

Better Budget Day Briefing Note

Idea: Participatory Budgeting

Idea description and case for change

Participatory Budgeting (PB) is a well-tested and widely used mechanism for allocating a subset of municipal funds via the direct participation of citizens. Citizens identify local needs and establish a process for selecting them directly, usually by means of a vote. PB encourages transparency and discourages the abuse of public spending by opening up municipal accounts to public scrutiny. It also, by giving citizens an experience in setting priorities and managing public funds, may encourage a greater understanding of the budgeting exercise. The result may be greater engagement with the budget process writ large, as well as feelings of ownership and empowerment about city governance. Toronto is an excellent candidate for the use of PB and some councilors have expressed some interest in holding a PB process at the ward level. A systematic mechanism for running PB in all wards in the city would increase public participation in the budgeting exercise at a relatively low cost.

Background

- PB involves several stages for meaningful participation: diagnosis, deliberation, collective decision-making, execution, and monitoring.
- It is important to distinguish between PB that is merely consultative – i.e., that generates options for a higher-level body, such as city council, to approve – and that is empowered to effect final decisions.

Other Places Where It's Been Done

- The first full PB process originated in **Porto Alegre**, Brazil, in 1989. Approximately 50,000 residents participate every year, deciding as much as 20% of the municipal budget. Participants both identify projects and decide which ones should be funded.
- In **New York City**, eight city councilors employ PB to allocate capital discretionary funds. In 2012, this resulted in \$10M in public funds being allocated by community members.
- In Ward 49 of **Chicago**, Alderman Joe Moore has used PB to allocate his \$1.3M capital budget. Project proposals were developed in neighbourhood assemblies and fully fleshed out by community representatives; residents then vote on which projects to fund.
- **Vallejo, California** is the first city-wide PB project in the United States, allocating \$3M of Sales Tax revenue. Residents vote on projects and City Council votes to approve the list of projects that received the most votes.
- Plateau Mont-Royal, a borough in **Montreal**, allocated \$1.5M in 2006, 2007, and 2008.

- In **Guelph**, the Neighbourhood Support Coalition allocates a mixture of public and external funds to various neighbourhood groups. The NSC meets to discuss citywide priorities, residents meet in their local groups to discuss priorities, neighbourhood delegates meet in a Finance committee, and neighbourhood group implement and monitor projects. The NSC has been operating since 1999 and allocates approximately \$250K per year.
- The Councillors in Wards [1](#) and [2](#) of **Hamilton** have each followed a PB process to allocate approximately \$1.5M in 2013.
- Up until recently, the **Toronto Community Housing Coalition** engaged residents in allocating about \$9M annually since 2001. Building representatives used “dot-mocracy”: they get sticker dots which they use to vote for the best idea, and the ideas with the most votes get the most funding.
- PB is also used heavily in Latin America and Europe, in over 1,500 cities worldwide.

Potential solutions

- **Earmark a certain amount of discretionary funds in each ward** that are allocated using participatory budgeting, whereby residents, facilitated by their local councilor, generate ideas for local projects, vote on them, and monitor their implementation.
- **Provide City Staff Resources to convene, facilitate and advise neighbourhood councils**, along the lines of the Guelph NSC, to begin the PB process
- **Develop e-voting technology** so that effective and direct voting for projects is possible once PB capacity has been built

Contribution of Better Budget Day

- Better Budget Day will convene a facilitative workshop on Participatory Budgeting to design a model for PB that would work in Toronto’s specific context.

Resources

Elizabeth Pinnington et al, “[Participatory Budgeting in North America: The Case of Guelph, Canada](#)” (2009) 21:3 J. of Public Budgeting, Accounting & Financial Management 454.

<http://www.participatorybudgeting.org>

Leonora Angeles, “[Participatory Budgeting in Canadian Municipalities](#)”

Nieuwland, Hendrick. 2003. *A Participatory Budgeting Model For Canadian Cities: Improving Representation Through Increased Citizen Participation in the Municipal Budgeting Process*. M.A. Thesis, School of Policy Studies, Queen’s University, Canada.