



# **Brazil and beyond: lessons from participatory governance innovation.**

## **A case study on social inclusion for SWITCH**

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**2008**

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## Introduction

Recent innovations in citizen participation in urban governance provide insights for SWITCH partners aiming to promote equitable participation with respect to water resources management and budgeting. Lessons are emerging from innovations in both **participatory budgeting of public resources** and **participatory management of water resources**. The lessons relate to how participatory governance initiatives can help to reduce poverty and social exclusion by promoting institutional change and a more equitable distribution of public resources, and by deepening the quality and breadth of citizen participation. The findings also indicate the necessary conditions for success in different localities.

This paper reviews the key literature from Brazil – the birthplace of participatory budgeting – and case studies from the UK. Quite often budget preparation, review and approval in urban governance fails to reflect the diverse interests of local people, particularly the poorer sections of society, or to give them a say over what should be funded. Critically, PB can also be used to re-direct resources in a city to poorer areas. The PB examples show how the specific political context shapes the course of an initiative in reality, affecting its impact and sustainability. The case of participatory management of natural resources is a well covered topic in international development, but a recent case from Caracas, Venezuela specifically provides an example of urban water resource management which includes budget control by local community representatives.

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SWITCH (Sustainable Water Management Improves Tomorrow's Cities' Health) is a research partnership supported by the European Community (Framework 6 Programme) and its partners [www.switchurbanwater.eu/learningalliances](http://www.switchurbanwater.eu/learningalliances)

# 1 Participatory budgeting in Brazil

This section provides some background on participatory budgeting (PB) in Porto Alegre, specifically, and Brazil more generally. The emergence of PB occurred in the late 80s in Brazil. PB emerged in Porto Alegre in 1989 and is now widespread across Brazil, garnering significant attention in international development, presenting as it does, possibilities for real engagement of local people in making decisions over public resources<sup>i</sup>. This is a new kind of democratic engagement between the state and citizens, forming part of the wider momentum in many parts of the world towards participatory governance.

Definitions of PB range along a continuum<sup>ii</sup>:

- **General definition:** PB is a ‘process through which citizens may contribute to decision-making over at least part of a governmental budget’.
- **Middle range definition:** processes in which citizens regularly contribute to decision-making over part of a public budget through yearly scheduled meetings with government authorities (draws from the World Bank definition – see box 1 below)<sup>iii</sup>.
- **Specific definition:** (based on Porto Alegre experiences) ‘any individual citizen who wants to participate, combines direct and representative democracy, involves deliberation (and not merely consultation), is redistributive towards the poor, and is self-regulating, such that participants help define the rules governing the process, including the criteria by which resources are allocated’

The key aims of PB are: increasing governmental accountability and empowering citizenship rights for the urban poor, with the aim of achieving greater social justice and an effective democracy<sup>iv</sup>. More detail is provided in Box 1 below.

## What is Participatory Budgeting?

Participatory budgeting (PB) can be defined as ‘a process in which a wide range of stakeholders debate, analyze, prioritize, and monitor decisions about public expenditures and investments. Stakeholders can include the general public, poor and vulnerable groups including women, organized civil society, the private sector, representative assemblies or parliaments, and donors’. Citizen participation in public expenditure management can take place within the development and analysis of budgets, during the monitoring and tracking of expenditure, and/or in monitoring the delivery of public services. Positive outcomes resulting from empowering local people to participate in budgeting include: ‘formulation of and investment in pro- poor policies, greater societal consensus and support for difficult policy reforms’<sup>2</sup>.

Source: World Bank (<http://go.worldbank.org/YO74GP5KN0> accessed on 29.01.08 )

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<sup>2</sup> Possible roles of citizens are: participation in budget allocation following priorities identified in participatory poverty diagnostics; formulating alternate budgets; assessing proposed allocations in view of a government's policy commitments; monitoring expenditure by tracking whether public spending concurs with budget allocations; tracking the flow of funds to delivery agencies; monitoring public service delivery by checking the quality of goods and services provided by government in view of expenditures using a process similar to citizen report cards or scorecards’ World Bank website (op cit).

### **Box 1 : What is Participatory Budgeting?**

There is a great deal of literature on the development of PB in Porto Alegre, and also in Brazil<sup>v</sup> (see **Box 2**).

#### **The emergence of participatory budgeting in Brazil**

##### *Phase 1: Origins and pre-conditions*

- 1985: Re-establishment of democratic government, local participatory initiatives across the country begun and organisation of citizens around themes of direct participation, autonomy, resource redistribution to the poor. Political outsiders and reformers win office at state and municipal levels and they experiment with innovative policy programmes in response to intense discourse on social and political issues.
- 1988: Constitution allows citizens to participate in local policy-making and decentralisation processes increase the authority and flexibility of mayors to adopt new policy-making programmes.

##### *Phase 2: Initiation and uptake across Brazil*

- 1989: PB implemented in Porto Alegre by Workers' Party (PT)
- 1990-91: PB adopted in 10 other cities across Brazil
- 1993: Porto Alegre PB consolidates and involves 10s of 1000s of participants per year. 52 new cases of PB in Brazil.
- 1996: UN cites PB as one of the best 40 policy programmes at Istanbul Habitat Conference
- 1997: 130 new cases of PB in Brazil, Two-thirds adopted by governments other than the PT.
- 2001: 6177 new cases of PB in Brazil. Nearly two-thirds adopted by governments other than the PT.

##### *Phase 3: Global spread*

- 2005: PB had spread to 300+ municipalities in 40+ countries (including China, Dominican Republic, Ecuador, India, Indonesia, Italy, Mexico, Serbia, South Africa, Spain and Uruguay).

Source: Adapted from: Wampler, Brian and Leonardo Avritzer. 2004. "Participatory Publics: Civil Society and New Institutions in Democratic Brazil. *Comparative Politics*. V36:N3. 291-312.

### **Box 2: The emergence of participatory budgeting in Brazil**

The first year of PB was hindered by the fact that there were limited resources that were still unallocated and could thus be decided upon through the PB process. Revenues increased, however, (they were 40% higher in 1990 than in 1989) and in 1995 the total capital expenditure budget was about \$65 million - with just under half being included in the PB process<sup>vi</sup>. The World Social Fora in Porto Alegre contributed to the rapid, global spread of this approach, as they raised awareness amongst civil society organisations.

#### **Main elements of Participatory Budgeting in Porto Alegre**

- *Series of local meetings at district level with voting on general policies and specific projects:* citizens participate in a series of government-sponsored meetings over an 8 month period, and vote for general policies first, establishing main priorities for new spend on infrastructure, housing, or health care) and then specific projects (e.g. paving their street, opening new local health clinic). Minimum involvement (for an initiative to be classed as

PB) is direct involvement of citizens in some budget decisions; mainly focus is on investment decisions – 10 to 20% of Brazilian budgets available for spending on new public works.

- *Organisation by administrative districts:* Porto Alegre divided into 12 administrative districts to enable organisation of citizens and for resource distribution. Citizens attend meetings in their local districts, where votes are held to encourage competition and solidarity amongst individuals from similar socio-economic backgrounds (e.g. low income).
- *Resource distribution and social justice:* To promote social justice, resources are distributed across the 12 districts according to need – the more intense the poverty, the more resources allocated to that district – so the poorest districts are automatically allocated more resources than wealthier districts.
- *Representation and final negotiations:* Delegates are elected by citizens to represent their interests in final budget negotiations and policy implementation, with oversight to check on corruption, completion of projects and communication between citizens and government.

Source: [www.internationalbudget.org](http://www.internationalbudget.org)

### **Box 3 : Main elements of Participatory Budgeting in Porto Alegre**

There are increasing numbers of PB pilots beyond Brazil, in cities in Latin America (Argentina, Chile, Dominican Republic, Ecuador, Guatemala, Mexico, Peru, Venezuela), Europe (Albania, France, Portugal, Spain and the UK), and Canada<sup>vii</sup>. The major benefits are improved efficiency of public spending, increased participation by poor people and evidence of improved tax payment (see Box 44 for more information).

### **Benefits from participatory budgeting in Porto Alegre**

- *Increased efficiency of public spending:* Budget participants scrutinize data, and the explanations and decisions made by authorities. Reduces corruption and clientelism (funds can more easily be traced, there are few overpriced contracts, more promises are kept and fewer unnecessary investments are made). Sewer line construction rapidly increased following the introduction of PB - 1989 to 1996, the portion of the population with access to sewer lines rose from 46% to 95%. The pace and quality of road paving leapt – from 4 km per year prior to the PT administration to 20 km per year after 1990. Extended *favelas* became accessible to buses, rubbish trucks, ambulances and police cars as a result. Following initial resistance from construction companies and a boycott, such companies found benefits from the new regime of fewer bribes needed, more contracts and more punctual payment of bills.
- *Higher participation by poorer people:* Areas in the poorest category represented only 12% of the city's inhabitants, they accounted for almost a third of the 1995 assembly participants.
- *Evidence of improved tax payment:* evasion drops when local residents feel they have greater say over expenditures, and see better use and management of finances.

Source: Rebecca Abers, 1996 and 1997, as reported in

<http://www.chs.ubc.ca/participatory/docs/op.pdf><sup>viii</sup>

### **Box 4 : Benefits from participatory budgeting in Porto Alegre**

Despite the rapid spread of PB in Brazil, success is not a given. Concerns are beginning to be raised regarding PB effectiveness and its future in Porto Alegre. Following a change in the municipal government in 2004, one observer has seen a lessening of political commitment<sup>x</sup>. Comparative analysis of eight PB initiatives in Brazil has also found varying outcomes<sup>x</sup> and this study identifies critical success factors as the ‘incentives for mayoral administrations to delegate authority, the way civil society organizations and citizens respond to the new institutions, and the particular rule structure that is used to delegate authority to citizens’ A comparison with other countries in Latin America, (Brazil, Bolivia, Guatemala, Nicaragua and Peru)<sup>xi</sup> found that results are partially shaped by the intentions of those designing the process and the pre-existing conditions in each particular place. ‘National legal mandates for PB have not created widespread local success in encouraging citizen participation, fiscal transparency, and effective municipal government. This is partially because designers of national laws had other goals in mind (possibly in addition to these goals) and partially because of local obstacles, including reluctant mayors or opposition parties, weak fiscal and administrative capacity of municipal governments, and fragmented, conflict-ridden civic associations’<sup>xii</sup>.

However, PB *has* had success in very diverse locations (‘from small, poverty-stricken, indigenous, rural villages to major cities with residents of various ethnic, sectoral, and class identities’<sup>xiii</sup>, with success correlating with combinations of the following factors: ‘the mayor is either indigenous or from a party on the left (or both), opposition from local political elites is weak or non-existent, project funding and/or technical assistance are provided by national or international aid organizations, the municipality has revenues sufficient to make significant investments in public works or programs, and there is a tradition of participation and cooperation within and among local civic associations and/or indigenous customary organizations that has not been destroyed by guerrilla warfare or clientelist politics’<sup>xiv</sup>. PB alone was not found to significantly reduce income poverty – for this to happen would require application of the PB principles (transparency, direct participation and redistribution towards the poor) at national and international levels. Whilst achieving this mainstreaming of PB principles represents a significant challenge, there are ‘countervailing signals in the current wave of left-leaning presidents in much of Latin America, the democratizing pressure from social movements organizing in venues such as the World Social Forum, and the recent moves towards re-thinking on the part of international financial institutions and aid agencies’<sup>xv</sup>.

## **2 Participatory budgeting in the North of England**

An example of participatory budgeting (or participatory grant-making) beyond Latin America is that of an (*anonymous*) city in the North of England. The material for this case is drawn and summarised from a study by Helen Blakey, University of Bradford, entitled ‘*Radical innovation or technical fix? Participatory Budgeting in the UK: how Latin American participatory traditions are reinterpreted in the British context*’<sup>xvi</sup>. This British example also shows that the incentives of those initiating participatory budgeting and the governance context are critical in shaping its’ specific trajectory and outcomes.

The PB pilot was started in a municipality in northern England, led by the Local Strategic Partnership<sup>3</sup> in a situation of heightened ethnic tension, a poorly perceived local Council, numerous participation initiatives, and pressure from central government on local government to increase participation and (paradoxically) comply with targets and directives. The pilot evolved out of pre-existing practical experience in promoting participatory social change through Neighbourhood Action Planning (NAP) (local planning funded via the central government Neighbourhood Renewal Fund pot). Those leading the pilot saw the PB as a means of changing who makes decisions, to improve resource allocation, create better services and foster more informed/active local communities.

#### **Key players in the PB north of England city pilot**

- *Leaders/initiators:* The Local Strategic Partnership (LSP) neighbourhood partnership manager, and LSP officials)
- *A reference group* was brought together including:
  - LSP staff
  - Voluntary and community sector representatives (including the community development worker manager)
  - Council area coordinator
  - An official from the UK Participatory Budgeting Unit
  - Representatives from the LSP theme partnerships.

Source: Blakey, 2007

#### **Box 5 : Key players in the PB north of England city pilot**

The funding available for inclusion in the participatory process came from the NRF, plus £130,000 from the Local Area Agreement (earmarked for work in deprived areas only, on specific themes (youth, environment, safer communities)).

#### **Main elements in PB in the north of England city pilot**

The process involved:

- *Development of a 'budgeting process'* by the reference group (mid-2006). This was carried out by LSP staff and the voluntary sector community development team, at existing community events, and by going 'door-to-door' in some of the areas.
- *Canvassing residents and identifying priorities:* In the summer of 2006, local residents (400) were canvassed about their top three priorities for the area, choosing from a list of nine, and ranking these in order of priority. For each of the three priorities identified, residents were also asked to suggest three particular issues related to each priority and to propose solutions. Funding was distributed according to head of population in each area, because this was a rule of the NRF funding and because

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<sup>3</sup> A local strategic partnerships (LSP) is a non-statutory body, involving councils and key local partners (e.g. the policy, health services, private and voluntary sectors) to develop a long-term vision for a local area, focusing on improving the quality of life and local services in the area. The partners also deliver the improvements in the Local Area Agreement (LAA). LSPs now exist for almost every part of England and Wales.

allocation according to specific themes (which would allow residents to have greater influence over spending) was perceived as being too difficult.

- *Invitations to develop project proposals according to identified priorities:* Local organisations (VCS, statutory organisations and private companies) were approached, and local councillors and PB reference group members verified the bids met the stated rules and commented on deliverability.
- *Residents vote:* 300 residents decided which proposals received funding via a voting day (November, 2006). Community development workers assisted in reaching local residents. Rapid presentations of each project (3 minutes per presentation) were given in groups of five, without time for questions, and residents then gave each project a vote out of ten. Votes were collated following all the presentations and the winners announced. . Evaluation forms were given out and analysis found that participants had found the process to be fair and effective, providing networking and learning opportunities.

Source: Blakey, 2007.

#### **Box 6 : Main elements in PB in the north of England city pilot**

The positive outcomes of this initiative are set out in Box 7 below.

#### **Positive outcomes in the north of England city pilot**

- *Convincing residents and officials:* the process showed new possibilities to residents for having a say;
- *Motivation:* The direct link between participation and outcomes clearly motivates local people to act and take responsibility.
- *Opening up new spaces for democratic engagement:* opened up alternatives to existing decision-making processes;
- *Ownership:* generated a sense of control over local decisions etc.
- *Informing debate on all sides:* Participants valued the insights gained about decision-making, including greater awareness of the constraints faced by local councils and enabling more informed and less heated debates about funding as a result.

Source: Blakey, 2007

#### **Box 7 : Positive outcomes in the north of England city pilot**

The case study source material does not provide a detailed analysis of particular strategies that were employed specifically to support the involvement of socially excluded groups in the process – although it is clear that communications via existing community events and door-to-door canvassing of opinion and invitations to residents would have helped at least in spreading the word. Nor was there a clear mechanism for redistributing resources to poorer areas. There were a number of limitations with the process undertaken (see Box 8 below).

#### **Challenges and lessons from the north of England city case study of PB**

- *Incentives to participate:* Where participants see they can influence decisions, there is motivation to participate. Half the participants came from one particular neighbourhood, because the local school informed parents of the upcoming event and explained that the

meeting would directly affect the decision regarding funding for the school's project.

- *Deliberation was absent:* Space was not given for residents to explain, defend or test their views on others - developing budget literacy requires space and time to grow.
- *Demonstration effect:* As a pilot initiative, this process illustrated how to involve local people in decision-making. Those leading and promoting the pilot see it as an important first-step, even if it is a limited process in terms of the funding available, duration etc.
- *Stand-alone versus cyclical process:* Despite interest there are no concrete plans for follow-up. Across the UK participatory budgeting is being piloted, but as one-off activity, which affects the outcomes. In this case, funds were allocated on an area basis only, not on thematic lines at all. Only in a cyclical process would the deliberations provide different areas of the municipality with repeat opportunities to learn and mobilize around specific issues to obtain resources.
- *Leadership from dedicated individuals, rather than forming part of a groundswell of public opinion.* In contrast to Brazil, in the UK there is not the same movement demanding political engagement and hence the pilots are not explicitly political processes.
- *Limitations because of the use of ad-hoc grant funding with pre-determined targets:* The participatory nature of the budgeting process is constrained, because the pilots are currently limited to deliberating on grant funding – funding which often flows from short-lived government initiatives with pre-determined objectives. NRF targets focus the funding solely on deprived areas and success is judged according to this – thus participation in decision-making is not specifically prioritized as an end in and of itself.
- *National level demands thus vie with and often supercede local priorities:* The 'delivery culture' of New Labour focuses on targets which sets out what should happen and when, emphasizing bureaucracy over leadership, and organisational accountability and control rather than communities taking responsibility. Residents may be involved in existing processes, but it is thus difficult for real power to be ceded to local residents over decisions which might lead in very different directions.
- *PB in the UK is being implemented more as a 'technical fix' than as a 'radical political innovation':* PB is seen as a means to achieving improvements, distinct from a political vision in itself. Even where this political vision exists, the powerful delivery culture means it is often presented as a technology to deliver better outputs (e.g. the national reference group is seeking to obtain evidence of the cohesion benefits of PB to sell it within government departments
- *PB leaders in the UK avoid espousing an overtly political agenda:* This de-politicisation occurs partly because the officials leading such pilots tend to be officials working in local statutory organisations, rather than being promoted by specific political parties, as is the case in Brazil. A more overt promotion of the political nature of the process in terms of achieving a real re-distribution of power is important.
- *Key success factors:* the size of the LSP - large enough as a statutory organisation to have some resources to invest, but small enough to avoid excessive bureaucracy; senior managers being allowed to experiment; on-going relationships with other key actors; ownership by the voluntary and community sector

Source: Blakey, 2007

**Box 8 : Challenges and lessons from the north of England city case study of PB**

In the UK the prevailing delivery and targets-oriented culture promoted by central government, leads to a technical fix approach to participatory budgeting involving toolkits, consultants and sellable technologies, rather than a focus on participation as a set of ideals and principles. Political voices that might promote deeper kinds of engagement are often restricted by such technical interpretations and this can affect the outcomes. According to Blakey, (2007, *op cit*), there is an example of a local mayor in Medellin, Colombia, who did support the local participatory budget priorities above national rules, because of his support for the nature of the process in its broadest political sense. In the UK, proponents of PB find they often have to persuade central government officials to support the process by downplaying the more transformational aspects of such a process, and focus on a more contingent approach in order to get off the ground.

### **3 Public consultation on budgetary plans, London Borough of Harrow, UK**

The Open Budget Process in Harrow<sup>xvii</sup> illustrates some of the positive benefits of carrying out public consultation on budgetary plans not only for local citizens but also for local authorities. This case study draws on material from an evaluation by A. Lent, (2006) entitled, '*Harrow Open Budget – Final evaluation*', The Power Inquiry, UK. The initiative promoted transparency, but does not include a redistribution of resources towards the poor. In terms of public participation this case shows efforts to move towards more direct engagement with local residents in the budget process, although falls short of the full suite of principles as enshrined in the Porto Alegre template. The case study also indicates some of the challenges for managing such a process in an inclusive way.

#### **The 'Open Budget Process' in Harrow – origins and process**

- *Background:* In the London Borough of Harrow tensions arose following Council tax rises between local residents and the Council and so local councillors were keen to build greater trust by involving local people in budget deliberations.
- *Employment of external facilitators:* The 'Power Inquiry' consultancy was employed to manage and facilitate the participatory process.
- *Consultation of key actors:* (councillors, council officers, community groups) was carried out.
- *Wider consultation process with residents*
- *Development of an 'Assembly Discussion Guide'*
- *Information campaign:* Using the discussion guide, to invite residents in a way that would reflect the diverse make-up of the borough in terms of ethnicity, age, gender etc.
- *Open Budget Assembly:* 300 residents attended the Open Budget Assembly, at which there

was discussion and voting on key priorities for the 06/07 budget. Councillors and officials attended as observers. Budget priorities were identified and an Open Budget Panel elected – the latter responsible for analysing the influence of the Assembly on the final budget of the Council and providing a feedback/communication mechanism. Participants were randomly divided into tables of ten, with each table debating the budget in five sessions over six hours. A facilitator on each table employed a laptop computer to communicate common findings and interesting ideas to a team of analysts who collated the findings, which were then presented to the plenary. Voting on key priorities was also conducted in plenary using voting keypads – the results of which were instantly viewable on a large screen.

Source: Lent, A. (2006) 'Harrow Open Budget – Final evaluation'. The Power Inquiry, UK.

#### **Box 9 : The 'Open Budget Process' in Harrow – origins and process**

So what were the outcomes of this initiative? See Box 10 below for details of the key outcomes.

#### **Key outcomes of the Harrow 'Open Budget Process'**

- *Enhanced reputation of the Assembly:* views on the Council improved locally and a more informed and calm public debate on Council budgeting was enabled<sup>xviii</sup>; improved quality of decisions. Concerns that tax cuts would be proposed undermining public services were unfounded, with some sections of the budget actually proposed as significant growth areas and higher ranking of non-financial council spending criteria (e.g. effectiveness, environmental impact and social impact) than previously.
- *Balanced representation:* the Assembly did reflect the 'complex demography' of Harrow, with representation across different ethnic groups, age groups (the young and old were slightly over-represented which is unusual compared to the 20-44 age group) and both men and women attended, although 40 more men compared to the number of women. The Panel had slightly higher representation from the 20-44 age group to provide some balance, and the gender balance was relatively equal, although still with more male members than female.

Source: Lent, A. (2006) 'Harrow Open Budget – Final evaluation'. The Power Inquiry, UK.

#### **Box 10 : Key outcomes of the Harrow 'Open Budget Process'**

There were also challenges in this particular process identified by Lent, (2006) and highlighted in Box 11 below.

#### **Challenges and lessons from the Harrow 'Open Budget Process'**

- *Difficulties experienced in the operation of the Panel:* The Panel lacked focus, possibly due to its large size (34 members), but also insufficient time allowed for members to learn about budgeting; differing interpretations of the Panel's role and insufficient time to accommodate them all (the organisers seeing it as a feedback mechanism on the final budget, and members focusing on actively promoting Assembly decisions); emphasis of efforts on the bigger Assembly, to the detriment of planning/back-up for the unexpectedly popular Panel process.

- *Benefits from educating the public on local authority resource constraints:* Limits to Council budget options explained at marketing stage; clarity in communications that Councillors retain legal control over budget decisions; efforts to try and avoid over-inflation of unrealistic expectations.
- *Mixed effectiveness in influencing budget priorities:* The Panel concluded that the final Harrow Council budget did largely reflect the priorities identified by the Assembly, although it also identified particular instances where its views had been ignored.
- *Participants keen to set the agenda next time round:* Greater freedom to set the policy options would be sought in the future. Insufficient time allowed for involvement of local people in developing the discussion guide or deliberate on alternative options within the Assembly process.
- *Missed opportunity for direct dialogue between those in authority and local people:* The Steering Group separated the Councillors from the Assembly in the deliberations to ensure independence but this underestimated the skills of the facilitators and meant that an important opportunity for direct dialogue was lost.
- *Improved transparency and access to information:* The publication of an accessible and informative document about Harrow finances, budget processes and constraints represented a major step forward in transparency. The Panel requested indication of whether policy options implied revenue or capital costs, although this would represent more complex information and more in-depth piloting might therefore be needed. Council efficiency was not directly addressed as the Council had already begun a Council efficiency programme, but a discussion of efficiency would have been helpful as many local residents feel that inefficiency of and waste by the council contribute to higher taxes.
- *Engaging with vocal campaign groups:* Despite concerns about deliberating a contentious topic (Council finance), discussions were informed, constructive and engaged a wide variety of local stakeholders, including the most vociferous local group – the Harrow Council Tax Campaign in structured debate.
- *Lack of communication about follow-up plans:* This was an exploratory initiative which built support from key quarters for engagement over the longer-term, but participants became frustrated that despite a good reception for the Panels' final report to the Assembly, there was no clear feedback on how the process would be continued. Both a lack of planning and resources contributed to inadequate communication.
- *Insufficient time allocated for different stages of the process undermined its success:* Facilitator independence was maintained throughout boosting the credibility of the process, but tensions emerged between them and the Council Steering Group - mainly because of the limited time allocated for completion of the key milestones.
- *Need for continuation:* The event in question was a time-constrained, one off event. Annual repetition is required to complete the open budget process and to embed the approach within public resource budgeting and to build up a greater sense of local ownership.
- *Demonstrating to local politicians the benefits of direct democracy:* Local councillors were convinced that local people could make informed decisions about what to fund with limited resources on issues of wider community interest. Council members and officers

became more informed about local residents' priorities. Quite often local politicians would see this kind of process as a threat to their power base, but such pilots may help to illustrate positive outcomes.

Source: Lent, A. (2006) 'Harrow Open Budget – Final evaluation'. The Power Inquiry, UK.

#### **Box 11 : Challenges and lessons from the Harrow 'Open Budget Process'**

This case does not represent PB as taken up in Brazil, but is seen, at least by the facilitators, as a way of moving towards a longer-term process of democratic engagement and dialogue.

## **4 Poor communities managing their water resources**

The Caracas, Venezuela case study illustrates community management (CM) of municipal water services in poor areas<sup>xix</sup>. The participatory inquiry was conducted and reported jointly by the 'La Mesa Técnica de Agua La Pedrera' (the technical water group of La Pedrera), Hidrocapital (the state water company responsible for water services in the metropolitan area of Caracas); La Organización Comunitaria Autogestionaria Carpintero-Barrio Unión; La Federación de Organizaciones Comunitarias Autogestionarias. The aim of the MTA is to create spaces for organized communities to meet municipal officials and water companies to exchange information and jointly resolve problems relating to water services (see Box 12 for details of the emergence of this initiative).

#### **Origins and process of Caracas technical water group**

- The MTA approach was begun in Venezuela in 1999 in response to the widespread urban poverty found concentrated in the slums, or '*barrios*', in which access to basic services, employment, education and security is extremely limited.
- A 'Mesa Técnica de Agua' (MTA) has been set up (this could be translated as a 'technical water group') at community level.
- Context of decentralisation and more recently, increased central government support for community councils as part of its vision of '21<sup>st</sup> Century Socialism'.
- 2001 - the MTA of La Pedrera, in the parish Antimano was set up, with support from the state water company, Hidrocapital, which is responsible for water services across the city.
- Assemblies were held to elect MTA members, and these were open to all local residents.
- 35 community members have analysed water issues in the local area. A core group of 8 community residents maintain the MTA, with other residents providing inputs when needed – e.g. carrying out work when a water problem arises in their area.
- The MTA attends the community water councils or 'Consejos Comunitarias de Agua' (CCA) in the parish of Antimano, along with the other parish MTAs.
- A CCA is held every 15 days, at which each parish can present the water cycle for their area (issues often include: whether water delivery is occurring in line with the timetables; duration of the water supply; problems with piping).
- Since 2005, the MTA de la Pedrera has been working to replace the deteriorating drinking water pipes in the neighbourhood, and this has evolved into an even more complex project to upgrade all water services, with assistance from Hidrocapital and the Ministry of the Environment.
- The MTA has been granted 800 million Bs (\$372,093) to manage the project of installing or mending clean water pipes in La Pedrera. The MTA is responsible for submitting accounts to Hidrocapital every 8 days.

Source: ¿“Aquí, el Pueblo decide”? Nuevas Formas de Participación Ciudadana. Informe de Investigación Compartiendo Descubrimientos con los Participantes de Investigación, Octubre 2007. Accessed at: <http://www.bradford.ac.uk/acad/icps/>

**Box 12 : Origins and process of Caracas technical water group**

A number of positive outcomes of the MTA process have been identified (see Box 13).

**Positive outcomes of the MTA process**

- more reliable access to drinking water in the neighbourhood, with less erratic supplies every 18 to 20 days rather than every 45 days and for longer periods at a time;
- community members (elected by the wider neighbourhood) manage the project and there is a greater sense of ownership and determination to succeed than otherwise would be the case;
- the MTA have increased understanding of the problems of access to clean drinking water in the area amongst local authorities, water company etc;
- the MTA members themselves have gained confidence and learned new skills in managing the project with support from Hidrocapital officers;
- increased water access has helped to reduce social tensions locally.

Source : ¿“Aquí, el Pueblo decide”? Nuevas Formas de Participación Ciudadana. Informe de Investigación Compartiendo Descubrimientos con los Participantes de Investigación, Octubre 2007. Accessed at: <http://www.bradford.ac.uk/acad/icps/>

**Box 13 : Positive outcomes of the MTA process**

As well as these incipient positive outcomes, a number of challenges have also been encountered (see Box 14 below).

**Challenges and lessons from the La Pedrera MTA experience**

- *Lack of confidence in the process:* Not all local residents are willing or interested in participating, partly because of the past failures of government initiatives and instances where resources allocated to community projects have disappeared;
- *Sustaining official support can be tricky:* Public policies can change rapidly. Staff turnover among key officials can affect continuity. Work by the MTA has been delayed on a number of occasions because of policy changes and resource blockages in the Ministry, undermining the local credibility of the MTA core group.
- *Difficulties in achieving an inclusive process:* In a context of insecurity and severe poverty. Women in La Pedrera have to combine paid work as well as their domestic duties, limiting their ability to participate in such processes. All locals, but particularly women, are fearful of attending meetings and assemblies in the evening as they say it is too dangerous to travel about after dark, given the violence occurring in the 'barrios'.

Source : ¿“Aquí, el Pueblo decide”? Nuevas Formas de Participación Ciudadana. Informe de Investigación Compartiendo Descubrimientos con los Participantes de Investigación, Octubre 2007. Accessed at: <http://www.bradford.ac.uk/acad/icps/>

## 5 Conclusions

**Participatory governance innovations can improve poor people's lives.** In the Caracas case, participatory management has helped to bring about improvements in water services in La Pedrera municipality. In Porto Alegre benefits have included rapid increases in sewer line construction and road paving in poorer parts of the city.

**Promoting participation builds the 'demand side of governance'.** Citizens have to have the capacity, capability and willingness to exercise their voice on policy and practice. Participatory governance innovations can help to build up this capacity. Civil society organisations and citizens have to work with government representatives to enable joint policy solutions and to promote delegation of authority by officials<sup>xx</sup>. Civil society and citizens should hold government officials to account using the public nature of the process to implement the projects local people want. Participants are not just users of PB but are 'rights-bearing members of their community'<sup>xxi</sup>. In Porto Alegre, citizens have held government officials to account and evaluations have indicated that this has helped to reduce corruption. Where citizens and civil service organisations are not able or not willing to contest the ideas and policies of those in authority, then there will not be sufficient pressure for the delegation of that authority, and co-optation is more likely<sup>xxii</sup>. Where there are already networks of social movements this can help in providing support and in legitimizing governmental reforms.

**Open attitudes of government officials is a critical success factor.** Government support for the delegation of authority directly to citizens is essential. This has been a condition in Porto Alegre, but in the UK the messages are mixed - with support for participatory budgeting/citizen empowerment on the one hand, and on the other a strong delivery and targets-oriented culture emanating from a controlling administration. The government may need public support for their vision of a redistribution of wealth - if resources are to be allocated to poorer areas, but this is a goal which can meet resistance from vested interests. Those in authority (e.g. mayors) need to be willing to allow citizens to make budget decisions and support the implementation of priorities identified during PB<sup>xxiii</sup>.

**Importance of changes by government in information provision and resource allocation:** A number of innovations contribute to success, including: a) the development and sharing of budget and policy planning documents which are understandable by local people (including considerations of language, literacy limitations etc); provision of information on sources of finance for implementation across a range of sectors; reform of internal administrative procedures in local government to enable decentralized decision-making and to provide appropriate incentives for bureaucrats who will have oversight of the selected projects; making resources available that citizens can use to allocate to specific public works<sup>xxiv</sup>. The autonomy of local government in Brazil in spending decisions is greater than anywhere else in Latin America and elsewhere<sup>xxv</sup>. Extensive devolution in Brazil has underpinned PB and helped government officials to accept administrative reforms and new ways of working.

### **The political context shapes the outcomes of participatory governance initiatives.**

The dynamics of state-society relations affect the extent of opportunities in and limitations of participation<sup>xxvi</sup> (Commins, 2007). Not all new democratic spaces emerge in the same way - some are 'claimed' by strong social movements, as with the PB in Brazil, and in others local people are 'invited in', as could be argued by the UK examples. The outcomes from a participatory process are clearly unique to its context, but there are specific contextual factors which enable or constrain progress.

#### **The varying political and governance contexts of PB**

In *Brazil*, civil society organisations battled for democratic rights against the brutal military regime in the 70s and 80s. The PT (Worker's Party), (an alliance of community bodies, trade unions, progressive church leaders and intellectuals) which came from this movement gained power in 1985<sup>xxvii</sup>. A broad range of socio-economic and political rights for the previously excluded were embedded in a new constitution the following year and an intensely federal system was established giving greater powers to the state and municipal levels. Community organizations in the alliance influenced the uptake of a participatory style of governing, including development of PB (Henman, op cit). PB has achieved cross-party support but this may also be waning. Although success has been variable, it has also encouraged other kinds of innovation in participatory governance in Brazil, including at the national level (a national participatory budget plan is under development).

In the *UK* rather than PB being part of a struggle for inclusion, PB is more of a conscious effort by the authorities to re-engage with the 'poor' within existing representative processes (Blakey, undated). The socio-political realities in which PB is taking place in Latin America and the UK are qualitatively different. In Brazilian cities poverty is more widespread and there is a stronger tradition of collective action compared to the UK, which has mobilized many excluded people who now seek engagement. In contrast, in the UK, social activism is moving away from the formal democratic system (Pearce cited by Blakey, p5, undated). Very recently, the UK government has decided to expand the PB pilots, asking the Community Development Foundation in 2007 to establish a National Empowerment Partnership, to improve community engagement in public service provision. There are currently 22 local authority areas in England<sup>xxviii</sup> piloting PB, incorporating and going beyond the small area-based case studies analysed here. A public consultation is underway on a draft PB plan<sup>xxix</sup>, which would lead to participatory budgets being mainstreamed into local authority budgets - every local authority would have to use participatory budgets by 2012

#### **Box 15 : The varying political and governance contexts of PB**

Whilst far from perfect, an important element of the Brazilian PB processes, in relation to social exclusion, is that they institute principles such as redistribution of wealth into the planning process. At the risk of oversimplification, it has been argued that the processes within the UK tend to work within the status quo, with the excluded being the 'problem' and 'needing attention' – rather the democratic structure itself. The emphasis is on 're-engaging the disengaged in the same old system', rather than creating more fundamental institutional change which would give excluded groups greater rights and challenge inequities (Blakey, undated). Broad support for radical transformation of state-society relations is needed and the question is how to achieve this.

**Although the political context constrains the depth of PB pilots in some situations, it is possible for them to help persuade central government of the**

**benefits of the approach.** The north of England case study has contributed to this move by central government to support PB across the UK, as it has shown politicians the positive outcomes PB can achieve. The Harrow example has also changed minds in local authorities regarding the potential of PB to improve their relationship with the public and achieve better planning outcomes. However, it is much easier to implement PB, where the organisations involved themselves operate in a participatory manner and where there is widespread acceptance of/demand for a new kind of contract between citizens and the state. In *Venezuela* the government is also supportive of participatory governance innovations, although within an overall context of the centralisation of power in the hands of the President – which constrains progress. Thus it is not possible to easily transpose what works in one situation to another, but PB may be a way of prising open new democratic spaces.

**Who is being included in what?** Who is being involved in a participatory process and who is being excluded? If those being left out of a participatory initiative are already marginalised then this can worsen their situation relative to others – thus reproducing or exacerbating patterns of exclusion<sup>xxx</sup> (Blakey, undated). Analysing which groups are being supported to attend and which are not is thus important information, which can be captured through monitoring and evaluation. There is a risk that central government-instituted participatory governance initiatives may inhibit participating community groups from challenging the structures of government and the framing of the debate. The setting of boundaries and priorities by key players influences the direction and possible scope of outcomes. In the north of England case study, there was no time for deliberation of alternative priorities – participants had to vote on pre-selected project proposals submitted by local groups. This would therefore limit the range of actions selected within the voting.

**To have credibility, PB and other participatory initiatives have to be ‘seen to be fair’ by all those involved<sup>xxxii</sup>.** This is particularly important in the process of awarding funding to particular parts or areas of the community - to avoid damaging existing social relations. Quite often, resistance to PB is from local bureaucrats and councillors who feel threatened by a loss of power and control over decision-making. However, the Harrow and Porto Alegre cases have shown that local councillors can also benefit as local people understand better the constraints under which they are operating. PB helps demonstrate to and convince local politicians and bureaucrats that local people can make valid decisions. Those with knowledge about their community can influence decision-making and can make decisions in interests of others rather than voting with narrow self interest. However, community members may also be unaware of the realities of life in some parts of their area and so supporting information exchange and learning prior to and during PB events can help with this, as does care in demarcating the geographical boundaries used in the process<sup>xxxii</sup>.

## **6 Practical steps to improve PB processes**

A review of the literature provides some insights into how to ensure that participatory governance processes such as PB are can be successful and also equitable in process and outcome. See Box 16 below.

<b>Some practical guidance</b>
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*Analyse the political context* - such as the nature of public action, the position and capacities of civil society, patterns of social exclusion and conflict, the extent of decentralisation, the strength of local-level institutions and civil society and the extent of political freedom.

*Ensure participants understand the process* – keeping rules simple and communicating these clearly, using appropriate media, language and methods.

*Provide equality of opportunity* to participate in all phases of management or budgeting. In PB this should include priority setting for a pot of money; project proposal identification and development; process design; engagement of the community; event organisation and delivery; decision-making; evaluation<sup>xxxiii</sup>.

*Seek a balance of participation* – understand patterns of social exclusion in the local community through action research and working with community groups. In Harrow an information campaign to advertise proposed meetings was carried out and existing community events used to raise awareness. Planning for over or under-representation by specific groups – e.g. if one area is over-represented then a weighting of votes can compensate for this.

*Develop a specific strategy to support the participation of identified excluded groups*; encourage the election of disadvantaged groups such as women to the PB Council to ensure a better gender balance.

*Promote poverty mapping to target resources* to vulnerable groups and to support impact monitoring.

*Analyse attendance and gather data*: Data collection must be systematic on the following: the numbers and profiles of those attending meetings by age, gender, ethnicity, disability; social research in the locality and with participants (where sophisticated local knowledge is missing) to fully reveal not only who is participating, but what excludes some and whether the PB process is enabling previously excluded groups to have a voice (in defining problems and solutions). Both of these are frequently absent or inadequate.

*Maintain independence of process*: e.g. ensure that facilitators are seen to be independent of government.

*Promote transparency of decision-making*: ensure that information is made available at all stages of the process to all participants.

*Quality and validity of decision-making*; For example, give equal space and time for presentation of projects and sharing of information throughout the event to ensure decision-making is informed.

*Use skilled participatory facilitators* – to find the right methods and tactics to give all participants a say in meetings and to avoid dominance by more powerful individuals or groups. The ability to draw a range of methods, including visually based tools, which can overcome literacy problems.

*Identify and follow appropriate timings and locations*: Consideration of what is the most appropriate times and locations for meetings important. The Caracas case showed that local people, particularly women, were not happy to move around by night because of safety concerns.

*Allow plenty of time and opportunities for deliberation:* Providing adequate time for deliberation, questions, provision of information is critically important. In the north of England case there was no time allowed for deliberation of alternative projects, or for questions to be asked following presentations. In Harrow a lack of time to achieve key milestones led to tensions between the facilitators and the panel.

*Ensure the process meets the needs of the participants:* The Harrow case was limited as it did not include a clear mechanism for follow-up, frustrating participants, whereas in Porto Alegre, PB has become embedded in annual municipal budgeting.

*Allow budget learning time:* Participants need to be clear about what is being asked of them and many may be unfamiliar with budgeting processes. All of the PB examples indicate the importance of allowing time and supporting budget learning – particularly for groups likely to be less used to attending and speaking in such meetings. The north of England case shows although it is clear that communications via existing community events, door-to-door visits helped in spreading the word locally about the upcoming event.

*Be aware that diverse participation may be more likely following long-term engagement* with community and socially excluded groups (e.g. the north of England example found that the prior relationships established via the Neighbourhood Action Planning process between different stakeholders etc promoted collaboration).

*PB takes time to be embedded in planning.* NGOs can play a role in getting PB off the ground by questioning how public resources are used and how they could be used better used, and also by assisting in PB implementation and supporting monitoring once it is underway.

*Promote participatory monitoring and evaluation of the process* – to ensure that positive outcomes are being achieved, and to avoid negative impacts, it is important to establish effective mechanisms for learning by participants.

#### **Box 16 : Some practical guidance**

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## **Endnotes**

i See ‘Participatory Budgeting <http://www.participatorybudgeting.org/>, and ‘The World Bank Guide to Participatory Budgeting’,

ii Benjamin Goldfrank (2006) Lessons from Latin American Experience in Participatory Budgeting, University of New Mexico, Presented at the Latin American Studies Association Meeting, San Juan, Puerto Rico, March 2006

iii Goldfrank (2006) op cit.

iv Brian Wampler (2007) ‘Participatory budgeting in Brazil: Contestation, Cooperation and Accountability’. Penn State Press. See also Wampler, 2000, etc – ‘A guide to participatory budgeting’ - <http://www.internationalbudget.org/resources/library/GPB.pdf>

v See for example the websites for; the International Budget Project:

[www.http://www.internationalbudget.org/](http://www.internationalbudget.org/); the Participatory Budgeting Forum:

<http://participatorybudgeting.org/>; and the Participatory Budget Unit UK:

<http://www.participatorybudgeting.org.uk/>. A key text is: Brian Wampler (2007) ‘Participatory budgeting in Brazil: Contestation, Cooperation and Accountability’. Penn State Press; Also, Wampler, 2000, etc – ‘A guide to participatory budgeting’ -

<http://www.internationalbudget.org/resources/library/GPB.pdf>

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- vi, Abers, cited in <http://www.chs.ubc.ca/participatory/docs/op.pdf>. Abers, Rebecca. 1998. "From clientelism to cooperation: Local government, participatory policy, and civic organizing in Porto Alegre, Brazil. *Politics and Society*. 26(4): 511-537.
- Abers, Rebecca. 2000. *Inventing Local Democracy: Grassroots Politics in Brazil*. Boulder: Lynne Rienner.
- vii In India, for example, the plan is to introduce participatory budgeting in the municipality of Pune, Maharashtra, providing local residents with a say in how the municipal budget should be spent. The population is approximately 4.5 million and the city is India's eighth largest. The plan is to brief local political parties on PB and to train officers and citizens in all 144 wards. Residents and elected budget delegates will identify spending priorities and vote on which to implement, and each ward will then submit its budget (<http://www.earthtimes.org/articles/show/128795.html>).
- viii Rebecca Abers (1996) "From ideas to practice: the Partido dos Trabalhadores and participatory governance in Brazil" *Latin American Perspectives* 91(23), 35-53. And Rebecca Abers (1997) "Learning democratic practice: distributing government resources through popular participation in Porto Alegre, Brazil" p.39-65 in: Michael Douglass & John Friedmann (eds.) "Cities for Citizens: planning and the rise of civil society in a global age" Chichester (UK): John Wiley & Sons. And Abers, R. N. (2000) *Inventing local democracy: grassroots politics in Brazil*. Boulder: Lynne Rienner Publishers.
- ix Michael Fox (2008) North American Congress on Latin America. <http://nacla.org/node/4566>
- x Wampler, (2007) op cit.
- xi Benjamin Goldfrank, (2006) 'Lessons from Latin American Experience in Participatory Budgeting', University of New Mexico, Presented at the Latin American Studies Association Meeting, San Juan, Puerto Rico, March (2006). <http://www.internationalbudget.org/themes/PB/LatinAmerica.pdf>
- xii Goldfrank, (2006) op cit.
- xiii Goldfrank (2006), op cit.
- xiv Goldfrank (2006), op cit
- xv Goldfrank (2006), op cit
- xvi Blakey, H. (undated) 'Radical innovation or technical fix? Participatory budgeting in the UK: how Latin American participatory traditions are reinterpreted in the British context'. International Centre for Participation Studies, Department of Peace Studies, University of Bradford. Accessed at: <http://www.bradford.ac.uk/acad/icps/> Blakey (2007) PSA conference, 13th April 2007, <http://www.psa.ac.uk/2007/pps/Blakey.pdf>
- xvii Lent, A. (2006) 'Harrow Open Budget – Final evaluation'. The Power Inquiry, UK.
- xviii A supportive local media coverage was a key element and even the tax campaigning group, the Harrow Council Tax Campaign, provided endorsement.
- xix ¿"Aquí, el Pueblo decide"? Nuevas Formas de Participación Ciudadana. Informe de Investigación Compartiendo Descubrimientos con los Participantes de Investigación, Octubre 2007. Accessed at: <http://www.bradford.ac.uk/acad/icps/>
- xx See <http://www.internationalbudget.org>.
- xxi <http://www.internationalbudget.org>.
- xxii <http://www.internationalbudget.org>
- xxiii See <http://www.internationalbudget.org>
- xxiv <http://www.internationalbudget.org>
- xxv Rebecca Abers, p64, cited in a document - <http://www.chs.ubc.ca/participatory/docs/op.pdf>
- xxvi Commins, S (2007) 'Community Participation in Service Delivery and Accountability'
- xxvii Henman, O (2007) 'Participatory Democracy in UK Communities'. [http://www.makeitanissue.org.uk/2007/07/oli\\_henman\\_participatory\\_democ.php](http://www.makeitanissue.org.uk/2007/07/oli_henman_participatory_democ.php)
- xxviii e.g. in Newcastle, Salford, Bradford and Sunderland
- xxix <http://www.communities.gov.uk/documents/communities/pdf/727993.pdf>
- xxx Blakey, (undated) op cit.
- xxxi Lavan, K. (2007) 'Participatory Budgeting in the UK: An evaluation from a practitioner perspective'. Draft version for review. Report and research by Kezia Lavan, Participatory Budgeting

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Unit. 25th June, 2007. Available at:

<http://www.participatorybudgeting.org.uk/Downloads/PB%20from%20a%20practitioner%20perspective%20report%20June%202007.pdf>

xxxii Lavan, 2007, op cit.

xxxiii Lavan, K. (2007) op cit.