

World Campus Training Event

**Inclusive Urban Governance:
How to Walk the Talk**

Vancouver, 20 June 2006

Participatory Budgeting

With inputs from

UN-HABITAT and CIGU

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2. Basic concepts and current trends
3. Group Exercise: How can PB improve urban governance
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1

Background

What is Participatory Budgeting?

a process that combines direct democracy and representative democracy, through which the population has the opportunity to discuss and decide the budget and public policies

**Global Campaign
on
Urban Governance**



**Programa
de Gestion
Urbana**

Key Actors in PB

Participatory Budgeting is a process that combines direct democracy and representative democracy, through which the population has the opportunity to discuss and decide the budget and public policies

- Local Authority Staff
- Mayors and Councillors
- Civic Associations, NGOs and CBOs
- Ministry of Local Government
- Local Government Reform Programmes
- Training and Capacity Building Institutions

Since when and where?

- PB began at the end of the 80's, in Brazil, when democracy was reinstated in the country.
- Phases:
 - I: Experimentation. 1989 - 1996
 - II: Expansion in Brazil. 1997 - 2000
 - III: Diversification in Latin America. 2001-2005
 - IV: International Awareness. 2003 – 2005
- Most experiences are still in Brazil, but many other Latin American cities have adopted PB in the last 5 years.
- Currently, cities from Europe, Africa, Asia and Eastern Europe are exercising PB.

INITIAL PHASES

Experimentation

1989

Porto Alegre, Brazil

Santo André, Brazil

1990

Montevideo, Uruguay

1993

Belo Horizonte, Brazil

Expansion in Brazil

1997

Recife, Brazil

Alvorada, Brazil

Caxias do Sud, Bra.

Belem, Brazil

Icapui, Brazil

Mundo Novo, Brazil

1998

Juiz de Fora, Brazil

2001

Camphinas, Brazil

Diversification in Latin America

2000

V. El Salvador, Peru

Ilo, Peru

2001

D.Cuahutemoc, Mex.

Cuenca, Ecuador

2002

Cotacachi, Ecuador

Rosario, Argentina,

Puerto Asis, Colombia

Buenos Aires, Arg.

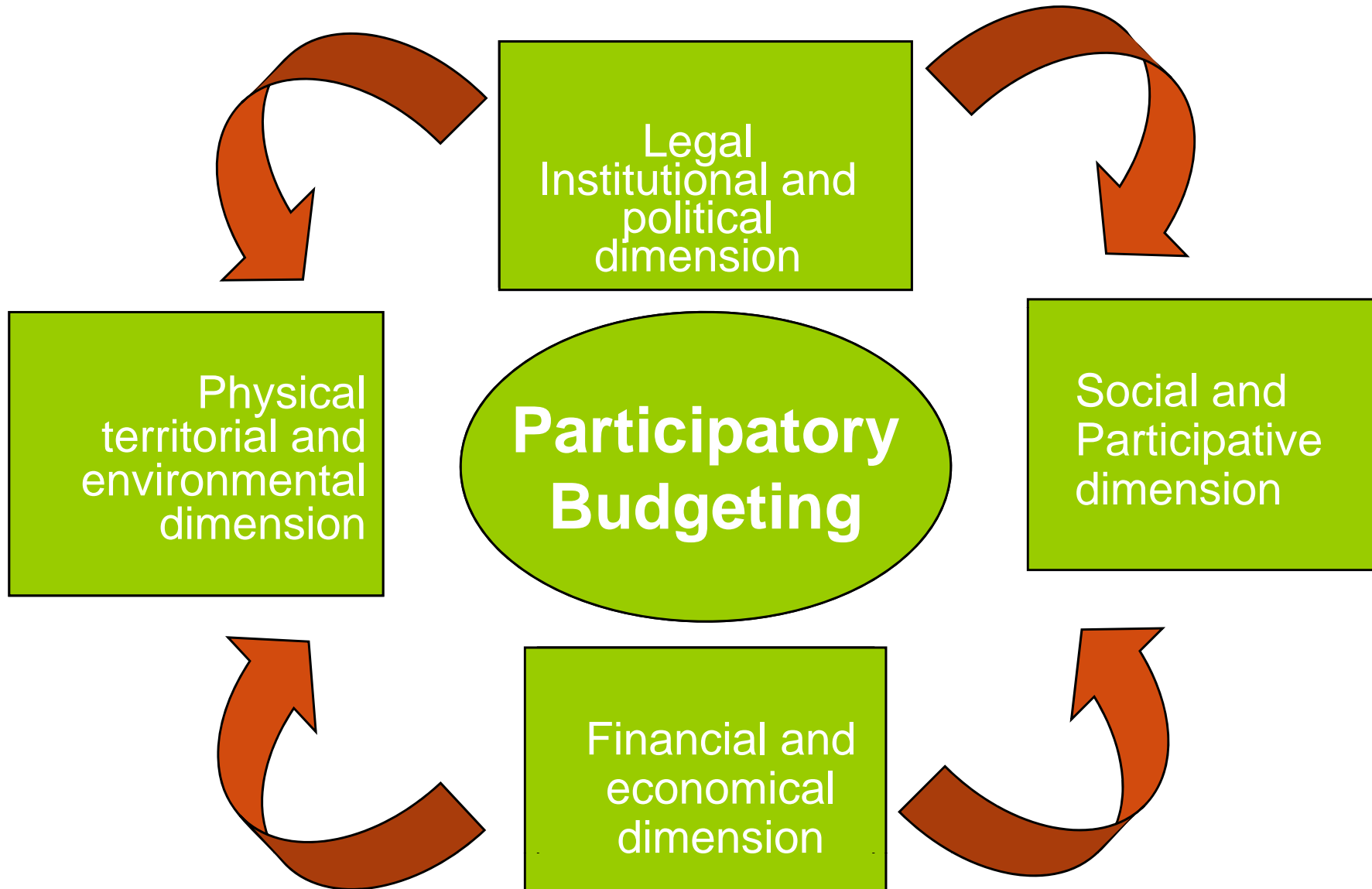
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Basic concepts
and current
trends

Participatory Budgeting Dimensions

- Physical and territorial
- Social and participatory
- Legal, Institutional and political
 - Financial and economical

Participatory budgeting dimensions



Physical and Territorial dimension

- The reversal of priorities
- PB in urban & rural contexts
- Surpassing the local contexts

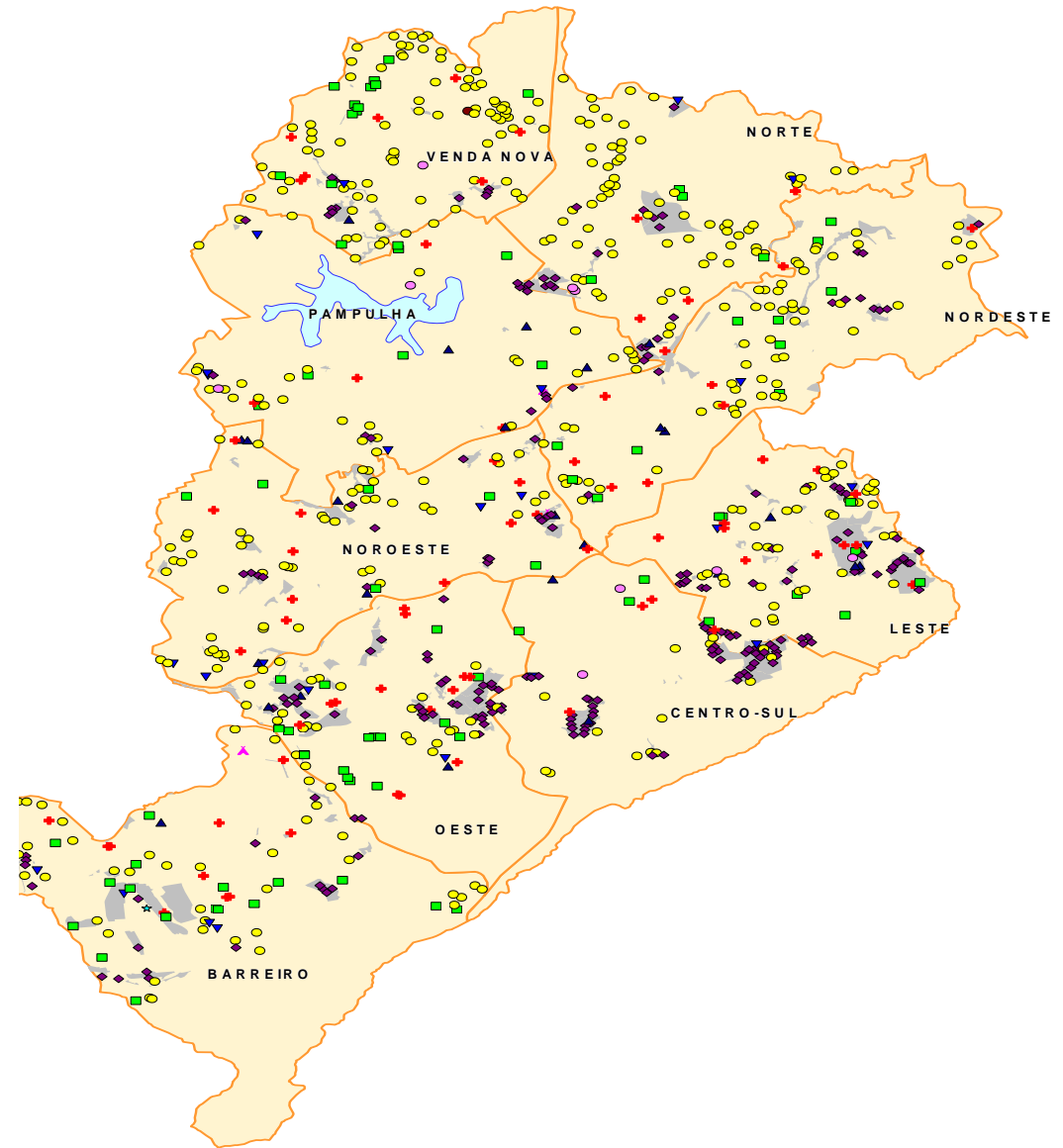
Reversal of priorities

- One of the achievements of PB is reversing the priorities of investment towards areas of territory and social groups usually unattended by local governments.
- It requires to be measured.
- Complex indicators systems have been used for this purpose
- However, there are less complex proposals: Distance and Perception are two dimensions to be considered



Reversal of priorities

- Belo Horizonte, Brazil, lead an URB-AL Project on Tools for linking PB and Physical Planning. The purpose is to find specific mechanisms for measuring the reversal of priorities generated by PB.
- Project partners are: Cordoba (Spain), Arizzio (Italy), Bella Vista (Argentina) and Guarulhos (Brazil) plus CIGU



PB in urban & rural contexts

- PB was initially developed in urban contexts.
- Developing it in rural areas is a current challenge
- In rural contexts, the local economic development becomes the priority



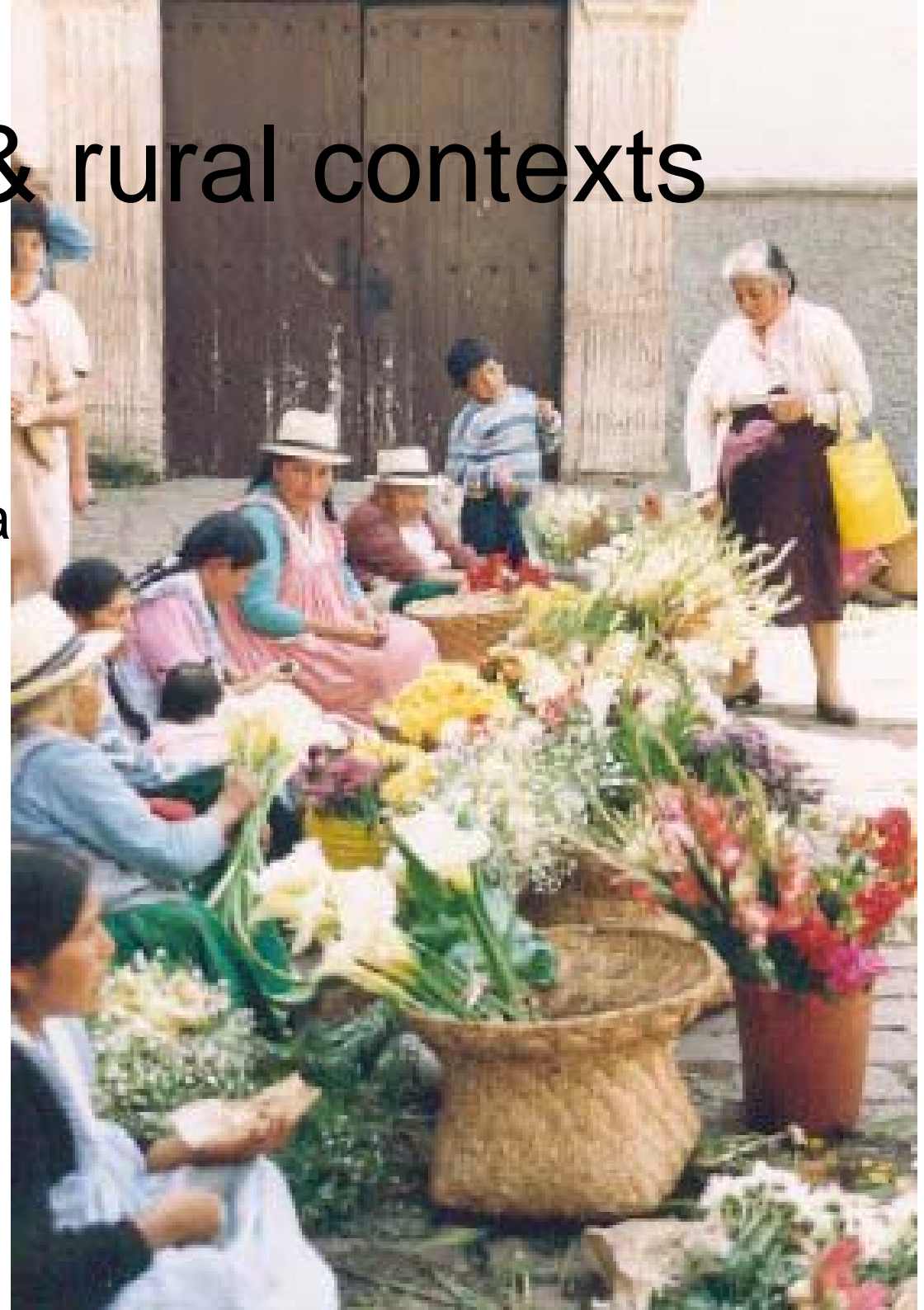
PB in urban & rural contexts

Cuenca in Ecuador and Valadares in Brazil have pioneered PB processes
Cuenca (400.000) handles a PB process for 21 rural parishes under its jurisdiction.

Parish Councils have a central role.

Traditional mutual help systems have been reinforced.

Local economic development is the main priority



Surpassing the local context

- PB at State or Provincial level:
 - Rio Grande do Sud, Brazil;
 - Ibagué, Colombia;
 - Cotopaxi and Chimborazo, Ecuador
- Another option:
 - Municipal associations
 - National networks
- PB at National Level?
 - The Peruvian experience

Social and participatory dimension

- The scale of participation and PB
- Fighting social exclusion at local level
- PB in multi cultural and pluri ethnical contexts

Local Democracy

In
Representative
Democracy:

Everybody is equal

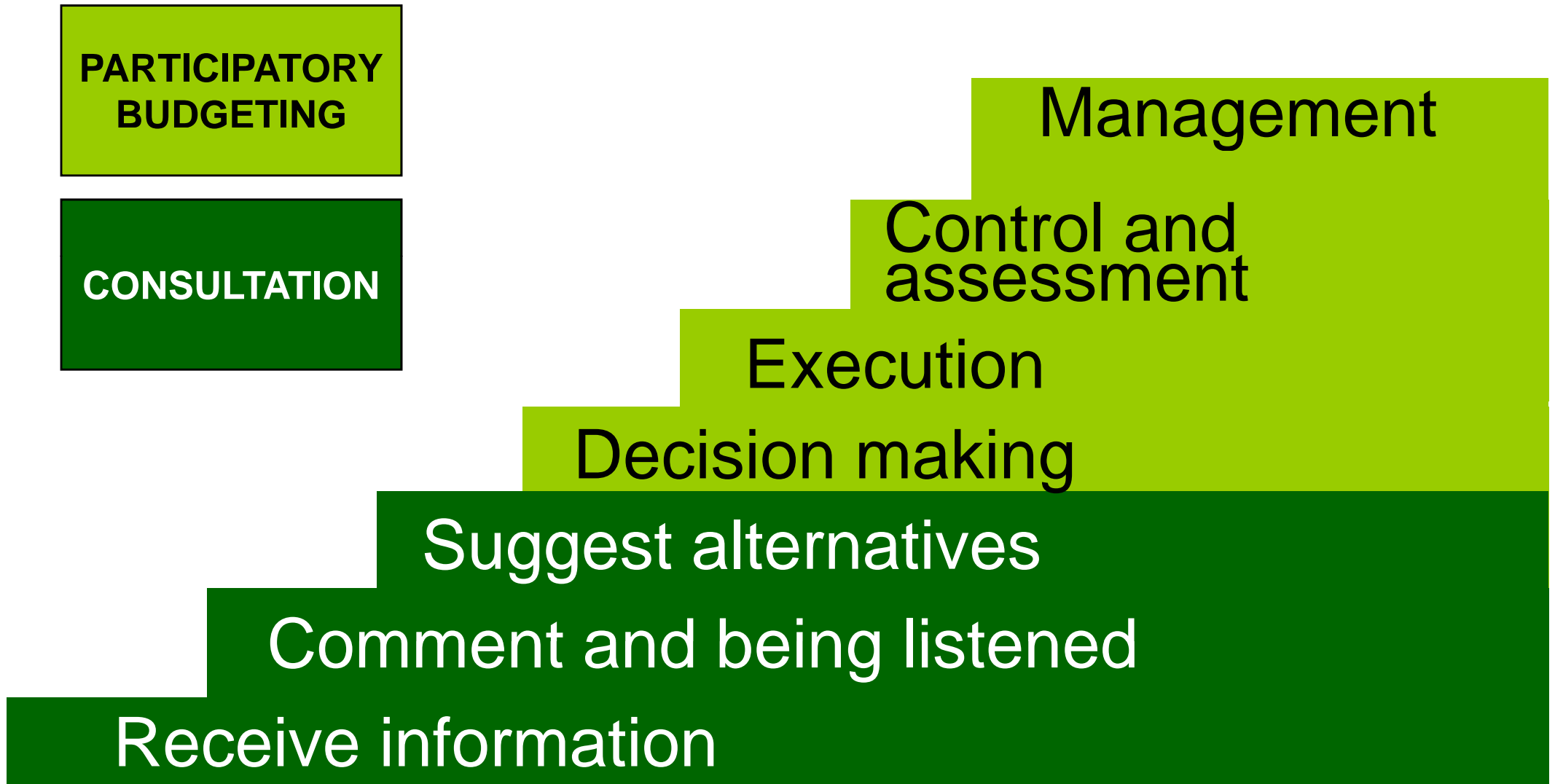
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In
Participatory
Democracy:

Everybody is different

≠

The scale of participation and PB



Three forms of participation

PHYSICAL

Place of residence

Neighborhood Associations

SOCIAL

Social Condition

women groups, youth associations, etc.

THEMATIC

Specific interests

Education, health, sports, religion, etc.

Fighting social exclusion at local level

Exclusion dimensions and vulnerable groups

- Gender: Women
- Age: Children, Youth, Senior citizens
- Social condition: Ethnical, cultural and religious groups, sexual minorities
- Residence: Migrants, displaced, victims of evictions, rural population, homeless
- Handicapped
- Economic situation: Unemployed, illiterate
- People at risk: drug addicts, sexual workers, etc

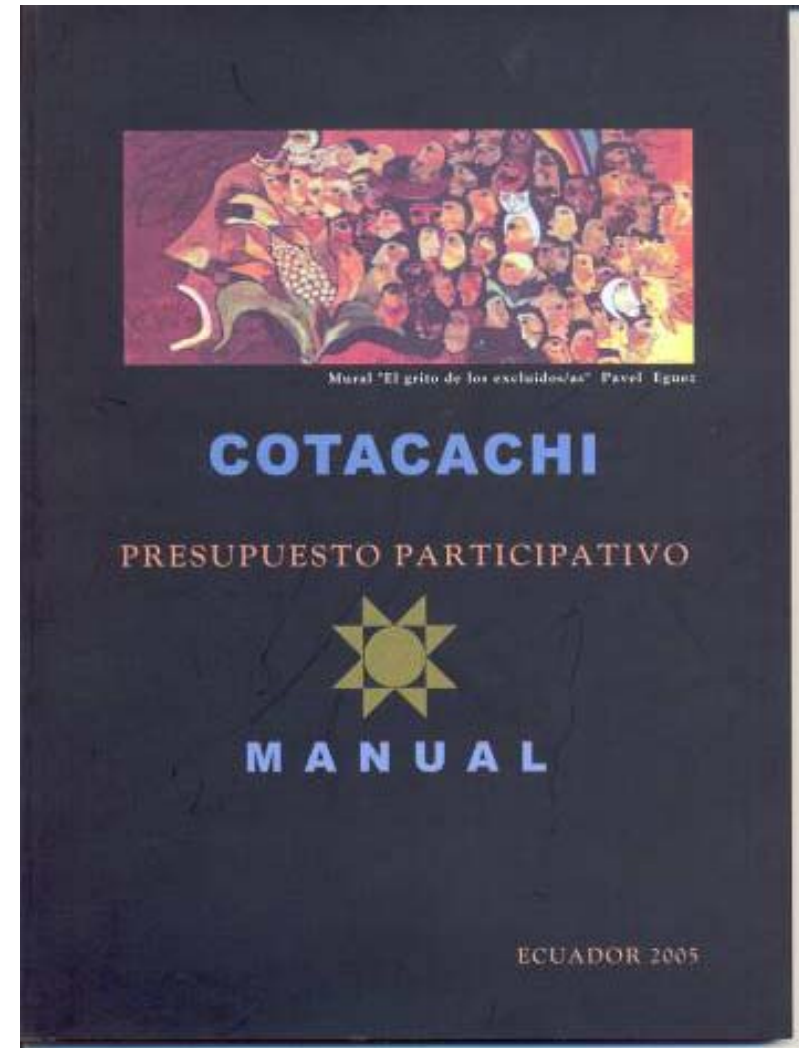
Fighting social exclusion at local level

- Venice (Italy), Cordoba (Spain), Bobigny (France), El Alto (Bolivia), Pasto (Colombia), Cuenca (Ecuador), Santo André and Caxias do Sud (Brazil), Ilo (Peru) conduct a project on PB as a tool for fighting social exclusion



PB in multi-cultural & ethnical contexts

- Latin America: Indigenous, Afro-American groups
- Europe: Migrants from other European, African, Latin American, and East Europe countries
- The recent events in France show the magnitude and complexity of cultural and ethnical exclusion in European Cities



PB in multi-cultural & ethnical contexts

- Cotacachi Ecuador, (25.000) has 45% mestizo, 40% indigenous, 5% afro-ecuadorian.
- Anderlecht, Belgium (50.000) has 20 different ethnic groups.
- Samaniego Colombia, (15.000) has 2.000 refugees.
- 5% of population of Azogues Ecuador, (60.000) has migrated in Spain



Legal, Institutional and political dimension

- The legal framework
 - Institutionalization challenges
- Accountability and social control
 - PB and the political parties

The legal framework

- The Brazilian approach: Simple and flexible internal regulations, periodically adjusted accordingly with the process evolution
- In other countries, more rigid Laws, Ordinances and Regulations are required.
- To guarantee the irreversibility of the PB processes is a recent concern in many Latin American cities

The legal framework

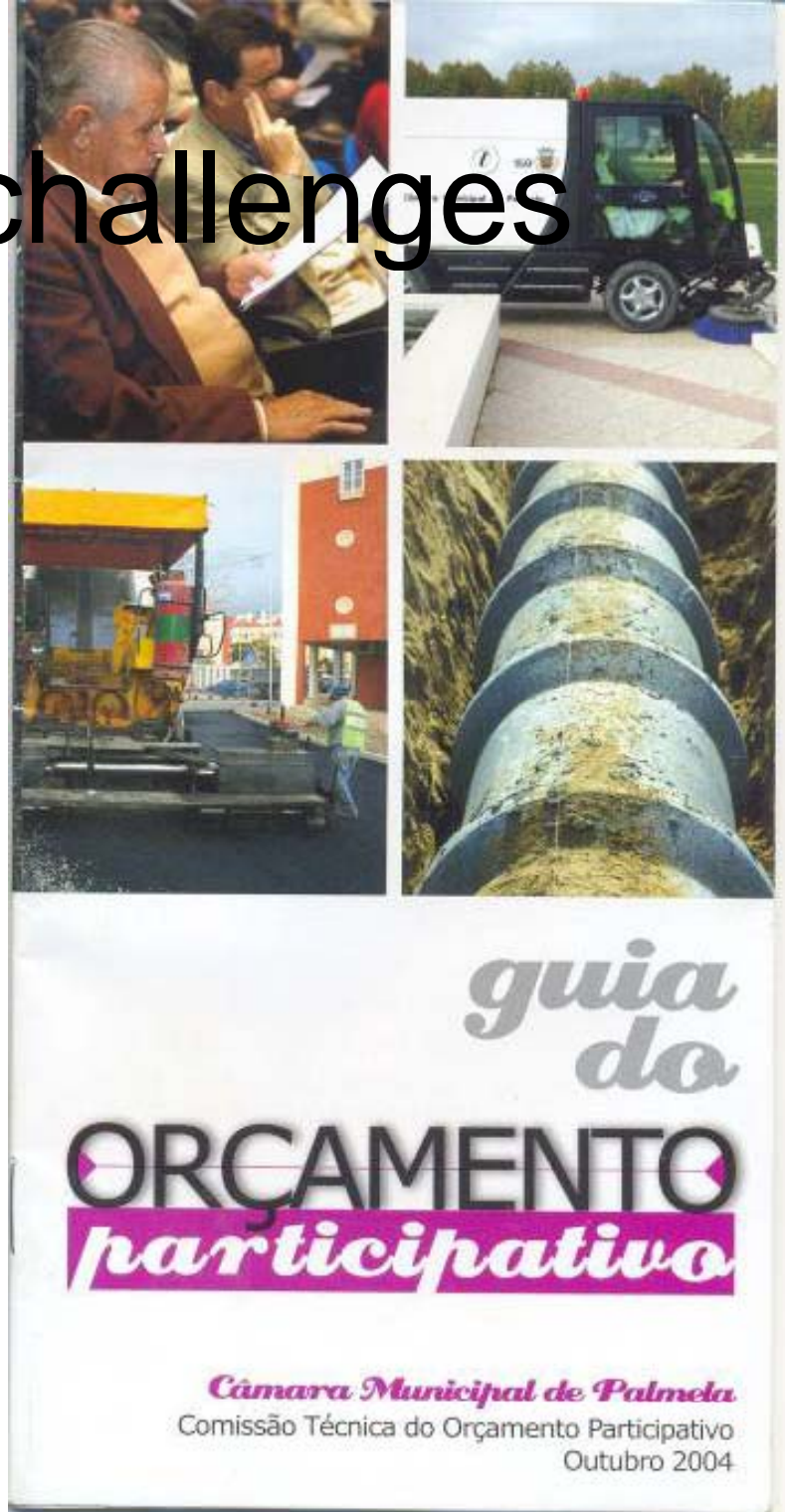


Institutionalization challenges

- PB implies major changes in the local government structure
- In some cases, Mayors, city councilors and other decision-makers perceive PB as a threat for their own decision-making capacities
- Public servants should adopt a new approach to their tasks and responsibilities
- Compatibility between the long term strategic planning and the PB is difficult to achieve

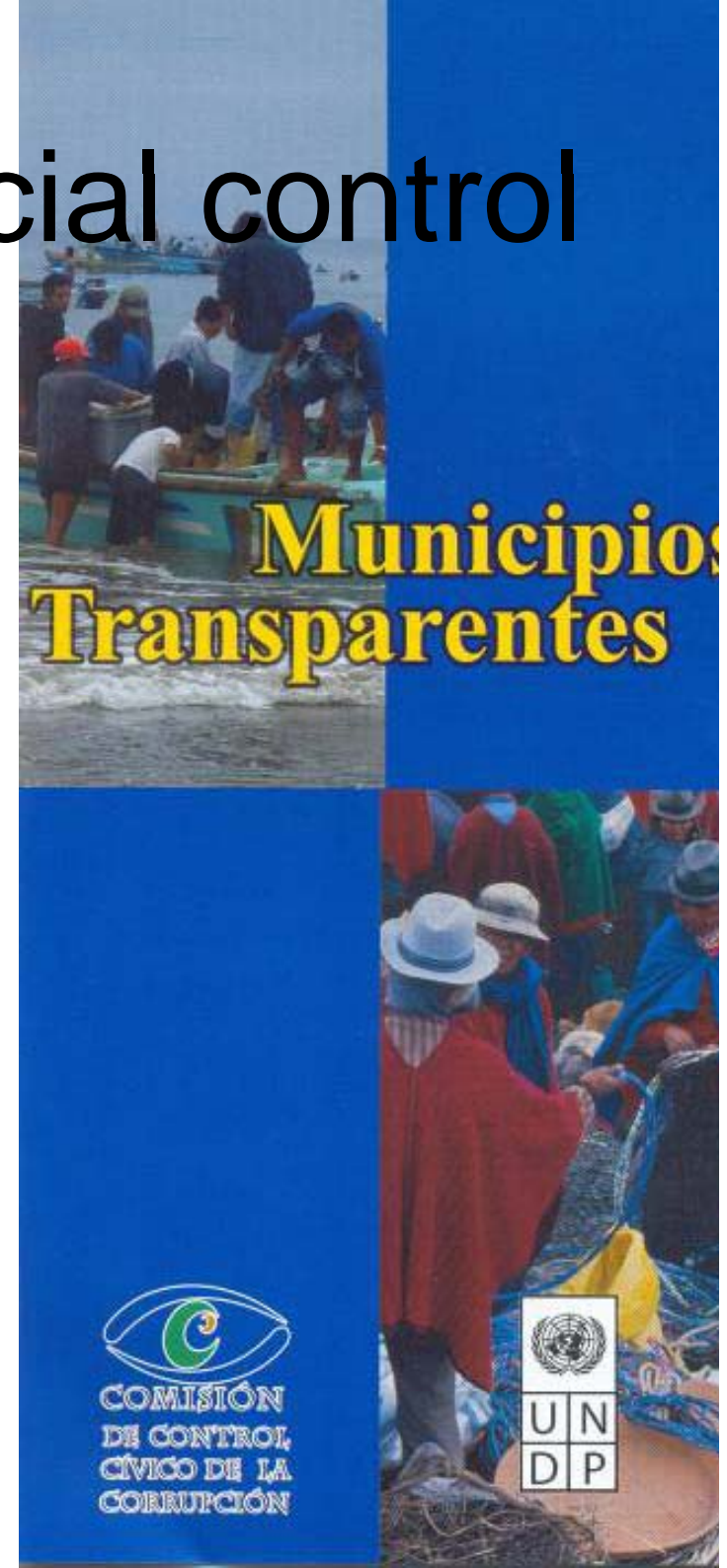
Institutionalization challenges

- Cordoba, Spain,
Cuenca, Ecuador,
Belo Horizonte,
Brazil, Montevideo,
Uruguay Palmela,
Portugal, and Saint
Dennis, France
execute a project of
the PB impacts in
local administration



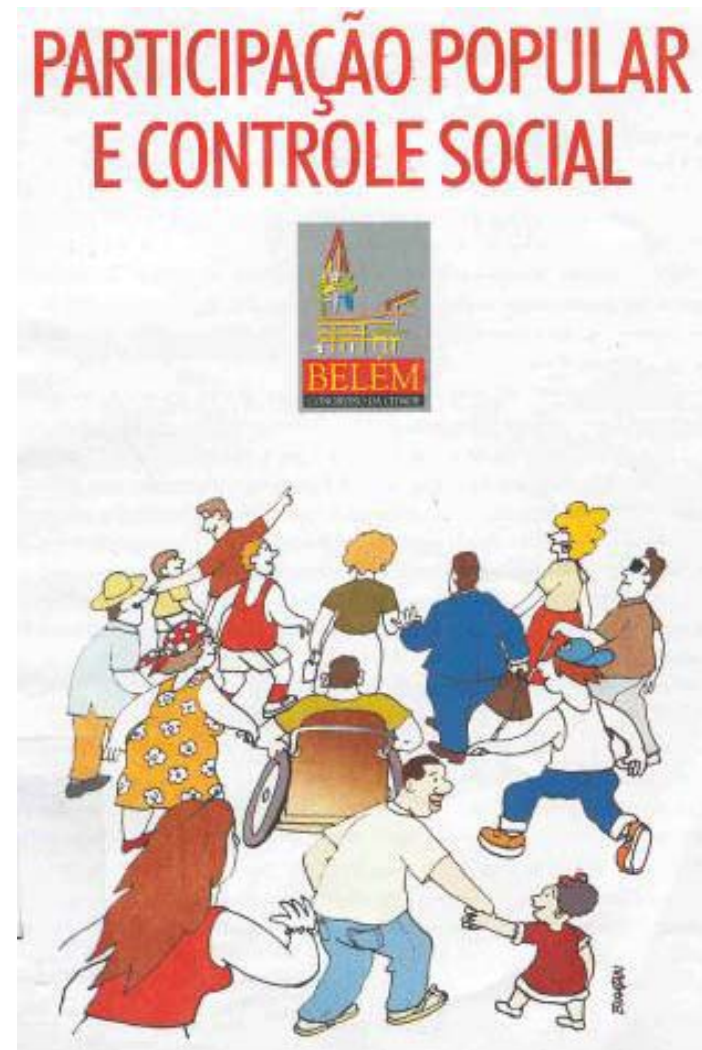
Accountability and social control

- The potential of PB as a tool for transparency has been clearly identified
- Social control over the budget is the first step to fight corruption
- Through PB the community is able to exercise control over the whole process of investment: bidding, contracting, supervising, assessing.



PB and the political parties

- Political parties in Latin America face a crisis of credibility
- The political paradigm has changed from the notion of gaining the power to exercise it accordingly with an ideology, to obtaining the power for sharing and returning it to its legitimate owners, the people.
- PB is part of an updated concept of politics.



Financial and economical dimension

- Local finances in Latin American cities
 - Financial significance of PB
 - PB and local income
- PB and local economic development

Local finances in Latin American cities

- Most cities depend on assignments from other governmental levels
- Predictability of income is still weak
- The capacity of investment is usually limited
- Most cities have a reduced capacity to obtain and handle loans

Financial significance of PB

Key issues:

- The amount of resources included in the PB in relation with the total budget
- The amount of resources included in the PB per capita
- Used only for short term, small scale investments, the PB exercise can become senseless.

PB and local income

- Tax evasion levels tend to diminish as a result of the PB exercises
- Local governments increase their investment capacity through the involvement of civil society in the execution and management of projects (labor, in-kind or monetary contributions)

PB and local income

- Villa El Salvador, Peru, considers the percentage of tax evasion as criteria for the PB distribution among the neighborhoods
- Contributions of the community represent an increase of 30% on the investment capacity of Cotacachi, Ecuador



PB and local economic development

- The potential of PB as a tool to promote local economic development is currently being discussed.
- Innovative experiences of PB support to alternative development groups based on solidarity are considered.
- Competitiveness of cities in Latin America require a new approach, based in the constrains and potentials of the region.

3

Group exercise:
Contribution to
Urban Governance

Guidelines for Group Exercise

“How Can Participatory Budgeting help in improving Urban Governance?”

(35 Minutes: 15 minutes Groupwork; 4 x 5 minutes presentation)

Process:

- The participants will be divided into four groups.
- Each group will be allocated one theme from the Urban Governance Index (*Accountability, Effectiveness, Equity, Participation*).
- The questions below will be answered through brainstorming, followed by prioritization.
- Each group should select a presenter, who will have 5 minutes to present after the exercise has been completed.

Questions:

- Identify 3 ways through which Participatory Budgeting can contribute to improving the Urban Governance theme allocated to your group?
- Identify 3 constraints or bottlenecks (related to your theme) which cities/communities may face when introducing Participatory Budgeting?

Participation (1)

Participatory Budgeting

- combines elements of Direct Democracy and Participatory Democracy → enriches and deepens the democratic exercise
- preserves the role of the legislative branch (the final approval of the budget by the Municipal Council)
- generates new relationships between the local government and citizens
- raises awareness and information available for voters

Participation (2)

Participatory Budgeting

- constitutes a Public Forum -- a space for interaction and debate among the elected authority and the public
- legitimizes and revitalizes civil society organizations through the participatory process itself and the access to public resources
- raises the quality, transparency and accountability of local civil society organizations
- gives more political power to those with the least economic power

Accountability (1)

Participatory Budgeting

- makes public contracts and budgets transparent by formal publication of tenders, contracts, budgets and accounts
- clarifies rules of the game --the internal rules of procedure specifies the power and the responsibility of the council members, the Mayor and city officials, in relation to the Participatory Budget Council
- evaluates and adjusts the process (modifications codified in the Rules of Procedure)

Accountability (2)

Participatory Budgeting

- channels citizen complaints about irregularities and instances of poor functioning through the control, oversight, and transparency commissions
- provides opportunities for the citizens to verify municipal accounts through dissemination of information
- eliminates the chance for corruption in public spending
- builds trust of citizens in their local government

Equity (1)

Participatory Budgeting

- collectively prioritizes public spending based on the perceived needs of the population
- provides a space of participation for men and women → empowerment
- results in higher % of women representing in Participatory Budgeting processes than at municipal level
- contributes to the inclusion of the informal sector

Equity (2)

Participatory Budgeting

- contributes to pro-poor policies, such as preferential pricing policies for water
- significantly increases the access of poor families to basic services, while meeting additional needs arising from urban growth, and improving the quality of services (e.g. potable water that is safe for human consumption)

Effectiveness (1)

Participatory Budgeting

- improves transparency in public administration
- increases visibility of works and services
- provides information necessary to check and modify the existing rules of procedure (through publication/sharing of customer satisfaction surveys and performance delivery standards)
- mobilizes non-monetary citizen contributions to public works
- Facilitates the formation of a common development vision

Effectiveness (2)

Participatory Budgeting

- improves the effectiveness of tax collections (decline in non- or late-payment) → better control over its own budget
- allows municipalities to have a sufficient budget for its operational and development needs
- results in greater spending on basic services to respond to the needs of the residents and businesses
- provides sense of ownership → increased awareness of the cost, willingness to maintain infrastructure, and realistic expectations

4

Challenges and
Perspectives

Challenges

- PB as educational tool
- Communication and dissemination
 - Follow up and assessment

PB as educational tool

- PB require a continuous and large effort to provide a new sense of citizenship to the community.
- Local authorities and public officers also require another vision regarding their duties and responsibilities
- Universities, NGOs and other strategic partners can provide support for those efforts.

Jornal dos
CONSELHOS cm
conselhos municipais
campinas

Julho/agosto-2003 - Ano 1 - Nº 4

FORMAÇÃO DE CONSELHEIROS DE ESCOLAS ENCONTROS REGIONAIS

Região Oeste
04 de agosto, 02 de outubro e 05 de novembro
Região Norte
13 de agosto, 08 de outubro e 12 de novembro
Região Noroeste
14 de agosto, 16 de outubro e 13 de novembro
Região Sudoeste
21 de agosto, 09 de outubro e 06 de novembro
Região Sul
27 de agosto, 23 de outubro e 27 de novembro
Local: nas regiões, escolas, Naeets, sede das AfEs e para a Região Norte será na Sala dos Conselhos de Educação - Rua Dr. Guilme, 1562 - 1ª andar.
Horário: a partir das 16 horas.

Encontro com todos os Conselhos de Escolas
Do 30 de setembro acontece um encontro com todos os conselhos das regiões e os cinco conselhos de educação (CME, CEM, CAE, Conselho Administrativo da Fumec e Conselho do Funael).
Exposição com a Professora Angela Antunes do Instituto Paulo Freire (IPF), e autora do livro "Aceita um Conselho: como organizar os colegiados escolares".
A exposição trabalha com diferentes recursos pedagógicos, música, poemas, vivências, etc. Local: a confirmar (informações: fone: 3331-6166)
Horário: 19 as 22 horas

Toma posse o Conselho Municipal de Habitação



Posse do Conselho Municipal de Habitação
A prefeita Izabela Tena, deu posse ao Conselho Municipal de Habitação (CMH) no último mês de junho. O CMH foi mais uma conquista da população, no que diz respeito ao direito de participação popular na formulação de políticas públicas para o município.
O Conselho foi deliberado na Primeira Conferência Municipal de Habitação, realizada em março de 2002. Desde então, a comissão formada para o encaminhamento do Conselho organizou diversos encontros e formulou os temas e a composição do Conselho. O CMH conta com a representação de diversos segmentos sociais e já formulou uma agenda de reuniões até o final deste ano.
O próximo número desse jornal contará com um suplemento especial sobre a criação do Conselho de Habitação, elaborado pela Secretaria Municipal de Habitação e pelos conselheiros.

Conferências Municipais:

- ✓ Assistência Social página 04
- ✓ Direitos da Criança e do Adolescente página 05

Toma posse Conselho de Segurança Alimentar página 06

3º Congresso Paulista de Participação Popular página 07



Notação para Inger nova COP, COMDEMA e CMDU também serão renovadas

Communication and dissemination

- As in many other aspects of urban management, PB requires an efficient and permanent channel of communication between the local government and the community
- Emphasis should be placed in building a two-way channel
- Formal and informal channels of communication have to be used.

Follow up and assessment

- Local governments have low capacity for monitoring, systematizing and following-up tasks.
- NGOs, Universities, cooperation entities and other external partners can provide support for those activities.
- The role of the community is crucial for assessing and feeding back the PB process.

Other Key Challenges

Participatory Budgeting processes reflect and meet the immediate and perceived needs of the public

- How can Participatory Budgeting be linked to long-term and strategic planning of their city?
- How can the participatory process be broadened to include historically marginalized groups?

Perspectives

- Networking
- Knowledge development
- Knowledge dissemination
 - Training events
 - Action support
- Global coordination

Networking

- International and national networks are required to promote PB, basically through the exchange of experiences and good practices.
- The URB-AL 9 network (about 350 partners) is an innovative way of building and disseminating knowledge on PB issues.
- CIGU expects to promote the creation or consolidation of at least 4 national networks during the next year.

Knowledge development

- Numerous aspects of PB require further research and development. Support is required for that purpose.
- The main source of innovation and development are the practical experiences of cities.
- Being involved in 4 URB-AL projects, and probably in 2 or 3 more, CIGU expects to become a reference center for PB at regional and international level.

Knowledge dissemination

- Dissemination of PB related knowledge is still a weakness. There are 16.000 local governments in Latin America & The Caribbean and probably less than 500 exercise PB.
- Internet and other tools are useful at global level. However, the main problem is still at local level.
- CIGU expects to contribute to the knowledge dissemination of PB through its own web page (online next January) and a collectible publication: “Debate Papers”

Training events

- This is becoming an urgent requirement.
- The type of training events depend on the target group: Local authorities, public officers, community leaders, etc.
- Two online courses will be offered by CIGU next year, following the “training of trainers” scheme.
- “Resource cities” are involved in the training of human resources from other cities

Action support

- Advise and expert support is urgently required not only for the launching of PB processes but to face unexpected problems and challenges, specially in small and medium size cities.
- Several bilateral and multilateral agencies are providing support to PB processes in Latin America, but the growing demand surpass the available capacity.
- An online consultation mechanism is being designed in the CIGU website. It expects to provide support beyond the FAQs manuals.

5

Getting Started

Criteria for Successful PB

Criteria for success

- Political Will
- Interested Civil Society
- Shared rules of game
- Capacity of society to participate
- Transparency of process
- Priority investments in basic services

Linkages with tools

- Local Leadership Series
- Building Bridges between LG and CS
- NGO/CBO capacity (human and financial)
- Local Government Financial Management
- Transparency Toolkit
- Localising Millennium Development Goals

Conditions for Participatory Budgeting

- **Political will** of the Mayor & municipal decision-makers
- **Interest** of civil society organisations & the citizenry in general
- Clear and shared definition of the **rules** of the game

LOCAL
ELECTED
LEADERSHIP
TRAINING
SERIES (LEL)

72 FAQs ABOUT
PARTICIPATORY
BUDGETING

BUILDING
BRIDGES
BETWEEN
LOCAL GOV. &
CIVIL SOCIETY

Conditions for Participatory Budgeting

- Will to build the **capacity** of the population and the municipal officials
- Widespread **dissemination of information** through all possible means
- **Prioritization of demands** to facilitate a fairer distribution of resources

GUIDE FOR
MANAGING
CHANGE FOR
URBAN
MANAGERS

TOOLS TO
SUPPORT
TRANSPARENCY
IN LOCAL
GOVERNANCE

LOCALISING
MILLENNIUM
DEVELOPMENT
GOALS

Putting Participatory Budgeting into practice

- **Situation Analysis**
 - main principles respected?
 - preconditions met?
 - Mapping **Local Actors**
 - those interested in the process
 - those who could be opposed
 - Amount and Origin of the **Resources**
 - those that would be placed at the consideration of the PB
 - those that would be necessary for the municipality to implement the process
- Cost-benefit analysis

6

Toolkit
Demonstration

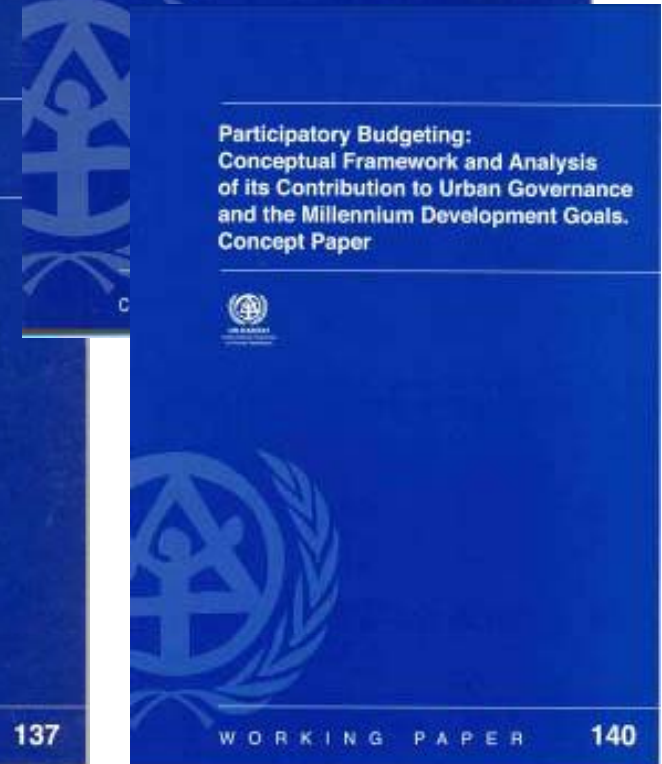
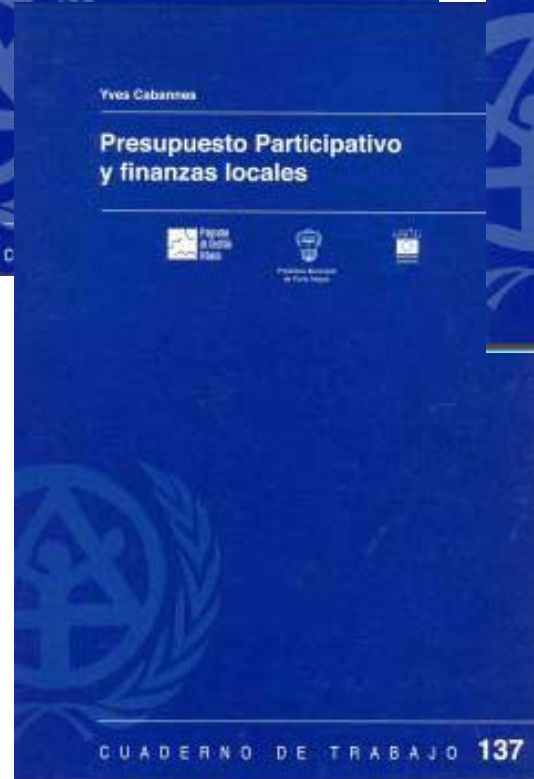
UMP-LAC 1/3

- In 1998, UMP LAC promoted the participation of children in the PB process of Barra Mansa, Brazil, as one of its participatory governance city consultations.



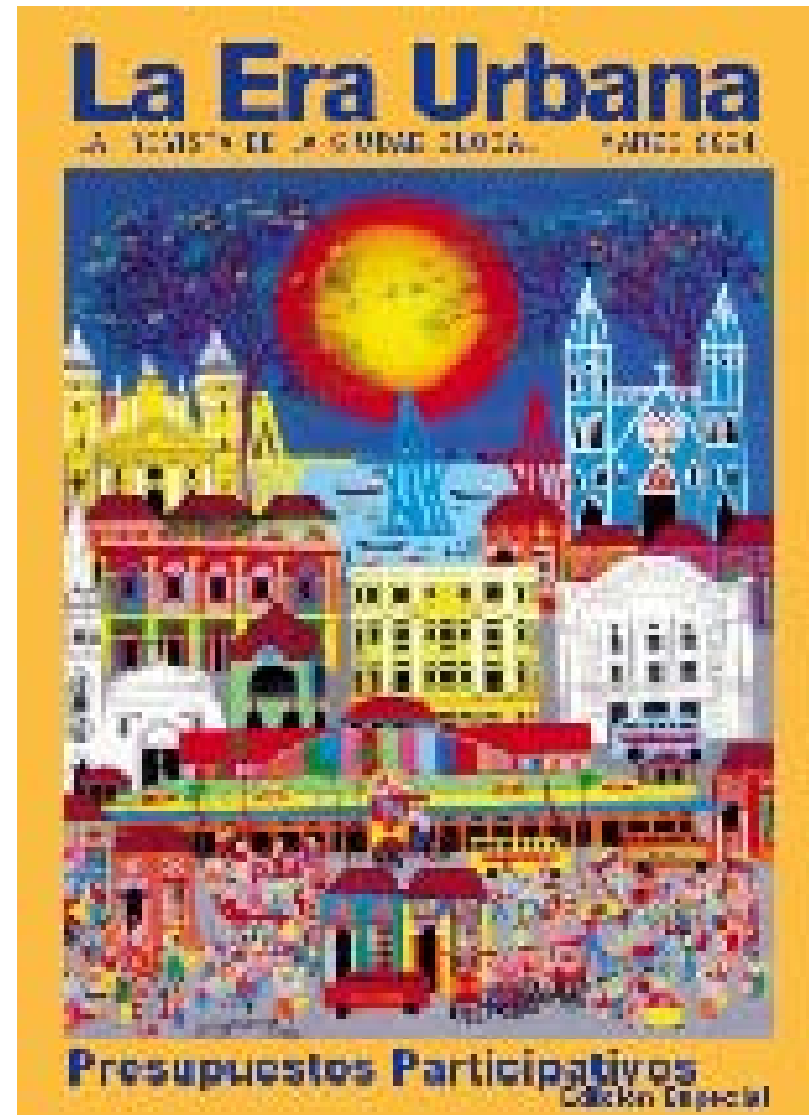
UMP LAC 2/3

- Between 1999 and 2004, UMP LAC developed numerous workshops, regional seminars and a working group of cities on PB.



UMP LAC 3/3

research projects and produced various publications on PB, including a special issue of the *URBAN AGE* Magazine on PB.

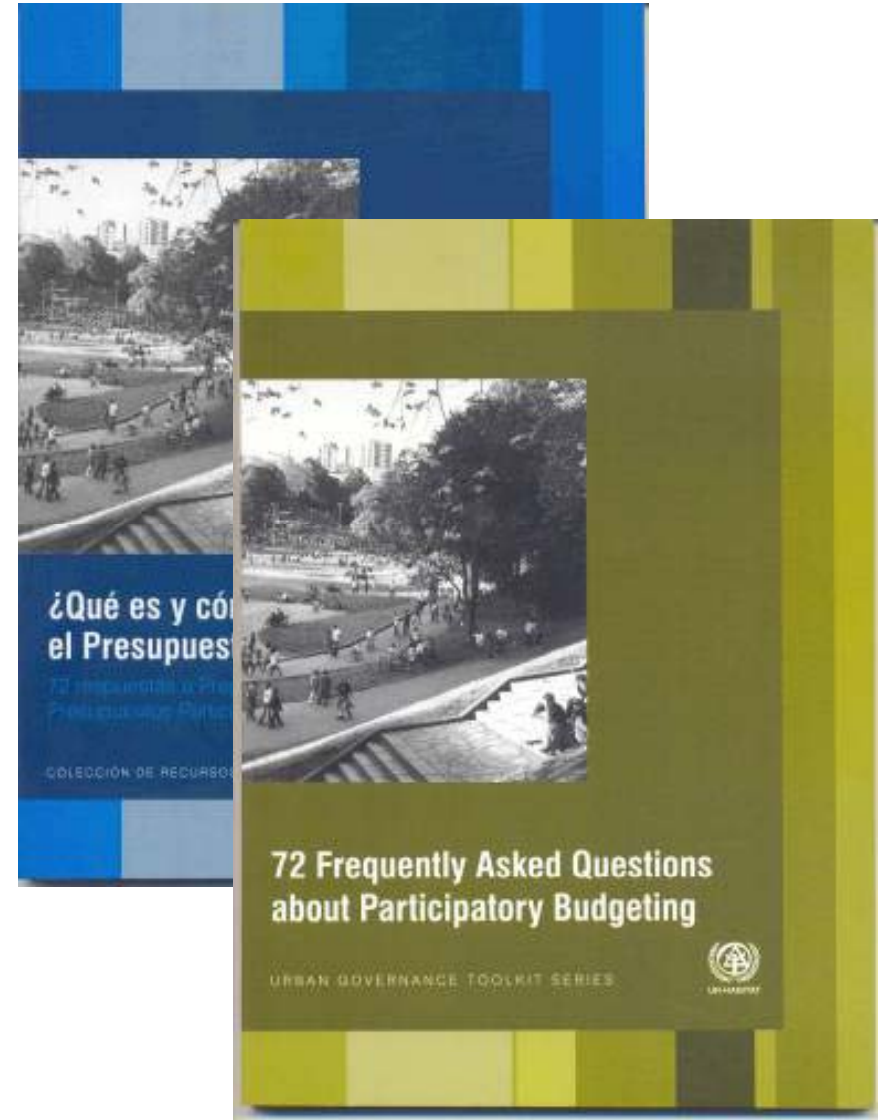


WORLD URBAN FORUM

- A networking event on PB was held during the WUF in Barcelona, Spain, in September 2004.
- Organized by Porto Alegre Municipality and CIGU, it was attended by the Brazilian Minister of Cities, several Mayors and other personalities.
- A similar event will be held during WUF III on Thursday 22 June 2006

UN-HABITAT PARTICIPATORY BUDGETING TOOLKIT

- Part of the Good Governance Campaign at Global Level.
- Developed by UMP-LAC, Includes:
 - An advanced Concept Paper
 - A basic FAQ Manual (72 questions)
 - City fact sheets (14 illustrative cities)
 - Digital library (150 publications)
 - Catalogue of technical and normative instruments
 - Directory of resources (persons, institutions, websites)





ORÇAMENTO PARTICIPATIVO

*O destino da cidade
em nossas mãos*



Thank you