

PARTICIPATORY BUDGETING IN NORTH AMERICA: THE CASE OF GUELPH, CANADA

Elizabeth Pinnington, Josh Lerner and Daniel Schugurensky*

ABSTRACT. In 1989, the Brazilian city of Porto Alegre initiated a model of budget participation known internationally as "participatory budgeting." In this process of diagnosis, deliberation and decision-making, city residents directly decide how to allocate part of a public budget, typically at the level of municipal government. During the past two decades, hundreds of cities in Latin America, Europe, Asia, and Africa have adapted this model of participatory democracy to their own contexts. In this article, we explore one of the first Canadian experiments of participatory budgeting. In Guelph, Ontario, a civil society organization called the Neighbourhood Support Coalition uses participatory budgeting to allocate of public and private funds. We discuss the Canadian context for this experiment, as well as the history and evolution of participatory budgeting in Guelph. Based on four years of interviews, ethnographic observation, and primary and secondary literature, we identify several lessons learned through the Guelph process, as well as the conditions that have enabled its development and posed challenges for its success.

INTRODUCTION

Imagine a city where ordinary residents not only participate in local government through elections and consultations, but also by

* Elizabeth Pinnington, M.A., is a doctoral student in Adult Education and Community Development, Ontario Institute for Studies in Education, University of Toronto. Her research interests include institutional capacity building for participatory democracy and political participation. Josh Lerner, M.S., is a doctoral student, Department of Politics, New School for Social Research. His research interests include political participation, participatory democracy, and game design. Daniel Schugurensky, Ph.D., is a Professor, Ontario Institute for Studies in Education, University of Toronto. His research interests include the intersections between citizenship learning and participatory democracy.

directly deciding how that government spends a portion of its budget. In fact, over a thousand such cities exist all around the world. They are practicing participatory budgeting, a democratic process of deliberation and decision-making whereby people who are impacted by a budget allocate its resources. The best-known participatory budget emerged in 1989 in the Brazilian municipality of Porto Alegre (Abers, 2000; de Sousa Santos, 1998; Baiocchi, 2005; Wampler, 2007). During the last two decades, participatory budgeting has first spread to other cities in Brazil, and then to hundreds of cities in Latin America and other parts of the world.

In 1999, the Canadian city of Guelph launched one of the first participatory budgets in North America. As far as we know, Guelph, with a population of almost 115,000, is the only city in Canada implementing participatory budgeting through its municipal budget.¹ This article describes and discusses the Guelph experiment through interviews with city staff and participating residents, observations of budget meetings, site visits, primary documents, secondary literature, and media coverage over the course of four years.

The first section describes the evolution and spread of participatory budgeting during the last two decades, as part of a larger movement to deepen democratic practices by nurturing more participatory institutions and political cultures. The second section discusses how the Canadian context shapes the possibilities for participatory budgeting. We then describe the Guelph participatory budgeting process in more detail, highlighting the roles of both community members and municipal staff. The following section critically discusses the potential for innovations to the democratic process based on learning in the Guelph context. We conclude with a summary of factors that have enabled and challenged participatory budgeting in Guelph, which may inspire innovative strategies for participatory and democratic local governance in North America.

PARTICIPATORY BUDGETING AROUND THE WORLD

Citizen participation in budget making is not a new idea. In North America, and especially New England, where for over 300 years citizens in small towns have decided on budget spending through town meetings (Bryan, 2004). Since the 1960s, many cities, large and small, have involved residents in budgeting through community boards and councils. In several cases, such as Dayton and Portland,

these boards have developed into enduring institutional venues for dialogue and community input (Berry, Portney & Thomsen, 1993; Simonsen & Robbins, 2000). Increasingly, municipal governments are organizing open public consultations in which individual citizens and organizations can express their views on budget spending. Cities such as Eugene, Oregon, have used surveys, questionnaires, and deliberative workshops to generate community recommendations for balancing the municipal budget (Simonsen & Robbins, 2000). In other cities, such as Burlington and Seattle, small citizen boards are empowered to allocate community grants through participatory grant-making schemes (Lerner & Baiocchi, 2007).

In 1989, the Brazilian city of Porto Alegre developed a different model of budget participation, which has become known internationally as "participatory budgeting" (Wampler, 2000; Allegretti & Herzberg, 2004; Worldwatch Institute, 2007). Driven by active social movements and Workers Party politicians, the municipality invited residents to not only give input on budget spending, but to directly decide how funds were to be allocated (Abers, 2000; de Sousa Santos, 1998; Baiocchi, 2005). Since then, participatory budgeting in Porto Alegre has developed into an annual process of deliberation and decision-making, in which thousands of city residents decide how to spend roughly 20% of the municipal budget. In a series of neighborhood, regional, and citywide assemblies, residents and elected budget delegates identify spending priorities and vote on which priorities to implement.

Unlike public consultations or community boards, participants in Porto Alegre both identify priority projects and decide exactly which of these projects are funded. This model corresponds with the top three "citizen power" rungs of Sherry Arnstein's ladder of citizen participation.² Municipal staff are involved as non-voting participants, and their main role during the deliberation process is to provide technical information. Once the deliberations are complete, staff are accountable for carrying out the decisions of citizen participants (Prefecture of Porto Alegre, 2007). Unlike in participatory grantmaking, all city residents can take part in deliberations and decision-making.

Since its emergence in Porto Alegre, participatory budgeting has spread to hundreds of cities in Brazil and Latin America, from Argentina and Uruguay to Guatemala and Mexico. In Europe, towns

and cities in France, Italy, Germany, Spain and England have initiated participatory budgeting processes (Allegretti & Herzberg, 2004). The United Kingdom has even mandated that every local authority should practice participatory budgeting by 2012, and that children and young people should directly decide 25% of the budget funds allocated for them by 2018 (UK Department of Communities and Local Government, 2007). Participatory budgeting processes have also been used in communities in India and Africa (Canadian Centre for Policy Alternatives, 2003). By 2007, roughly 1200 municipalities around the world had initiated participatory budgets (Worldwatch Institute, 2007). Participatory budgeting has also been used for county and state budgets (such as Paysandú in Uruguay and Rio Grande do Sul in Brazil). In Brazil the federal government has even discussed a national process (Baiocchi, 2003b). In some cities, participatory budgeting has been applied for school, university, and public housing budgets (Lerner & Van Wagner, 2006; Lerner, 2006).

Despite the diverse ways in which participatory budgeting is applied around the world, these experiences share a common foundation: diagnosis, deliberation, collective decision-making, execution, and monitoring. Generally, the process starts with residents identifying local needs, generating ideas to respond to these needs, and electing delegates to represent each neighborhood or community. These delegates then discuss the local priorities and develop concrete projects that address them, together with public employees. Next, residents vote for or negotiate which of these projects to fund, enabling the delegates and public officials to piece together a final budget. Finally, the institution implements the chosen projects, and residents monitor this implementation. The entire process is driven by and grounded in a set of core principles: democracy, equity, access, community participation, fairness, education, and transparency. Many of these principles and design features also exist in other participatory processes, but in participatory budgeting they are combined and implemented together.

Participatory budgeting is a strategic way to create more democratic and engaged cities. Because participants get to decide local issues that directly affect their lives, popular political participation tends to increase (Baiocchi, 2003a). Participatory budgeting offers multiple entry points and levels of commitment for

citizen involvement, particularly for those with the greatest needs and greatest barriers to get involved. In many cases, as people with the greatest needs play a larger role in decision-making, spending decisions redistribute resources to communities with the most need (Santos, 1998; Baiocchi, Heller, Chaudhuri & Silva, 2006). Because participatory budgeting opens municipal accounts to public scrutiny, it nurtures higher levels of accountability and transparency, and reduces opportunities for corruption and backroom deals (Abers, 2000). Moreover, it generates greater ownership, pride and empowerment among residents, which often results in a more caring, enlightened and engaged citizenry (Lerner & Schugurensky, 2007).

THE CANADIAN CONTEXT FOR PARTICIPATORY BUDGETING

The distinctive Canadian context has inspired new innovations in participatory budgeting. In contrast to Latin America, where participatory budgeting has been most widely implemented, Canadian cities tend to be more affluent and have more developed infrastructure, as well as more diversity among city residents. Canadian municipalities have little legal autonomy; neo-liberal restructuring and downloading are leaving them with even fewer resources and powers. Social and economic inequality is increasing in Canada, but concerned social movements, citizens and politicians are searching for innovative ways to redistribute resources, alleviate poverty and develop more democratic institutions and participatory practices.

Perhaps the most obvious differences between the Latin American and Canadian contexts for participatory budgeting are the relative affluence and developed infrastructure in Canada. In Latin America, many people become involved in participatory budgeting in order to get roads paved, healthcare centers built, or sewage systems installed in their neighborhoods. City governments often initiate participatory budgeting to address the lack of essential infrastructure or services in shantytowns and extremely poor areas. In Canadian cities these most basic needs are already met for the majority of citizens, leaving most residents and public officials with different incentives to engage in participatory budgeting.

Participatory budgeting in Canada also needs to be inclusive of great cultural and linguistic diversity. Whereas in most Latin American cities the vast majority of residents share a relatively similar cultural

background and speak a common language, in Canada rapid immigration has resulted in extremely multicultural cities. Over 20% of Guelph residents were born outside of Canada in almost 50 different countries. Guelph residents report speaking over 27 different languages and practicing 31 different religions. In addition, 11% of Guelph residents report being visible minorities, including 2% aboriginal residents (City of Guelph, 2007a).

In Toronto, just 100 kilometers east of Guelph, over 50% of city residents were born outside of Canada, 43% report themselves as being a visible minority, and over a third do not speak English as their primary language (Toronto Community Foundation, 2003). Torontonians were born in over 169 countries and speak more than 100 different languages and dialects. Although Guelph is not yet as multicultural as Toronto, its regional proximity, as well as increasing demands for skilled professionals trained outside of Canada, are factors contributing to an ever-increasing cultural diversity (Toronto Regional Immigrant Employment Council, 2007).

Canada's diversity presents both challenges and opportunities for participatory budgeting. Such diversity is a challenge for citizen deliberation, discussion, and negotiation, which are the core of participatory budgeting. How can different residents decide on common priorities when they do not even speak the same language, share similar cultural habits or hold common belief systems? Merrifield (2001) suggests that for citizens to learn democracy, they must have a space to practice democracy on a regular basis. Participatory budgeting provides such an arena for diverse residents to engage with one another outside of their cultural communities, build awareness and tolerance, as well as make collective decisions that consider the well-being of all.

In addition, immigrant diaspora networks connect Canadian cities with the world, enabling foreign practices of participatory democracy, such as participatory budgeting, to inform Canadian politics. Though most Canadian residents are not lacking basic infrastructure, because of their diversity they have greater needs for culturally appropriate services and support, community centers, language and skills training, and other social services that can be decided through participatory budgeting. Participatory budgeting opens doors for political participation irrespective of citizenship or immigration status: in Guelph's case, participants need only to be city residents.

Like cultural and linguistic diversity, the limited autonomy of municipal governments has both negative and positive implications for participatory budgeting in Canada. As "creatures of the province," municipalities do not have any constitutional powers and have few options to generate revenue. Cities rely primarily on a limited range of taxes and grants from regional, provincial and federal levels of government (Magnusson & Sancton, 1983). Since cities do not have much financial or legal autonomy to drastically change their budgets, there is less incentive for residents to participate in municipal budget processes. Because of their predicament, Canadian municipalities are lobbying provincial and federal governments for increased autonomy and funding. Cities may thus be more inclined to involve residents in budget processes, in order to increase public support for greater municipal powers and funding. The relative inflexibility of municipal budgets may also encourage Canadian budget activists to experiment with participatory budgeting in other agencies and organizations.

Since the 1980s, neoliberal restructuring has resulted in changing roles, greater demands, and fewer resources for Canadian municipal governments. Higher levels of government, the media, academics, and business leaders have increasingly encouraged city governments to act like businesses. Municipalities, in turn, are marketing themselves as "competitive cities" or "urban entrepreneurs" (Harvey, 1989; Kipfer & Keil, 2002). They are adopting new models of public administration, such as New Public Management, in which government only "steers," while the private sector "rows" (Osborne & Gaebler, 1993). Municipal governments thus assume new roles: increasing the economic value of the city as a business location, facilitating private sector growth and business development, and aligning government programs and incentives with economic performance. As cities increasingly focus on creating better environments for business, it becomes more difficult to justify programs geared towards social inclusion, equity, or popular participation.

Meanwhile, neo-liberal restructuring has left local governments with greater urban needs and fewer resources to meet these needs. In the name of fiscal restraint, federal and provincial governments have cut back their urban services. These cutbacks have left city residents with greater needs for basic services like housing,

childcare, transit, and public health (Community Social Planning Council, 2000). At the same time, these higher-level governments have decreased their transfer payments and funding to municipalities, while privatizing some public services. As a result, city governments have less capacity to meet residents' needs (Isin, 1998). Faced with huge budget shortfalls, they are under increasing pressure to further downsize and privatize, with little funding for new public programs (Community Social Planning Council, 2000).

Partly as a result of restructuring and downloading, Canadian cities are faced with increasing social and economic inequality and polarization. The scaling back of public services has shifted costs to people living with low incomes, while economic growth has disproportionately benefited the affluent (Albo, Langille & Panitch, 1993; Community Social Planning Council, 2000). As a result, there are more wealthy citizens, but also more households beneath the poverty line (City of Toronto, 2003). This polarization often means spatial segregation through gentrification, as the wealthy move into desirable neighborhoods, often pushing long time residents with lower incomes into more marginal suburbs or ethnic enclaves. In Toronto, for example, average incomes in the city's 12 poorest neighborhoods fell 8% between 1985 and 2001, while they rose over 25% in the 12 wealthiest neighborhoods (Toronto Community Foundation, 2003). Immigrants are especially suffering – the number of Canadian-born low-income residents has been falling since the 1980s, while the number of immigrants living with low income is on the rise (Hulchanski, 2007; Picot & Myles, 2004).

Since more Canadian residents than previously have unmet needs, more of them have incentives to demand budget funding and participate in budget processes. Those with the strongest incentives to participate, however, usually have the least time, skills or resources to do so. Meanwhile, there are more communities that are privileged enough to ignore public budgets, opt out of participatory budgeting, or dominate budgeting processes if they chose to get involved.

Canadian cities are also home to active social movements and politicians who are fighting against increasing inequality. Since many NGOs and community groups are involved in budget activism and neighborhood organizing, participatory budgeting already has a substantial support base.³ The recent election of municipal politicians

who support participatory democracy in several Canadian cities increases the likelihood of political support for participatory budgeting.⁴

Given this context, participatory budgeting in Canada has its own specificities. Relative affluence, developed infrastructure, cultural and linguistic diversity, and the limited autonomy of local government pose challenges for participation. Neo-liberal restructuring and increasing social and economic polarization have further limited the power of city governments and residents to change municipal spending. These limitations, however, also present new opportunities to experiment with participatory budgeting.

In a few cases, social movements and public officials seeking ways to “deepen democracy” (Fung & Wright 2003; Gaventa, 2005) have taken advantage of these opportunities by initiating participatory budgeting processes (Lerner & Van Wagner, 2006; Lerner & Baiocchi, 2007). In the Montreal borough of Plateau Mont-Royal, local activists and a supportive borough mayor launched a participatory budget for part of the borough budget in 2006. In 2005, a teacher at a West Vancouver elementary school developed a participatory budgeting process for students, enabling them to directly decide how a block of funding was spent on the school. Toronto’s public housing authority, the Toronto Community Housing Corporation (TCHC), has been implementing participatory budgeting since 2001, allowing tenants to decide how to spend nine million dollars a year. This is the context in which participatory budgeting emerged and developed in Guelph.

PARTICIPATORY BUDGETING IN GUELPH

Since 1999, Guelph residents have used participatory budgeting to allocate part of the city budget and other funds.⁵ The participatory budget coordinated by the Neighborhood Support Coalition, a civil society organization composed of grassroots neighborhood groups and representatives of public agencies, foundations, and the municipality. Through the coalition, neighborhood groups share and redistribute resources for local projects, such as recreation programs, youth services, and improvements to community centers.

Guelph is a city of nearly 115,000 people in southwestern Ontario. A Mayor and 12 councilors govern the city, although the

Mayor is the only full-time elected official. Due to the presence of a large university, the mean income and education levels in Guelph are higher than both provincial and national averages. The city's median household income is \$66,000, slightly higher than the provincial average. Roughly 64% of residents aged 25-64 have pursued post-secondary education, compared with 55% in Ontario and less than 54% in Canada (City of Guelph, 2007a).

Guelph is also home, however, to various low-income and under-resourced neighborhoods. Over 10% of Guelph households are below the poverty line. Roughly 15% of residents report that English is not their main language spoken at home, presenting additional challenges for participation.

THE GUELPH NEIGHBOURHOOD SUPPORT COALITION

Guelph's Neighborhood Support Coalition (NSC), the institutional home of participatory budgeting, developed through a combination of grassroots neighborhood activism, funding from external donors, and municipal facilitation. In the early 1990s, citizens and non-governmental agency staff started to form neighborhood groups in various lower-income communities to meet residents' needs. In 1990, a group in the Onward Willow neighborhood successfully applied for funding from the province's Better Beginnings Better Futures program, whose aim was "to prevent young children in low-income, high risk neighborhoods from experiencing poor developmental outcomes, which then require expensive health, education and social services" (Better Beginnings Better Futures website, 2007). Onward Willow neighborhood used the funding to organize recreation programs, family support, food and clothing drives, and community-building activities.

Based on the success of the Onward Willow activities, Family and Children's Services of Guelph began to fund other neighborhood groups, using money from Canada's largest civil society and volunteer funding organization, The United Way. After a few years of collaboration between these social service organizations, some neighborhood groups wanted to work more closely with the City and new groups wanted to get involved. In 1996, a neighborhood group that was receiving municipal funding invited City staff from the Community Services department to observe their work. After observing, the City department proposed that it would be more

effective to work with the groups through a formal umbrella organization.

The city and five neighborhood groups officially founded the Guelph NSC in 1997. At that time, the aim of the NSC was to enable neighborhood groups, City staff, and supportive partner organizations to collectively allocate community funding and improve community life. At first, funding was divided equally between the neighborhoods. City staff noticed, however, that some neighborhoods were over-resourced and able to bank their allocated funds, while other groups were under-resourced and struggled to meet community demands for programming.

In 1998, Janette Loveys-Smith, the city's Manager of Community Development, suggested that funding would be more equitable if the neighborhood groups deliberated their needs and priorities together. That year, Loveys-Smith met with several coalition members to discuss the possibility of dividing resources according to need, rather than "an equal pie." In 1999, the coalition decided to gradually implement a participatory budgeting process, which they called their "allocation process."

In 2000, Loveys-Smith heard about participatory budgeting in Porto Alegre and became aware that what was happening in Guelph was a locally adapted version of this model. That year, the NSC members formalized their budgeting process in a written agreement and began making the transition to naming it "participatory budgeting."

The Guelph NSC has since grown to 12 participating neighborhood groups from around the city. Participating community members have collectively agreed on operational guidelines, called "Terms of Reference," which dictate NSC operations, decision-making processes and organizational structure. They also define the NSC's vision: "A Guelph community of healthy children, strong families and vibrant neighborhoods that embraces diversity, creates opportunities and promotes a high quality of life for all residents" (Guelph NSC, 2009, p. 1). Neighborhood groups elect their representatives to the NSC's committees from a pool of interested local residents. While each neighborhood group has its own procedural regulations, most residents serve terms that are a maximum of two years in length.

Participatory budgeting decisions are finalized by the NSC Finance Committee, which is made up of elected representatives from the neighborhood groups, totaling 12 participants. Agency partners participate in meetings, which are facilitated by a municipal staff person, but neither agency representatives nor civil servants have a vote on the Committee. The purpose of the Committee is to develop financial plans, allocate funds, and advocate for the financial resources necessary to sustain and expand neighborhood programs (Guelph NSC, 2006). The Committee meets once a month to share information and make recommendations and decisions about the NSC budget.

THE PARTICIPATORY BUDGETING PROCESS

The NSC initially depended on \$25,000 awarded by the City of Guelph's community grants program. In 1999, neighborhood groups persuaded city council to transform the community grant funds into an official line in the city's Community Services budget. The City's contribution to the NSC has increased from \$65,000 in 2000 to \$125,000 in 2007. In order to meet additional programming needs, the coalition has also pursued external funding from other organizations, agencies, and regional government bodies. By 2000 it had consolidated its municipal funding and external funding in the community services budget line.

In 2007, the NSC had a total cash budget of \$320,000 and an additional \$650,000 in in-kind contributions, such as office space and staffing. The bulk of the cash comes from the municipality, while the majority of in-kind contributions come from various community partners. For every \$1 of municipal contributions, the NSC secures an additional \$5 of cash or in-kind contributions externally. Each year, many external donors designate a portion of the in-kind donations and cash for specific program areas (e.g. youth activities) or specific NSC neighborhood groups. The NSC uses participatory budgeting to deliberate the remaining cash funds available to all groups, which amounted to \$236,000 in 2007. The City of Guelph is the largest cash funder for the NSC, and one of the few funders that does not stipulate how monies should be spent.

In 2007, the City's contribution to the NSC's budget represented around 0.1% of the \$137 million municipal operating budget. For such a small monetary investment, the rewards have been

substantial. The impact of the participatory budgeting process extends well beyond the hundreds of community projects implemented each year. The precedent set by the process - with respect to direct community participation in the democratic process, addressing power imbalances in expert-driven policy-making, and citizenship learning by participants - has far-reaching and profound implications. Participants are taking part in generating a new political culture in the city, as well as building their own social capital. They are disrupting cycles of poverty and elitism, by building new networks that reduce power imbalances and encourage greater understanding between social groups. As one participant noted at a recent meeting with city councilors in reference to the role of the NSC, "we are building community connections."

The NSC takes approximately four months to collectively decide how its budget funds are allocated, and another year to implement project funding. The budget deliberations start in December and allocations are decided by April. The budget process consists of five main phases:

- 1) **The NSC meets to discuss citywide priorities** for the upcoming year and review the budgeting process. Meanwhile, NSC members raise funds from partner organizations and sponsors to establish the pot of money for the year's budget.
- 2) **Residents meet in their local neighborhood groups** to discuss citywide and local spending priorities. Based on these discussions, each group prepares project proposals, along with a "needs" budget and a "wants" budget for its proposed activities. The residents elect two delegates to represent their group in the NSC Finance Committee.
- 3) **The neighborhood delegates meet in the Finance Committee** to present their budget needs and wants to each other. NSC partners and City staff outline the budget funds that are available. After the meeting, neighborhood delegates return to their groups to re-evaluate their needs and wants, based on the information from other groups and sponsors.
- 4) **The Finance Committee meets again to decide on budget allocations.** The delegates negotiate and make compromises on the proposed activities, until they can agree by consensus on a budget.

- 5) **Neighborhood groups implement and monitor their projects** through a yearlong funding cycle. They also raise funds from partner organizations and sponsors, to build the pot of money for the next year.

Whereas the Guelph process has several similarities with the Porto Alegre model, there are at least three key differences between the two. First, Guelph residents negotiate the distribution of money by consensus rather than a majority vote. Second, citizen groups themselves directly spend the budget allocations, rather than monitoring spending by public officials. Third, rather than investing in infrastructure, NSC groups spend most of the money on community services, such as after school programs, parenting programs, anti-drug campaigns, clothing closets and community-building activities such as neighborhood picnics and barbecues.

Many participating residents are from low-income or ethnic minority neighborhoods. While higher education is traditionally a predictor of increased political participation in liberal democracies (Almond & Verba, 1963), this trend does not apply for the NSC. Participants have a broad range of skills and perspectives, but many have little previous experience with community or political organizing, and relatively little post-secondary education. The Coalition attempts to reduce the obstacles to participation for low-income and marginalized residents by providing oral and written translation services in nine languages, and by setting aside \$5,000 annually to pay childcare, eldercare, and transportation costs for participants in need. It also provides food at NSC meetings.

The greater participation of marginalized individuals and groups in the NSC may speak to a differing set of needs and perspectives compared with more affluent residents. Of the three most affluent and ethnically and racially homogeneous neighborhoods in Guelph, one struggles to maintain membership in their neighborhood group, and two have currently decided not to join the NSC. In each of these three cases, citizens tend to organize around political issues that directly affect their neighborhoods – such as land developments. They rarely work together with other groups on citywide issues. In contrast, neighborhood groups in lower income and more ethnically and racially diverse areas tend to more actively collaborate with other neighborhoods. This collaboration may relate to a perceived or real need to work with other groups for funding, information and resource

sharing, or a greater awareness of citywide shortcomings in public services.

Each year, the budgeting process funds roughly 500 community-building events and programs, such as peer support groups, community carnivals, tax clinics, and language classes. NSC members do not always agree on spending priorities. As Reena,⁶ a participant, recalled:

I very much believe in spending the money on the group...on group activities, kids, supplies, staffing for kids, trips for kids, things for adults. At the allocation process I hear groups saying "We want X dollars to buy some new chairs and some card tables." And I'm thinking, "You've got to be kidding me. You actually have the nerve to come in here and tell me that's what you want money for!"

Municipal staff play an advising and informing role in the budget deliberations, but they try not to influence the decisions of group members. In the words of Loveys-Smith, "Our job is to monitor and in some cases implement the framework that exists about risk, liability, insurance, those types of things, making sure that there's ratios, things like that. But the decisions are left up to the community whether they want to turn left or right."

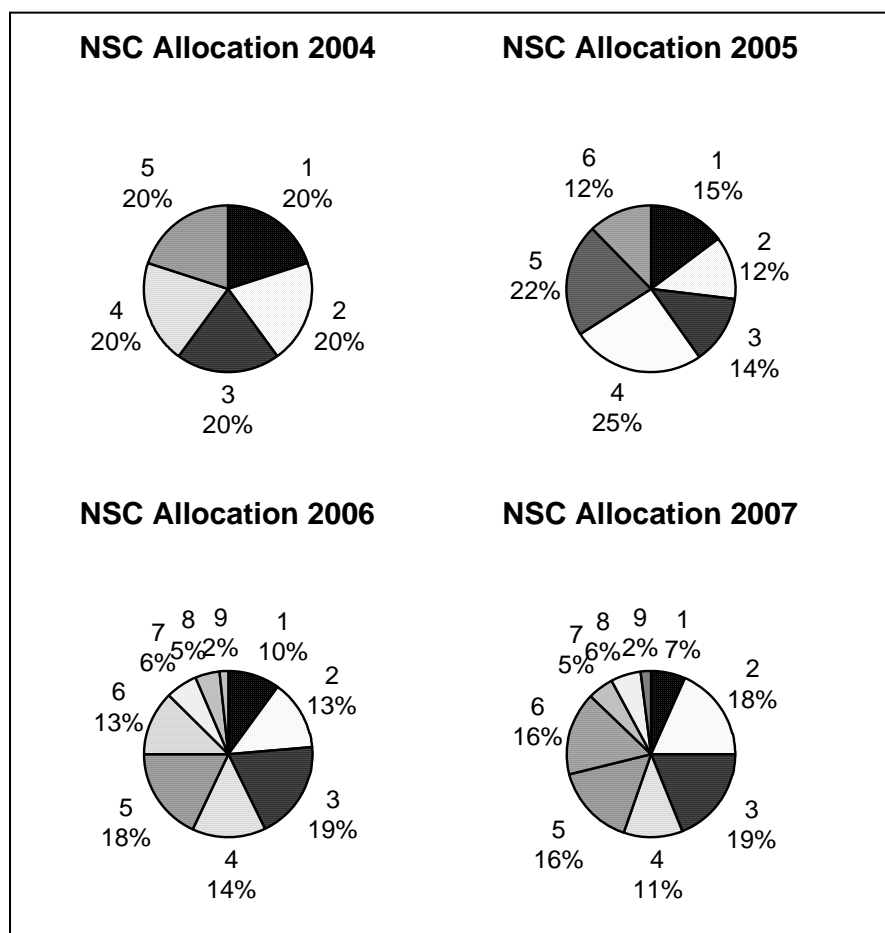
Once the city funds are transferred to the NSC, the community members themselves do all the negotiating of how monies are allocated. Kara, a Past Finance Committee member, says:

My ability to see the big picture has grown by leaps and bounds both by working with the neighbourhood groups and participating in allocation. You need to think fast about everything involved in what you are trying to get money for and also what that means to the next group. I think this is one of my natural talents that was buried until I needed it. It is something I now take pride in.

Figure 1 shows the shifts in funding allocation at the NSC Finance Committee from 2004-2007. In 2004, the NSC had five participating neighborhood groups, who deliberated a cash budget of \$288,605. The group allocated \$149,800 to pay salaries. Salaried employees for the neighborhood groups are usually residents of the neighborhoods they work for; they carry out administrative duties on a

part-time basis for the groups. In 2004, the NSC also set aside \$20,000 for newly developing neighborhood groups. Residents then divided the remaining funds into equal portions for the five existing neighborhood groups.

FIGURE 1
NSC Allocations to Neighborhood Groups 2004-2007



In 2005, the NSC had six fully participating neighborhood groups, and two developing groups. While participation had increased, the NSC had lost \$40,000 of funding from one of its major civil society partners, due to changes in that agency's structure. As Reena remembers, during the 2005 budget deliberations it felt like "there was no way you could have a meeting of the minds and the dollars and the needs." After two days of deliberations, participants eventually agreed on the allocation, including setting aside \$12,200 for developing groups, \$8000 for overall NSC operations and \$78,000 for salaries. The groups negotiated over the remaining \$149,600, and divided monies by weighing the needs expressed by each group.

Since 2005, growth of viable neighborhood groups without a comparable increase in funding has been one of the major challenges for the NSC, while also a sign of its local popularity. In 2006 and 2007, the NSC had nine fully participating neighborhood groups and three developing groups. In 2006, an agency partner earmarked certain funds for what they deemed to be the "most needy" six of the nine groups at the table, reducing the collective pot for that year to \$201,750. In 2007, the NSC deliberated a shared budget of \$236,000, again trying its best to meet the greatest needs of its nine sustaining and three developing groups.

In 2007, the NSC reported that roughly 10,000 people participated in the neighborhood group activities. The coalition estimated that between 2004 and 2006, residents contributed almost \$4,000,000 in volunteer hours.⁷ Despite the slow growth of funding from the City and loss of funding from some agency partners, the NSC has actively supported the development of new neighborhood groups and fostered partnerships between community organizations and public agencies. Coalition partnerships become increasingly necessary as funds are spread more thinly among active groups. For example, certain NSC partners have provided free office space for neighborhood groups in schools and other government buildings.

LESSONS LEARNED IN THE GUELPH EXPERIENCE

Over time, NSC members have learned from their experience and revised the budgeting process in multiple ways. This section

highlights lessons learned and how they have fed back in to the evolving participatory budget process.

Establish a Regular Funding Base

As highlighted above, soon after the NSC developed its participatory approach to budgeting, it dedicated time and resources to annualizing funding from municipal and other sources, including provincial and federal governments, local businesses, social service organizations and private donors. The NSC learned that by establishing regular annual funding sources, it could focus more time and energy on communicating with citizens about community needs and further developing the coalition's capacity. As funders come and go from the NSC, community members have learned to research and apply for alternate sources of funding. As dictated by the NSC Terms of Reference, neighborhood groups share information about potential funding sources and dollar amounts they are awarded through the NSC Finance Committee.

Use Consensus Decision Making

“We make all of our decisions by consensus,” says Chuck, a community participant. “It’s the first group of this type that I’ve found that works to consensus, rather than group majority.” Chuck explains,

If you have consensus like that then people are willing to work towards a goal. Whereas if you don’t have that consensus then you will have people who will try to sabotage or just will not put in the effort and you will have an unequal degree of input.

Reena says that through the process she learned “to respect people more.” She explains that this respect grew out of the consensus model of deliberation, as opposed to majority rules, community consultation or issue-based activism.

I can disagree with you and that stops everything, or I can disagree but I will hold my opinion. I just choose to not have an opinion in order for the process to continue. If it’s something really drastic that I really feel strong on then I will say “no” but to keep the process moving, I simply make a

different choice. And that's something I definitely learned from this.

This "citizenship" learning is consistent with the experiences of other participatory budgets. For example, in a recent study on the participatory budget of Rosario, Argentina, citizens reported becoming more open to a variety of perspectives and more willing to sacrifice their self-interest for the common good, after participating in consensus decisionmaking (Lerner & Schugurensky, 2007). As citizens increase their capacity to negotiate, suggest solutions to, and take responsibility for complex social issues, decision-making no longer needs to lie exclusively with staff, consultants and politicians. Several community members even suggested that the consensus decisionmaking helps attract more diverse participants to the budgeting process.

Actively Develop Participant Skills

The NSC organizes regular workshops and discussions, facilitated by the city or other partners, in areas such as accounting, municipal law, conflict resolution and facilitation. NSC members have also developed new skills through experiential learning, by consulting with and observing city staff, participating and learning with one another, and trial and error. Reena tells that, once elected to the Finance Committee by her neighborhood group, she learned how to prepare a budget by doing it. "Finance isn't my thing...I had no idea what I was doing other than I wanted to keep things rolling for my group." By the end of her tenure with the Finance Committee, she describes her accounting knowledge as a "5 out of 5."

Through these learning channels, NSC members have increased their capacity to run meetings and facilitate decision-making, developed a knowledge base about funding and collaboration with the city, and integrated new participants in to the process. Changes to the NSC budget process based on community member learning include the creation of standardized budget forms (rather than 10-15 different formats), the NSC Terms of Reference, and the practice of establishing working norms for meetings to ensure a respectful and inclusive environment.

Ratio of Community Members to Agency Partners

Some neighborhood group members, and consequently NSC members, belong to local partner agencies, such as schools, religious institutions, or public health agencies. The NSC has learned that while partnerships with local organizations are valuable links to the community and resources, a ratio of 2:1 community members to agency partners works well at both the neighborhood group and NSC levels. In the current environment of unstable funding for many social service organizations in Ontario, agency partners were often looking to the NSC budget as a source of funding, which was affecting the democratic balance of community participation in the budgeting process. A 2:1 ratio ensured that community members remained in the driver's seat.

City Staff Facilitators at the Finance Committee

While most NSC member groups self-facilitate their meetings, the Finance Committee has established a rule that city staff should co-facilitate their committee meetings. According to committee members, having a city facilitator eases the difficult process of developing group trust. "Trust takes time to grow between participants, especially at the Finance table," says Chuck. Loveys-Smith reports that by having an outside facilitator, committee members can avoid conflicts of interest and participate more fully in the deliberation process. She adds that because of traditional top-down models of service delivery, city staff have significant power as facilitators. Therefore, municipal staff must have highly developed skills for facilitation, such as self-awareness, active listening, willingness to let go of "expert" assumptions, and experience with group dynamics, which reflect commitment to an inclusive process. Otherwise, this "facilitation" role can quickly slip into directing or even manipulating residents as to how to allocate funds.

Transparent Collaboration between Community and City Staff

One of the keys to the NSC's success is a mutual commitment to transparent collaboration between citizens and city staff. City staff have learned that transparency with NSC members has strengthened the relationship between the NSC, city staff, and city council. For example, when neighborhood groups have needed additional staff, they have gone first to city staff to inquire about financial support.

When Loveys-Smith openly shared her administrative budget with NSC members, they understood that her department could not support an additional staff person. The NSC members subsequently went to City Council to ask for resources. Loveys-Smith recalls:

The [NSC members] knew that they wanted to respond to more neighborhood groups. They knew that more neighborhood groups had been developed; more people wanted to be involved. They went to council and got a full time third District Community Coordinator. And then the second time...they went to council and asked for full time, they got half time and some administrative-type support. They have done that to augment the level of service [city staff] can do.

This strategic relationship between NSC members and key city staff has enabled the coalition to more effectively address community needs.

ENABLING FACTORS AND CHALLENGES TO PARTICIPATORY BUDGETING IN GUELPH

In addition to the NSC's lessons learned, several factors have either enabled or hindered the development of its participatory budgeting process.

Enabling Factors

Leadership and Support from Government Officials

In an initial study of participatory budgeting experiments in Canada, Lerner and Van Wagner (2006) posit that leadership from staff with experience in community participation helps enable participatory budgeting to emerge. In Guelph's case, several staff in the Community Development Department have been integral to the process.

City staff have had an evolving role with the NSC, from organizing and facilitating, to observing, to providing information and access to city documents and resources. They have also put in hundreds of overtime hours to support the project. As Loveys-Smith says:

I think in order for it to seep in to municipalities...there has to be a willingness on the part of those municipal staff to legitimately respond. You might not completely love it or like it

or feel completely comfortable, but you have to legitimately respond to people, citizens wanting in the door, wanting to be part of the making of decisions - whatever they are - of city resources.

Indeed, the success of many experiments with participatory democracy depends on the extent to which government or institutional officials are supportive of the process. The well-known Oregon Experiment on the University of Oregon campus is one example of a resident-driven program that struggled on multiple occasions due to shifts in support from university officials (Bryant, 1991).

Political Autonomy and Council Support for Participatory Democracy

Another important enabling factor for the Guelph participatory budgeting project is that, in contrast with most municipalities in Ontario, Guelph is a single tier municipal government. The city therefore enjoys relative political autonomy, giving it more flexibility in its ability to collaborate with citizens.

Combined with political autonomy, Guelph also currently has a city council that is supportive of public participation. The current council was elected in 2006, largely due to the work of a number of active citizen groups who were unsatisfied with the previous council's record of collaboration with residents. While the NSC was growing from 2003-2006, institutional support from the city waned, making the transparent collaborations between the NSC and the city more difficult. Since the election of the current council, the NSC has seen more support from and access to communication with councilors.

In addition to its support for the NSC, council has launched other congruent participatory programs, such as a Community Strategic Plan (City of Guelph, 2007b). City councilors have also organized multi-ward meetings with citizens and interest groups, to discuss issues that affect overlapping areas and services such as parks, land development, transit, and waste management. In addition, the city recently publicized a call for changes to the structure of the municipal operating budget, to make it more transparent and increase citizen participation (Hallet, 2007).

Committed Community Members

“So much of what we do is volunteer-based,” notes Kara. While some neighborhood groups have negotiated for or raised funds to pay a staff member for administrative work, most of the operations, negotiations, programming and evaluation of the NSC is done through volunteer hours. Participants state multiple reasons for volunteering, including: meeting other neighborhood residents, providing integral services specific to their neighborhoods, making a contribution, and keeping abreast of local issues. Indeed, some current City councilors have their roots in neighborhood group organizing.

Challenges

Limited Support from City Staff

A major tension has come from city staff outside the Community Development Department. While many staff are supportive of the participatory budget, some are uncomfortable with the process, as it represents a significant departure from the traditional model of expert management. Some staff have openly challenged proposals made by NSC members, arguing that tax dollars should not be spent in the ways they propose. At times, this tension within the city has meant that staff from the Community Development Department have had to carefully negotiate relationships with fellow staff, while the NSC has had to wait for more favorable organizational and political climates in which to negotiate for increased in funds and practice institutional partnership with the city.

Increased Participation without a Comparable Funding Increase

As already highlighted in Tables 1-4, the NSC model is becoming increasingly popular among Guelph residents and neighborhood groups, while the coalition’s funding base has remained relatively static. Some NSC members believe that having to negotiate for scarce resources is a form of citizenship learning, contributing to innovation, creativity and a more realistic understanding of budgeting challenges. At times, however, the funding mismatch has caused tensions and animosity between groups.

The NSC has set a goal for 2008 of collaborating with council to increase its funding base from the municipality. Councilors have indicated that they are willing to work together, but that they need

“hard numbers” to justify allocating more funds to the NSC and, consequently, less to other municipal services. These negotiations may provide challenges to NSC members in quantifying the primarily “social” services they provide, and to councilors in maintaining relationships with city staff and residents who question participatory budgeting. The NSC-Council negotiations also provide a space for residents and elected officials to collaborate directly, a rarity in most modern democracies. The collaboration may also help streamline bureaucratic processes to provide much-needed social services to residents more quickly.

Community Members’ Internalization of Hierarchical Decision-Making

Participants have struggled to overcome hierarchical decision-making habits and power dynamics. For example, at a 2007 NSC Finance Committee meeting, the group was discussing an upcoming meeting with council. Some participants suggested asking council what “they would like from us,” assuming that council’s interests took priority over those of the NSC. In addition, for some NSC members, particularly those from low-income and marginalized neighborhoods, the NSC is one of the few places in their lives where they have legitimacy and social power. While this increased social capital of society’s most excluded is typically seen as a positive result of participatory democracy, the highly active leadership of some NSC members may actually have deterred new members from getting more involved. While the NSC Terms of Reference limit tenure length to avoid monopoly of power and encourage varied participation, some neighborhood group representatives seem reluctant to let go of their power - perhaps because it is the unique site in some participants’ lives where they have social or political legitimacy, or that their institutional memory is seen as important to the organization. The NSC is working to develop ways for knowledgeable and experienced past-participants to continue to contribute in different roles. It is our view that learning alternative approaches to hierarchical relationships is simultaneously one of the greatest challenges and opportunities of participatory democratic experiments.

CONCLUSIONS

Only two decades ago, the suggestion that ordinary citizens make municipal budget decisions would have been received with incredulity

and surprise. How could non-professionals without accounting training have a say in budget allocations, let alone understand them? Today, after twenty years of experience with participatory budgeting, it is clear that another model of budgeting is possible. As the case of Guelph demonstrates, participatory budgeting is not only relevant for the global South, but also for countries in the North. Participatory budgeting in Canada has only affected small segments of local governance so far, but initial experiences like Guelph reveal new ways to broaden and deepen democratic participation in budgets.

The Guelph NSC demonstrates that through learning and participation in municipal budgeting, citizens become better equipped to negotiate budgetary constraints with community needs, for the overall good of the city. In addition, participants in the Guelph project have modelled a variety of means to break down barriers to participation by marginalized populations, to ensure that diverse voices are heard throughout the budgeting process. City staff have also modelled a relationship with citizens in which they use their expert power by sharing information and access to resources, and by supporting citizen decisions.

As other cities in Canada, including Toronto, Montreal and Vancouver, are expressing an interest in participatory budgeting, it is crucial to further explore more collaborative and democratic relationships between diverse residents, civil servants, and elected officials. Despite its challenges, Guelph's Neighborhood Support Coalition is opening new avenues to citizen participation in budgeting and governance.

ACKNOWLEDGEMENTS

The authors wish to thank Janette Loveys-Smith, the Guelph NSC and the Guelph NSC Finance Committee for their participation and support in producing this article.

NOTES

1. The Toronto Community Housing Corporation (TCHC) and the Montreal borough of Plateau Mont-Royal have also implemented participatory budgeting. However, the Toronto process is limited to the TCHC budget and TCHC tenants, and the Montreal process is limited to the borough budget and residents.

2. The ladder of citizen participation proposed by Sherry Arnstein (1969) includes three levels and eight rungs: 1) non-participation (manipulation and therapy), 2) tokenism (informing, consultation and placation), and 3) citizen power (partnership, delegated power and citizen control).
3. For example, the Canadian Center for Policy Alternatives, Guelph Civic League, Toronto Social Planning Council, and Alternatives in Montreal.
4. Such as Karen Farbridge in Guelph and David Miller in Toronto.
5. Unless otherwise noted, information on the Guelph Coalition is based on City of Guelph (2007a); Guelph Neighbourhood Support Coalition (2003, 2006); structured interviews with NSC members in 2007, observations of NSC Finance Committee meetings from 2003-2007, and personal communication with Janette Loveys-Smith, Janette, Manager of Community Development, 2003-2007.
6. Pseudonyms have been created for community members whose interview quotes are used in this article.
7. Calculated using the Volunteer Canada formula for volunteer work pricing.

REFERENCES

- Abers, R. (2000). *Inventing Local Democracy: Grassroots Politics in Brazil*. Boulder, CO: Lynne Rienner Publishers.
- Albo, G., Langille, D., & Panitch, L. (1993). *A Different Kind of State? Popular Power and Democratic Administration*. Toronto, Canada: Oxford University Press.
- Allegretti, G., & Herzberg, C. (2004). "Participatory Budgets in Europe: Between Efficiency and Growing Local Democracy." *The Transnational Institute Briefing Series: 5* [On-line]. Available at www.tni.org.
- Almond, G., & Verba, S. (1963). *The Civic Culture*. Boston, MA: Little, Brown and Company.
- Arnstein, S. R. (1969, July). "A Ladder of Citizen Participation." *Journal of the American Institute of Planners*, 35 (4): 216-224

- Baiocchi, G. (2003a). "Participation, Activism, and Politics: The Porto Alegre Experiment." In Fung, A. and E.O. Wright (Eds.), *Deepening Democracy* (pp. 45-76). New York: Verso.
- Baiocchi, G. (Ed.). (2003b). *Radicals in Power. The Workers' Party and Experiments in Urban Democracy in Brazil*. London, UK: Zed Books.
- Baiocchi, G. (2005). *Militants and Citizen: The Politics of Participatory Democracy in Porto Alegre*. Stanford, CA: Stanford University Press
- Baiocchi, G., Heller, P., Chaudhuri, S., & Silva, M. K. (2006). "Evaluating Empowerment: Participatory Budgeting in Brazilian Municipalities." In Alsop, R., Bertelsen, M. & Holland, J. (Ed.), *Empowerment in Practice: From Analysis to Implementation* (pp. 95-128). Washington, DC: World Bank.
- Berry, J, Portney, K., & Thomsen, K. (1993). *The Rebirth of Urban Democracy*. Washington: The Brookings Institution.
- Better Beginnings Better Futures* (2007). [Online]. Available at <http://bbbf.queensu.ca>. (Retrieved on August 19, 2007).
- Bryan, F. (2004). *Real Democracy: The New England Town Meeting and How It Works*. Chicago, IL: University of Chicago Press.
- Bryant, G. (1991). "The Oregon Experiment After Twenty Years." *Rain Magazine*, 14 (1). [Online]. Available at www.rainmagazine.com.
- Canadian Centre for Policy Alternatives (2003). *Democracy Counts! Participatory Budgeting in Canada and Abroad*. [On-line]. Available at http://www.policyalternatives.ca/reports_studies/index.cfm.
- City of Guelph (2007a). *City Profile, 2007*. [On-line]. Available at <http://guelph.ca/business.cfm>.
- City of Guelph (2007b). [Online]. Available at <http://guelph.ca>. (Retrieved on September 2, 2007).
- City of Toronto (2003). *Toronto Report Card on Housing and Homelessness*. [On-line]. Available at <http://www.toronto.ca/homelessness/pdf/reportcard2003.pdf>.

- Community Social Planning Council (2000). "Sound Bite: 'Boards of Directors,' 'Cost Centre,' and 'Consumers' - Creeping Privatization in the New Toronto." Toronto, Canada: CSPC.
- de Sousa Santos, B. (1998). "Participatory Budgeting in Porto Alegre: Toward a Redistributive Democracy." *Politics & Society*, 26: 461-510.
- Fung, A., & Olin Wright, E. (Eds.) (2003). "Deepening Democracy: Institutional Innovations in Empowered Participatory Governance: The Real Utopias IV." [Online]. Available at <http://www.ssc.wisc.edu/~wright/Deepening.pdf>.
- Gaventa, J. (2005). "Triumph, Deficit or Contestation? Deepening the 'Deepening Democracy' Debate (Draft)." [Online]. Available at http://www.justassociates.org/associates_files/Gaventa_Deepening_the_Deepening_Democracy_Debate.pdf.
- Guelph Neighbourhood Support Coalition (2003). "Goal Statement, Joint Agreements, and Sponsorship Agreements." Guelph, Canada: Author.
- Guelph Neighbourhood Support Coalition (2009). "Neighbourhood Support Coalition." [Online]. Available at <http://guelph.ca/living.cfm?smocid=2200>. (Retrieved August 7, 2009).
- Guelph Neighbourhood Support Coalition (2006). *Terms of Reference*. Guelph, Canada: Author.
- Hallet, D. (2007, September 25). "City Seeks Your Input on Budget." *Guelph Tribune*: 1 & 2.
- Harvey, D. (1989). "From Managerialism to Entrepreneurialism: The Transformation of Urban Governance in Late Capitalism." *Geografiska Annaler*, 71 (1): 3-17.
- Hulchanski, D. (2007, December). "The Three Cities within Toronto: Income Polarization among Toronto's Neighbourhoods, 1970-2000." *Research Bulletin*, 41 (Centre for Urban and Community Studies, University of Toronto, Canada).
- Isin, E. F. (1998). "Governing Toronto without Government: Liberalism and Neoliberalism." *Studies in Political Economy*, 56: 169-192.
- Kipfer, S., & Keil, R. (2002). "Toronto Inc? Planning the Competitive City in the New Toronto." *Antipode*, 34 (2): 227-264.

- Lerner, J. (2006, Summer). "Let the People Decide: Transformative Community Development through Participatory Budgeting in Canada." *Shelterforce*, 146: 5-7.
- Lerner, J., & Baiocchi, G. (2007). "Could Participatory Budgeting Work in the United States?" *The Good Society*, 16 (1): 8-13
- Lerner, J., & Schugurensky, D. (2007). "Who Learns What in Participatory Budgeting? Participatory Budgeting in Rosario, Argentina." In R. van der Veen, D. Wildemeersch, J. Youngblood and V. Marsick (Eds.), *Democratic Practices as Learning Opportunities* (pp. 85-100). Rotterdam, The Netherlands: Sense Publishers.
- Lerner, J., & Van Wagner, E. (2006). "Participatory Budgeting in Canada: Democratic Innovations in Strategic Spaces." *The Transnational Institute New Politics Publications*. [On-line]. Available at www.tni.org/newpol-docs/pbcanada.htm.
- Magnusson, W., & Sancton, A. (Eds.) (1983). *City Politics in Canada*. Toronto, Canada: University of Toronto Press.
- Merrifield, J. (2001). "Learning Citizenship" (Discussion Paper). [Online]. Available at www.commonwealthfoundation.com/documents/learning.pdf.
- Osborne, D., & Gaebler, T. (1993). *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*. New York: Plume Books.
- Picot, G., & Myles, J. (2004). *Poverty and Exclusion: Income Inequality and Low Income in Canada*. Ottawa, Canada: Policy Research Institute [On-line]. Available at http://policyresearch.gc.ca/page.asp?pagenm=v7n2_art_03.
- Prefecture of Porto Alegre (2007). "Regimento Interno do Orçamento Participativo 2007/2008." [Online]. Available at www2.portoalegre.rs.gov.br/op.
- Simonsen, W., & Robbins, M. (2000). *Citizen Participation in Resource Allocation*. Boulder, CO: Westview.
- Toronto Community Foundation (2003). *Vital Signs 2003: Measuring the Health of our Community* [On-line]. Available at www.tcf.ca/vital_signs/vitalsigns2003

- Toronto Regional Immigrant Employment Council (2007). [Online]. Available at www.triec.ca. (Retrieved on April 5, 2007).
- United Kingdom Department of Communities and Local Government (2007). *An Action Plan for Community Empowerment: Building on Success*. London, UK: UK National Government.
- Wampler, B. (2000, October). *A Guide to Participatory Budgeting*. The International Budget Project. [On-line]. Available at <http://www.internationalbudget.org/resources/library/GPB.pdf>.
- Wampler, B. (2007). *Participatory Budgeting in Brazil: Contestation, Cooperation, and Accountability*. University Park, PA: Penn State University Press.
- Worldwatch Institute (2007). *State of the World 2007: Our Urban Future*. New York: W.W. Norton.