

# An Overview of Participatory Budgeting

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May 5, 2015

## 1 Introduction

Participatory Budgeting (PB) is a form of direct democracy at the local level, where all citizens state annually prioritized sectors to be financed before allocating investment resources in projects of their choice in those sectors. It has four key moments: diagnosis, deliberation, decision-making and follow-up<sup>1</sup>. Researchers agree to say that PB has emerged in some Brazilian municipalities after the end of the military junta in the late 80's, notably in those run by the Workers' Party. The epitome of PB is Porto Alegre, the capital of the Brazilian state Rio Grande do Sul: observing its success, many towns in Brazil engaged also a PB and now the process is spreading worldly: more than 1500 towns implement diverse variants of PB, including Buenos Aires, a district of Chicago, Cologne, Paris, etc. Indeed, Porto Alegre's PB helped to allocate the municipal resources equitably, to democratize the town, making the decisions more transparent, accountable and efficient, nurtured solidarity among groups, reinforced social ties and promoted the collective pursuit of the common good<sup>2</sup>. As lots of studies have been conducted on PB, this paper will summarize the main observations. More precisely, we will examine to what extent PB can be an amelioration of local political life, choices, and social conditions.

## 2 What is Participatory Budgeting?

PB takes many forms, depending on local specificities as well as on the degree of devolution of power to citizens. To clarify the subject, Sintomer<sup>3</sup> has retained five criteria required to qualify a PB : all citizens participate to the choice of the allocation of resources, this occurs at an administrative level of power (for example a town, but not a quarter), this process has to be repeated over years, a deliberation must take place in a specific institution, and finally citizens should be informed *ex post* of the status of the budget and the projects.

We will present here the case of Porto Alegre, which is the most studied, mainly because it was the first full implementation of PB in a big city (1.3 million of inhabitants) hence a template that all other municipalities in Brazil and elsewhere are following. Although the very organization of the mechanisms vary across towns, they all share in common frequent physical meetings where everyone is invited to participate while delegates are elected to express the choices of citizens in a dedicated council.<sup>4</sup>

### 2.1 A typical PB cycle

PB is the central element in the participatory governance architecture of Porto Alegre, which consists in a complex system of civil society-government arrangements, including municipal policy councils, participatory planning fora, and a citywide strategic planning conference. The city government's "Presentation of Accounts" from the previous year marks the beginning of the PB process in March-April. From April until May, regional and thematic assemblies take place with the objectives of establishing thematic priorities by voting, electing councilors for each region, defining the number of delegates, and repeating the budget review for the preceding year at the local level.

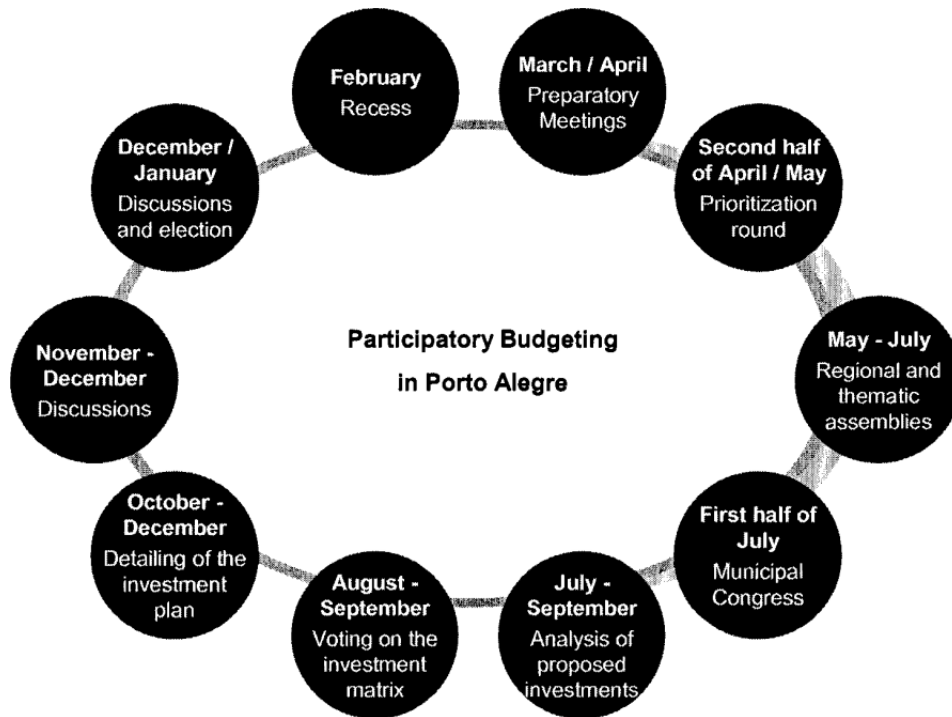


Figure 2.1: PB cycle in Porto Alegre

These meetings are open to all citizens and constitute the central and most inclusive component of the process. Porto Alegre is divided into 16 regions, which are again subdivided into several micro-regions where regional assemblies are held to ensure close proximity to the grassroots level. The five thematic areas discussed in the PB at city-level assemblies are: transport and traffic; education, leisure, and culture; health and social welfare; economic development and taxation; and organization of the city, urban and environmental development. From May until July, regional and thematic assemblies elect delegates whose main responsibility is the ranking of funding requests under each theme and sub-theme for each region, from the propositions of citizens and assessments of projects by the city administration, using a well defined formula based on objective criteria: number of votes, population size of the region and level

of deficiency of infrastructures. To encourage participation in district-level elections, the number of delegates is kept proportional to the participants attending the meeting in which the elections take place.

Table 1: PB demands per sector, 1990-2007<sup>4</sup>

Sector of demands	Frequency	% of total PB
road works	1566	26,2%
treatment of water and sewage	1465	24,6%
housing	760	12,7%
transportation	548	9,2%

In the summer, councilors prepare the draft investment plan in coordination with the municipal administration, which undertakes a technical feasibility and financial analysis of the proposed projects. In August and September the investment plan is incorporated into the city’s budget and submitted to the local legislature for revision and approval. Although technically the mayor can refuse the budget proposed by this procedure, not any veto has ever occurred. The final step, in November and December, is a revision of PB’s statute. Amendments to and modifications of its rules can be proposed and voted on before the new cycle begins the following March. After many tries, Porto Alegre has chosen a subtle combination of direct democracy and representation to build its budget. Some PB however, like the one of Rio Grande do Sul, are more direct: there are still delegates but citizens vote directly for the projects (and not only for thematics).

Table 2: State Rio Grande do Sul — Development voted by Regional assemblies<sup>5</sup>

Year\Priority	1st	2nd	3rd
2000	Agriculture	Jobs & Wages	Transportation
2001	Agriculture	Education	Transportation
2002	Education	Agriculture	Jobs & Wages
2003	Agriculture	Jobs & Wages	Education

Table 3: Porto Alegre: Criteria for Allocation of Capital Investments Resources among Regions and Municipalities<sup>5</sup>

Category	Grade
Regional Thematic Priority (Relative Weight 5)	
First Priority	4
Second Priority	3
Second Priority	2
Forth Priority	1
Population Size (Relative Weight 2)	
Up to 25.00 inhabitants	1
From 25.001 to 45.000 inhabitants	2
From 45.001 to 90.000 inhabitants	3
Above 90.001 inhabitants	4
Degree of Deficiency in Infrastructure or Services (Relative Weight 4)	
From 0,01 to 14,99 %	1
From 15 to 50,99 %	2
From 51 to 75,99 %	3
From 76,00 to 100%	4

## 2.2 An enhanced civic participation

Surveys and attendance to local meetings show that PB is a success in terms of civic participation and awareness. In Porto Alegre, 10 years after its introduction, around one-fifth of the population reported having participated in the PB at some point in their lives. Usually, around 4% of the population attend the meetings in a PB. This is not so low that one can first think, because families, people from a given organization or from a same building often send only one representative at a time to share their concerns. That said, the number of participants can be increased using ICT: Belo Horizonte has reached 10% of citizens in the biggest e-Participatory Budgeting<sup>6</sup>, 7 times more than for its traditional PB, while voting by SMS in La Plata (Argentina) doubled the number of voters<sup>7</sup>.

One could also think that having official meetings to discuss local policies would lower the activity of neighborhood associations, it is exactly the opposite that happens: people gather more than before to prepare their demands, knowing that they will be listened. Indeed, a majority of the delegates in Porto Alegre are also involved in housing associations or active in a community. On average, activists (like councilors) participate in 2 or 3 meetings a week, and are regular attendees in 3 to 4 different forums<sup>8</sup>.

### **2.3 The issue of representativeness**

Representativeness is not perfect, although social backgrounds of participants and councilors are much more diverse than (regularly) elected representatives. Depending on the design of the PB, poorer or richer people are incited to participate: in rich countries, high income and white people are often overrepresented, whereas it is the opposite in Brazil<sup>9;10</sup>. However, we observe that men and high income speak more in public meetings than uneducated and women, and they are more likely to be elected as delegate or councilor<sup>8</sup>. This is why, when organizing direct democracy, one should really make effort to insure representativeness. First, one has to understand why some categories of population do not show up: young or entrepreneurs often lack of time, rich lack of motivation to participate, knowing that the funds are directed towards poor neighborhood, for paving or basic sanitation, for example. Or, on the contrary, in Canada or in New York, where basic needs are already fulfilled, poor people are underrepresented, notably because they are less prepared to speak in public. Knowing this, the problem can be addressed by an appropriate plan. In Brazil, we have seen with the case of Belo Horizonte that high income people can be reached by letting them vote for the projects on the Internet, even though they still participate too less in public deliberation. In New York, teams

of volunteers and canvassers dedicated hundreds of hours in phone calls, door knocking, flyering, meeting with local groups, and using other tactics to engage low-income New Yorkers, public housing residents, and immigrant populations in each district (notably by engaging meetings in Spanish). This work proved invaluable, as targeted populations turned out to vote in PB at higher rates than in the local elections. For example, in District 8, where targeted outreach focused on public housing tenants, 22% of PB voters had household income less than \$10,000, compared to 4% of the district's voters in the 2009 City Council election<sup>9</sup>.

## **2.4 Impact on the budget**

A municipal budget is divided in two parts: running costs (wages of teachers, doctors, municipal agents, etc.) and investment budget. PB concerns only the investment part, which rarely outreach 20% of the total budget, and often concerns only a fraction of it. For example in Rio Grande do Sul, which has a PB at the regional level from 1998 (involving more than 350 000 participants and 210 councilors), the PB covers all capital investments, which accounted for 11.3% of the state budget 2002 (\$ 450 millions), whereas in Paris, the nascent PB is limited to only 5% of the investment budget (70 millions of euros). Thus, it is unlikely that the mayor be impeded to run all her desired policy because of the PB, especially since a common criticism of PB is that they are largely influenced by the mayor's propositions, the usual citizens lacking technical knowledge to deepen their projects. Still, the influence of broadly based local groups on the city councils seem to be reducing the hold of a few powerful people that generally prevails in public administration. Indeed, the PB has opted for transparency, objectivity and relevance in its quest to engage citizens in local governance. The resource allocation process has made it a rule that only quantifiable criteria and

indicators are used<sup>5</sup>.

Finally, a reasonable estimate of personnel working full-time on the PB (the *direct* impact of PB on the budget) is about 35 municipal employees in Porto Alegre.

## 3 History

### 3.1 80s: the South American origins

The extraordinary explosion of urban social movements and urban self-help organizations in Latin America during the 1960s and 1970s were central to the emergence of a strong civil society which, in turn, became an important element in the process which led to the dismantling of authoritarian government in the 1980s<sup>11</sup>. In Santiago, Chile, for example, a survey found that in the 1980s, 20% of the marginal urban population participated in popular organizations where most of the members, as well as the leaders and managers, were women. In 1994, UNITAID estimated that soup kitchens were feeding one Peruvians over three. In Brazil in the 70's, in both poor neighborhoods and middle-class areas, the population organized to demand the right to basic services — water supply, sewerage, school facilities, health facilities, roads — and protested against ecological dangers, development plans which ignored residents' interests like housing evictions, in local organizations and networks, such as neighborhood associations, as well as national movements, such as the Housing Movement and the Collective Transports Movement. Experimentation with participatory schemes to achieve greater local control over resource allocation decisions began in a number of municipalities governed by opposition parties while the military regime was still in power<sup>4</sup>.



### **3.2 90s: the Brazilian case**

One of the main reasons why Brazilian reforms have moved so quickly after the dictatorship has been the passing of a new Constitution in 1988. This Constitution strengthened municipal autonomy, validated the participation of community groups in municipal decision-making, and attributed important social and economic policy functions to municipal authorities. Under Brazil's Constitution, municipalities are given the opportunity to establish "organic" laws, by which they may structure their own operations and set up what are called "municipal boards". These boards, in turn, have the formal function of mediating between the local government and organized civil society. The most important functions of these boards are health and education (defined in the new Constitution as municipal powers). Aside from the promotion of municipal boards, eighteen of the fifty largest Brazilian cities instituted PB. The Workers' Party (WP) has been determinant in this expansion: from 1989 to 1992, half of PB were taken place in WP cities, although they used to run only 1% of municipalities<sup>4</sup>. The proximity with the mass (the Workers' Party has 1.4 millions of members) as well as the concern for inequality has contributed for sure to both the reduction of poverty in Brazil and the sound success of the WP, in charge of the country from 2002 even if it was practically unknown in the early 80's. It is worth noting that the PB succeeded partly because everyone was welcomed to participate, not only supporters of the WP.

### **3.3 00s: the global spread**

The World Social Forum held in Porto Alegre of 2001 (and the subsequent editions) has given a tremendous inspiration to organizations all over the World to reproduce direct democracy initiatives. Lots of PB have emerged in Europe

in the beginning of the century, supported by various networks of the civil society such as URB-AL (which established links with Latin America) or Cities of Tomorrow (echoing the model of Christchurch in New Zealand), or governmental organizations such as PB Unit in UK (which however had to shut down in 2012 because of budgetary restrictions), CGLUA in Africa or Civic Network in Poland. Poland is by far the European country with the highest number of PB, thanks to a 2009 law which gives funds to municipalities which implement PB. In Africa, international institutions helping for the development, especially the World Bank, have played an important role. In Asia, some initiatives are conducted by the authorities, in South Korea and in the Indian state of Kerala notably. Depending on taking a restrictive or a wide definition of PB, the number of PB vary from 1269 to 2778, the three quarters being in Poland, Brazil, Peru and Dominican Republic. Apart from Germany, South Korea and Madagascar, the remaining 48 countries experiencing some PB have at most 30 of them<sup>3</sup>.

### **3.4 Local PB but national support**

Wherever PB are largely spread, there has been a strong support or even an obligation from the national government. In Peru, in the aftermath of the authoritarian and corrupted government of Fujimori, the process of democratization has been stimulated by a 2002 law instituting participatory budgeting in all the country, at the regional level as well as municipal. However, many of these experiences do not meet the criteria of Sintomer, mainly because they involve representatives of organizations and not all citizens, but also because when local governments do not support PB, they remain factitious. This is why Peru has at the very most 300 real PB (one sixth of all districts). Still, one third of the infra-national budgets (\$400 millions) were debated in a participa-

tive design in 2007<sup>3</sup>. In Dominican Republic, PB has also become mandatory in 2007, satisfying a demand of the Federation of Municipalities aimed to force the central government to honor its legal obligation to transfer 10% of the national budget to local authorities (which has still not been done). In South Korea, some laws between 2005 and 2007 passed to foster democracy, promoting transparency and defining a model of PB, in the context of a centralized country, despite its tradition of participation. Finally, the success of all PB (measured as the level of participation and the devolution of power) vary a lot across municipalities of a given country, depending on the motivation of the city council as well as on the implication of citizens.

## **4 Effects**

### **4.1 The case of Porto Alegre**

We will continue to take Porto Alegre as an example, as it is a typical case of successful PB in a poor country. The main findings are: a better allocation of resources (more equitably and appropriately distributed among sectors and communities), an increase in the financing of basic needs, and a more inclusive, less corrupted democracy. We have similar results in other cities in Brazil, in Kerala, with its 2 millions participants PB<sup>12</sup> or in La Plata, where there is widespread evidence that the initiative has been positively impacting on the neediest sectors of society. For instance, since the project was implemented, based on citizens' decisions, health care services provided by the municipality have doubled, which is associated to a decrease of 1% in child mortality in the city<sup>7</sup>.

The overall outcomes of PB investments are an impressive testament to how redistributive this process has been. Between 1983 and 1987 an average of 5296

meters of sewage systems were built per year in Porto Alegre. The average in 1988 when Olívio Dutra (WP) was elected mayor was of 8.091 meters. Between 1989 and 1992 the annual average rose to 21674 and between 1993 and 1996 the average reached 61334 meters<sup>13</sup>. Sewer and water connections went up from 75% of total households in 1988 to 98% in 1997<sup>14</sup>. In the years between 1992-1995, the housing department offered housing assistance to 28,862 families, against 1,714 for the comparable period of 1986-1988<sup>8</sup>. The number of functioning public municipal schools reached 86 in 1999 against 29 in 1988. Porto Alegre's health and education budget increased from 13% in 1985 to almost 40% in 1996<sup>8</sup>.

Before PB, poor neighborhoods were not well organized to claim to the city council, more prone to listen to the demands of rich ones for a cleaner and more secure city. Not surprisingly, the new attention given to poor people raised their standard of living, even without any fiscal redistribution.

Furthermore, local solidarity and concern for the environment have resulted in some bold decisions in Porto Alegre. In one instance, despite the influence and employment assurance of a large motor vehicle company, the city turned down a proposal for a new automotive plant, believing that the required subsidies could be better used for other city requirements. Similarly, a proposal for a five-star hotel at a decommissioned site was turned down, and it was decided to use the well-situated site to develop a public park, a convention hall, and a public symbol of the city<sup>14</sup>.

Overall, the level of satisfaction of citizens with the PB, with 58.5% of participants claiming having received benefits in their region (or thematic meeting), and 57.2% asserting that the population always or almost always "really decides" upon public works, is consistent with an efficient deliberative system<sup>8</sup>.

An important effect of the PB process is a burgeoning of civic activity.

As participatory budgeting developed, the numbers of political, cultural, and neighborhood groups has doubled, especially in poorer districts where results of self-generated new city expenditures are remarkable. People in wealthier districts also like what is going on. The value of their properties in poorer districts is rising. A new city “energy of accomplishment” spawned a campaign to get property owners to pay their taxes, and it worked<sup>15</sup>. The urban violence decreased also as a consequence of better social inclusion.

## 4.2 An alleged increase in tax revenues and generosity

The unexpected by-product of PB over tax revenues can be hard to believe. Still, the mayor of Porto Alegre claimed in 2000 that the popularity of the PB has contributed to a tripling of the tax revenues for the city and an outside study of the city demonstrates that from 1992 to 1995, the city increased its total tax receipts by 34%<sup>11</sup>.

Interrogated on the question, Allegretti<sup>16</sup> speaks of a

*virtuous circle. It mostly occurs in Africa, but elsewhere too. Mayors from three different countries – Benin, Zambia and DR Congo – told me that their revenues rose thanks to PB. Since people now know what the money is used for, they are more willing to pay taxes. In some mining cities in Madagascar, moreover, PB allowed citizens and authorities to join forces and press the mining companies to actually pay the money they owe the local authorities by law. The companies did not use to pay, but now they do. In Peru some cities have invented a rights-and-duties mechanism. The lower a neighborhood’s tax evasion is, the more money is allocated.*

In the same interview, the researcher is asked if people are not too egoistic and selfish to decide responsibly. Here is his answer:

*In the 15 years I've been involved in PB matters, I've had very many positive surprises. In the Dominican Republic, people donated some of their land to the municipality for free, so a park could be built. People are more generous and their sense of solidarity is stronger than you would think. But authorities have to stimulate the exchange. If people stay in privacy, they tend to be more egoistic. Some PB approaches, for instance in Germany, merely ask people to indicate their individual preferences via the Internet, so they don't actually discuss anything. And they don't learn to listen to each other's perspectives. Other PB approaches put much more emphasis on bringing people together and building consensus. In those cases, voting is only a last resort in case people can't agree after long discussions.*

Thus, Allegretti reminds us that PB is not only a matter of reducing the inequality or the corruption, but that it is mainly an inclusive, insightful and convivial way of taking political decisions.

### **4.3 A comparative study**

One ought to be skeptical in front of the previous results. Indeed, an increase in basic needs in one town that implemented PB is not a proof that PB is efficient to struggle poverty. On the contrary, one has *apriori* all the reasons to believe

that the above figures are driven by independent, although simultaneous (and even correlated) factors, such as growth, wider democratization of the country, tenure of a Workers' Party mayor, or simply a singularity from Porto Alegre. Fortunately, the World Bank conducted a comparative study in Brazil which gives credit to the previous results<sup>4</sup>. However, this is the only study of that kind, and one would like to know if the results are robust to the country. Yet, PB in Poland or in South Korea for example, were enacted too recently for studies to have had the time to assess their consequences.

To assess the impact of PB, the World Bank has compared cities which implemented PB in Brazil with a random sample of other comparable cities in Brazil, controlling for GDP per capita and for the number of votes for the Workers' Party (they preferred to control for this rather than for the party of the mayor because PB were much more likely to occur where the WP made good score, even if another party — often also from the left — eventually won the election). The econometric analysis suggests that as a mechanism for improving pro-poor capital investments, participatory budgeting has contributed to a better access to water and sanitation in all PB municipalities. It also led to a reduction of poverty rates in municipalities where it was adopted prior to 1996. However, the results for poverty are not conclusive for municipalities where PB has been adopted after 1996. It is worth noting that the poverty impact occurred despite a reduction in GDP per capita in these municipalities, suggesting that the PB can contribute to a redistributive impact in the long run. Finally PB seems also to have positive impacts on reducing corruption.

Table 4: Impacts using only municipalities that implemented PB before 1996<sup>4</sup>

	Matching without votes for WP			Matching with votes for WP		
	Poverty rates	Access to piped water	Sewerage	Poverty rates	Access to piped water	Sewerage
PB	-4,82**	0,06***	0,29***	-11,06***	0,11***	0,34***
GDP per capita	-0,85***	0,00**	0,00	-2,93***	0,02***	0,00
R <sup>2</sup>	0,19	0,51	0,28	0,52	0,39	0,41

Note: \* p<0,1 ; \*\* p<0,05 ; \*\*\* p<0,01

The magnitudes of the coefficients are not meaningful here.

Nevertheless, findings of the World Bank do not indicate consistent positive impacts of PB in general on fiscal performance, contrarily to what was observed in Porto Alegre, where a special campaign happened.

Reinforcing these results, another evaluation<sup>2</sup> concludes that the PBs in Brazil have improved the spatial distribution of public goods.

## 5 Conditions of success

According to researchers<sup>17</sup>, there are four keys for a PB to be successful: a strong mayoral support, an active civil society, self-ruling given to citizens for the mechanisms of the PB, and consequent financial resources to fund the projects selected by citizens. Recent research shows in particular that PB often miss to attire a representative population, whether in Brazil<sup>18</sup>, in China<sup>19</sup> or in Europe<sup>20</sup>. For example in the Spanish PBs Talpin analyzed<sup>21</sup>, a high presence of politicized participants, ideologically akin to the government parties and belonging to middle and upper classes, impeded the PB from embracing marginalized people. This may be due to a traditional lack of concern from these people, as well as to the — probably justified — sentiment that only minor subjects would be discussed. The poor attendance in European PB due to a lack of stake, as almost all citizens have already to basic needs, witnesses a more general fact: participation occurs only if a substantial power of decision



is devolved to the citizens through the PB. For example, a number of municipal governments around Porto Alegre, as of the cities of Viamão and Alvorada, have elected WP governments based on the well-publicized success of the Porto Alegre experiment. However, with per-capita revenues at a fraction of Porto Alegre levels (and consequently low budgets), participatory budgeting in those cities has not succeeded in drawing sustained attendances<sup>17</sup>. Now we will focus on the two other factors: mayoral support and true empowerment.

### 5.1 A real empowerment of citizens

Baiocchi & Ganuza<sup>22</sup> explain how Porto Alegre included an administrative reform to both subordinate the local bureaucracy to citizen demands and to protect the “chain of popular sovereignty” from outside influence. This latter step involved the creation of a cabinet-level special department above fiefdom-like municipal departments, as well as a decision to make the PB the only point of contact between citizenry and the local state. It also included the creation of a citizen council to oversee the whole process (giving citizens the right to self regulate) as well as to oversee municipal finances as a whole. These administrative reforms made PB participation come closer and closer to effective control of the local state, to the point that a recurrent problem with those early PB experiments was that elected city councilors often opposed the process for feeling sidelined. As Baiocchi & Ganuza say:

*Without a concomitant transformation of the administrative machinery, PB becomes reduced to a set of procedures detached from the inner workings of the administration or its central decision making points.*

There were four guiding principles to the PB processes: openness (meetings open to all, regardless of belonging to an association or not), transparency (all proceedings were public), self-rule (participants themselves decided on the parameters of the process), and actual decision-making (processes were directly tied to administrative outcomes). That said, reduction of Participatory Budgeting to an isolated technical device takes out the crucial emancipatory dimension that allows citizens to have their say on decisions that matter the most and leads to focusing on small budgets. For PB to really have an impact on the civic life, it must allow citizens to state the rule of the process and to modify the institutions, which is possible only in a country that allows for decentralization, like Brazil.

## 5.2 The support of the city council

Abers<sup>23</sup> argues that Porto Alegre's PB worked because of the autonomy of the town in terms of resources and because of its exceptional WP administration, which enacted a policy ought to include the excluded in the decision process and to favor them in the spendings, despite a usually conservative and corrupted country.<sup>24</sup>

According to Langelier<sup>25</sup>, the incensed experience Porto Alegre became perverted when a mayor from another party was elected in 2004. The socialist Fogaça promised that he'd maintain the PB, which in addition to a bad financial situation of city (not related to the PB) helped him to win. The PB was effectively pursued, but integrated to a new process, the Local Solidary Governance (LSG), which aimed to stimulate individual capacities and to build ties between the components of the community (such as enterprises, neighborhoods, associations or public services). It seemed to have the same purpose of civic

empowerment as the PB, but turned out to shift the focus from citizens to enterprises. Enterprises were invited to invest into the LSG while the PB budget shrunk from 10% to 4% of the municipal budget. This caused a dramatic fall in the share of executed investments voted in PB, from 95% in 2001 to 10% in 2006<sup>4</sup>, destroying the confidence in the PB and the civic willingness to participate. In 2008, the majority of PB councilors thought that the main function of the LSG was to weaken the PB. One of them gave an example: *you own an enterprise and discuss with the mayor a project of kindergarten. The negotiation remains discrete: private partnerships do not need a plenary meeting, nor to gather the citizens. Finally, the population knows nothing.* The new mayor has ended a practice of participation, for example he decided unilaterally to displace a popular quarter of 10 000 families to a new place out of the center, far away from the jobs, in order to give a good image of the city for the World Cup. A blog animated by these inhabitants denounces a “social cleaning”. For a dozen of years, the PB of Porto Alegre allowed to go beyond particular interests and class antagonisms. Now, it suffers from clientelist practices. In 2008, a majority of the PB councilors has voted in favor of the suppression of the obligation to discuss with the delegates the modifications of the intern rules of the PB, limiting access to information and power of delegates, while creating a concentration of power in the councilors, who by the way renew less and less, enacting the dispossession of the power from popular mass and favoring political manipulations. This story proves that there can not be an efficient PB without a sincere engagement of the city council.

## 6 Perspectives

A properly set PB seems a beneficial way of governing a town. This is why PB is supported by diverse networks, such as Real Utopias or the World

Bank. The World Bank has found some features that would ameliorate the PB processes<sup>4</sup>:

*Creating incentives and removing barriers to make the PB more inclusive is a critical challenge. Measures to address these challenges could include expanding the PB's focus to issues of strategic importance for the city as a whole (including budgetary oversight, municipal revenues and current expenditures) that affect the space for PB investments and would attract interest from the middle class and professional groups, such as entrepreneurs. Furthermore, participation could be made more convenient to attract those who currently do not participate, for instance, by making available on-line voting on investment priorities or reimbursing the financial cost of participation borne by the poorest groups (e.g., the cost of bus tickets for participants below a certain income level). Improving the effectiveness of PB council meetings by reforming meeting procedures would save participants' time. Finally, improving the training and education of participants is essential for fully realizing the potential benefits of the PB to enhance citizen understanding of the municipal budget process.*

Finally, we could extend PB to a larger scale. One could imagine to use PB in order to decide investment for a country, or a continent. For example, we could implement a giant PB in the EU to allocate democratically the resources given nowadays by bureaucratic processes. How would 500 millions of persons choose whether to finance a highway or to isolate houses? We could allow people to allocate freely on the Internet a given amount of money (the same

for everyone) in the projects of their choice (including their own projects). For example, one could give all his amount, let's say 1000€, to research on HIV, or give 500€ to her startup's project and 500€ to build a new stadium in her town. Each project would have a price, and would be financed at that price if this threshold has been reached by the votes. The overflow would be given to almost-financed projects. In order to avoid misappropriation and bad projects, one could "oppose" any projects, and if a projects receives more "oppositions" than financiers, it would not been funded. Assessment of projects, feedback and accounting would be openly accessible on the website. If it seems too ambitious, why not start at the regional scale?

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