



Contribution of Participatory Budgeting to provision and management of basic services

Municipal practices and
evidence from the field

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Over 1,700 local governments in more than 40 countries are practicing participatory budgeting (PB), where citizens meet to agree on priorities for part of the local government budget for their neighbourhood or the city as a whole and oversee the project implementation. This paper reviews participatory budgeting in 20 cities from different regions and examines over 20,000 projects worth over US\$2 billion that show how PB has contributed significantly to improving basic service delivery provision and management, and in bringing innovations in how these are delivered and to whom. Results indicate that PB projects are cheaper and better maintained because of community control and oversight. It examines how PB has supported democratic governance and has changed power relations between local governments and citizens whilst noting that in most cases PB is in effect about improving governance and delivery of services without fundamentally changing existing power relations. It also discusses challenges and solutions to PB's effectiveness and scaling up.

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Executive summary

At least 1,700 local governments in more than 40 countries are practising Participatory Budgeting (PB). Here, citizens meet to agree on priorities for part of the local government budget for their neighbourhood and oversee the projects that they prioritise. Drawing on detailed analyses of PB in 20 urban centres and on interviews with key informants, this paper reviews the priorities set and the scale of the investments (over 20,000 projects analysed representing investments totalling over US\$2 billion).

The paper considers how PB was organised and who was involved – and how this changed relationships between citizens and local governments. The political and social changes it helped catalyse are reviewed, as are the tangible benefits it brought to citizens in their day-to-day life. This covers the ways in which the PB process allowed citizens to prioritise basic services, the funding available (locally and externally), the efficiency in the use of funding and the changes brought to local government (for instance in transparency and accountability and modernization). It also discusses where PB mobilised additional resources – including those contributed by citizens and communities in implementation and maintenance. It also discusses challenges to PB's effectiveness – and how these might be overcome to increase PB's scale and scope.

The 20 urban centres were chosen to encompass a great range in terms of population (a few thousand to 17 million inhabitants), administrative status (city, municipality within a metropolitan area, independent municipality, sub-municipal entity and small town on periphery of city) and location (across Latin America and Africa with one each from Asia and from North America). But all 20 are also places that have taken PB seriously. Profiles of these urban centres were prepared, based on an agreed set of questions and statistics that included a quantitative analysis of PB contributions to the provision and management of basic services.

In all but one of the urban centres, all projects supported by PB were analysed over three or more years. In Chengdu, which had the largest PB (and over 40,000 PB-supported projects), a 10 per cent sample was analysed. These analyses examined what proportion of projects addressed looked to basic services such as water, sanitation, drainage, solid waste collection, public transport, roads and footpaths. It included electricity where this was a local government responsibility. About half the PB funding went to these. Almost all the rest went to other basic services: infrastructure and services for local economic development, neighbourhood-level facilities, district health facilities, new settlements, education facilities and parks.

PB always prioritised basic services – although the priorities differed according to local contexts. For instance, in some cities in Brazil, there is close to universal provision for piped water, sanitation, waste collection and electricity so these did not figure as PB priorities. In some cities, a wide range of basic services were prioritised while in others the focus was on one or two. PB was an important shared instrument among local government but what was prioritised was very specific to each locality.

There are very large differences in the size of the municipal budgets – from over US\$1,200 per inhabitant for Porto Alegre, Belo Horizonte, Seville and Canoas to a few dollars per person in five urban centres (most from Africa). For some urban centres, this is because they are sub-municipal and the municipality within which they are located gets more funding. For many, small municipal budgets reflect the lack of decentralisation.

The percentage of the municipal budget that is invested (rather than meeting recurrent expenses) varies a lot, as does the value per inhabitant of the municipal budget determined by PB (from \$210 in Ilo, and \$180 in Porto Alegre to \$2 to \$3 in four municipalities). In some cities PB determines priorities for multi-million dollar investments while in others just a few smaller and cheaper works are supported.

Are PB resources marginal? One criticism of PB is that it receives a small percentage of municipal capital investment budgets that is far from actual need. But where implemented well, it is popular with citizens as it addresses their needs and priorities and its scale and scope often increases over time. As one activist from Porto Alegre noted, for his organisation (called *Solidariedade*, meaning Solidarity), **PB changed their relation with the world:** *'The citizens that participate develop a new relation with the government, with the State and with political parties. Citizens are motivated to participate and as a result citizenry becomes the best asset for a given city. PB generates a mechanism that serves the city, while citizens work with the government.'*¹

For some of the African cities, PB opened a budget line for social services that did not exist and would not exist without PB. In at least three cities, PB helped to increase fiscal and tax revenues and it may be that this happened in other locations too. PB also generates financial and non-financial resources beyond the strictly defined public budget – including community resources and voluntary work. In some municipalities, matching funds were negotiated from other tiers of government. Some of the urban centres with long experience of PB had negotiated support from international aid agencies. Private enterprises were funding components in two of the urban centres.

PB and local costs: In many urban centres, PB projects were cheaper and better maintained because of community control and oversight – and from citizen involvement in maintenance – for instance for local squares and new public spaces.

Changing relationships: PB changes relations between local governments and citizens – for instance through bringing in new forms of community and citizen organisation and strengthening their power, and helping weave innovative relations with different government departments (and including both executive and legislative authorities). This creates new spaces of dialogue between public bodies and social organisations and often develops into new joint decision-making bodies.

Participatory budgeting councils have been the most common way in which PB is organised and their powers range from consultative to decision making. These are mostly territorial (representing particular neighbourhoods or districts) not sectoral. Over the last 10 years, there are more examples of PB bodies that combine citizens and civil servants and sometimes elected politicians and also of these bodies engaging with companies, unions and universities. This has

helped establish or rebuild trust and dialogue between people and local civil servants and politicians.

Across the 20 urban centres, there are very large differences in the ratio of public employees to inhabitants. In Rufisque Est, there are 2,000 inhabitants to every public employee but for many of the 20 urban centres, there are under 100 to every public employee. Of course, these differences reflect in part different ranges in local government responsibilities. In urban centres in Brazil, the higher rates for public employees relative to population is in part because of all responsibilities for primary education and healthcare services. The number of staff also influences whether there are properly staffed PB teams and services.

Another source of diversity across the 20 urban centres is where PB is anchored: in a single institution or directorate, and if so which department, or across different institutions.

The 20 case studies show how PB has supported democratic governance and has changed power relations between local governments and citizens. In some of the urban centres, especially in Africa and China, PB opened up possibilities for citizens to be heard and respected independent of their role in PB. But PB is in effect about improving governance and delivery of services without fundamentally changing existing power relations.

The 20 case studies suggest that the accountability and transparency within PB contributes to three areas of democratic governance: within communities including strengthening civic organisations, inside local government, and between civic organisations and local governments. These can be seen in the attention paid to informing and mobilising citizens at the beginning of the process and then informing them of decisions. It can also be seen in local government support for citizen groups in controlling implementation, and in helping to keep projects functioning (and with budgets). Over the last 10 years the much expanded tools for communication have been essential.

Challenges of scaling up: PB has contributed significantly to improving basic service delivery provision and management and in bringing innovations in how these are delivered and to whom. It has also contributed to the democratisation and modernisation of local government. But in many urban centres, there is still a very low level of financial engagement. For African cities, 'decentralization is not yet financial, which limits PB and raises the issues of 'how to mobilise local resources, including fiscal ones'. This not limited to African cities; PB works best where local government has the capacity to get funds from above and to raise its own revenues.

¹ S. Amaral.

PB is rarely a smooth process. In Maputo, PB did not work initially as many PB works prioritised by citizen vote were not implemented. In many urban centres where PB is implemented, there is opposition from traditional leaders or politicians or civil servants that has to be overcome.

PB's articulation with urban planning needs more attention, so that the projects chosen fit within the urban centre's plan and come to contribute to it; also with communities having more say in local planning processes and able to influence it. Existing plans need to be renewed and updated to take account of the projects that resulted from PB and people's expectations. There is also a need to better relate PB to al financial planning.

The 20 case studies and the interviews with specialists highlighted the need to maintain or increase the autonomy of citizens and their organisations. This is both to ensure that civil society is empowered and also protected from co-optation.

Even if this research suggests that quite significant changes were achieved in basic services delivery through PB processes, the scale and scope of what PB supports need to be much expanded, especially where many lack basic services. To date, PB has focused on local government while resources and power are concentrated at regional, national and international level. PB also needs to contribute solutions to high levels of unemployment.

25 years after its creation, PB still encapsulates **ideals for change**, especially in regions where it has been introduced recently. In Chengdu in China, PB is contributing to the beginning of local democracy and to a stronger focus on **social development after 30 years of rapid economic development**. For Africa, PB provides a concept and a tool that gives citizenship a stronger foundation as it helps redefine political roles and relationships. The profound changes in people's minds that PB generates and its capacity to catch citizens' ideals for a better life are powerful messages of hope that can help support greatly upscaling and disseminating current experiences.

1

Introduction

1.1 Rationale and key issues addressed in this working paper

Over the last 25 years, Participatory Budgeting² has steadily expanded from a couple of local governments in Brazil to a diverse range of cities in a large number of countries. According to our estimates, in 2014 at least 1,700 local governments of all sizes from over 40 countries from all continents are experimenting with some form of PB.

Most of the existing literature and research focuses on the political and social contributions that PB is bringing to social justice and participatory democracy. Much less work quantifies and qualifies the tangible benefits that PB brings (or not) to common citizens in their day-to-day life. One objective of this report is to assess these benefits, primarily the contribution of PB to the delivery and the management of basic public services at municipal level. For this purpose, 20 cities from Africa, Latin and North America, Europe and Asia were invited to document this aspect of their experience, and they will be briefly introduced further down (see Table 1).

A similar study was carried out 10 years ago in 30 Latin American and European cities with PB.³ This is referred to at various points in this report as the base document or the URBAL research.

The present research and its results were a contribution to a larger initiative conducted by United Cities and Local Governments (UCLG) for the third report of its Global Observatory on Local Democracy and Decentralisation, entitled *Basic Services for All in an Urbanizing World*.⁴ The research for this was supported by UCLG, and its development into a working paper was funded by the UK Government's Department for International Development (DFID).

The analysis in this report follows the seven categories of basic services that were the focus of the UCLG report on *Basic Services for All in an Urbanizing World*:

- Water supply (including water abstraction and treatment; also public provision for those without water piped into their homes, eg standpipes, kiosks)
- Sanitation (including connection to sewers and other sanitation services such as the emptying of pit latrines or septic tanks; also public toilets)
- Storm and surface water drainage
- Solid waste collection, treatment and disposal
- Public transport and mobility
- Roads and ways
- Electricity and energy (when this is a local responsibility).

² Many definitions of participatory budgeting exist. For this report, we used the one coined in Porto Alegre by Uribatam de Souza, one of the initiators of PB, as it conceptually embraces most of those that followed: 'It is a mechanism (or a process) by which the population define the destination of part or the totality of public resources. The participatory budgeting is a process of direct democracy, universal and voluntary, through which the population can discuss and define the public budget and policies. PB combines direct democracy and representative democracy.'

³ Cabannes Yves. Participatory budgeting and municipal finance. Base Document. Launching Seminar of Urban Network N°9, Municipal Government of Porto Alegre, Porto Alegre, 2003, 117p. A shorter version was published in *Environment & Urbanization* in 2004. Cabannes, Yves. Participatory budgeting: a significant contribution to participatory democracy. In: *Environment & Urbanization. Participatory Governance*. Vol. 16 N°1, April 2004, IIED, London, pp.27-46. Downloadable from: <http://www.environmentandurbanization.org/documents/16-1pp27-46cabannes.pdf>

⁴ United Cities and Local Governments (UCLG) (2014), *Basic Services for All in an Urbanizing World; the Third Global Report on Local Democracy and Decentralization*, Routledge, London.

These categories do not always correspond to those existing in the cities or used by the specialists who were interviewed. Therefore we decided to add some other categories to more fully reflect reality on the ground, and to provide the space to examine what people actually discuss and vote about and what the cities are actually funding. These additional categories cover infrastructure and services for local economic development, neighbourhood-level facilities, district health facilities, new settlements, education facilities and parks. It should be noted, however, that the focus of analysis in this paper is primarily on the seven primary basic services categories.

How are basic services projects selected through PB being funded?

Section 3 presents what has actually been achieved by cities and the overall importance of basic services projects within the larger set of projects defined through Participatory Budgeting. We consider here which categories of basic services are voted as priorities by cities, and whether there is a general pattern or rule. Do cities and citizens, for instance, prioritise one or more of the seven types of basic services?

Also in Section 3, we report on the financial and budgetary mechanisms through which basic services projects selected through PB are funded, and how so many projects end up being funded by local governments that often have limited investment capacities. Is PB conducive to better financial solutions than other management methods? What is the origin of the financial resources? Are they exclusively budgetary or does PB mobilise resources beyond public budget? Are the resources mobilised marginal or insignificant, as suggested by many critiques? The answers to these questions come from the hard facts provided by the participating cities, and also by the specialists that were interviewed.

This section explores as well the impacts of PB on local fiscal revenues. Do revenues increase or decrease? Or are they simply independent of PB? In order to get a broader vision of the financial dimension related to basic services projects financed through PB, we report on the extent to which PB is instrumental in lowering building and maintenance costs.

The contribution of PB to the democratisation of local governance and its impact on basic service delivery and maintenance

In order to understand the delivery of basic services through the PB process, exploring finance is probably necessary but not enough. In Section 4 we argue that PB is conducive to profound changes in governance

patterns that have a direct impact, in turn, on the way basic services are delivered and managed. This 'detour' is just as important as finance in providing an understanding of why cities are doing so much and so well with so little.

Section 4 explores on a case-by-case basis the array of new forms of local governance that consolidate during both cycles of a PB process: the first cycle involving the development of a list of approved projects and the second, the implementation phase when the projects are actually built. This exploration goes in four different directions:

- the forms of governance and their level of institutionalisation within the community and citizens' sphere;
- the modernization and changes within the local administration and the local departments in the course of PB;
- the changes in relations between organised and non-organised citizens and local governments, their extent and their permanence;
- the changes in transparency and accountability that seem to be part of the PB DNA.

Summary of central argument

The central argument of this paper is that PB is expanding and has reached a critical mass and a point of no return, but more importantly that it is a unique mechanism for optimising scarce local resources to provide basic services that correspond to people's expectations and priorities. In a short time span, it improves people's lives, including and primarily those of the poor, wherever they live. There are two essential reasons for this:

- The first is that PB's 'original' resources have a strong catalytic effect and channel both monetary and non-monetary resources. They make it possible to do more with the same budgetary amounts, since people's oversight allows for lower building costs and maintenance costs, and because the selected projects correspond to people's immediate needs and aspirations.
- The second is that PB, under some circumstances, is conducive to the modernisation of local administrations and the empowerment of citizens and communities. These two conditions together create the basis for better dialogue, mutual confidence and the development of 'societal governance'. Again these are essential factors in choosing appropriate basic services, at the right place and of a proper size, and securing their maintenance.

Challenges for scaling up

Even if PB processes contribute positively to the delivery and management of basic services, they are still limited in their capacity, to meet the scale of the needs and the depth of citizens' aspirations. The last section therefore opens a conversation with specialists and experts on the major challenges faced by cities and citizens if they want to upscale PB processes.

1.2 Methods and tools

The 20 cities discussed in this study cannot be considered fully representative of the breadth and depth of experiences of the more than 1,700 Participatory Budgeting processes that exist globally. They are not even a proper sample of this universe but should rather be considered examples of innovative and consolidated processes. Taken all together they are illustrative of the most advanced PB, not only in their own countries but worldwide.

Five different tools and methods, both quantitative and qualitative, were used to collect data on these cities:

- (i) **PB profiles on 20 cities.** The extended questionnaire to establish PB profiles was identical⁵ to the one used in previous URBAL research in the early 2000s on 30 cities and since that date in a large number of cities. The guidelines to build these city profiles are provided in Annex 5 and are organised into four dimensions: financial and fiscal; participatory; governance and legal framework; spatial / territorial. Local teams and local authors appear in Annex 1.
- (ii) **Quantitative analysis** of the contribution of PB to provision and management of basic services. Guidelines are provided in Annex 3. This part of the work focused on analysing, one by one, the projects that fell under the GOLD 'basic services' categories. Collection of data covered at least three years, more in some cities, and therefore covered different PB cycles.
- (iii) **Interviews** with 12 leading PB specialists and practitioners from local governments, NGOs, grassroots, universities, research centres and associations of local governments. These interviews were carried out by the author on a face-to-face basis, seizing opportunities at international seminars, project implementations and workshops. An ideal list was established, twice as long as the number actually interviewed, but this proved to be overly ambitious. Guidelines for interviews appear in Annex 4 and the list of those interviewed appears in the Acknowledgements.

- (iv) **Collection and analysis of pictures and documentary films** providing qualitative and anthropological information on the nature and specificity of basic services voted and built through PB. A selection of pictures is annexed in a booklet that shows the extremely wide range of projects that are funded (see Annex 8).
- (v) **Desk review** of resources gathered on the 20 cities over the last 10 years and on basic services provision through PB.

1.3 Putting the 20 participating cities in perspective

1.3.1 Size, type and location

As can be seen in Table 1, the size of the participating cities ranged from less than 10,000 inhabitants (Ampasy Nahampoana, Madagascar) to Chengdu, China with a population of probably more than 17 million, including unregistered migrants. It should be noted that these data were sent by local sources and do not always coincide with official statistical sources (See Annex 7). Having a heterogeneous group of cities was quite important for the research, as their needs in terms of basic services were obviously quite different.

The participating cities are quite different not only in terms of size of population, but more importantly in term of their type and administrative levels. These factors are quite relevant for basic services provision and management. The sample covers virtually all the types of settlements where PB is taking place:

- Rural village on the outskirts of a mining city: (Ampasy, Madagascar).
- Small and intermediate urban centres: Dondo, Mozambique.
- Cities located at the periphery of capitals and metropolises: Cascais, Portugal, for Lisbon Metropolitan; Canoas, Brazil, for Porto Alegre Metropolitan Area; Guarulhos and Várzea Paulista, Brazil, for São Paulo Metro; Quillota and San Antonio as part of Valparaíso, Chile metropolitan region.
- Regional capitals of different sizes: Rosario, Argentina; Medellín, Colombia; Ilo, Peru; Sevilla, Spain; La Serena, Chile.
- Metropolis: Chengdu, China.

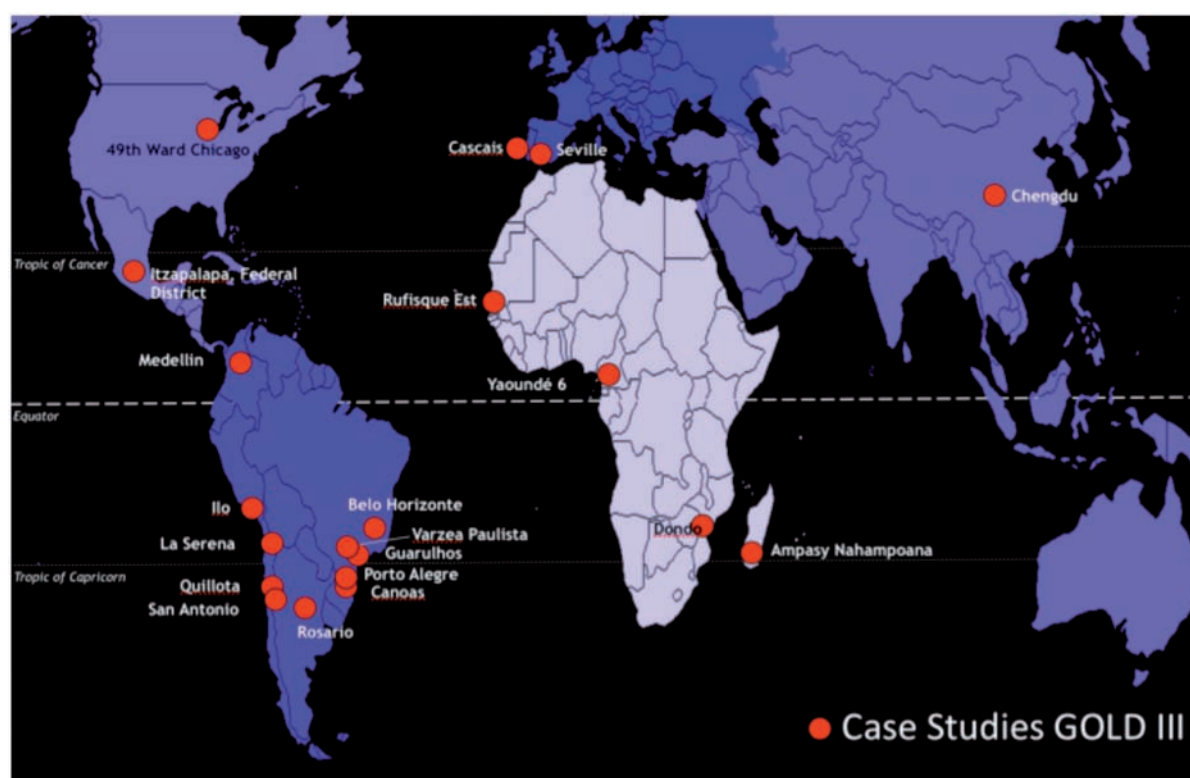
⁵ Cabannes, Y MVP, 2004.

Table 1. Participating cities per region and number of inhabitants

POPULATION	EUROPE & USA	ASIA	AFRICA	BRAZIL	LATIN AMERICA	TOTAL
> 10 million		Chengdu				1
1-4 million				Porto Alegre Belo Horizonte Guarulhos	Rosario (Arg) Iztapalapa (Mex) Medellin (Colombia)	6
0.5-1 million	Seville Cascais			Canoas Várzea Paulista		4
50 000 to 0.5 million	Chicago 49 th Ward		Rufisque Est Yaoundé 6 Dondo		La Serena (Chile) San Antonio (Chile) Quillota (Chile) Ilo (Peru)	8
< 50,000			Ampasy Nahampoa			1
TOTAL	3	1	4	5	7	20

Source: Local research reports.

Map 1. Location of participating cities



Source: Cabannes, Y. 2013.

- sub-municipal elected districts: *Delegación* (Iztapalapa, Mexico Federal District); *Communes d'arrondissement* of capitals such as: Yaoundé Commune 6 (Cameroon) and Rufisque Est (Dakar, Senegal); Wards: Chicago 49th.

The distribution of cities by region, as can be appreciated in Map 1, corresponds roughly to the geographical distribution of experiences in the world: 3 for Europe and North America; 4 Africa; 1 Asia; 12 for Latin America, of which 5 are in Brazil.

1.3.2 Brief introduction to each of the participating cities

1. Quillota, Chile

Quillota, an agricultural centre in central Chile, is a medium-size city with 76,000 inhabitants and is 60 kilometres from Valparaíso, the regional capital. PB started here in 2008 and was interrupted for a year in 2010 because of the earthquake that shook the country.

2. San Antonio, Chile

Also located in the Valparaíso region, San Antonio is similar in size (87,000 inhabitants in 2002) to Quillota and is a major Chilean port. It was severely hit by the 2010 earthquake, hardly having recovered from the 2005 quake that had largely destroyed the whole city. Here too, PB, which started in 2006, was interrupted for a year in 2010.

3. La Serena, Chile

La Serena is a historical city on the Chilean northern coast, established in 1544. A regional capital of over 160,000 inhabitants, it is famous for its beaches, which make it a national destination for summer holidays. Despite being a latecomer to PB (it started in 2009), La Serena rapidly became quite active within the Chilean PB Forum and hosted the annual national meeting in 2012. At the same time, it has produced, with the support of the Chilean Association of Municipalities, an excellent book on the experience. Under the leadership and championship of its Mayor, La Serena placed a strong emphasis on civil society and people's education, which probably explains the quality of the process so far.

4. Ilo, Peru

Ilo, the PB pioneer in Peru, launched its first round in 1999. The experience is well consolidated and has become a reference in Latin America. One of its unique features is that PB rules were designed locally with minor influence from Porto Alegre. Ilo is both an industrial city (fish, flour and copper smelting) and a well-known port located not far from the Chilean border. Its relatively small size (64,000 inhabitants) coupled with centrally redistributed royalties from mining benefits (called *canon minero*) largely explains its high al budget per inhabitant. Ilo decides its entire investment budget

through PB, which explains why it ranks first among the 20 cities for the amount of public resources discussed and decided through PB, per inhabitant per year. Ilo participated in the early 2000s research.

5. Rosario, Argentina

Rosario, the third largest Argentinean city (around 1 million inhabitants in 2012), is an active port on the Parana River. Its PB, which started in 2002, is a reference both at national and international levels. Rosario has been constantly on the lookout for innovations to add to the process, the most recent being voting methods designed to be more attractive and 'fun' for the people (*Bolivoto*). Older features are the city's important sensitivity to gender issues and the strong and innovative links to renowned strategic planning and participatory democracy processes. Rosario participated in the early 2000s research.

6. Medellín, Colombia

The second largest municipality in Colombia (2.4 million in the city and around 3.5 million in the whole metropolitan region), Medellín, since the dismantling of the drug cartel, has accumulated awards for its urban innovations, one of them being its PB. In less than 10 years, Medellín's PB has become a solid Colombian reference, both for the number of projects implemented and for its links to a well-established planning practice.

7. Seville, Spain

The Participatory Budget in Seville (with just over 700,000 inhabitants) began in 2004, and since then has been an annual process. The victory in 2011 of a right-wing party (*Partido Popular*) over the socio-democrat and leftist coalition that had launched the PB resulted in an interruption of the process. This raises again the issue of how to address discontinuity, and beyond that, how to avoid these interruptions, which usually result in the loss of the institutional and social memory of the experience.

8. Iztapalapa Borough, Federal District, México

After limited attempts in Mexico City, Iztapalapa PB became, in 2010 when the process started, the first full-scale experience in one of the most populous boroughs in the federal district (2 million people). One innovative aspect of the experience is the links established with local development plans: PB became a management tool to implement these. The experience was the stepping-stone for the citizens' participation law that mainstreamed PB through all the boroughs of the Federal District.

9. Porto Alegre, Brazil

Porto Alegre, with close to 1.4 million inhabitants, remains the oldest PB experience so far with over 25 uninterrupted years, although with some significant changes over that time. It remains an international

reference and model. Porto Alegre coordinated the URBAL programme on municipal finance and Participatory Budgeting during the first half of the 2000s and in this context launched the first comparative study on PB to establish the base document mentioned in this working document.

10. Guarulhos, Brazil

Guarulhos, with over 1.2 million inhabitants, is the most populous city of São Paulo Metropolitan Area and faces some extreme situations. On the one hand, income is high and it hosts the largest airport in Latin America. At the same time it contains one of the highest proportions of favelas. A singular aspect of the Guarulhos PB experience that started in 1998 was its implementation of a massive civic education programme in partnership with Paulo Freire Institute, drawing on the approach of Brazil's most famous civic educator to empower citizens.

11. Belo Horizonte, Brazil

Belo Horizonte (2,238,526 inhabitants) is the capital of the state of Minas Gerais. P

One of the oldest PBs, started in 1993, which is probably one of the most elaborate systems too, with different types of PB: (i) the participatory budget for housing, to meet the demands of homeless people; (ii) regional PB that takes place in a decentralised form in each of the nine administrative districts; and more recently (iii) digital PB that discusses investments at city level. Belo Horizonte also participated in the early 2000s research.

12. Canoas, Brazil

Canoas, located in Porto Alegre Metropolitan Area and with around 324 000 inhabitants, started its Participatory Budgeting in 2009, and in a short time consolidated an innovative process well anchored within the local administration. PB here goes hand in hand with a permanent process of open forums carried out weekly by the Mayor in different neighbourhoods of the city.

13. Várzea Paulista, Brazil

Várzea Paulista, with just over 100,000 inhabitants, is a good example of the PB processes that mushroomed in the State of São Paulo, starting in 2000, inspired by Porto Alegre. It has been able to maintain a good level of participation and innovation. PB is not carried out in the years when local elections take place so that citizens remain focused on political elections and at the same time this avoids any criticism of PB being used by the Mayor in place as a campaigning tool. .

14. Dondo, Mozambique

Dondo is one of the first 33 elected local governments created as a result of the law on decentralisation voted on in 1997 and 1998. Launched in 1999, Dondo is one of the pioneer African experiences and still one of the

most innovative. In 2007, less than seven per cent of its 70,000 inhabitants had access to water on their plots, which explains the importance of basic services in the whole PB process.

15. Cascais, Portugal

Cascais, with just over 200,000 inhabitants, is a relatively wealthy city in the Lisbon Metropolitan Area. It started to implement Agenda 21 in 2006, and PB resulted from that process. It provides a good example of the importance of environment-related projects as part of PB.

16. Chengdu, Sichuan, China

Participatory budgeting in Chengdu started in 2009 in its rural localities and villages and has continued ever since. At present, it is the largest in China in terms of the number of projects funded, the amount of resources allocated and the sheer number of people reached. One of its explicit objectives is to reduce the urban–rural divide.

17. Chicago, 49th Ward, United States of America

Participatory Budgeting started in 2010 in the 49th Ward, which, according to its alderman, is 'one of the most racially, ethnically and economically diverse communities in the nation'. This pioneer process in the USA devotes 50 per cent of its PB resources to street resurfacing and the other half to a variety of community projects.

18. Commune d'Arrondissement de Yaoundé 6

Yaoundé 6 District Local Government, with 270,000 inhabitants, opened the way to PB in Cameroon in 2003. Since that date the process has been annually renewed and counts on the strong commitment of civic organisations.

19. Commune d'Arrondissement de Rufisque Est

Rufisque Est (a local government district with approximately 50,000 inhabitants) is located south of Dakar, the capital city of Senegal, and launched its PB process in 2009. Provision of basic services has been at the heart of the priorities voted by its inhabitants.

20. Ampasy Nahampoana, Madagascar

Ampasy Nahampoana is a small municipality of less than 10,000, located on the outskirts of the port of Tôlanaro (Fort Dauphin). PB started there in 2008, directly linked to debates around the use of mining royalties disbursed by Rio Tinto for its exploitation of local mines. One of its singular aspects is the priority given to economic local development and income generation activities.

1.3.3. PB through time: When did they start and how long did they last

The 20 experiences (Figure 1) illustrate the various phases of expansion of PB from Brazil to the rest of the world:

- Porto Alegre was the first city to consolidate its process in 1989. The first expansion within Brazil, still quite experimental, was to Belo Horizonte from 1993 on and Guarulhos, starting in 1998.
- Dondo in Mozambique (1999), Ilo in Peru (1999) and Rosario in Argentina (2002) pioneered the expansion of PB outside Brazilian borders. This first wave of expansion in the late 1990s and early 2000s sometimes, as in the case of Ilo, entailed designing their own rules, without too much reference to Porto Alegre. These initial cities were followed by others such as Seville, Spain (2004) or Medellin, Colombia, which can also be considered part of this first phase of dissemination beyond Brazil.
- Subsequent scaling up took place in Brazil in cities such as Várzea Paulista (2005) and more recently in Canoas (2009), but also in the course of the swift expansion in Africa and more recently in the USA with the pioneer experience in Chicago Ward 49th (2010) and in China with Chengdu (2009).
- Some experiences have been recently interrupted, for political reasons (Seville, 2012) or, in Quillota and San Antonio, Chile, in 2010 because of the impact of a tsunami and earthquake.

Figure 1. Timeframe of PB in 20 cities

		STARTING YEAR																									
		1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
9	Porto Alegre																										
11	Belo Horizonte																										
10	Guarulhos																										
4	Ilo																										
14	Dondo																										
5	Rosario																										
6	Medellin																										
7	Seville*																										
13	Várzea Paulista**																										
2	San Antonio***																										
20	Ampasy Nahampoana																										
1	Quillota***																										
12	Canoas																										
3	La Serena																										
16	Chengdu																										
18	Yaoundé 6																										
19	Rufisque Est																										
8	Iztapalapa																										
17	Chicago 49 th Ward																										
15	Cascais																										
TOTAL of cities		1	1	1	1	2	2	2	2	2	3	5	5	5	6	6	8	9	10	10	11	17	17	19	19		

Interruptions : *political reasons; **years when municipal elections take place in Brazil, in order to keep its citizens' focus; ***earthquake in Chile
Source: Compilation and processing: Cabannes, Y and Delgado, C, 2013 from local studies.

2

Results and achievements

Contribution to provision of basic services and quality of life.
What has been achieved?

2.1 The importance of basic services within the priorities defined through Participatory Budgeting

2.1.1 Overall results from 20 cities

The 20 local research teams identified, compiled and analysed around 20,000 individual basic services projects, funded through 74 Participatory Budgeting annual or bi-annual cycles. Based on the suggestions of these teams and the experts they interviewed, six sub-categories of basic services, as noted, were added to the seven proposed by GOLD study.⁶ The addition of these extra categories made it possible to better capture the priorities of citizens and the scope of what basic services means for cities involved in PB processes:

- Basic services and infrastructure for local economic development
- Neighbourhood level equipment and facilities

- District level health facilities
- New settlements and development (with all basic services)
- Education basic facilities
- Parks and metropolitan parks.

These 20,000 projects in 20 cities represent a massive municipal investment of slightly more than US\$2 billion over the three years analysed. This figure clearly indicates the importance of PB as a mechanism for municipal service delivery and the huge scale of the current study. For 19 of the 20 cases, all funded projects were considered. In the case of Chengdu, China, only a 10 per cent sample of projects funded through PB was analysed. So far, over three years (2009–2011), 40,810 projects in over 2,800 localities and rural communes have been funded in Chengdu City, and 'only' 4,810 were scrutinised in the research. According to a local researcher, it is likely that more than 50,000 projects have actually been selected by villagers and funded, but information is still lacking and would call for more extended research.

⁶ - Water supply (including water abstraction and treatment; also public provision for those without water piped into their homes, eg standpipes, kiosks)
 - Sanitation (including connection to sewers and other sanitation services such as pit latrine or septic tank emptying; also public toilets)
 - Storm and surface water drainage
 - Solid waste collection, treatment and disposal
 - Public transport and mobility
 - Roads and ways
 - Electricity and energy (when this is a local responsibility).

The 20,000 projects cover only three years in most cases, although in a few, the observation period was longer: for instance eight years for Seville (2004 to 2011), nine years for Porto Alegre (2004–2011) or six years for Belo Horizonte (2009–2014). In this last case, we considered both projects approved and planned for the next two years and all those that have been implemented since 2004. Few cities looked at a period of less than three years.⁷

2.1.2 Key findings

The first and probably most important finding in the context of this research is that Participatory Budgeting has *always* prioritised and voted for basic services projects. PB is a powerful mechanism for basic service delivery at the local level. It is worth mentioning as one example the paradigmatic case of Porto Alegre in Brazil: 2010 census data indicate that 99.9 per cent of households have domestic energy, 99.35 per cent have adequate water supply, 99.72 per cent adequate domestic waste collection and 93.9 per cent adequate sanitation systems. These impressive results, obtained 20 years after the launching of the first PB in Brazil, owe much to the priorities of citizens and to the mobilisation of both citizens and local government to comply with these priorities. The results are unique for large cities in Brazil, and for most cities in the global South. They

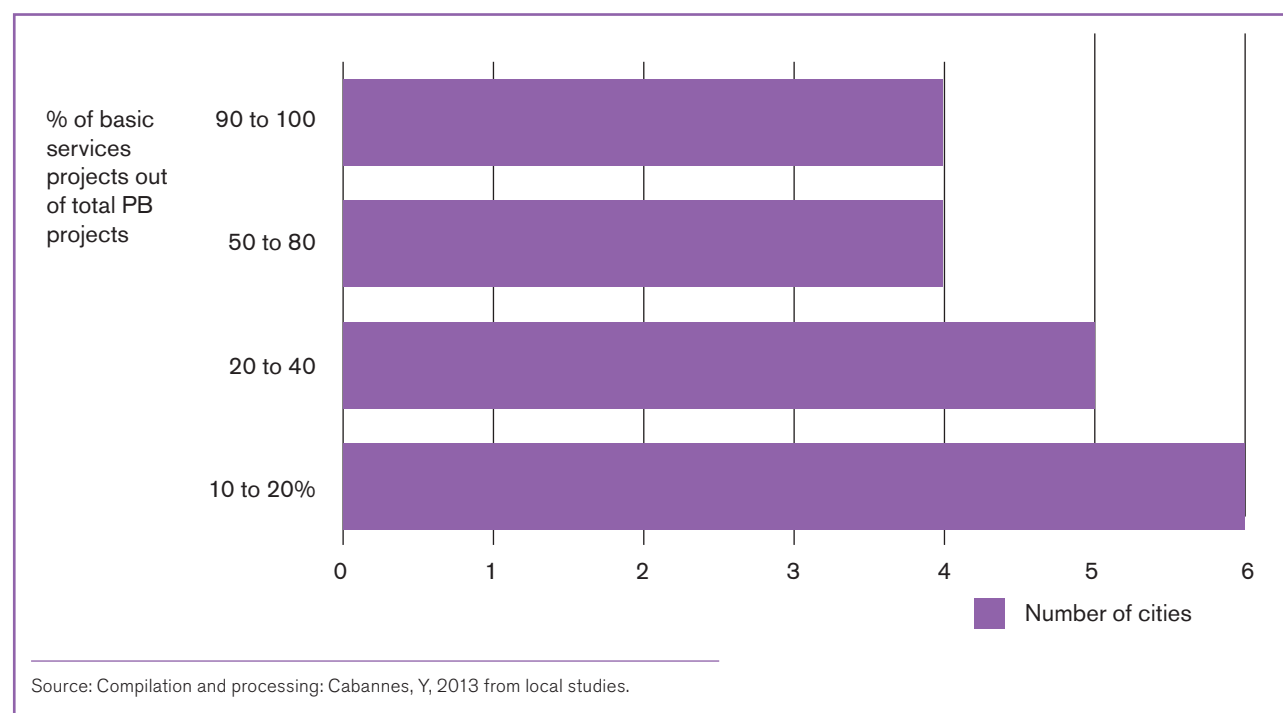
raise the question, which we will explore in subsequent sections, of how such results were possible. What were the major changes and innovations involved?

A second finding is that basic services projects that fall into GOLD categories represent an important share of the total number of funded projects – a total of 35.4 per cent of all projects fall into one or more of these categories. On average nearly 2000 projects (1891) are funded each year in all 20 cities. This takes into account the fact that only 10 per cent of Chengdu's projects are being counted – the average would go up considerably if all Chengdu's projects were counted. One can therefore confidently conclude that **thousands of basic services projects are implemented each year as a result of PB processes, in a growing number of cities, all over the world.**

This 35.4 per cent share of the projects funded through PB would be much higher if we considered their *value* instead of their *number*. It can be confidently claimed that these projects represent more than 50 per cent of total value.

A third finding is that the proportion of basic services projects varies considerably between cities (See Figure 2). In most cases observed during the 2009–2011 period, basic services projects represented between 90 and 100 per cent of the total in four cities; 50 to 80 per

Figure 2. The relative share of basic services projects out of total PB projects in 20 cities



⁷ Cascais, Portugal (2011, 2012) as PB process is recent; Iztapalapa, only one cycle implemented so far (2011); and Quillota and San Antonio, Chile, as PB did not happen on 2010 as a consequence of the earthquake.

cent in another four; 20 to 40 per cent in five, and 10 to 20 per cent in six. Why such a discrepancy and why do some of them have a relatively low number of basic services projects?

A first comment is that this sample probably under-represents the more general proportion of basic services projects. It includes a low proportion of recent PBs and of poor cities, and basic services projects funded through PB tend to be more numerous in poor or more recent PB cities where basic services are an immediate or urgent priority. Many of the participating cities, such as Porto Alegre or Belo Horizonte, voted more heavily for basic services projects in their early years. Once the needs were met, priorities shifted to other sectors beyond basic services.

A second point is that most of the cities with a low percentage of basic services projects, for instance the three Chilean cities, focus on some of the six basic services categories that do not fall under the UCLG/GOLD nomenclature, listed above. If these categories were included, the immense majority of the 20,000 projects analysed would be included.

2.2 Priorities set by cities and citizens: Which categories of basic services are priorities for BP funding?

'Roads, ways, opening up of alleys, paving of streets' are by far the most frequent basic service funded through PB. This is the case in 17 of the 18 cities where data could be consolidated.⁸ This sub-category appears 15 times as the first or second priority in terms of number of projects funded through PB, although as mentioned previously the analysis might vary if value rather than number of projects was being considered.

Wastewater management and treatment in its broader sense and **energy and public lighting** tie for second place, as they are both funded in 13 out of the 18 cities where they rank as first or second priority: wastewater six times and energy five times.

The fourth priority is **storm rainwater drainage**, mentioned in 11 cities out of 18, with a broad range of projects funded that will be introduced later on.

Transport and increased mobility ranks as the fifth priority overall and is mentioned in 10 out of 18 cases. However, the difference between this category and the first, 'roads and ways', was not always easy for the local teams to differentiate: for instance, should the Seville cycle way fall under 'ways' or 'mobility and transport'?

Potable water supply is the sixth priority, and is funded through PB in 9 out of 18 cities, probably because in some cities it is funded through central government and in others water supply is fully covered and there are no expressed needs at community level. But in three cases, water supply ranks first and second when considering the number of funded projects.

Surprisingly, **solid waste collection and management**-related projects are funded through PB in only 5 out of 18 cities. At the same time these projects are either the first or second in ranking in three (Chicago, for instance).

Figure 3 suggests that each PB process is city specific and there are no general rules. Some cities, such as Porto Alegre, have funded all seven categories of basic services whereas others have funded six, such as Guarulhos in Brazil (they have not funded waste collection projects) or Dondo in Mozambique, which has not so far funded transportation and mobility projects, most probably because necessities expressed by citizens in other fields are still quite high.

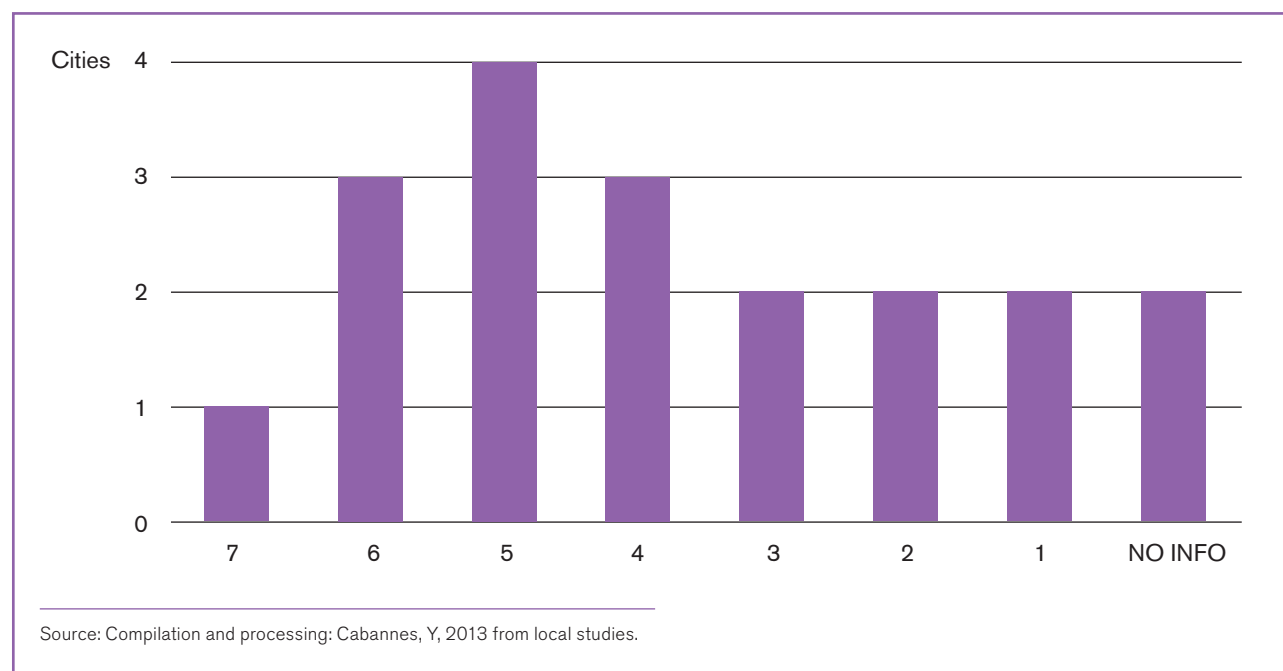
On the other end of the spectrum, some cities give priority to only one or two basic services – this is the case of Rufisque Est in Dakar (sanitation and public lighting) or Várzea Paulista (roads and ways), Quillota in Chile (energy and roads and ways) or Ilo in Peru (sanitation and water supply).

It should be noted that even within these basic categories, there can be considerable diversity. The photographic booklet annexed to this document provides evidence of the variety of the projects selected, even when they fall into the same basic service category, be it wastewater management and treatment, water supply or roads and ways. This reflects the fact that these projects have been tailored to people's needs, by the people themselves. PB makes it possible to formulate *very immediate, simple basic* services projects. Yet other projects can involve considerable technical complexity, varying from city to city or even within the same city.

Despite the fact that PB is tending to become a globally used instrument, it still has the capacity to generate projects that fit specific local situations and needs, reflected in the great variations – for instance, projects in Ilo, Dondo and Ampasy. People's satisfaction is

⁸Data remain to be double-checked for Iztapalapa and Várzea Paulista.

Figure 3. Number of basic services categories funded through PB in 20 cities



clearly not linked to the value of a project, but to the extent that it responds to requests from communities and citizens. PB-approved projects are sometimes quite limited in scale and cost, for instance, paving a few metres, or providing a small bridge over a ditch (see photos). However, they meet people's expectations, which are not necessarily for large enterprises or the expectations that planners might have. The understanding of the significance that projects hold for people emerged from the interviews as well as from the broader analysis.

3

Municipal finance, Participating Budgeting and resource mobilisation

3.1 Understanding municipal finance: Extreme differences in municipal budgets between cities

In order to put the various cities in perspective – see Figures 4 and 5 - their annual budget is divided by the number of their inhabitants. One of the complexities of comparing cities is that available data can refer to three different budgets:

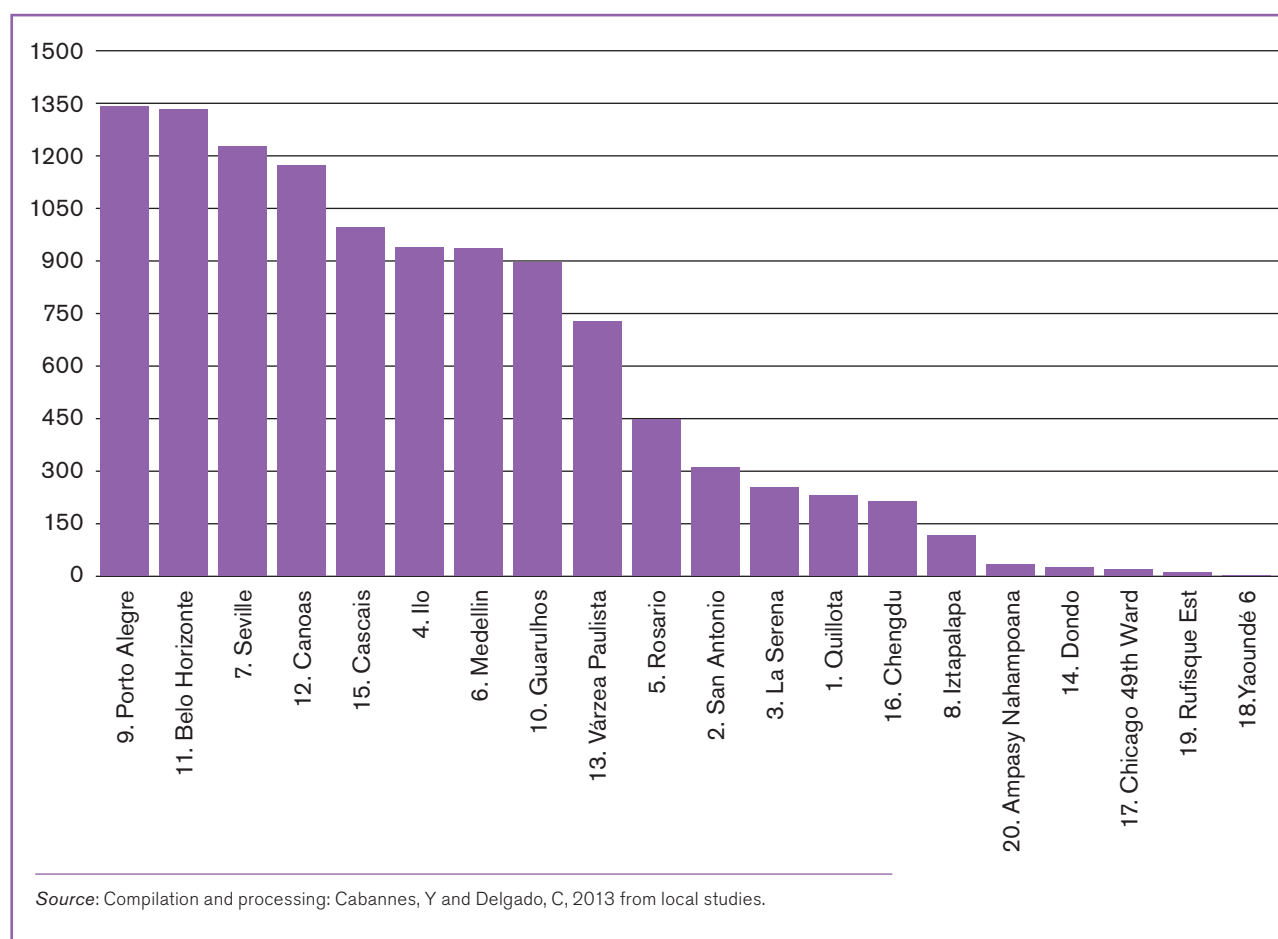
- (i) Planned or expected budget. It is usually on this budget that PB announced resources are debated.
- (ii) Actual budget that corresponds to the actual resources that a particular city can count upon. In most cases this budget is less, or much less, than what was expected, primarily because transfers from central governments were less than planned. As a consequence, some of the expectations, including the resources earmarked for PB might have to be cut, leading to obvious difficulties for implementation.
- (iii) Implemented or executed budget that refers to money actually spent or at least committed. This budget can be much less than the actual one,

mainly during the first years of PB. Why? Primarily because of the difficulties of spending public money along new bidding rules, for smaller works, in places that are sometimes much more distant, and usually with communities knowing exactly what is the money for. Private sector, accustomed to much more “comfortable” contracts can be quite reluctant to answer calls for much smaller values and controlled implementation by people. This is one many of the hurdles that explains why in some cases, even with the resources in municipal coffers, the budget cannot be executed.

The present comparisons considered the last available executed budget: 2010 (2 cities), 2011 (10 cities) and 2012 (8 cities). The idea was to have a real image of real benefits and services implemented for a city, beyond expectations. Usually getting these figures is more difficult, precisely because they are much less than promises and expectations. PB dynamics have contributed to give better access to the money actually spent, and that, as far as PB is concerned, will bring concrete benefits to people.

One of the limits of the methods is that it does not refer to the same year, and therefore the result is slightly distorted. This distortion increases as all values were transferred in American dollars chosen for making the comparison, and rates of exchanges might vary

Figure 4. Municipal annual budget per inhabitant per year in US\$ in 20 cities with Participatory Budgeting



from one year. Therefore, the numbers and the ratio presented here, and even if they are accurate bear only an indicative value and helps basically to put cities in perspective. Rates of changes to Euro and to US dollar [see table in annex 6] were made over the 2010-2012 period, using yearly average of daily rates. The earlier study carried out ten years ago ("Base document of URBAL network on PB"⁹) used the annual executed budget per inhabitant over three years.

There are some explanatory points to consider here:

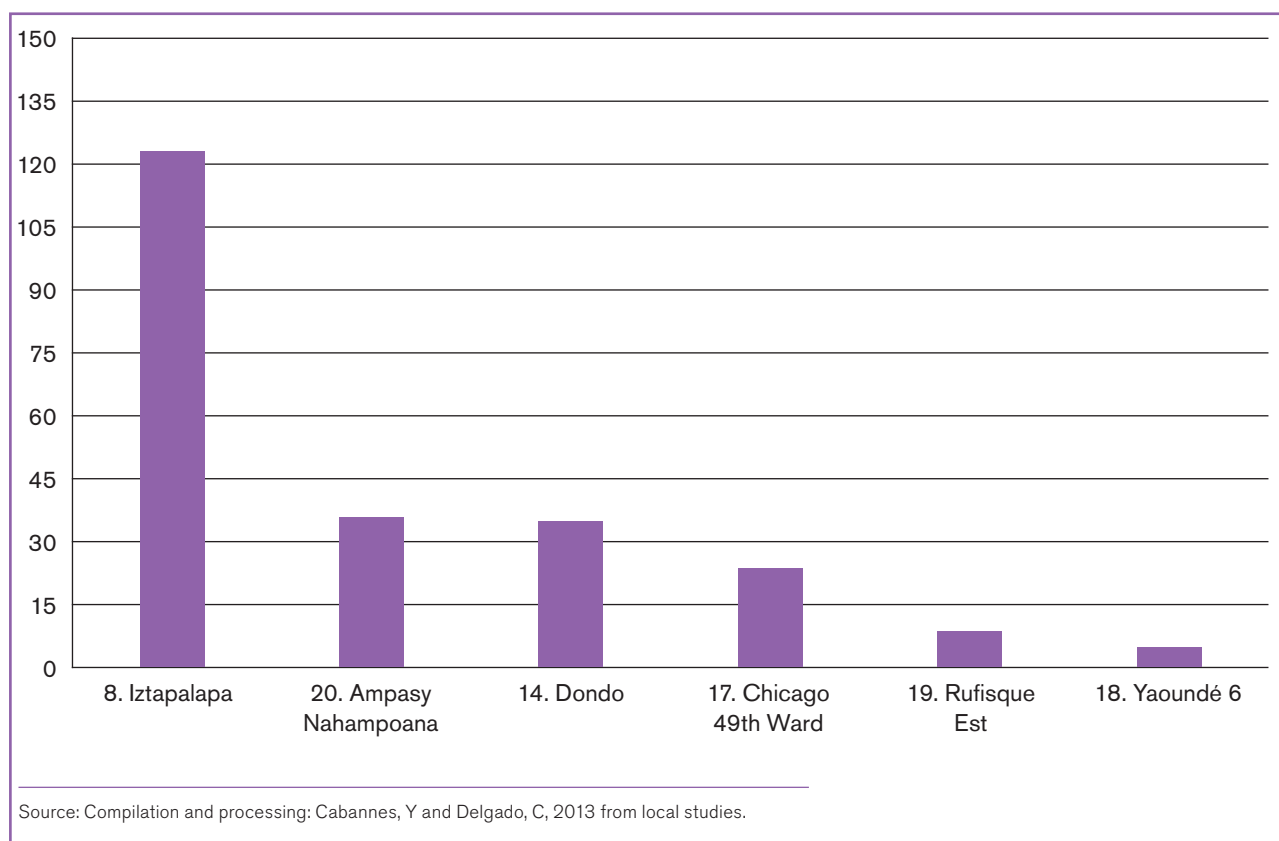
- The most striking issue is the extreme diversity of municipal resources from one city to the another. As can be seen in Figures 4 and 5, amounts vary from less than US\$ 5 per inhabitant in cities such as Yaoundé 6 in Cameroon or Rufisque Est in Senegal, to more than US\$ 1000 US\$ 1,000 in Brazilian cities such as, Porto Alegre, Belo Horizonte and Canoas or Seville in Spain, with a direct impact on their capacity to deliver or maintain basic services. This raises

a more general question: What does a city with a budget of less than one dollar per inhabitant per year, as is the case in most African municipalities, have in common with those with close to US\$ 10,000 per inhabitant per year? This is where the consideration of how PB optimises extremely scarce resources for basic service delivery is so crucial. Another question that such disparity brings to the fore is *how* to direct these scarce resources to the neediest places, where people survive on *less* than one dollar per day. Again, a related consideration is the contribution that PB makes in reducing this gap. How to reduce the rural / urban intra-municipal growing gap is another issue examined in this report.

- Brazilian cities' budgets reach quite significant value and are much higher than 10 years ago when the first research was undertaken. This is primarily due to the growing strength of Brazilian currency when compared with US dollar and the evolution of the

⁹ Cabannes Yves. Participatory budgeting and municipal finance. Base Document. Launching Seminar of URBAL Network N°9, Municipal Government of Porto Alegre, Porto Alegre, 2003, 117p. A shorter version was published in E&U in 2004. Cabannes, Yves. Participatory budgeting: a significant contribution to participatory democracy. In: Environment & Urbanization. Participatory Governance. Vol. 16 N°1, April 2004, IIED, London, pp.27-46. Downloadable from: <http://www.environmentandurbanization.org/documents/16-1pp27-46cabannes.pdf>

Figure 5. Cities with PB where the municipal annual budget is below US\$ 150 per inhabitant per year



Dollar / Real exchange rates. Their budgets per inhabitant are similar and sometimes superior to those in Europe.

- Local authorities below the city level (such as Chicago's 49th Ward or Iztapalapa District, a *Delegación* of approximately 2 million inhabitants) receive a small portion of the overall City or Federal District budgets. In Iztapalapa, some programmes of a participatory nature that impact basic services provision are carried out directly by DF government. The situation is similar in Chicago and the budget considered here for 49th Ward is only the untied resources at the disposal of the alderman. This explains why both cases are at the bottom of the graph, despite both enjoying quite high budgetary income per inhabitant.
- Mining cities such as Ilo in Peru or Ampasy Nahampoana in Madagascar deserve a special note as they benefit from royalties (*canon minero* in Peru and royalties paid by the transnational mining company in Madagascar). As a result their municipal resources are much higher than those of the vast majority of Malagasy or Peruvian cities – though they are still far from being wealthy by international standards.
- The extremely dire municipal budgetary resources of African cities need to be highlighted, as well as

their generally very low level of basic services. This makes their experience all the more relevant to the present study.

3.2 Understanding municipal finance: Variations in capital budget for investment

The wealthiest cities among the 20 are not necessarily those with the highest investment capacity and there is no direct correlation between this capacity and the municipal budget per inhabitant. For instance - see table below – Yaoundé 6 and Rufisque Est have a very low budget per inhabitant, but channel more than 15 per cent of their resources to investment. At the top of the scale, Ilo and Ampasy, as mining cities, have extra regular transfers, as already indicated, which exceed the total budget. The percentage of the budget that goes to investment is essential to any PB analysis as it is the origin of the resources debated in Participatory Budgeting. This percentage varies significantly from one year to another, and obviously will impact the PB budget. A general observation is that capital budgets

Table 2. Proportion (in %) of investment budget to total budget in 10 selected PB cities

	CITY	VALUE %	YEARS OF REFERENCE
4	Ilo	241	average 2011, 2012
20	Ampasy Nahampoana	56.3	average 2010, 2011
2	San Antonio	23.5	average 2011, 2012
18	Yaoundé 6	17.2	average 2009, 2010
19	Rufisque Est	15.3	average 2009, 2010, 2011
7	Seville	15.2	average 2008, 2009, 2010, 2011
12	Canoas	7.9	average 2011, 2012
1	Quillota	7	average 2011, 2012
5	Rosario	4.2	average 2011, 2012
3	La Serena	1.5	average 2011, 2012

Source: Compilation and processing: Cabannes, Y, 2013 from local studies.

vary from literally 0 per cent – no investment capacity – to more than 50 per cent of the overall budget.

A third important ratio for understanding the relation between PB and al finance is the proportion of the investment budget that will be debated through PB. Again diversity is the rule:

- Some cities, such as Ilo in Peru, earmark the entire investment budget for PB. As this city enjoys at the same time a high investment to overall budget ratio, it sits at the top of the ladder for PB resources per inhabitant per year (see Figure 6).
- In most cities, even the most famous and emblematic, this proportion is much less. In Medellin, it *'cannot be less than 5% of investment budget'*; in Chilean cities, through the national law on PB, 3% of investment turned to be the rule. Ironically, as stressed by the local team from Iztapalapa, Mexico Federal District, when PB was mainstreamed at Federal District level and was voted by the FD Assembly, the minimum budgetary resources to be put into debate through PB were as low as 3 per cent of budget, a much lower proportion than that implemented in Iztapalapa, which served as the starting point for the FD law. In other words, as PB coordinator Alejandro Luevano remarks, scaling up Iztapalapa PB into a FD law was a step backwards for those already practising it. Instead of being a horizon to move towards, PB, became something of the past and a disincentive. The same could be said for Chilean municipalities.

3.3 Portion of municipal budget discussed and decided upon through Participatory Budgeting

The value per inhabitant for a particular year and for a particular city is probably the best indicator for assessing the 'budgetary' dimension of Participatory Budgeting. At the same time, it allows for some comparisons, even if the purchasing power of one dollar in an African city is not the same as in a Chinese or European city. However, it gives a fair idea of the volume of basic services that can be funded. It also makes it possible to understand why in some cities a PB process can decide on a multi-million dollar investment into water treatment or waste treatment plants while others are limited to much smaller and cheaper works – see the illustrated booklet in Appendix 6.

Both figures presented here clearly indicate the large differences:

Figure 6. Value of municipal budget decided through Participatory Budgeting (in US\$ / inhabitant / year)

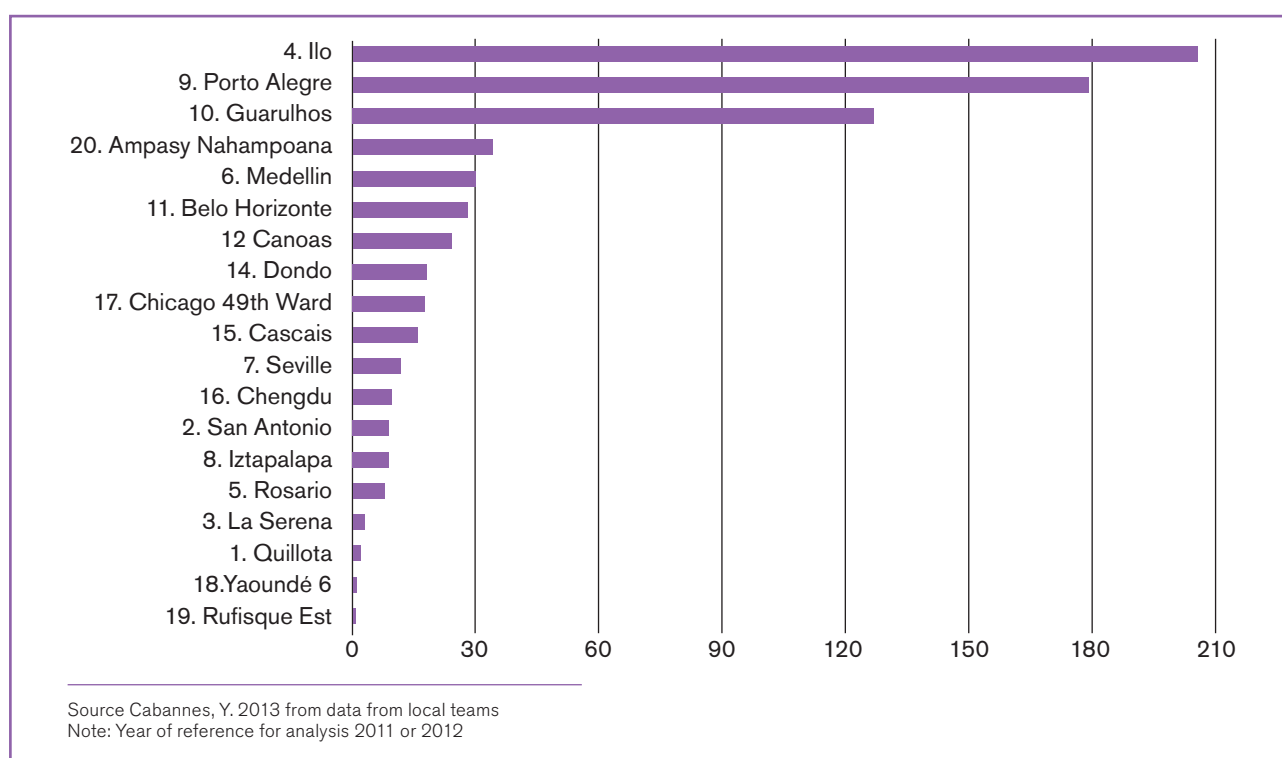
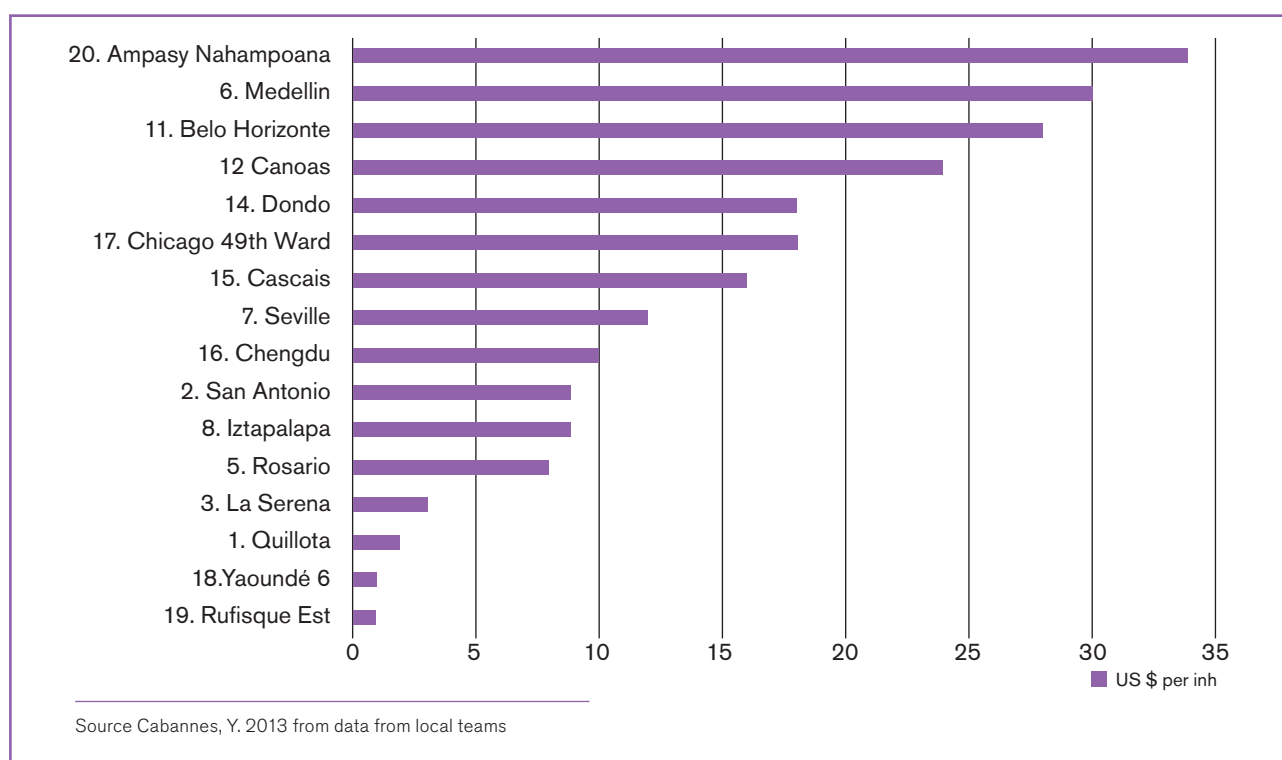


Figure 7. Value of municipal budget decided through Participatory Budgeting (zooming in on cities below 35 US\$)



In 3 out of the 20 cities, people decide on very significant budgetary values, more than US\$ 120 per inhabitant per year.

- (i) Ilo, a relatively small city, has an average level of budgetary resources and an extremely high investment percentage relative to the total – all of this capital budget goes to PB.
- (ii) Porto Alegre has very high budgetary resources but a limited capital budget in relation to total. A high proportion of this investment budget goes to PB.
- (iii) Guarulhos has high budgetary resources and an extremely high capacity to mobilise resources beyond the limited capital ordinary budget, with a limited proportion of ordinary capital budget going to PB.

These three cities are to our knowledge exceptional cases, as they not only devote high resources for PB but are among the most longstanding cases: 25 years for Porto Alegre and around 15 years for both Ilo and Guarulhos. It is no surprise, then, to note their achievements in improving the basic services and quality of life of their inhabitants (see the illustrated booklet).

Most cities cover a span of between as little as US\$ 2 or 3 and US\$ 35 per inhabitant per year, again with considerable variation. At the top end:

- Ampasy Nahampoana, with a very small number of inhabitants, has a limited municipal budget with an exceptionally high capital budget percentage in relation to the total budget and a very high proportion of investment going to PB.
- Medellin has a high municipal budget per inhabitant and a high capital budget relative to the total budget. A low proportion of the capital budget goes to PB.
- Belo Horizonte has very high budgetary resources and a limited capital budget relative to the total, with a low proportion of investment budget going to PB. This explains its distance from Porto Alegre in terms of spending per inhabitant.
- Canoas has very high budgetary resources with a fair capital budget relative to the total, and a low proportion of the investment budget goes to PB – similar to Medellin.

At the bottom end of the spectrum, four cities have less than US\$ 5 per inhabitant per year to allocate, for quite different reasons:

- Yaoundé 6 and Rufisque have both very limited overall budgets per inhabitant and at the same time a fair proportion of this budget goes to investment and a medium portion to PB.

- Quillota and La Serena are illustrative of medium-size Chilean municipalities, with limited budgetary resources, very limited capital budgets in relation to total budget and a very low proportion of this capital budget going to PB.

3.4 Are the resources mobilised marginal or insignificant?

One of the criticisms that PB receives is that the resources debated are insignificant – in most cases a couple of per cent of capital municipal budgets that are themselves usually just a tiny part of the overall budget of a city, far from the level needed to significantly address the provision of basic services and to improve the quality of citizens' lives. The previous sections indicate that these municipal public budgets are admittedly quite limited in some cities. However, the quantitative data provided indicate that the values at stake are often significant. Interviews with specialists also bring inspiring insights to this central critique of PB. Most of them do acknowledge the critique, but offer different perspectives:

A theme that comes up repeatedly is the relevance of these funds and the fact that they are meeting real needs that would not otherwise be taken into account: 'They are not marginal,' says Katie Lima from Guarulhos, *'they are relevant ... Sometimes one might think that PB is a drop of water in an ocean, as Guarulhos has 321 favelas, and it is true the amount is small in the context of the services deficit. [But] requests [from PB assemblies] meet needs. Their impact is very high at city level; see for instance the asphaltting of roads and ways.'*

From the perspective of Bachir Kanouté, practitioner from the NGO Enda, *'If these processes did not exist, particular needs would never be taken into account. PB requires local governments to invert their priorities in order to direct investments, considered marginal at policy level, towards projects that meet citizens' need.'*

Nelson Dias, practitioner in Portugal and in African cities, acknowledges that the amounts are small. However, he says, *'they are worthwhile for the changes they bring, and we cannot assess the financial volume only through mathematical lenses, as the impact is qualitative. Indeed, we work with peanuts, but they change directions and meet essential needs ... I remember the case of a family of six living in a shack in Mozambique. Thanks to a tiny PB investment they have now a home with electricity. This is not marginal.'*

Juan Salinas from the Federation of Chilean Municipalities makes a similar point. *'It is marginal for planners and it might appear irrelevant for traditional structures, but it is not for people ... In the winter cold, going out for water is slavery, especially for the kids. PB made the dream of having water in house come true.'*

Sergio Amaral, from the grassroots Porto Alegre collective *Solidaridade*, constantly active and deeply committed to PB expansion all through the last 25 years, insists on the *long-term* significance of PB investments, beyond their amount: *'It is significant and PB brought important changes that can still be appreciated today'* (referring to basic services provision in particular).

Zhuang Ming, an academic and member of the NGO Hui Zhi, acknowledges that PB investments, despite their huge volume in Chengdu in absolute terms, are marginal when compared with investments in urban areas. But he highlights a similar point as that made by his African counterpart: public services were marginal and PB drew attention to the need to consider them as part of local investments. His report of the immediate benefits for people, primarily of opening village roads, the most favoured of PB projects, echoes opinions from other continents: *'Thanks to PB, farmers can now much more easily sell their products. It used to take long hours to drive or walk from Chengdu villages. Good roads had an impact on schooling as well. Schools are closed or closing in numerous villages and kids had no alternative but to walk long distances or travel to the closest township school. This is changing through PB. Health clinics are in very poor conditions, or simply not functioning, and therefore easing access to health facilities through better roads was and still is important.'*

There are also references to scarce decentralised resources at local level. *'It is unfortunately true!'*, says Egon Montecinos from Chile. *'And it relates to the scarce money received by local governments: 65 per cent of public resources are spent by the central government, 25 per cent by regions and 10 per cent are all, essentially through resources self-generated through taxes and service fees. However, some central government's projects are implemented though the local sphere.'*

These sums are also relevant as they bring budgetary changes at city level. By opening budgetary lines they can trigger the channelling of public or private resources for basic services, much higher than what is actually allocated by PB.

Jules Dumas Nguebou, an NGO practitioner and scholar from Cameroon, points out that, *'These processes cannot be considered marginal because before the introduction of PB processes nothing was planned for basic services. We looked at budgetary evolutions in cities since 2006. PB made it possible to open budgetary lines for social services and basic*

services that did not exist and that would not exist without PB.'

Some feel the sums are actually marginal, yet no less valuable for that. Jez Hall, an activist and practitioner in the UK, engaged in PB from the first days, says that *'In England it is certainly marginal. PB is more around social capital, and citizens' engagement. So much so that in some places, for instance in Manton, there are more people voting than in local elections. People sometimes vote for the first time.'*

Paula Cabral and Nuno Piteira Lopes from Cascais local government in Portugal have a similar view: *'It is a drop of water in an ocean, simply because basic needs have been met in Cascais during the 70s and 80s ... Today much less needs to be done, and anyhow high investments need to be addressed by the municipality independently from PB.'*

Similar to the UK, the number of voters for the last PB in Cascais was higher than the number of votes that elected the last Mayor.

It also depends on what is being discussed and the scope that is given to PB in any particular city. Giovanni Allegretti, scholar and practitioner, engaged in PB in various regions of the world, points out that *'If PB debates only existing public resources and wealth, it is small or close to nothing. But if PB is able to debate additional resources, such as foreign investments, aid, public / private partnerships, then it becomes something totally different. It is a challenge.'*

The next section will explore the extent of this resource mobilisation beyond al budget.

3.5 Origin of financial resources. PB catalytic effects

Given the limited budgetary resources per inhabitant being debated each year, one might wonder how these cities have been doing so much and how they were able to deliver basic services in such a significant way and improve people's lives in a relatively short time. The answer is that Participatory Budgeting, by its nature, mobilises financial and non-financial resources much beyond the strict 'public' budget. This is probably one of the major lessons of the research, which deserves much more in-depth study. It needs to be understood as it is a major explanation of how PB cities do so much with so little. Some examples illustrate the breadth and depth of the mobilising capacities:

- Some cities, such as Quillota in Chile, inscribe in their general rules a fixed community counterpart – in kind or in cash – of 3 per cent minimum of the total

cost of the project. This proportion in other cases is voluntary, in some Guarulhos projects for instance, and can be extremely high, primarily in villages or cities where mutual aid, and collective voluntary work, is still present.

- Extra-budgetary resources of mining cities, coming either from special transfers from central government or from royalties disbursed by transnational companies, have already been mentioned. It is interesting here how PB could 'capture' these resources in a positive fashion.
- Remittances from migrant communities abroad act in some cases, in Senegal and in Ecuador for instance, as matching funds for projects selected by those who stayed in the country.

Matching funds from different tiers of government can be quite significant – as high as 20 per cent as in the case of Chendgu in China, where district and townships levels match the resources – for specific sectors – transferred by the ality to the villages.

- Mobilisation of quite significant resources from central government programmes, which make it possible to pursue projects requested by people, which could not all be funded through al budgets. This is, for instance, the case in Brazilian cities, where massive resources available for low-income housing programmes or neighbourhood improvements could be channelled to programmes prioritised by citizens.
- Probably one of the major changes since the research carried out 10 years ago is the capacity that PB cities have acquired to channel international aid and international financing to projects designed, discussed and prioritised by communities and citizens. African cities are at the forefront, as mobilising resources beyond their meagre resources is essential. These resources have been primarily funding basic services projects: Dondo in Mozambique is an exemplary case, as half of the investment in PB drainage, roads and ways projects comes from aid. PB-selected projects in Commune 6 of Yaoundé, and in other communes of the capital and Cameroon's cities, are funded through various multi-lateral, bi-lateral donors or through decentralised cooperation (city to city or region to city). Rufisque Est public lighting projects were funded through ENDA and UN Habitat. Interestingly, channelling of supra-national resources is happening not only in the global South; various Seville projects became a reality thanks to European Union resources.
- Last but not least, again in African cities such as Rufisque Est where SOCOIM Industries financed a health post, but also in Porto Alegre in recent years,

enterprises and the 'private sector' are funding some of the PB-selected projects. The scale however is still quite limited and would deserve more in-depth research.

3.6 Does PB impact local fiscal revenues?

The impact of PB processes on fiscal revenues at local level, related to a higher propensity and willingness of citizens and enterprises to pay their taxes, has not been much explored over the last 25 years. Reports from the 20 cities that participated in the research indicate that the question is new for many of the teams, that data are lacking, and that no specific study have been carried out so far. For some of them, primarily the Latin American cases, the intuitive perception is that there are no higher revenues as a result of PB processes.

However, three cities clearly indicated that because of PB, fiscal and tax revenues have increased. This evidence echoes the findings of the research carried out 10 years ago, which indicated a positive correlation between PB and increase of fiscal revenues.

The local research team from Canoas located in the metropolitan area of Porto Alegre, considers that the process *'promoted a higher citizens' commitment for paying their taxes when works that had been expected for many years were voted and implemented through PB.'* The opinion is substantiated by the increase of the average value of taxes collected at municipal level.

A response in Yaoundé's City Profile points to the same outcome: *'One denotes an increase in local entrepreneurs' confidence vis-a-vis local authorities and an improvement in fiscal revenues. The economic actors who know about the municipal budget and who contributed to its consolidation commit themselves to regularly meeting their fiscal duties.'*¹⁰

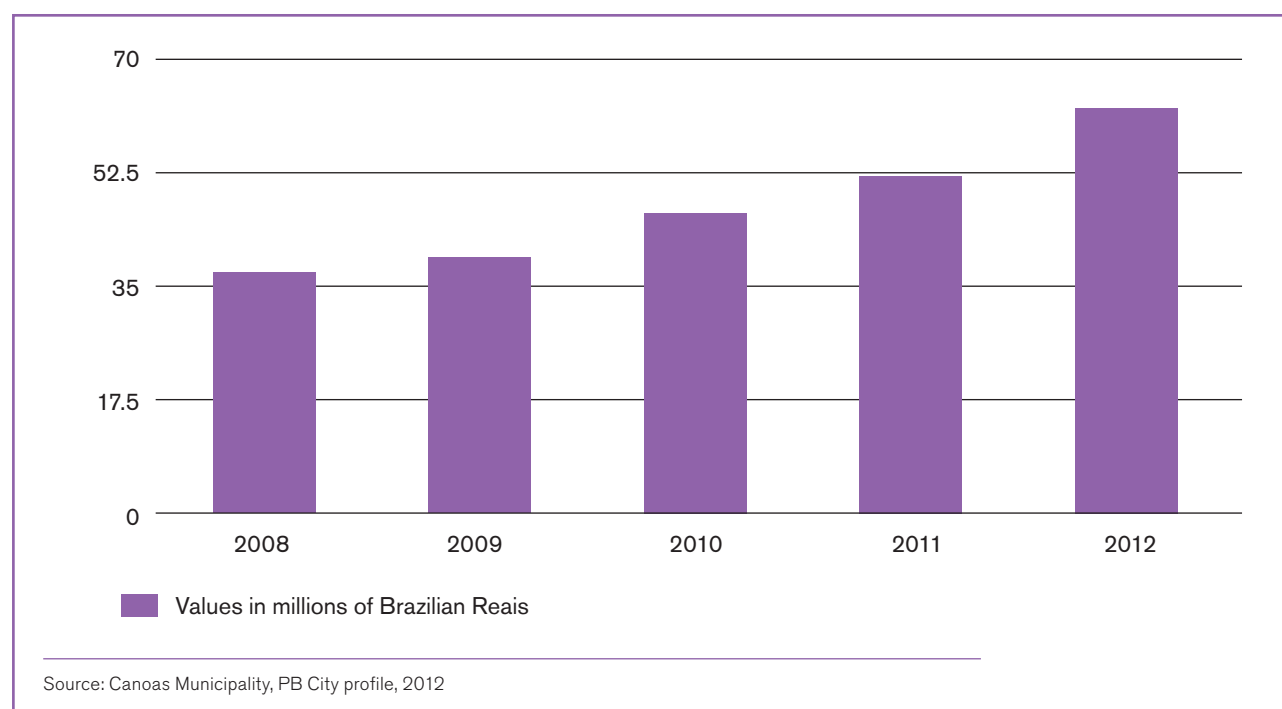
In Rufisque Est, located on the outskirts of Senegal capital, Dakar, the local team reports an innovative practice that shows again how PB can contribute to increase of fiscal revenues: *'Because of the slowing down of resource mobilisation, Mr Mayor put in place a brigade in charge of controlling and following up the income of the commune with the collaboration of the PB Steering Committee. This makes it possible to identify each taxpayer living within the Commune boundary.'*¹¹

This evidence opens a major field of research, with the hypothesis that public money well spent, through Participatory Budgeting for meaningful programmes,

¹⁰ City Profile, Yaoundé 6, question 24.

¹¹ City Profile, Rufisque Est, question 24.

Figure 8. Increase of monthly tax revenues, Canoas Municipality



would bring more revenue for cities, opening up a virtuous circle.

3.7 Decrease in investment amounts and lower maintenance costs

The question explored here is the extent to which public works implemented through PB are cheaper than those built through conventional systems. A second question, in case they are effectively cheaper, is to identify why it is so. The 12 interviewed specialists were asked these questions, as well as some of the local teams. The answers are quite clear and extend previous findings from the early 2000s research. In answering these questions, one needs to differentiate the cost of *delivery* of basic services or public works and the *maintenance* cost.

3.7.1 Lower building costs of public works, primarily related to community control and oversight

The general feeling, substantiated by local studies and by various opinions, is that PB makes it possible to build more with the same amount of resources. This means that analysis on the outcomes of PB cannot be limited to the value of the project. The difference between

what is actually built through a PB process and through a conventional process for the same amount can be significant, and this explains the expanding interest in the approach.

'In Kaolack, Senegal,' says Bachir Kanouté, 'costs for potable water works could have been multiplied by two or three. Bidding was much more rigorous and the control of the works is carried out by PB Committees, resulting from Neighbourhood Council.'

For Kátia Lima, the control of the building costs depends on the strength of the oversight committee; the Belo Horizonte Comforças committees that are described in the section on governance are a good example.

For J.D. Nguebou, referring to cities in Cameroon, the oversight committees not only bring a decrease in implementation costs but at the same time a better quality of construction, an opinion regularly found in various cities. *'Works built through PB cost the fair price [le prix juste]. The cost difference between a dug well, funded through PB resources and one with other resources can be as high as 50 per cent, and even more. In addition, its quality is generally not questioned and it is accepted. A key factor is the transparency in the bidding process. Another is the follow-up committees that are put into place for large projects and management committees for wells.'*

3.7.2 Lower maintenance cost related to 'appropriation'

Opinions converge on lower maintenance costs as illustrated by various striking examples covering a wide range of common PB projects, including public spaces, basic services, education or health facilities: According to Egon Montecinos, *'Citizens protect their projects, they are better "appropriated" and this brings a low maintenance cost. In Lautaro, Chile, for instance, neighbours have maintained the squares and small public spaces financed through PB.'*

'In Santo André, Brazil,' says Giovanni Allegretti, *'parks funded through PB are well maintained, primarily because people contribute to their management, and not because of any social control.'* Katia Lima sees the same thing: *'There is a clear difference between PB and non-PB projects. For instance, the public squares in Santo André, built in 2000, are kept very well.'* It's true also in Porto Alegre, according to Sergio Amaral, that: *'It is clear that citizens respect PB projects more; they are more respectful of health centres and other implemented requests.'*

Juan Salinas notes that it can be tied to the level of investment: *'The higher the appropriation by people, the better the maintenance. In Buin, Chile, for instance, a public space was built through PB seven years ago around a Virgin Mary grotto (religious cult site). It is kept perfect. No graffiti. Nothing.'*

From Africa, J.D. Nguebou notes that *'Communities manage and maintain the projects funded through PB because they feel like their own. For instance, one noted that in some neighbourhoods, street lighting resulting from PB is better maintained: and there is no robbery. In addition, they work through switches and the lamps might need to be replaced.'* Bachir Kanouté echoes this: *'Citizens are more "conscientious" about maintenance when it is a PB project. It is more visible for public water taps [bornes fontaines] and schools.'*

However, some opinions are more nuanced. *'It is not clear that a comparison is possible,'* says Jez Hall from the UK. *'What tends to happen is that what goes to grassroots is very efficiently managed. Micro finance is much more effective.'* His opinion highlights that PB is a good way to improve management and maintenance but not necessarily the only way. For villages and rural communities around Chengdu the situation for both implementation and maintenance costs seem more dubious: *'In theory it is better managed and maintained,'* says Zhuang Ming. *'However, I am not sure. There might not be enough skills in villages.'*

In summary, basic services delivered through PB tend to cost less, to be of a better quality and at the same time to need less financial resources for their maintenance. Key factors are transparency in the bidding process, established oversight committees, and feeling of ownership of the projects by the people, gained through the PB process. As a result, the financial bottom line is not enough to highlight the added value brought by PB delivery of basic services.

4

Contribution of Participatory Budgets to the democratisation of local governance

4.1 Citizen empowerment and the strengthening of community organisations

The central argument in this section, largely suggested by fieldwork and interviews, is that PB changes the relations between local governments and citizens, and at the same time generates citizens' empowerment and new forms of local governance.

On the one hand, it triggers the emergence of new forms of community and peoples' organisations during the budgetary decision-making process (cycle 1 of the PB) and its implementation (cycle 2). It contributes to the emergence and strengthening of a fourth power in local democracy (in addition to the executive, legislative and legal powers) – that of citizens and the community. It weaves innovative relations with these other powers that would require in-depth analysis. Some of the most advanced experiences contribute to building areas of power and of citizens' counter-power.

Furthermore, by creating new spaces of dialogue between public bodies and social organisations and frequently also new joint decision-making

bodies, Participatory Budgeting strengthens *societal governance* as well. These new spaces, more or less institutionalised, which will be described below, contribute to inverting (as distinct from reversing) the balance of power in the citizens' favour, and on rare occasions even to the benefit of the most excluded social groups.

4.1.1 Some Participatory Budgeting processes foster the emergence of citizens' / community counter-power

The current analysis of the PB experiences allows us to detect subtle changes and to update the conclusions of the earlier analysis from the 2000–2003¹² period. In most cases, bodies composed exclusively of citizens are created specifically to manage, regulate and frequently to take final budgetary decisions. But this is less true today than it was 10 years ago.

(i) Participatory Budgeting Councils as a reference model

Participatory Budgeting Councils, known as COP in Portuguese, continue to be the central reference for citizens' power. They are made up of councillors

¹² Urbal scoping document, 2004.

elected from those delegates who have themselves been elected in the course of the various territorial (or place-based) and thematic assemblies. The number of members, the gender balance, the quotas that guarantee the presence of vulnerable social groups or the most excluded (such as migrants in certain cities) or groups that represent small minorities (such as the homeless), vary a lot from one city to another; but in general these Councils are entirely made up of elected citizens, without any representatives from local government. This is the case in Belo Horizonte (COMFORÇAS) in Brazil as well as in Ilo in Peru with the *Mesa Directiva del Presupuesto Participativo*. It also holds true in Seville, where members of the City Council (*Consejo de Ciudad*) are elected from the various District Councils (*Consejos de Distritos*). These specific Councils, specially created for and through the Participatory Budgeting processes, have varying powers and responsibilities, depending on the city – anything from a simple consultative role to decision-making power. They are regularly renewed and the regulations governing their operation are modified and adjusted over the years.

Variations of COP.

When participatory budgets are only 'territorial' and do not discuss specific sectors at city level, these Councils are composed of elected neighbourhood delegates, as in La Serena in Chile or Rosario in the Argentine (*Consejo Participativo de Distrito*). The Councils do not include representatives of specific sectors such as housing, health, education, etc.

Medellin in Colombia, has a similar type of Council, called *Consejo Comunal y Corregimental*, which differs in two ways from that in Rosario or La Serena. On the one hand, it emphasises rural districts (*corregimientos* in Colombian Spanish) and therefore tends to give more power to rural areas. This Council also has stronger responsibilities in planning, and allows for a better bridging between budgetary exercises and planning practice.

In some cities, specific commissions composed of citizens are put in place to follow up the implementation of project. They ensure that decisions taken during the first cycle of PB are properly respected by the local government in the course of implementation. This is the case, for instance, in Belo Horizonte, Brazil or in Rufisque Est where a *Comité de Suivi* (follow-up committee) controls the implementation. In Chengdu, the Village Council put in place for the implementation of the Participatory Budgeting process set up a specific 'Fund Oversight Group' that controls the use of the budgetary resources once the project decisions are taken.

(ii) Extending the responsibilities and power of existing organisations

A second form identified during the analysis carried out in the early 2000s in cities such as Montevideo in Uruguay or Cuenca in Ecuador does not appear clearly in the 20 experiences. It builds on existing bodies, broadening their social organisation functions (such as the *Consejos Vecinales* in Montevideo) or political functions (such as the *Juntas Parroquiales* in Cuenca), so that, in addition to their usual activities, they take on roles related to Participatory Budgeting.

(iii) Non-institutionalised bodies

Some more recent initiatives, primarily in Europe and North America, such as those in Cascais in Portugal or in Chicago, have no institutionalised or formalised community bodies. 'Leadership committees' set up in District 49 in Chicago remain informal structures that can be joined by volunteers who are involved in the PB process and who want to become more actively committed.

4.1.2 Multi-actor governance and construction of new bodies by different actors

In the previous section, we emphasised what are essentially community bodies that are created by Participatory Budgeting, and composed of elected citizens. The second group, focused on here, are composed not only of citizens, but include civil society and public authorities, and sometimes representatives from the private sector. This trend has increased over the last 10 years and appears to respond to the concept of good governance, aimed at establishing better relationships and dialogue and decision making by all the various actors concerned with urban issues.

(i) Specific mixed civil society / public authorities bodies

A first category is that of mixed councils composed of civil society representatives and public authorities (town council civil servants and sometimes elected representatives). The Local Coordination Council of the Province of Ilo is a good example of this kind of governing body.

(ii) Specific multi-actor bodies

The second category, which is increasing in number and complexity, is that of the ad hoc bodies that involve a great number and variety of actors. The following are a few examples:

- The **Consultative Municipal Forum** set up in the city of Dondo in Mozambique has evolved, changed and consolidated over the last 15 years. This reflects local ingenuity in building a complex multi-actor

model in the rubble of a long, murderous civil war. The participatory budget is, and continues to be, the rationale for this committee and what holds it together. The Forum is made up of 75 members, and brings together community leaders, religious authorities, representatives of popular organisations such as the women's or youth organisations, influential local individuals and economic actors.

- The **Participatory Budgeting Council** of Commune 6 of Yaoundé is chaired by the Mayor. It is composed of representatives of the communal executive, civil society actors and also representatives of the economic sector. The presence of the last is unusual and demonstrates the local desire that the participatory budget should create wealth and economic development.

(iii) Community pillar AND multi-actor governance structure

The noteworthy thing about experiences such as those in Dondo, Ilo and even Belo Horizonte – and these are not the only ones – is that Participatory Budgets have

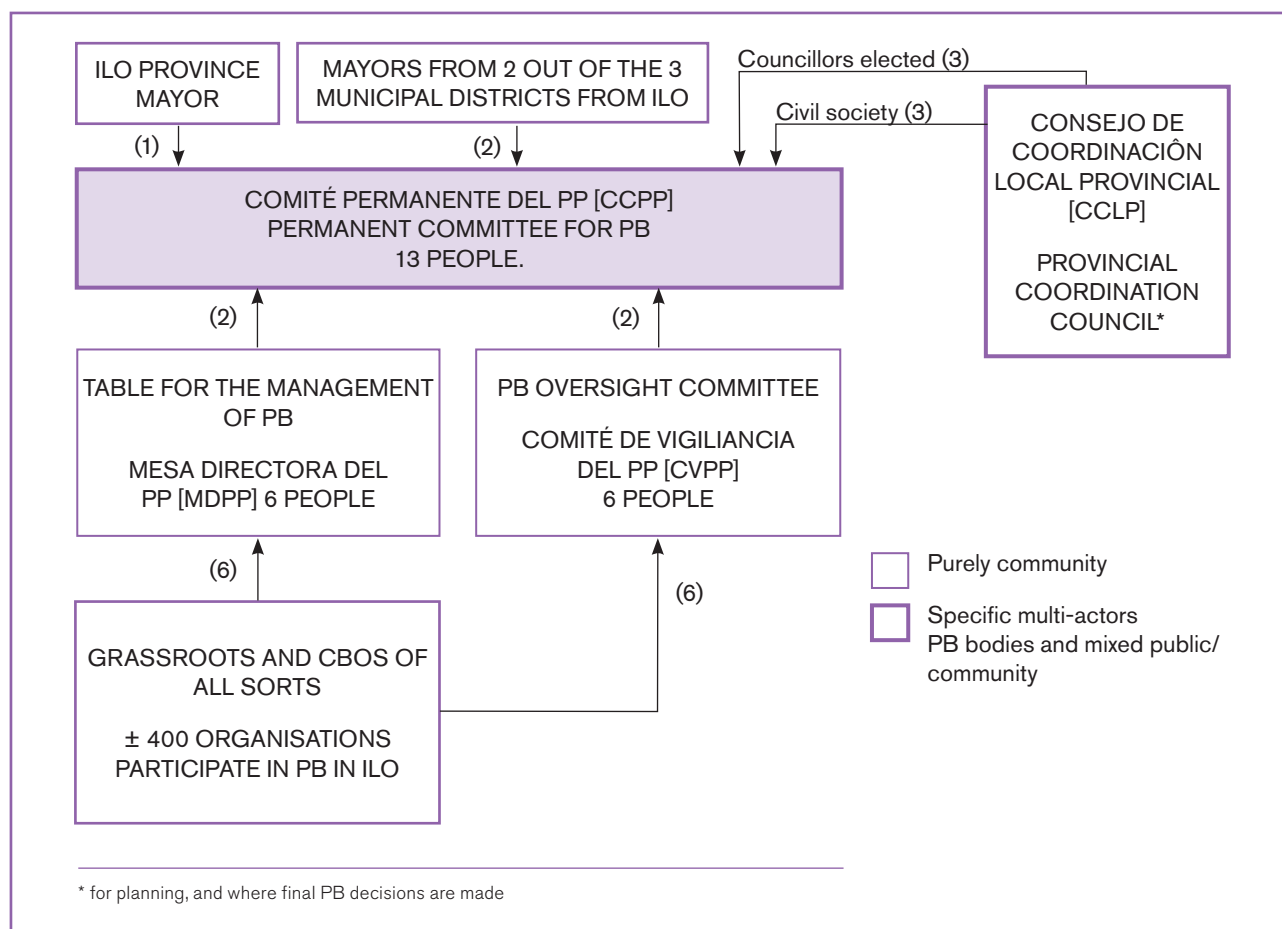
helped to structure and strengthen community bodies and citizens.

In parallel and in addition, various PBs have generated new governance bodies composed of various actors within which the delegates of these newly created community bodies carry a much heavier weight. For instance, the 'multi-actor' Consultative Municipal Forum in Dondo includes representatives from the neighbourhood Development Cells from the urban part of the municipality, as well as representatives from the 51 community units and community councils Development Cells in the rural territories of Dondo municipality.

Ilo is the most complex and interesting case we have in terms of setting up a new form of governance. This simplified chart (Figure 9) shows the two new bodies that were set up, with members representing approximately 400 citizens' organisations and grassroots groups:

- one is the Panel for the Management of the PB, *Mesa Directiva del PP* (MDPP), composed of six people elected by the citizens' organisations;

Figure 9. Simplified governance model for PB in Ilo



- the second is the PB Oversight Committee, *Comité de Vigilancia del PP* (CCVP), again composed of six elected members.

Two other structures, more complex, were set up as well to decide on projects and on the rules that PB was going to follow. Both are perfect illustrations of multi-actor governance structures put into place for PB:

- The Permanent Committee for PB is composed of 13 people, two from MDPP and two from CCVP, the two grassroots committees mentioned above; three are elected mayors, from both the ILO provincial and districts levels; and six are from the Provincial Coordination Council, *Consejo de Coordinación Local Provincial* (CCLP).
- CCLP is a mixed governance body for participatory planning, where final PB decisions are made. Out of this Council, six members are elected to join the Permanent Committee; three from civil society, along with three district or provincial councillors.

In summary, and this is the critical point, the two first bodies are purely community based and they, in turn, send delegates on to a mixed governance structure. It is important to note in this regard that of the 13 members that compose the PB Permanent Committee, seven are community and civil society delegates. It is on this evidence that we concluded that PB has generated in some cities new forms of democratic governance that give people more power to decide on and control public money.

In Belo Horizonte, the Town Council on Housing, is the decision-making body, both establishing the PB for housing and defining its orientation. It is composed of 20 representative from various bodies and groups, including trade unions, companies, legal authorities and executive bodies as well as five representatives of the popular movement linked to housing (c.f. sheet on Belo Horizonte). Just as in the previous examples, several autonomous exclusively citizens' structures were established, especially the *Comforças*, composed of elected delegates from the Regional Fora and the Town Council on Housing as well as the Ethical Commission, an off-shoot of the *Comforças*, whose main role is to check reported irregularities that might occur in the course of the process.

Participatory budgets that aim to have a radical impact on democracy, and carry the idea of 'another city is possible', would appear to be those that, *on one hand* and above all, strengthen citizens' / community powers and autonomy, while *on the other hand* establish bodies such as the Forum or Panel for Dialogue where the various actors involved, such as public authorities, companies, universities or unions, can discuss issues. It is important to bear in mind that these fora, even if they are open to citizens, weaken more than they strengthen the movement in the long term if they fail

to include the parallel objective of strengthening the citizens' movement, supporting their ability to express themselves, and make their voice heard. The risk of co-opting these citizens' delegates is high, and they are often a mere 'token democratic presence' for the existing powers that just want to show that civil society is indeed present. Such a situation is quite frequent in Participatory Budgeting, whose stated logic is to improve governance.

4.1.3 Lessons and benefits

The two types of community body -- the 'The Participatory Budgeting Council' and the multi-actor versions like the 'Actors' Forum' or 'Town Councils' -- are not an either /or proposition, but rather strengthen one another. Among the benefits of these more democratic forms of governance that are established and experimented with during the Participatory Budgeting process, one stands out. It refers to establishing or rebuilding trust and dialogue among citizens on one hand but also and especially between elected representatives and civil servants and a population that no longer has any faith in politicians -- in most cases, quite rightly so -- and who no longer believe in politics.

Limits and an open question

The bodies and institutions mentioned here might appear unnecessarily complex or 'heavy', consuming too much time and energy for making decisions on what are, after all, limited resources, given the existing wealth. If these bodies do not allow for increasingly greater control of public, private, local, national and international resources, they are indeed 'heavy'. The issue at stake is therefore to upscale and make progress in controlling more resources.

4.2 Modernising of local governments

Before exploring the adaptations and changes that occur in PB cities at public management level, it is helpful to scale and compare the various cities in terms of the number of their civil servants and employees relative to the number of inhabitants. Yaoundé 6, Rufisque Est and the 49th Ward seem the most understaffed, with a very low number of employees relative to inhabitants -- one employee for 2,000 inhabitants or more. This is due in part to the fact that they are all districts and that the all level covers various functions. This being said, their capacity to conduct PB processes in terms of human resources is limited and probably explains why in each case they have contracted external institutions to carry out various activities. Coordination of this political level with the municipality as a whole and with the contracted NGOs

is a challenge. These cases in overall terms are not the most common.

Medellin, with its 5,029 employees for a city of close to 2.4 million inhabitants – or 476 inhabitants per employee – is quite a lean administration relative to its responsibilities. This might explain the unique and quite innovative model of coordination and mobilisation of internal resources that was put into place to implement PB, which will be described below.

At the other end of the spectrum, most Brazilian cities enjoy a high ratio of civil servants to inhabitants and the same holds true for both of the medium-size Chilean cities. In the case of Brazil, these extremely high rates relate to the municipalisation of primary education and health. Anyhow, the effect on the budgetary structure is quite direct: it is no surprise that these cities with a high number of employees in relation to number of inhabitants can dedicate a much lower percentage of the total budget to the capital budget. As a result, their low investment budget has a direct impact on the amount of resources they can channel to Participatory Budgeting.

The other consequence is that some of these cities are able to have properly staffed PB teams and services. Their capacity to conduct an integrated approach and to deliver services to the population can be quite high, if they are effective at coordinating the various departments at municipal level.

It is beyond the scope of this research to assess the optimum size of a city staff to manage a city efficiently and also manage Participatory Budgeting. However, data collected during research, both current and previous, could be further processed to contribute to this debate.

This sub-section focuses only on the ways the various cities organise and transform their institutional structure to conduct PB processes and to deliver projects that are selected by citizens. Our main argument here is that PB has been a modernising factor, and a necessary component both in facilitating people's participation and decisions on budget, and even more in delivering basic services projects quite different in nature from the conventional approach. The challenge of delivering projects under people's oversight generated a need to adapt and answer in a short time to citizens' and communities' pressures and lobbying.

Three types of situations can be identified, and will be briefly introduced from the simplest to the more complex.

4.2.1 Anchoring PB in a single directorate

The most widespread situation is one where PB is firmly anchored in one department or entity that ideally liaises with other departments. According to their types they can have different bases:

Table 3. Number of civil servants per inhabitants in selected cities with PB

	CITY	TOTAL	N EMPLOYEES	INH/EMPLOYEE
2	San Antonio	83,435	1,843	45
13	Várzea Paulista	107,089	2,329	46
11	Belo Horizonte	2,375,151	47,731	50
1	Quillota	88,803	1,763	50
10	Guarulhos	1,222,049	23,000	53
12	Canoas	323,827	5,020	65
15	Cascais	206,429	1,700	121
7	Seville	703,021	5,436	129
8	Iztapalapa	1,815,786	12,000	151
3	La Serena	210,299	830	253
14	Dondo	71,573	258	277
4	Ilo	63,780	218	293
20	Ampasy Nahampoana	9,600	29	331
6	Medellin	2,393,011	5,029	476
18	Yaoundé 6	268,971	134	2007
19	Rufisque Est	67,438	30	2248
17	Chicago 49 th Ward	54,991	6	9165

- **A political or administrative anchor:** This is the case for the city of Rosario where PB is located within the General Secretariat of the municipality, which, along with other departments, is in charge of the process of decentralisation. This relatively recent anchoring has fostered better links with strong decentralised units of the municipality. At the same time, the political power and drive of the General Secretary makes it possible to maintain a momentum for the implementation of approved projects through the relevant departments. A similar kind of anchoring close to the political power and the Mayor was put into place in Commune 6 of Yaoundé in Cameroon: a small team of two women and one man are in charge of PB and report directly to the Mayor.
- **A social anchor:** This is typically in community or citizens' participation departments, or in departments or secretariats in charge of social policies. In San Antonio, Chile, for instance, a technical unit within the directorate in charge of health, education and community development implements PB. The PB Unit coordinates with all the concerned directorates within the municipality. The set-up is quite similar to that in La Serena, another Chilean city where PB is implemented within the Citizens' Participation and Community Organisations Unit, under the Community Development Directorate. This unit coordinates actions all through the process with the various concerned public bodies.
- **A planning anchor:** In Ilo, Peru, for instance, the Planning Directorate leads the process and coordinates the mobilisation of participants with the Citizens' Participation Unit. This situation, in which two units work quite closely together, might evolve into modalities that will be described later, where two or more municipal units have similar powers and responsibilities.

Each of these anchoring modalities has comparative advantages and limitations that deserve more in-depth research to assess their respective performance for basic services delivery.

4.2.2 Multiple anchors within a municipal structure

Various typical situations can be differentiated:

- In Porto Alegre, PB enjoys a 'triple anchoring' set-up, and has gained a stronger political and governance profile under the current administration: 'The civil servants that are involved in PB all through the cycle belong to the Secretary for Political Coordination and Local Governance. In April and May, when regional and thematic assemblies take place, civil servants from other departments are mobilised to register

participants and hand over official documents (such as the PB rules, or the results from previous years). The Cabinet for Budgetary Programming (which depends on Finance) along with Local Governance Secretary are responsible for PB.'¹³

- In Canoas, Brazil, during the 'first cycle' of budgetary decisions, the Directorate of Community Relations, under the Secretary of Institutional Relations, coordinates PB. Interestingly, during the 'second cycle' of implementation of PB-voted projects, the coordination is transferred to the Cabinet of Strategic Management under the Secretary for Innovation and Strategy. In both parts of the process, as in various other cities in Brazil and beyond, decentralised units and commissions at district or micro-region level are closely associated.

4.2.3 Comprehensive intra-municipal management set-up

Although they are not the only examples from the sample, three cities, Medellín, Quillota and Belo Horizonte, offer especially good illustrations of comprehensive integrated set-ups, and are probably the most advanced cases we know of, demonstrating an effective delivery capacity:

Technical Liaison Committee (*Comité Técnico de Enlace*). Medellín, Colombia

From an institutional point of view, PB is conducted here through both the Planning Department and the Secretary of Citizens' Participation, a similar pattern to the previous category. The unique feature in Medellín is its Technical Liaison Committee, which is composed of technical staff from each of the departments. In addition, as in various cities, technical back-up to communities is provided through de-concentrated administrative units (*equipos zonales*) from each of municipal dependencies. This set up was institutionalized in 2005 through a municipal decree .

Coordination Committee (*Mesa Coordinadora*). Quillota, Chile

In 2011, before an evaluation of the 2009 PB management process that was essentially conducted through the Directorate for Community Development, DIDECO, a major change was introduced. An inter-directorate Coordination Committee was created, gathering representatives from each of the municipal departments. These representatives each became part of one or more of the following operational teams: (1) Coordination and logistical support; (2) Neighborhoods assemblies; (3) Projects formulation, an essential aspect of PB, helping people transform their

¹³ Porto Alegre PB report, 2012, extracts from question 36.

ideas and wishes into eligible projects; [(4)] Follow-up and control; (5) Mobilisation and outreach.

Mainstreaming of PB within the municipal structure brought an innovative side effect. Civil servants were invited by the coordination and logistical support team to get involved in the meetings for ballot control. As a result, 140 participated voluntarily in 2011 and this figure increased to 200 in 2012, representing 11 per cent of the 1,763 municipal employees.¹⁴ This results confirms the idea expressed in the early 2000s research that successful PB rely on the participation of both citizens and civil servants.

The PB Managerial team and the PB Managerial Group (*Grupo Gerencial do OP*). Belo Horizonte, Brazil

The PB managerial team in Belo Horizonte comes under the Planning and Managerial Sub-Secretariat and is linked to the nine decentralised District Units where technical and administrative teams conduct the PB process. A body similar to those in the previous cases was introduced, the PB Managerial Group. However, its responsibilities are more extensive than in the previous cases, both executive and political. It draws representatives from all the bodies in charge of formulating, implementing and following up on PB, and meets monthly to discuss and take decisions.

4.2.4 Partial conclusions on modernisation

One of the marked evolutions of PB, based on comparison of current activities with those in cities that participated in the early 2000s research, is the development of intra-al mechanisms and the mainstreaming of PB through the al administrative structure with a fair level of institutionalisation and al reforms. These modernising changes tend to increase the efficiency of the al government and explain in part the delivery capacity of cities, even with limited financial or human resources.

A second marked evolution, reflecting the level of decentralisation and de-concentration of al services in cities, are the multiple ways through which al and lower administrative levels work together in order to get closer to citizens, mobilise them, and implement PB projects at neighbourhood level.

A third partial conclusion is that research on the modernisation of administrative structures through PB processes is needed more than ever. Crucial lessons could be learned on where and how hook a PB Unit into a city. Even if administrative set-ups vary through time, and Porto Alegre or Rosario are good examples of this, these changes bear some trade-offs that

strategic thinking could avoid, which could be fed with research results.

4.3 Changing power relations between local governments and citizens

The various bodies described in the first part of this section clearly demonstrate that PB processes, in addition to delivering basic services, have been conducive to democratic governance and the institutionalisation of positive changes. In order to get more qualitative and diversified answers, the following question was asked of the 12 selected PB specialists: *Do you think that PB has modified in a significant way the relations between local governments and citizens, whether organised or not organised? In what ways?*

Slow changes

Changes are not immediate. Nelson Dias, for example, describes the situation in Maputo, Mozambique, where PB was re-launched a couple of years ago after a failed attempt: *'We need to wait a little more. Many of the PB works voted were not implemented and people feel they were cheated, and critiques are harsh. A bad PB might take you backward.'* This statement points to how the trust that is at the heart of relations between local governments and citizens can be eroded or wiped out, simply because commitments are not met, or are not explained to the population.

Profound changes: PB gives people a voice and power

Most of those interviewed state without any doubt that PB brings profound changes, empowering citizens and allowing them to have their voices heard. According to Zhuang Ming, *'Before, villagers were not the masters of their choices. Now they can have their own options. What is happening in Chengdu is unique, in terms of scale, budget and formal capacity of people to decide. I have not heard anything of that kind in China.'*

With regard to African cities, Bachir Kanouté notes that *'Citizens have a voice. In some cities. "tribunes" [tribunes d'expression populaire] for people's expression have been put into place where a mayor can be publicly challenged. In villages or cities where mayors are elected through usage [traditional] rules, he can even be sacked. It is a powerful expression of citizenship.'* He offers a clear example from Madagascar: *'In 2010, a road was going to be re-built and the commune had earmarked a resource, that eventually was never*

¹⁴ Quillota PB profile, 2012, extracts from question 36.

transferred by the central government.¹⁵ A woman was walking on this same road, and suddenly broke her shoe. She went up to the local government's office and said: "You promised to re-do the road. It is therefore up to you to pay for my broken shoe." A clear expression of citizen claim!

'Indeed,' says J.D. Nguebou from Yaoundé 6, 'PB modifies relations. First, budgetary decisions depend upon citizens' decisions. It has an influence on budget. Another major change is that people's voice got meaningful, and elected politicians listen more to citizens ... A new "social contract" [contrat social in philosopher Rousseau's sense in French] emerges between the managers and the managed. The Mayor leaves his office and his political will is to establish a dialogue with and listen to simple citizens. This is something new.' His opinion is interesting if one considers that democracy is not only about vote, but also about voice. And rehabilitating the 'voice' dimension of democracy is probably one of the major benefits identified so far in many PBs.

'PB entirely changed relationships,' explains Sergio Amaral, the deeply committed grassroots leader in Porto Alegre since the first days of PB. 'Any political party in power after the Workers' Party [who lost the election in 2004 and never came back to power] does not take the risk to eliminate PB. Each one of them look for improving it. They know they cannot modify PB. They know they cannot invest resources without consulting people. In practice there is not much change; however, parties and government have respect for us.'

These changes in relationships do occur but are limited in breadth and depth. They occur only between some of the actors, but cannot be generalised. As Giovanni Allegretti explains, changes in relations 'occur primarily between local governments and non-organised citizens, and much less with organised ones. For instance in Spain, some organisations have been boycotting PB processes or did not commit to them. It reflects the fact that PB emerged at a time when individualism was a value.'

According to Juan Salinas of Chilean Association of Municipalities, 'PB has modified existing relations ... However, I doubt it is profound [significativo]. Channels of communication became more fluid, exchanges of information are much better, but there are no changes in power relationships.'

Two women working inside local governments in Europe and in Brazil bring an insider view on the role of civil servants in modifying existing relations with civil society. According to Paula Cabral from Cascais Municipality in Portugal, 'people's existing perception

is that a civil servant does very little. PB sheds light upon the work carried out by professionals involved. Citizens who participate in the process realise the workload of municipal agents. They realise in practice their difficulties, acknowledge more their contribution and this tends to reduce criticism against the local government.'

Katia Lima, Coordinator of the Brazilian Network of PB Cities, notes that 'PB is a powerful tool for changing relations, but, interestingly, as well to 'prevent PB to become a clientelist tool for politicians,' a criticism often heard. 'We, as civil servants and professionals [técnicos], need to be prepared to preserve the relationship. It is a delicate issue because the pressure upon us comes from the government itself.'

Resistance to change

These changes do not take place without their complications, and resistance is often found along the road, as indicated in various interviews: 'It has been well received by people and villagers, but not necessarily by village chiefs and authorities,' notes M. Zhuang in China. J. Hall in the United Kingdom, while noting the positive changes brought by PB, also describes some resistance: 'One problem ... is that senior development officers are resistant to sharing power, and lots of work needs to be done'.

Partial conclusions on changing power relations

The interviews tend to suggest that in some places, primarily in China and some African cities, PB is opening up the possibility for people to express themselves, be heard and be respected, independent of the decisions made on usually very small portions of budgetary resources. Changes are slow and can go backward or forward depending on the process on the ground; confidence and trust can be gained, but can also be lost if commitments are not fulfilled. In the long run, even if power relations are not significantly changed, common citizens have received more respect from authorities, and civil servants have gained greater recognition from citizens, who realise the level of commitment and work from those involved in PB processes.

The lack of significant changes in power relations is a function of the objectives of the PB put into place. Very few PBs aim at the radical democratisation of democracy and the dominant underlying logic is simply to improve governance and the delivery of services without changing existing power relations.¹⁶

¹⁵ This example clearly illustrates the difference between planned budgets and 'actual' budgets. Many PB-approved projects fall through the cracks when planned budgets are not fully met.

¹⁶ See Cabannes, Y and Lipietz, B. The democratic contribution of Participatory Budgeting, London School of Economics, 2014.

4.4 Transparency and accountability

Participatory Budgeting is conducive to more transparency and accountability -- results from the current fieldwork clearly confirm the findings in this regard obtained in the early 2000s. Changes in these areas are taking place at various levels, each of them essential for good governance:

- From the mayor and his or her administration towards organised and non-organised citizens.
- From the mayor and the department in charge towards other departments and services within the administrative machinery. It contributes to the modernisation of the local government.
- From the PB community delegates, councillors or volunteers towards those who participate in assemblies in the first instance, but to citizens in general as well. This aspect of accountability, from citizen to citizen, is much more prevalent than in the early 2000s and tends to suggest a deepening of the process within the community realm, community units and community councils. This transparency between citizens is an outcome, at least in part, of the fact that local governments tend to delegate communication (or the transfer of information) to the community representatives. This sometimes reflects insufficient capacity on the part of local government to handle this function, and sometimes a more general lack of transparency.
- Accountability and transparency within PB processes is a cross-sectional issue that contributes to the three areas of democratic governance identified at the beginning of this section: (i) within the community, as to empower more citizens and strengthen civic organisations; (ii) inside the local government; and (iii) between civic organisations and local governments.

There are three key moments during the whole PB process where transparency and accountability can be assessed:

- First, in mobilising and informing the population at the beginning of the process, letting them know when the first assemblies are taking place and each of the meetings rounds or forums. Box 1 provides an illustration from Quillota in Chile of the variety of tools and methods put in place in some cities to truly shift from a participatory process with a chosen few to a real city-wide process.
- Second, informing citizens about the final decisions that result from the PB process. This key moment includes informing citizens of the value of the projects, when they will start and end, and exactly where they will be implemented. In effect, it is only if this

information is made public that people can control the implementation phase.

- Third, when the projects are over and functioning, and this is particularly important for basic services projects. Disclosing the value of the works, the various monetary and non-monetary contributions and the maintenance costs helps people to be confident, and will improve the relations between citizens and the local government. Good PB, such as the processes taking place in the cities analysed, give more and more attention to this phase.

The breadth and depth of concrete actions taken by some cities to mobilise and inform their citizens is well exemplified by the range of communication tools used by Quillota local government in Chile: During the PB process in this municipality, a number of different working commissions are formed. One of these is the Dissemination and Outreach Commission whose task it is to design the strategy to disseminate information on the PB initiative to the community. With each year of experience, the strategy has been refined and more media have been employed:

- In addition to billboards at strategic places within the city, informational three-sided displays and canvas signs at voting centres in local neighbourhoods (so that residents know where they can vote), they have also used promotional posters, informative community boards and flyers (distributed to the community in the field).
- Radio announcements have been placed on the most popular local stations. The Mayor and the DIDECO Director (Directorate for Community Development) have reported there on the progress being made, and have invited the community to participate in the PB process. Community leaders who are proposing projects can also promote their projects on the radio.
- Informative inserts and advertising have been placed in the local newspaper *El Observador*.
- Megaphone announcements throughout the town have broadcast information about the voting times and centres.
- Newspaper articles have reported on the process on the municipal website (www.quillota.cl).
- Informational banners have been placed on the municipal website (www.quillota.cl).

Community members also participate in Quillota in efforts to inform and encourage their neighbours to participate in the process. There are promotional parades, door-to-door home visits, informational meetings at community centres, and posters with information about the projects being proposed for the different sectors. Most of the time, these efforts are accompanied by printed materials (posters and flyers)

produced by the municipal government, and made available to the community through the Community Participation Area of DIDECO (Community Support).

During Quillota's 2012 process, a most commonly used strategy to encourage participation and inform the community about the different stages of the PB was the Mayor's Facebook and Twitter accounts. Another strategy which had a significant impact were the reports produced by the municipal communications team and broadcast on the *Mi Ciudad* segment of the 24-hour news programme of the Valparaíso Network on state television channel TVN.¹⁷

A major difference in the first and second waves of PB has been the expansion of the use of technology information and communication – TIC – throughout the process, for all the three moments we referred to. Innovations in this field have been massive and are taking place not only in the global North, for instance in Cascais, Portugal, or Chicago, but in cities in Africa and Latin America. Examining this issue and critically reflecting upon it from a political and operational viewpoint would deserve its own targeted research and another working paper.

¹⁷ Local team report, Quillota Municipality, 2012.

5

Challenges for scaling up

One of the conclusions of the research is that PB has contributed significantly to improving basic service delivery management in cities. At the same time it has developed innovations in ways to deliver these services, with higher awareness of spatial and social justice, the democratisation of governance and the modernisation of local governments. However, what PB provides can be and should be up-scaled in order to meet citizens' and low-income neighbourhoods' needs and aspirations for better living conditions. The issue of scaling up is however a tricky one as some PB cities are either quite new to the process or at a very low level of financial engagement, while others have massively invested and have consolidated PB for decades. Scaling up means something quite different in each case. What are the relevant challenges? The 12 specialists answered this question and gave their responses to the multiple hurdle still to be cleared.

5.1 More financial decentralisation and resources at local level

For African cities, Bachir Kanouté stresses that the major challenge is a financial one. Decentralisation, he points out, does not yet extend to financial resources – a reality that raises the issues of how to mobilise local resources. Some early PB experiences, such as that in Fissel in Senegal, triggered improved payment of the rural tax (*taxe rurale*) and demonstrate, as discussed in Section 3, that PB and fiscal revenues are issues that can be linked. Kanouté's opinion is shared by J.D. Nguebou for African cities: '*Channelling of resources*

is planned in the context of decentralisation. However, there is still much resistance from professionals, and resources do not appear as planned and anticipated in a regular way, at an expected rhythm.'

But the limited financial capacities of local governments is not limited to African cities, and it is mentioned by Zhuang Ming as the primary challenge for upscaling and spreading PB in China, in and beyond Chengdu: '*Local government should have sufficient capacity.*' This means not only getting a higher share of central government resources but at the same time having the capacity to raise local taxes and fees. This opinion is shared by Egon Montecinos for Chile, who speaks of the need to '*increase transfers to local governments in order to drive the investments better.*'

5.2 Linking better planning and Participatory Budgeting

Findings ways and means to create, strengthen or sometimes change existing practices is the most frequently cited challenge in the interviews. For J.D. Nguebou (Cameroon), one of the key challenges is to improve the links '*between PB and the various instruments of planning and management of basis services. This should take place both politically and technically.*' These links are ruled through the Local Planning Guide (*Guide de la Planification Locale*) and Nguebou notes that despite the fact that he and several of his PB colleagues participated in the formulation of this guide, '*very little of our proposals were taken into account. Citizens should be taken into account. That is why it is a challenge.*'

Katia Lima, from the Brazilian Network for PB and Guarulhos municipality, insists that the link should be strengthened specifically with physical planning: *'We need to deepen the debate on physical planning. It is a pity that PB serves just for "putting out fires" [apagar incêndios]. We have created a traffic jam problem on one of the main urban highways (called DUTRA) because of heavy public investments from PB. At the same time, because of the limitations in the existing plan, we are unable to expropriate more land in order to solve this traffic jam problem. The master plan needs to be discussed first. It is crucial that the master plan be discussed with communities. We need to link the debates on planning with those taking place within PB, especially at the level of the wards.'*

It is clear from what both Lima and Nguebou say that a challenge, beyond better links between PB and planning, is that PB participants and the community at large should have a better say on local planning processes. Existing plans need to be renewed and updated, taking into account the projects that resulted from PB and people's expectations that grew out of their new vision of the city.

Juan Salinas takes the debate further, observing that one of the main challenges to upscaling PB is establishing a dialogue and integration process not only with urban sectorial and physical planning, but with the institutional framework: *'A key challenge is to integrate the various levels of planning as a system. This is what PB is raising. Generally, because of the lack of integration, there is a tendency to duplicate efforts.'* Giovanni Allegretti reinforces this idea of better links with planning, insisting on the need to better relate PB with financial planning as well: *'You need to relate physical planning better with other forms of planning, with pluri-annual financial planning and with participation.'*

5.3 Increasing people's autonomy and empowerment

Although the research makes it clear that PB is conducive to people's empowerment, it remains a challenge for various specialists, and more autonomy, advocacy capacity and training are needed. Speaking about PB in Chile and Latin America, Egon Montecinos comments: *'If you want to upscale and sustain the process, what is lacking is citizens' autonomy. We should stop focusing only on empowering civil servants involved in PB and empower and increase the capacities of civil society. It is a mistake to keep training politicians. The learning should be set up to happen within civil society. Delegates should be trained in*

priorities. At the same time, the social fabric should be strengthened, starting with those that are organised.'

For S. Amaral from the grassroots organisation Soliedaridade in Porto Alegre, autonomy is the challenge: *'Without autonomy we have no chance to discuss and struggle against clientelism [political co-optation]. The Workers Party brings a political dimension and a risk of instrumentalisation that we reject but that the communities allow because of our lack of autonomy.'* This autonomy is not only political and organisational but is physical as well, and refers to a place where many people can simply meet and debate: *'We depend upon the government spaces. We have only very precarious spaces, and this after 20 years of PB.'*

This need for a higher level of empowerment and capacities is echoed by J. Hall, speaking primarily of PB processes in the UK, who finds one of the main challenges to be budget advocacy and budget literacy and linking them with human rights.

5.4 Changes of awareness and attitude on the part of local governments

Another converging challenge expressed by those interviewed from Europe, Brazil and Africa refers to changes in awareness or perspective. Interestingly, these opinions come from grassroots representatives, NGOs and local government as well. J.D. Nguebou notes that *'Local governments earmark resources for PB. However, they are not always well managed. This provides an opening for opponents. Politicians might stamp projects from these resources as PB, but they are not the fruit of a PB process.'* From inside a local government, Paula Cabral and Nuno Piteira underline the fact that *'sensitivity is lacking' ... Politicians have not perceived yet the potential that exists within PB.'* Since the changes in Porto Alegre, a shift from a workers' party government to a wide coalition government, S. Amaral notes that *'civil servants do not speak the same language. We lost the homogeneity that existed with the Workers Party.'*

5.5 Political changes and support

Scaling up PB is about political changes and support, as Zhuang Ming mentions in the context of Chengdu and China: *'Leaders from the Communist Party should express and give their support, and this should come from a high level, such as the Secretary for the city or the province. There is a lot of bargaining about budget*

at local level. The highest authorities have to be tough and determined to ensure implementation at the lowest levels. Now, in order to shift from village to township level [and de facto to urban areas] there are obstacle at constitutional and legal levels. Villages are autonomous and enjoy this autonomy.' In the UK, a similar challenge, according to Jez Hall, is to 'avoid the existing blocking from the administrative machinery. How do you decide? And this refers to governance.' These political changes refer as well to decentralisation processes, especially for Africa, as Bachir Kanouté notes: 'A challenge is to improve the administrative, political and financial decentralisation framework.'

5.6 Change in scale and scope

Even if this research suggests that quite significant changes were achieved in basic services delivery through PB processes, according to Giovanni Allegretti a change of scale and perspective is still much needed: 'We need a leap forward and we need a debate at a another level, at a another scale.' Along similar lines, Nelson Dias comments that 'It is time to think not only in terms of public resources distribution, but to respond to food, jobs or quality of life.' In a context of the deep crisis that hit Portugal and most European countries, PB does not seem a sufficient tool: 'The problem is not limited to redistribution of resources. Job creation has to be solved.'

This change of scale and scope is repeatedly referred to. PB so far has essentially been circumscribed within the local government sphere while resources and power are concentrated at regional, national and international level. One respondent noted that 'PB should discuss the national budget.'

5.7 Maintenance

One of the findings of this research is that PB significantly lowers maintenance costs for basic services projects in particular. However, this does not mean that it does not remain a challenge in the context of scaling up. Here are two converging opinions from Brazil and Africa. 'We are suffering an increase of population and we do not realise the maintenance issues that this brings,' says Katia Lima. 'Fixed costs increase. People want public works. They do not discuss maintenance.' Nelson Dias agrees: 'There is a big mistake, as maintenance costs are not taken into account, for instance in Maputo, Mozambique. The solution is linked to the project management model you choose. Municipalities need to raise awareness and increase capacity among the population, for instance for cleaning and maintaining open rainwater drainage systems.'

5.8 Final quotes

These quotes from world specialists on PB are, from our perspective, an integral part of any discussion of scaling up PB beyond its current development.

On the one hand, 25 years after its creation, PB still encapsulates **ideals for change**, especially in regions where it has been more recently introduced. This is the case for China and Africa. Ming Zhuang says 'the PB programme is the beginning of the future of local democracy in China, it might be the beginning of **social development, after 30 years of rapid economic development.**' For Bachir Kanouté, the next step should be 'to support the mainstreaming (*généralisation*) of PB in the continent.' J.D. Dumas considers from his side that **"PB is the hope of Africa**, and this holds true if you consider the struggle for democratisation, the mobilisation for economic, social and cultural rights, and therefore finally the improvement of living conditions. I say that it is the hope, because we have at one and the same time a concept and a tool that leads us to collectively redefine our relationships within a political community and our respective roles within this community. It is a tool for social responsibility to give a new foundation to citizenship".

Reflecting back on the limits of PB's capacity to deliver basic services at scale, Juan Salinas insists that it should be envisioned from a people's perspective: 'You need to see PB with people's eyes. The critiques saying they are small, with no impact, reflects a conventional view of them. They do solve people's pressing problems.' Sergio Amaral goes one step further in stating that PB changes people's lives, it does not only improve them: 'Our organisation [called Solidariedade, meaning Solidarity] is a PB daughter. It is PB that changed our relationship to the world ... The citizens that participate develop a new relationship with the government, with the State and with political parties. Citizens are motivated to participate and as a result the citizenry becomes the best asset for a given city. PB generates a mechanism that serves the city, while citizens work with the government.'

A similar statement comes from Paula Cabral in Portugal: 'PB projects contribute to generate a collective conscience, and these changes make the projects more sustainable. People do not say any more, "This project is mine!" PB generates a sense of responsibility beyond the neighbourhood limits.'

The profound changes in people's minds that PB generates and its capacity to capture citizens' ideals for a better life are powerful messages of hope in any effort to scale up and disseminate current experiences at a massive scale.

6

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Annex 1. Research teams and authors in each of the 20 cities

1. Quillota, Chile

Waleska Castillo López (PB Coordinator), Sol Beltrán Navarro and Sebastián Palma Ojeda, Municipalidad de Quillota

2. San Antonio, Chile

Claudia Roblero Acuña and Dania Contreras Jiménez, Municipalidad San Antonio.

3. La Serena, Chile

Hugo González Franetovic and Millaray Carrasco Reyes, Municipalidad La Serena

4. Municipalidad Provincial de Ilo, Peru

Lic. Mario Villavicencio Ramirez (Coordination Of Study), Eco. Roxana Jauregui Bruna, Cpcc Maribel Velasquez Ramos, Bach. Ing. Gonzalo Cardenas Cruz, Bach. Ing. Gonzalo Yañez Portales, Abog. Flavio Ñaca Flores, Ing. Gaudalupe Villanueva, Ing. Erick Gongora, Municipalidad Provincial Ilo.

5. Rosario, Argentina

Pablo Torricella, Patricia Tobin, Intendencia de Rosario

6. Medellin, Colombia

Katherine Velásquez Silva (PB Coordinator), Erica Avendaño, Municipio de Medellin

7. Seville, Spain

Vicente Barragán Robles, José Manuel Sanz Alcántara, Rafael Romenro Hernández and Virginia Gutierrez Barbarusa, Universidad Pablo Olavide.

8. Delegacion Iztapalapa, Distrito Federal, Mexico

Alejandro Luevano (PB coordinator in 2010)

9. Porto Alegre, Brazil

César Busatto (Coord), Cidriana Teresa Parenza, Jorge André Burger Carrion, Luciane Gottfried Adami, Rodrigo Rodrigues Rangel, Rogério Santos de Oliveira, Valéria Dozolina Sartori Bassani, ObservaPOA, Prefeitura Municipal de Porto Alegre.

Paulo Silva, Ronaldo Endler, Indaiá Dillemburg, Daniely Votto, Rodrigo Corradi, Secretaria de relações Políticas e Governança.

10. Guarulhos, Brazil

Kátia Cacilda Pereira Lima, Prefeitura Municipal de Guarulhos

11. Belo Horizonte, Brazil

Claudinéia Ferreira Jacinto, Prefeitura Municipal de Belo Horizonte

12. Canoas, Brazil

Celio Paulo Piovesan and Pollyana Perinazzo, Prefeitura Municipal de Canoas

13. Várzea Paulista, Brazil

Maria Alice Cotrim, Prefeitura Municipal de Várzea Paulista

14. Dondo, Mozambique

Anselmo Martins Figueira, Município da Cidade do Dondo

15. Cascais, Portugal.

Equipe Agenda Cascais XXI, and Pedro Marinho (comp), Município de Cascais

16. Chengdu, Sichuan, China

Ming Zhuang. With support from Li Liu, Director of Social Development at Chengdu Rural and Urban Balanced Development Committee, Chengdu Municipality.

17. Chicago, 49th Ward, United States of America

Cecilia Salinas, PB Coordinator, 49th Ward.

18. Commune d'Arrondissement de Yaoundé 6

Achille Noupeou, Bertrand Talla Takam, Daniel Nonze, Jules Dumas Nguebou, Achille Atanga, Adjessa Melingui (Mayor), Ndongo née Messi Yvonne.

19. Commune d'Arrondissement de Rufisque Est

Babacar Dieng, with the support and collaboration of Bachir Kanouté, Enda Tiers Monde.

20. Ampasy Nahampoana, Madagascar.

Andriamahasoro Rondromalala with the support of the *Projet de Gouvernance et le Développement Institutionnel* (<http://www.pgdi2.gov.mg>) financed by the World Bank Group and the Local Development Fund.

Annex 2. Basic services or infrastructure networks to consider as priorities

Gold categories

- Water supply (including water abstraction and treatment; also public provision for those without water piped into their homes, e.g. standpipes, kiosks)
- Sanitation (including connection to sewers and other sanitation services such as emptying of pit latrines or septic tanks; also public toilets)
- Storm and surface water drainage
- Solid waste collection, treatment and disposal
- Public transport and mobility
- Roads and ways
- Electricity and energy (when this is a local responsibility)

Additional categories considered for PB study

- Basic services and infrastructure for local economic development
- Small neighbourhood equipment
- Other basic infrastructure considered relevant in specific cities

Annex 3. Guidelines for documenting experiences. Quantitative Data.

Contribution of PB to the delivery of basic services

Question 1. Number of projects approved for basic services (following the categories in Annex 1).

(At least for 2012, 2011, 2010 or the most recent 3 years of PB implementation. Ideally for each of the years PB was implemented)

Question 2. Value of projects approved for basic services (following the categories in Annex 1).

(At least for 2012, 2011, 2010 or the most recent 3 years of PB implementation. Ideally for each of the years PB was implemented)

Question 3. Percentage of approved basic services projects (in number) in relation to total of projects approved

At least 2012, 2011, 2010 or the most recent 3 years of PB implementation. Ideally for each of the years PB was implemented

Question 4. Percentage in value of approved basic services projects in relation to the total value of PB.

At least 2012, 2011, 2010 or the most recent 3 years of implementation of PB. Ideally for each of the years PB was implemented

Question 5. Relation (in %) of projects actually implemented in relation to projects that were approved through PB decision. To be done only for basic services projects

Annex 4. Guidelines for interviews

1. Do you think that PB has improved the supply of basic services in cities that you know?
No Yes In which cities?
2. What sort of improvements? Could you provide a couple of evidence?
3. Rank from 1 to 3 the three main contributions of PB to basic services in the cities you know [1 being highest]

Water supply (including water abstraction and treatment; also public provision for those without water piped into their homes e.g. standpipes, kiosks)
Sanitation (including connection to sewers and other sanitation services such emptying of pit latrines or septic tanks; also public toilets)
Storm and surface water drainage
Solid waste collection, treatment and disposal
Public transport and mobility, including bicycles, bikes ways..
Roads and ways
Electricity and energy (when this is a local responsibility)
Basic services and infrastructure for local economic development
Small neighbourhood equipment and facilities: playgrounds, sports facilities, community centres, squares etc.
Other basic infrastructure considered relevant and eligible as PB projects in your cities [open new categories]

4. Could you highlight concrete and paradigmatic projects funded through PB and tell me why and what makes them singular?
5. Do you think that benefits and outcomes brought by PB are marginal in relation to the needs in cities you know?
Yes No
6. Could you expand and tell why they are either significant or insignificant?
7. Do you think that PB modified significantly the relations between local governments and the citizens, organised or not [insist here, exclusively in relation to PB and basic services]. If yes, explain what sort of modifications took place.
8. Do you think that works funded through PB are better managed than any other? Why?
9. We hear sometimes that basic services funded through PB bring serious problems to local governments: additional financial burden resulting from higher number of employees, management and maintenance costs, etc. What is your opinion? How this challenge should be addressed?
10. Which are the key challenges to be addressed if we want to scale up the role of PBs for the supply and the management of basic services?
11. Any key message, or key lesson for the readers of GOLD report?
12. Any other additional comments, or any reference?

Annex 5. Guidelines for documenting participatory budgeting cases (urban format)

I. Basic data on municipality

1. Municipality name Region or Province
2. Mayor's name and contact details (email)
3. Contact of person in charge of Participatory Budgeting – Address, phone, email
4. Total population (year, source)

Men	Women
-----	-------
5. Urban Population Rural population
6. Prime nations and migrant population (in % of total population)
7. Main productive activities
8. Number of city councillors
9. Number of municipality employees
10. List down key local authority responsibilities (health, education, urban infra-structures, etc)
11. Political system to elect (or nominate) city councillors and mayor
12. Starting and ending dates of current political mandate

II. Local finance and Municipal Budgeting

13. Overall Municipal Budget – local currency:

2011 (estimated, achieved, executed)	
2012 (estimated, achieved, executed)	
2013 (estimated)	
14. Value of collected taxes at municipal level (in local currency):

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	
15. Resources and transfers from central government (amount):

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	

16. Resources and transfers from other government tiers district, province, etc – (amount):

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	
17. Income from loans and credit (amount):

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	
18. Municipal debt as per 31 December (amount):

2011 (actual)	
2012 (actual)	
2013 (estimated)	
19. % of Municipal Budgeting for personnel and staff:

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	
20. % of Municipal Budgeting for investments (capital budget)

2011 (estimated, and actual)	
2012 (estimated, and actual)	
2013 (estimated)	
21. % of Municipal Budgeting spent for maintenance:

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	
22. Service to debt (reimbursement of loans and interests) – amount

2011 (estimated and actual)	
2012 (estimated and actual)	
2013 (estimated)	

III – ParticipatORY budgeting

- When did PB started?

(i) Financial Dimension of PB

23. What was the amount of municipal budget discussed as PB? (local currency)

2011	
2012	
2013 (estimated)	

24. What is the origin of resources made available for PB (national resources, specific projects, own resources, subsidies, donations, etc)
25. What has been the impact of PB on tax collection?
26. % of citizen's PB requests that were turned into actual services and public works?
27. Are there any criteria for PB resources allocation (by region, by topic, or by agents, for example?)

(ii) Participatory Dimension

Community participation and representation

28. How many people participate? (absolute numbers)
29. Is there any PB Council (or similar system)?
30. Which is the final instance that decides upon the participatory budget?
31. Who are the members of the PB Council – or similar instance?
32. How PB delegates and councillors (women and men) are elected? Who can be elected, number of delegates by participants, etc)
33. How are gender, ethnic and age issues addressed?

Community participation and social watch. Oversight of project implementation

34. Are there any specific citizens instance (commission, informal groups, etc) for budgetary oversight and follow-up of PB approved projects? Who carries out this control?
35. Are actual figure on budget implementation made public? Through which channel (s)?

Municipal public participation. Local Authority commitment

36. What is the role of the municipal administration throughout PB process (staff commitment and role; operational links with departments in charge of participation, engagement in specific actions such as 'priority caravans')?
37. What are the relationships with the legislative branch throughout PB process?
38. Are the demands made during PB process scrutinised? Is there any technical assessment? How is it carried out? By whom?
39. Which activities are performed to inform and mobilise citizens?
40. How are PB results disseminated once being approved?

(iii) Legal Framework Dimension and Institutionalisation of PB Process

41. N.A.
42. Is there any formal or informal instrument for implementation of Participatory Budgeting (by-laws, decrees, locally established set of rules)?
43. What is the relationship between Participatory Budgeting and other official documents or urban planning regulations, such as strategic plan, urban development plan or master plan?
44. Are there any other participatory instruments in the city, such as: multi stakeholders' round tables, thematic councils, parish, or neighbourhood assemblies? How is PB related with these participatory instruments?
45. Is PB a consultative process or a deliberative one where people have the power to decide?

(iv) Spatial Dimension

46. Are there any boroughs, sub-districts, sub-municipalities, or regions, parishes or other forms of decentralisation? When were they put into place? How many are there?
47. In how many regions or districts is PB organised?
48. Which are the criteria, if any at all, for breaking out budgetary resources among the various alities, districts, regions, areas or parishes?
49. Has there been any change in budgetary allocation (by regions, districts, etc) as a result of PB?
50. What are the amounts received by each districts, regions, areas, parishes, etc (2011, 2012, estimated for 2013)?

IV. Innovative features

51. Describe the main innovative features of your PB experience (which turns it into a unique experience)

IV. Any other relevant aspect

Author:

Date:

Position:

Annex 6. Rates of exchanges to euro and American dollar of all currencies used in the study*

COUNTRY	CURRENCY		1 JAN/31 DEC 2010		1 JAN/31 DEC 2011		1 JAN/31 DEC 2012	
			2010		2011		2012	
			Dollar	Euro	Dollar	Euro	Dollar	Euro
Argentina	Peso	ARS	0.2551	0.1925	0.2421	0.1739	0.2203	0.1714
Brazil	Real	BRL	0.5663	0.4272	0.5987	0.4297	0.5141	0.3996
Chile	Peso	CLP	0.0019	0.0015	0.0021	0.0015	0.0021	0.0016
China	Yuan Renmimbi	CNY	0.1475	0.1113	0.1545	0.1111	0.1584	0.1233
Colombia	Peso	COP	0.0005	0.0004	0.0005	0.0004	0.0006	0.0004
UEA	Dolar	USD	1	0.7551	1	0.7178	1.0000	0.7782
Madagascar	Ariary	MGA	0.0005	0.0004	0.0005	0.0003	0.0005	0.0004
Mexico	Peso	MXN	0.0791	0.0597	0.0807	0.0579	0.076	0.0591
Moçambique	Novo Metical	MZN	0.0305	0.0230	0.0346	0.0249	0.0356	0.0277
Peru	Nuevo Sol	PEN	0.3489	0.2633	0.3590	0.2580	0.3793	0.2952
Portugal / Spain	Euro	EUR	1.3275	1	1.3924	1	1.2859	1
Senegal / Cameroon	CFA	XOF	0.0020	0.0015	0.0021	0.0015	0.002	0.0015

Source: Cabannes, Y and Delgado C, 2013

Notes

Application used: <http://www.oanda.com/currency/converter/>

* Computing based on the average daily values over the whole year

Annex 7. Photographs of basic services funded through PB

1. Water supply



© Ilo Municipality. Building of water supply networks.



© Medellin, Colombia. Good example of water supply for the rural areas (corregimientos) funded through PB. 2012.



© Dondo, Mozambique. Various water supply facilities were installed as a result of PB process over the years.



© PB Project. Chicago 49th ward.
Outdoor shower at Loyola Park



© Cabannes. Nkolo Neighbourhood, Yaoundé Commune 4, 2010. This PB approved project brought the first water tap serving a community of 50 000 inhabitants.

2. Water and sanitation



© Ilo Municipality, Peru. Building of water sanitation network.



© Mairie de Rufisque Est. Covering of open sanitation water channels was voted through and built in 2010. These covered channels generated new public spaces, used by the youth and teenagers.



© Porto Alegre. Water treatment Plant voted as part of PB process (information PB Municipality). This picture clearly indicates when compared with other cities the span of different solutions that fall under "water sanitation" when one considers PB.

3. Storms and rain water drainage



© La Serena Municipality, Chile.



© Medellín Municipality.
Storm and rainwater drainage
project funded through PB.
Comuna 13, Eduardo Santos
neighbourhood. 2012



© Dondo, Mozambique. Various
kilometres of drainage channel were
voted and built through PB process in
the central neighbourhood (this picture)
and in peripheral ones.

4. Solid waste collection, treatment and disposal



© Guarulhos, Brazil. Building materials recycling unit.



© Porto Alegre Municipality. SMAM and DMLU.
Revitalization of solid waste dumps and tree planting
(Restinga Neighbourhood).

5. Public transport and mobility



Seville, Spain. One of the key projects funded through PB over various years has been a bike lane at citywide level (over 160 kms) with quite an innovative design. Value: over 2 million euros.



© Guarulhos, Brazil. Bus terminal funded through PB



© PB Project. Chicago 49th Ward. New beach Access Ramp at Leone Beach.

6. Roads, ways and pathways



© Rosario. Paving side walks along suburban roads. PB funded.



© Guarulhos Brazil. Before and after. Good example of a PB funded project with community participation at implementation stage, allowing to pave more ways than with conventional bidding.



©. Belo Horizonte, Brazil. This unconventional two level vehicular way resulted from request and mobilization from communities from Belo Horizonte, and would not probably have been considered feasible under “busine as usual” road planning. It illustrates how PB induces different technical solutions for the benefit of neighbours.



© Canoas, Brazil. Street and Road asphaltic are the most frequently requested projects that among others increase communication and mobility of low-income neighbourhood communities at the periphery.



© Várzea Paulista, Brazil. Request from PB region 2: opening of a “viela” (pedestrian way and stairs), a request quite common in various cities



© Várzea Paulista, Brazil. Request from PB region 1: Opening of a pedestrian path over a vehicular bridge.



© Cascais, Portugal. Approved in 2011. Under construction 2012.



© Chengdu, China. Village road built with village PB funds.



© Assoal. Yaoundé Commune 6. Paving of lanes in very low-income neighbourhood is one of the main PB request. They usually include simple water drainage solutions.



© Quillota Municipality, Chile. Building of stairs, pavements, and sidewalks in Cerro de Mayaca Community



© Prefeitura Municipal Belo Horizonte, Brazil. Pathways and stairs, voted through PB allow very low income neighbourhoods to be connected with the formal city. Barreiro, Rua seis.



© Prefeitura Municipal Belo Horizonte, Brazil. Improvement of pathways and generation of micro public spaces in low-income neighbourhood. Barreiro, Rua Base.

7. Energy and public lighting (when a local responsibility)



© San Antonio, Chile, 2011. Public lighting posts were changed through a PB community request.



© Porto Alegre. Revitalization of Frederico Arnaldo Ballvé Plaza (IAPÍ Skateboard facility) and Public lightning. This pics and the previosu one show again the huge span and different costs of PB voted projects from city to city.

8. Basic services and infrastructures for local economic development



© Seville. Spain. Huerto del rey Moro (central area). Upon request of urban farmers associations and groups, funding was secured to support various allotments and productive parks.



© Chengdu. China. River bank and irrigation system maintenance with PB village funds.



© PB Project. 49Th Ward, Chicago.
Community Garden at Dubkin Park.



© Mairie d'Ampasy Nahampoana, Madagascar (pictures to be improved). One of the voted project was the handing over of piglets to 150 families, in order to increase family income and to improve rural infrastructure.

9. Neighborhood level equipments and facilities



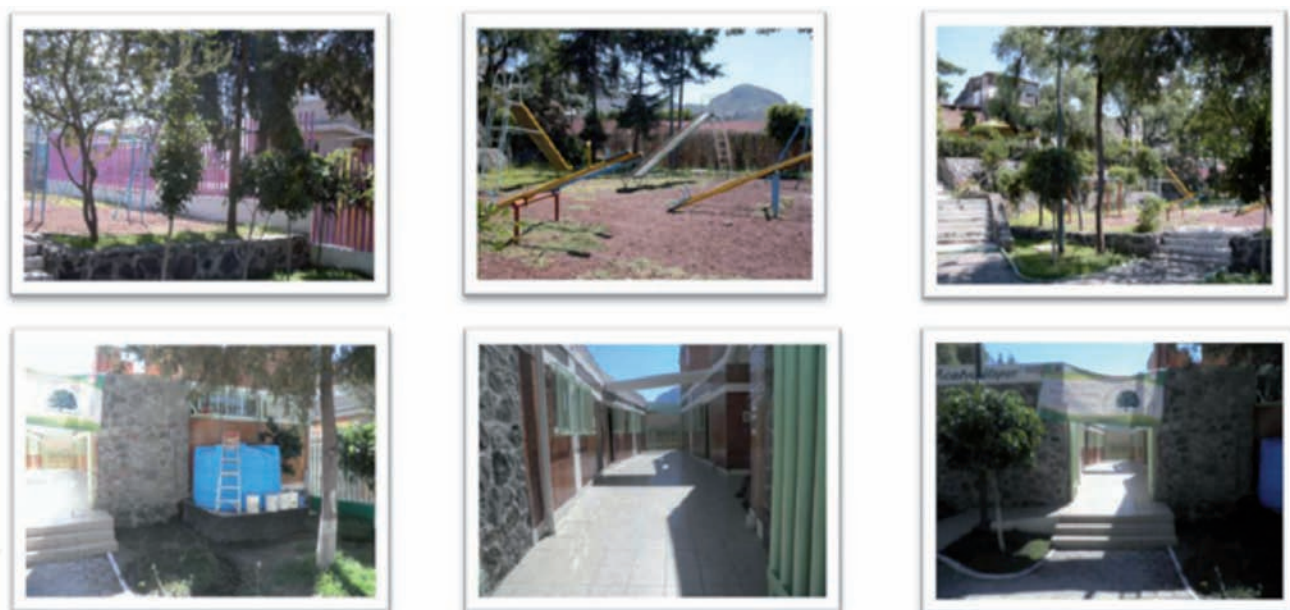
© La Serena, Chile. Playground for young children



© Seville, Spain. Youth Park.
Playgrounds are recurrent requests in many cities.



© Cascais, Portugal. Plots for urban agriculture, a small park and a improvement of public spaces will improve the neighbourhood.



© Delegación Iztapalapa, Mexico Federal District. Various integrated projects were voted and implemented through PB and included: public spaces, pathways, pavements, paving, basket- ball and football fields and open covered forum.



© Quillota Municipality. This PB funded project "building of two plazas in Villa Rebolar II" that improves micro open spaces at neighbourhood level is frequent in Chile.

10. District level health facility



© Canoas, Brazil. This Health facility, funded through PB for one of the districts, is considered as a basic service by the city, and therefore included. Approved in 2009 and inaugurated in 2011

11. New settlements (with all basic services)



© Porto Alegre Municipality. As basic services have been provided through more than 20 years of PB, the city is financing through PB new tenements buildings with all basic services. Here: relocation of families to São Guilherme Housing Development.

12. Education and sports facilities



© Porto Alegre, Brazil. For various cities participating, education (and health) facilities are included in basic services, and today, as basic services have been mostly provided, this sort of facilities, such as this kindergarten at Vila Nova Chocolate, was recently voted by the people and built through PB.



© Belo Horizonte. PB in Brazilian cities because of relatively high municipal resources and a significant percentage of it voted through PB allows, as in this case of a sport facility that could not be considered in many poorer municipalities.

Over 1,700 local governments in more than 40 countries are practicing participatory budgeting (PB), where citizens meet to agree on priorities for part of the local government budget for their neighbourhood or the city as a whole and oversee the project implementation. This paper reviews participatory budgeting in 20 cities from different regions and examines over 20,000 projects worth over US\$2 billion that show how PB has contributed significantly to improving basic service delivery provision and management, and in bringing innovations in how these are delivered and to whom. Results indicate that PB projects are cheaper and better maintained because of community control and oversight. It examines how PB has supported democratic governance and has changed power relations between local governments and citizens whilst noting that in most cases PB is in effect about improving governance and delivery of services without fundamentally changing existing power relations. It also discusses challenges and solutions to PB's effectiveness and scaling up.

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