budgeting as a way to decide significant mainstream budgets. The challenge ahead still lies around those mainstream budgets. Officials know that they should be open to community involvement in decision-making, and politicians pay at least lip service to citizen accountability and scrutiny. But to date they have given citizens little budgetary control at the macro level, for at least three reasons.

First, there is little recognition that an annual cycle of participation, a budget matrix, deliberative public forums and the other innovations of participatory budgeting are tried and proven techniques. The recognition of the World Bank, UN HABITAT program, European Union, UNESCO, DfID and now our own national government through the White Paper has not yet filtered through to public sector professionals in the UK.

A second challenge is the relatively limited knowledge and skills base for participatory budgeting in the UK. As participatory budgeting becomes mainstream, it requires a network of professionals able to design and implement programs that work. It is crucial to both share best practices and avoid ill thought-out processes that raise expectations but do not deliver.

Thirdly, public bodies in the UK, particularly at the local government level, are famously risk-averse. Time and again central government attempts to stir up change and bring in more open thinking, often through out-sourcing and now by splitting the commissioner/provider function. But the focus until now on external performance monitoring has been increasingly recognised as being too target-driven and too centralised. This has stifled, not encouraged innovation.

Maybe this over-centralisation is coming to an end. Whitehall is talking more of 'double devolution' and politicians are searching for new ways to develop active citizens and address democratic deficits, with 'partnership working' as the buzzword. The Audit Commission, Local Government Association, British Urban Regeneration Association, Local Government Information Unit, and Urban Forum have all produced supportive briefings or collaborated with the PB Unit. Primary Care Trusts, such as in Southampton, are also starting to consider participatory grant making.

There is a telling quote from a 15 year old girl, Wanessa De Silva, engaged in the young persons' participatory budget in the city of Barra Mansa, Brazil: *"I started participating in the participatory budget for children and young people as a game. I liked it so much that I plan to play this game my whole life. I will never forget this project."* Capturing this sense of energy and fun may be critical if we are to build a truly alive public realm in the future.

Weblinks of further interest:

The Participatory Budgeting Unit

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

ParticipatoryBudgeting.org (international forum)

<http://participatorybudgeting.org/>

International Budget Project

<http://www.internationalbudget.org>

"Breathing Life into democracy; the power of participatory budgeting," PB Unit, 2005.

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

"Bringing budgets alive: participatory budgeting in practice," PB Unit, 2005.

<http://www.participatorybudgeting.org.uk/Downloads/Bringing%20budgets%20alive.pdf>

"72 Frequently Asked Questions about Participatory budgeting," UN HABITAT: Global Campaign On Urban Governance, July 2004.

<http://staging.unchc.org/campaigns/governance/documents/FAQPP.pdf>