

Participatory Budgeting in North America

A briefing paper on emerging examples from Canada and the USA

“From the Mayor's Office of Communications, San Francisco, CA

Mayor Newsom today announced that the 2006 SFListens will take place on Saturday, April 1, offering San Franciscans a unique opportunity to participate in this year's budget making process.....

Mayor Newsom called SFListens “participatory budgeting at its best,” saying “The budget must reflect the needs and priorities of all San Franciscans – not the lobbyists and advocates who understand how to work the system. SF Listens is a chance for real people to exchange information and ideas with a goal of finding common solutions.”

From the San Francisco Sentinel March 15, 2006

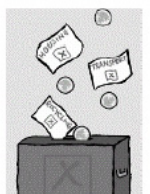
Participatory budgeting is beginning to emerge in North America, in both the USA and Canada. The PB movement is growing out of initiatives in participatory democracy. Most of these initiatives are promoting higher consultation in government budgeting, though some are advocating for a more deliberative approach.

Canadian examples fall into three general categories:

- **Government Initiated programs** in Canada have been cited in Guelph, Ontario, the City of Vancouver, City of Greater Sudbury, and Toronto Community Housing Corporation.
- **NGO Initiated models** include Democracy Watch (Citizen Utility Boards), The International Participatory Budget Project, Ontario Healthy Communities Coalition(OHCC).
- **Citizen initiates** exist in Toronto, Ontario – Toronto Participatory Budgeting Network (TPBN), and Hamilton, Ontario – The People's Agenda.

Participatory budgeting in Guelph

Guelph is a city of over 100,000 people in southern Ontario, 100 kilometres west of Toronto. Since 1999, Guelph residents have used participatory budgeting to allocate a small portion of the City's budget. Through the Guelph Neighbourhood Support Coalition, neighbourhood groups share and redistribute resources for local community projects, such as recreation programs, youth services, and physical improvements to community facilities. By late 2001, the City of Guelph, Ontario, launched “SmartGuelph” a public consultation process focused on “building a vibrant and sustainable community.” Outcomes cited by Janette Loveys, Manager of Community Development include improvements to democracy, equity, community involvement, transparency and efficiency. Local groups represent over 1100 residents with 460 different programs offered, involving many more residents. And that the process is getting better with time. Funds come from various sources including municipal, regional and provincial governments. Budget



funding has 3 stages: local groups determine priorities; representatives bring requests to the Coalition and the Board approves recommendations. Lessons learned in introducing PB included using municipal staff working in a facilitator's role, assisting in creating an environment for change and collaboration. Community members have improved access to decision makers, with the creation of new policies and procedures, neighbourhood leaders speak first, and the use of language has changed.

Toronto Community Housing: Tenant Participation System

Since 2001, the Toronto Community Housing Corporation (TCHC) has used a participatory budgeting process to involve tenants in budget decision-making, as part of their Tenant Participation System. Originally called Community Based Business Planning, the budgeting process has allowed tenants to decide how to spend \$9 million per year, or 13% of the TCHC's capital budget. The TCHC is the largest social housing provider in Canada and second largest in North America, with 164,000 tenants housed in over 350 high and low-rise apartment buildings and 800 houses and duplexes. With an average income of \$15,400, TCHC residents are generally low-income individuals and families. Many residents are new immigrants, elderly, disabled, or single parent families - some of the most marginalized populations in Toronto.

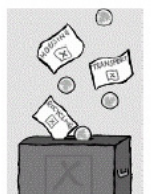
Vancouver: Ridgeview School Participatory Budget

Although tiny in comparison with the other initiatives, Canada's third experience with participatory budgeting is notable for its participants. In West Vancouver, elementary school students have used a participatory budgeting process to decide a small amount of their school's funding. In 2005, Ridgeview School's participatory budget enabled students to learn about their needs and democracy, and to fund a new school store in the process. The Ridgeview process builds on previous experiences of youth participatory budgeting in Latin America.

City of Greater Sudbury

Participatory Budgeting processes began in Sudbury with the 2002 election of a new mayor, who began his term by initiating a Task Force on Community Involvement and Volunteerism. The task force sponsored a series of community meetings for citizens to voice concerns. Emerging from citizen suggestions at these meetings was the concept of "Community Action Networks" which now provide an ongoing structure through which citizens come together in forums to raise issues and voice concerns, according to their neighbourhood of residence.

Additionally, the initiative for a more participatory method of setting the municipal budget came from feedback through the mayor's task force. Following this suggestion, the municipal department of Corporate Strategy and Policy Analysis interviewed 300 businesses and 1,200 citizens. This became the basis on which to set priorities for the 2001 city budget, which has been deemed highly successful.



Elsewhere in Canada, city governments in Montreal, Vancouver, and Hamilton are considering implementing their own participatory budgeting processes. In 2004, this growing interest fuelled a Canadian participatory budgeting network of academics, community organizations, and local government officials. Most recently the mayor of the borough of Plateau Mont-royal in Montreal, is piloting PB now.

In the USA there has been a long culture of citizen involvement and local government autonomy.

Many of these processes are more deliberative rather than pure participatory budgeting. An example cited by the World Bank is Performance Based Budgeting, based on defining and measuring desired outcomes through a participatory mechanism, allocating resources to achieve desired outcomes and providing accountability for results.

A successful case of performance based budgeting is Prince William County, Virginia, USA. In 1992 the county defined a mechanism to institute performance based budgeting. Citizen attitude surveys were performed to help define the tastes and preferences of citizens toward municipal infrastructure and services and the survey served as a key input into a strategic development plan. In order to monitor progress in meeting the objectives the municipality contracted the University of Virginia Business School to carry out annual service delivery surveys. After five years of instituting performance based budgeting, the constituency has responded very positively and concrete improvements in the quality of life are visible.

The Seattle Neighbourhood Matching Fund Program

The City of Seattle supplies cash for a neighbourhood project and the neighbourhood matches the City's contribution with volunteer labour, donated materials, professional services and cash. In its first year, the Neighbourhood Matching Fund was budgeted at only a few hundred thousand dollars, but the program proved to be so popular that the annual allocation was quickly increased to \$1.5 million and recently the annual allocation for the Neighbourhood Matching Fund was increased to \$4.1 million. Since the program's inception the neighbourhood contribution to Matching Fund projects, counting volunteer labour, professional services, donated materials and cash exceeds the City's contribution by half. The decision to fund, or not fund, a proposed neighbourhood project, rests with a panel of citizens representing the 13 districts served by the Neighbourhood Service Centres. And, while the Mayor or the City Council could reverse the recommendations of the citizens' panel, that has not happened in the 12 years since the program started. 1,500 Neighbourhood Matching Fund projects have been funded in 12 years. In all, the City has awarded nearly \$20 million in public funds to 700 different neighbourhood groups to spend as they see fit.. Seattle's Neighbourhood Matching Fund program is generally considered an unqualified success and has been copied in 40 other cities throughout the U.S. and abroad.



Chicago is quoted as having innovative processes.

“In cities as diverse as Chicago in the United States and Porto Alegre in Brazil, local people already control budgets and services. The results are impressive both in terms of public engagement and service improvement. We should be seeking to apply the same lessons in towns and cities in Britain.

Alan Milburn, March 2004, Community Consultation Conference

Responding to problems in the Chicago school system in the late 1980s, citizens formed a small but vocal social movement that managed to transform a hierarchical school system. More than 5,000 parents, neighbourhood residents, and school teachers are elected to run their schools. LSCs carry out functions previously performed by the central school apparatus including personnel, planning, and setting spending priorities. The central office provides support to the LSC, such as technical assistance and training, rather than issue orders.

Conclusion:

As well as these North American examples the City of Christchurch and other cities in New Zealand have been quoted as inspiring early German experiments with PB. Dublin has also been cited as undertaking a form of participative budgeting. In Scotland the Community Budgeting program has also stimulated a number of early participatory budgeting experiments and new ones are planned. The Welsh assembly is also interested in PB

The inspiration for more transparent budgeting does not always originate from Brazil, but through common principles of ‘people power’, participative democracy and local government modernisation.

Exposure to the Porto Alegre model through academic networks and citizen movements has led to a coming together of diverse experiences. For example the Ford Foundation has funded Latin American activists, who have been enabled to travel to North America to meet with citizen groups there. The International Budget Project based in Washington has also done much to further transparent budgeting around the world.

PB is inevitably adapted to local situations, but exchange visits, clear vision of the benefits and a realistic expectations of the challenges greatly stimulates the pace of change and acceptance of participatory budgeting principles.

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