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## PARTICIPATORY BUDGETING – NOT A ONE-SIZE-FITS-ALL APPROACH

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**M**unicipal staff and politicians are moving aside to let someone else make budget decisions – community residents. This practice, known as participatory budgeting or PB, is a completely different way of managing public money. It allows the public to both identify projects and programs that they want to see in their neighbourhoods, and to vote on which ones to fund. The process was developed twenty-five years ago and there are now over 1,500 participatory budgets around the world.

In Canada, there are a handful of promising examples of participatory budgeting. Toronto Community Housing was the first, in 2001, and the City of Guelph followed suit in 2005. More recently, the City of Toronto piloted its first participatory budgeting pilot in 2015, giving the residents in three neighbourhoods the power to spend \$150,000 on improvements like benches, park improvements, and lighting. However, given that New York, Paris, and now Toronto have embraced larger models in their cities, other municipalities in Canada may well want to consider adopting the practice.

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## I. WHAT IS PARTICIPATORY BUDGETING?

In 1989, Porto Alegre, Brazil became the first municipality in the world to introduce participatory budgeting in the wake of the election of the Labour Party, which pledged more open government. Porto Alegre is touted as the prototype. At the time, a third of the city's population lived in slums without access to basic infrastructure, like clean water and medical clinics. The city used participatory budgeting to engage citizens on ranking Porto Alegre's priorities. As a result, civic involvement skyrocketed, corruption dropped as a result of decision-making becoming more apparent, and the city's priorities changed. For example, a World Bank paper concluded that participatory budgeting in Porto Alegre led directly to a 20% increase in sewer and water connections, and a quadrupling of schools. The UN Habitat, a United Nations program that focuses on urban growth, declared the experiment to be an international best practice.

New York and Paris have recently expanded participatory budgeting within their cities. New York launched its strategy in four districts in 2011, and has now expanded to 27. In the 2014-15 cycle, councilors earmarked \$1-2 million from their discretionary funds for participatory budgeting, for a total of \$32 million across the city. Over 51,000 New Yorkers cast ballots for initiatives like new parks, sidewalk repair, and a mobile food pantry.

This year, Paris' council allotted €75 million (\$105 million in Canadian dollars) compared to the €20 million allocated in 2014. In 2015, Paris will direct half of its participatory budgeting allotment to "city projects" and divide the other half between the 20 city districts, with poorer areas like Belleville-Menilmontant and Pigalle awarded more funding. To show its commitment, the city council passed a by-law that requires the municipality to allocate a portion of its expenditures for participatory budgeting each year.

In the 25 years since Porto Alegre's experiment, thousands of municipalities have introduced variations of participatory budgeting, including both small and large communities from developed to developing countries. Participatory budgeting gives residents direct power to make decisions about what projects will be funded. Experts like Paolo Spada believe that genuine participatory budgeting is very successful at engaging residents to discuss and decide matters of local importance, but only if PB initiatives hand over real power to the community, not where it is civic engagement in disguise.

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## II. PARTICIPATORY BUDGETING GOES BEYOND PUBLIC CONSULTATION

Most municipalities hold consultations on initiatives that affect their residents. However, participatory budgeting is different. In this model, residents don't just receive and comment on staff proposals; they directly propose and decide what will happen in their neighbourhoods. It is a fundamentally different model of decision-making.

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Cities like Calgary and Mississauga have embraced public engagement in regard to budgeting. In 2011, Calgary launched a series of projects meant to engage the public in the budgeting process. These included the release of an iPhone app to inform residents about the budget process and facilitate discussion through digital forums. Users could complete surveys and questionnaires, rate city services, and propose priorities for budget spending. Mississauga introduced a similar initiative in 2015, providing residents with budgeting information and the opportunity to “vote” on priorities. These projects have been heralded as huge successes in transparency and engagement. However, unlike participatory budgeting, neither of these measures allows the public to make final decisions on how public moneys will be allocated.

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### III. THE NUTS AND BOLTS OF PB

There is no one-size-fits all model for participatory budgeting. The UN-Habitat suggests that the following are essential pieces for the introduction of a participatory budgeting process: the will of the mayor, public interest, clarity on administration and the decision-making process, education tools on the budgeting process, widely distributed information on the participatory budgeting process through all possible means, and information on infrastructure and public service shortfalls. The UN-Habitat recommends that participatory budgeting should not be used if honesty and transparency are lacking in local administration. Municipal governments should be clear that the final decision rests with the elected representatives of the local authority and that the process does not replace representative democracy with direct referendums.

Municipalities may want to consider the following issues when implementing participatory budgeting in their communities.

#### **Process**

While there is no one-size-fits-all approach to participatory budgeting, in general the process takes place over the year and includes the following steps:

- 1) Residents identify local needs
- 2) Residents brainstorm spending ideas
- 3) Delegates are elected to represent a neighborhood or community
- 4) Delegates discuss local priorities and develop concrete projects that address them, with the help of city staff
- 5) Delegates and public officials piece together a final budget
- 6) Residents vote on proposals
- 7) The government implements the top projects
- 8) Residents monitor implementation

New York’s process begins in September when Neighborhood Assemblies meet to discuss ideas and elect delegates. Community votes take place in March, followed by city council

consideration and implementation. Like in Toronto, whose pilot timeline ran from April to September 2015, research and evaluation take place throughout. The process should be driven by and grounded in the principles of democracy, equity, access, community participation, fairness, education, and transparency.

### **Funding and projects**

The amount of dedicated funding will signal the importance of participatory budgeting in a municipality. Efforts usually start with a pilot involving a small pot of money. Experts believe that enough should be allocated to convince the public that their decisions are impacting the budget. Dedicating an amount akin to a small grant may not send that message. Where residents are deciding on significant physical improvements for public parks, streets or buildings, more funds should be allocated. Once a city commits, most processes involve 1-15% of the overall budget. In Porto Alegre, public residents are the final decision-makers for approximately 20% of the annual budget. By contrast, in Guelph, the public allocates about \$250,000.

In New York, Toronto, and Paris, participatory budgeting has been used for capital projects only, like improvements to schools, parks, libraries, public housing, and other public or community spaces. Toronto Community Housing has only focused on capital projects like bike racks, lobby furniture, and security measures since 2001. Toronto's pilot insisted that participatory budgeting initiatives must not delay, cancel, or supersede the Council approved Ten-Year Capital Plan. The focus on capital projects may well be because of the ongoing and potentially known operating costs of social programs, and because low-income residents prefer spending on projects like housing and schools.

### **Administration**

The costs for PB initiatives typically include staff time and funding for outreach. In Toronto, the process was centralized through the City Manager's Office, which piloted this approach using existing staff resources. The funding for the initiative - \$125,000 in each of the three neighbourhoods - was drawn from discretionary funds from the City's capital budget.

Last year, in New York, the City Council Speaker's Office allocated \$40,000 to community groups to do outreach and organizing in low income and marginalized communities and the Speaker's Office contributed the time of staff members to support this outreach. Individual councillors decide whether they wish to roll out participatory budgeting using a portion of their discretionary budgets and, if they do, they help with administrative costs. This is the case in Halifax and Toronto, too, where individual councillors have used participatory budgeting to allocate discretionary funds within their wards.

While municipal government is the public body that typically uses participatory budgeting, housing authorities, schools, universities, coalitions, and other public agencies have adopted the practice, too. In Guelph, the Neighbourhood Support Coalition, an organization founded by the City of Guelph and several community groups in 1997, was the vehicle used to allocate funds using participatory budgeting. Likewise, Toronto Community Housing, an agency of the City of Toronto, offers tenants the opportunity to vote on improvement projects since 2001. In 2015, \$8 million was allotted for tenants to decide on improvements like public safety, laundry facilities and playgrounds.

### **Priority neighbourhoods**

Most Canadian cities are experiencing increased social and economic inequality and polarization. This polarization means that sections of cities become spatially segregated and neighbourhoods can be described along a spectrum of affluent or economically struggling,

rather than as mixed or middle class. Recent studies in Vancouver and Toronto, including David Hulchanski's highly publicized Neighbourhood Change project<sup>1</sup>, have shown that racial polarization has deepened over the past 20 years and are starkly segregated by race and income. In these large cities, new immigrants are especially prone to experiencing poverty.

One of the advantages of participatory budgeting is its ability to address this spatial poverty. It has particular resonance for low-income and marginalized communities, especially where governments partner with community organizations and prioritize outreach and organizing. In Toronto's pilot, two of the three selected sites were Neighbourhood Improvement Areas, meaning their indicators for health, economics, political participation and education are comparatively low. Residents in priority neighbourhoods participate less in traditional civic engagement exercises, so participatory budgeting is an especially helpful tool to enhance democratic participation.

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#### IV. A NEW WAY OF BUDGETING

The cities of the future will be expected to deliver far more access to local government than ever before, especially in overseeing how public money is spent. Participatory budgeting goes well beyond providing information and input; instead, residents become actors in the budgeting process itself. There is a reason so many municipalities have jumped on the bandwagon. The benefits include budgetary transparency, meaningful opportunities for civic involvement, addressing the needs of low-income communities, and alignment between institutional and public priorities.

The following resources can help local governments implement participatory budgeting in their communities:

The Federation of Canadian Municipalities has produced a toolkit<sup>2</sup> for municipalities who are interested in participatory budgeting. Although it was last updated in 2007, it continues to be an excellent resource.

The Participatory Budgeting Project<sup>3</sup> is a non-profit organization that creates and supports participatory budgeting processes, primarily in the US and Canada. The organization has assisted New York, Toronto Community Housing and others with their initiatives.

The Participatory Budgeting Allocator<sup>4</sup> offers tailored software that has been used by Mississauga, Halifax and other local governments.

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<sup>1</sup> <http://neighbourhoodchange.ca/>.

<sup>2</sup> [https://www.fcm.ca/Documents/tools/International/Local\\_Government\\_Participatory\\_Practices\\_Manual\\_EN.pdf](https://www.fcm.ca/Documents/tools/International/Local_Government_Participatory_Practices_Manual_EN.pdf).

<sup>3</sup> <http://www.participatorybudgeting.org/>.

<sup>4</sup> <http://budgetallocator.com/>.