

For more information

**Bianca Polidoro**  
CEE Bankwatch Network  
biancapolidoro.it@gmail.com

See also  
**Cross sectoral civil society campaign on the next EU Budget:** [www.peoplesbudget.eu](http://www.peoplesbudget.eu)

CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

Learn more: [bankwatch.org](http://bankwatch.org)



# How could participatory budgeting be introduced in the post-2020 EU Budget?

**A**n analysis of best practice amongst the growing trend towards democratising public spending through participatory budgeting. With recommendations for the introduction of pilot processes within the post-2020 EU Budget, empowering citizens in spending decisions towards fully sustainable, transformational projects.

- About this Paper ..... 2
- Background ..... 3
- Governance..... 3
  - Level of Participation ..... 3
  - Who is involved? ..... 4
  - Stages of involvement..... 4
  - Scale..... 5
- Good practices examples ..... 5
  - Porto Alegre ..... 5
  - Paris ..... 6
  - Águeda ..... 6
  - Portugal – national level ..... 7
  - PB Network in UK ..... 7
- PB bad practices examples ..... 8
  - PB experiments in Freiburg and Hamburg - 3 critical points: ..... 8
- How PB differs from existing participatory spending tools in the EU budget ..... 8
- Digital Approach to face transparency issues ..... 10
- EU policy recommendations – how should we introduce pilots for participatory budgeting in the next EU budget? ..... 11
- Conclusions ..... 12
- Bibliography ..... 14

## About this Paper

More and more cities around the world have been implementing Participatory Budgeting (PB) processes since the first successful experiment in the City of Porto Alegre in Brazil in 1989. With the next EU budget (MFF) under discussion, now is an important moment to consider how this tool could be introduced in the EU budget to help build a bridge between citizens and the European project, and to empower them in building the sustainable Europe we need. Improved and meaningful participation of citizens in EU spending is part of an EU budget that is 'sustainability proof' and part of a transparent Europe that leaves no one behind.

Comparative analysis in this paper reveals both good and bad examples of participatory budgeting, from the city of Paris, which experimented the participatory budgeting in 2014 and a second round in the 2015 achieving prestigious goals for the wellness of the citizens. Through Germany, in particular in the case studies of Freiburg and Hamburg, where the PB process did not achieve the same positive outcomes. Following the literature, this may be due to differences in the design, with a lack of involvement of citizens in the earliest stages of projects. In 2016 Portugal has announced the world's first participatory budget on a national scale.<sup>1</sup> In many places, the PB process has fundamentally changed the relationship between citizen and state, improved the functioning of government and led to improved public services and infrastructure.

In this paper we lay out careful analysis about the design features of PB at several levels. Furthermore, it is possible to identify early recommendations for how PB could and should work in the framework of the future EU budget. At the moment there are some existing participatory spending tools in parts of the EU budget – such as Community-Led Local Development (CLLD) within Cohesion Policy Funds regulations. However, these tools are both significantly underused, and do not equate to the potential breadth and scale of democratic engagement that participatory budgeting can deliver.

Building on the comparative analysis, and analysis of the structure and governance tools within the MFF, we then propose a number of recommendations - key policy mechanics for how participatory budgeting might be built into the next MFF. We consider that now is an opportune political moment, in the wake of Brexit and the crisis of the Future of Europe, for the Commission to propose and incentivise meaningful participatory budgeting tools for EU money, that go beyond existing tools (Leader, and CLLD) in the breadth and quality of their democratic engagement. The section of this paper providing EU recommendations identifies options to locate an endowment or set aside for participatory budgeting, and finds that some important design principles require legislative enshrinement in EU regulations of the future MFF, to help steer best practice and minimise risk of corruption or distortion of the objectives. In addition, we recommend, particularly in the political context of a smaller but more catalytic budget post Brexit, that the objects and types of projects resulting from participatory budgeting using EU funds should be firmly steered towards integrated sustainable development – transformational projects for the sustainable well-being of citizens and their environment, empowering European citizens to use EU money to build the sustainable economy fit for tomorrow.

Last but not least, we underscore the importance of improving existing participatory spending tools in the EU budget. In Cohesion Policy, a wealth of experience from civil society organisations shows that this includes a need to make the key elements of the Code of Conduct (Partnership

---

<sup>1</sup> <https://apolitical.co/portugal-world-first-participatory-budget/>

Principle) legally enforceable, and to incentivise uptake of Community Led Local Development – which, we argue, can co-exist well with participatory budgeting.

## Background

Nowadays participatory budgeting (PB) could be considered one of the most innovative approaches to promote participatory democracy. Indeed, participatory budgeting programs are implemented at the behest of governments, citizens, non-governmental organizations (NGOs), and civil society organizations (CSOs) to allow citizens to play a direct role in deciding how and where resources should be spent. Between 2002 and 2010, the number of Europeans expressing dissatisfaction with politics rose from 31% to 43%.<sup>2</sup> Participatory budgeting creates the opportunity for engaging, educating and empowering citizens. But, above all, PB helps to promote transparency which has the potential to reduce government inefficiencies.<sup>3</sup> It helps enhance the quality of democracy by encouraging the direct participation of citizens in open and public debates, which helps increase their knowledge of public affairs.<sup>4</sup>

## Governance

Today numerous types of PB can be identified. Indeed, it can take many different forms and be used to achieve several aims, depending on the degree of involvement of, and power delegated to, participants. A number of typologies have been developed to try and classify different practices across these some common dimensions of variability emerge:<sup>5</sup>

1. Level of participation
2. Who is involved
3. At what stage are participant involved
4. Method of involvement
5. Scale

### *Level of Participation*

People could be involved in the PB process in two different ways:

1. Making propositions and offering their point of view. This happens when PB is used as a tool for empowering participants.
2. Making the project selection decisions through a consultation mechanism with little change in power dynamics and influence.

Moreover, the project could be selected in two different ways:

---

<sup>2</sup> Participatory budgeting – An innovative approach, European Parliament Briefing, January 2016

<sup>3</sup> Ibid. note n°2

<sup>4</sup> Ibid. note n°1

<sup>5</sup> Emyr Williams, Emily St. Denny, Dan Bristow, Participatory Budgeting: An Evidence Review, Public Policy Institute for Wales, August 2017

1. Deliberative: encourages discussion and debate among participants
2. Aggregative: based on participants voting

### *Who is involved?*

Those who participate in the PB process could be: the whole population, a specific group or a combination of representative groups, NGOs, or private companies.

Case which involved the whole population: Paris.

Case which involved specific groups: Boston.<sup>6</sup>

Case which involved a combination of representative groups, NGOs, or private companies:

Toronto Community Housing (TCH).<sup>7</sup>

### *Stages of involvement*

Five stages<sup>8</sup>:

1. Allocation of a portion of a public body's budget to PB.
2. Articulating what the 'need' is that will be addressed through the PB process.
3. Development of project proposals.
4. Selection of projects to be funded.
5. Authorities then commit to implementing the winning projects which are subsequently monitored and reported on.

The participants could be involved in some stages or all stages of the process, depending from the approach taken. For instance, if the intention is empowering participants they should be involved at every stage of the process. PB is most effective when it is inclusive, helping bring about real change in the relationship between citizens, communities, public sector officials and elected bodies.<sup>9</sup> Simply allowing people to vote on a set of proposals, which have already been decided, risks being viewed as tokenistic.<sup>10</sup> In this regard, at the local level, the second round of participatory budget in Paris is a good example in which we can find the all stages of participation. Indeed, in 2015 the Mayor and her team implemented both digital and offline systems by which citizens could suggest project ideas with appropriate support. Once shortlisted, a funded public campaign was organised to raise awareness and allow people to be informed and debate the projects 'merits. Finally, a vote took place in order to prioritise differing projects, and the successful projects were implemented. Each of the successful projects was monitored to ensure they were being implemented effectively.<sup>11</sup> To date, the largest sum of public money ever to be allocated for a PB process in Europe was \$426 million between 2015 and 2020, by the newly elected mayor in Paris.<sup>12</sup> At national level, Portugal could be an example in

---

<sup>6</sup> Boston has allocated \$1m of capital funds for young people to spend through PB.

<sup>7</sup> They therefore used tenants' councils to receive project suggestions from residents and then agree the priority projects for their district. Representatives from these councils also met to decide on two projects to be implemented for TCH as a whole

<sup>8</sup> Adapted from Leighninger and Rinehart 2016

<sup>9</sup> Participatory budgeting an introduction, PB network, PB partners, September 2015

<sup>10</sup> Emyr Williams, Emily St. Denny, Dan Bristow, Participatory Budgeting: An Evidence Review, Public Policy Institute for Wales, August 2017

<sup>11</sup> Ibid. note n°3

<sup>12</sup> Emyr Williams, Emily St. Denny, Dan Bristow, Participatory Budgeting: An Evidence Review, Public Policy Institute for Wales, August 2017

which participants are involved in the all PB process. The project let people submit ideas for what the government should spend its money on, and then vote on which ideas are adopted.<sup>13</sup>

### *Scale*

Defining the PB framework at smaller geographical areas makes the process easier because there are fewer resources to manage. Whereas, the PB at larger scale need to mitigate against the risk that the projects funded are concentrated in certain areas and are not “visible” to the wider population.<sup>14</sup> Indeed, the transparency issue is one of the most important to face in the PB process. Especially when we are in front of a big landscape and we need to know and control where the resources are going. This is the case in the EU Budget and the preliminary question that comes out is: how participatory budgeting could best be introduced and designed within the framework of the EU Budget for sustainable projects?

So far the literature still does not have an effective answer, but with a view to formulating our own recommendations, presented later in the paper, it is important to analyse international examples at different scales: national, regional and local as a suggestion for a future EU framework.

## **Good practices examples**

### *Porto Alegre*

Brazil has one of the highest densities of PB in the world. Between 2001 and 2004, nearly 60% of Brazilian cities with more than 1 million inhabitants – amounting to 58% of the population – were experimenting with PB.<sup>15</sup> Indeed, the city of Porto Alegre, the capital of the Brazilian State Rio Grande do Sul, is considered a pioneer in adopting PB. In the 1980s Porto Alegre had a significant gap between the rich and the poor and suffered from corruption at the all levels of decision making. The PB process empowered the community to decide on the use of a portion of the municipal budget to improve local infrastructure and services.<sup>16</sup> The citizen participation and decision making were seen as a key in changing the fortunes of the city by placing social justice at its heart. PB was introduced to allocate funds throughout the city, with a particular view to redistributing wealth and improving transparency of decision making to help avoid corruption. The most deprived areas were given more resources, and decisions over the allocation of new capital investment such as schools, roads, sanitation, and healthcare were all made through PB.<sup>17</sup>

The aims of PB process in Porto Alegre: to achieve social change with redistribution of wealth, to increase social justice and to reinstate confidence in the political process.

The results:

---

<sup>13</sup> <https://apolitical.co/portugal-world-first-participatory-budget/>

<sup>14</sup> Ibid. note n°2

<sup>15</sup> G. Sgueo, European Parliamentary Research Service “Participatory budgeting, an innovative approach”, Briefing, January 2016, PE 573.894

<sup>16</sup> Sustainable Urbanization: Bridging the Green and Brown Agenda, University College London, United Kingdom 2002

<sup>17</sup> Emyr Williams, Emily St. Denny, Dan Bristow, Participatory Budgeting: An Evidence Review, Public Policy Institute for Wales, August 2017

- Redistribution of public policy efforts through more attention towards education in poor areas
- Improving services and infrastructure based on the citizens' proposals
- Improving governance cooperation between individual administrative department
- Improving citizen's participation

### *Paris*

In Paris in the initial 2014 pilot over 41,000 votes were cast in total. Nine projects were selected. The 2015 iteration represented a significant expansion of the initiative. Over 5,000 ideas were proposed, of which 3,000 passed the initial basic criteria. In the final stage 67,000 votes (+/- 3 per cent of the population) were cast and 188 projects accepted. Budgeting process is also delivering tangible outcomes: more than a quarter of 416 winning projects have been delivered such as new public gardens, co-working spaces, renovated schools, pedestrian areas, sport facilities, etc. This has brought new ways of working inside the city's offices based on more cooperation and new kind of relationship between civil servants and citizens.<sup>18</sup>

In 2016, participation rose with 158,964 people voting on a final selection of 219 ideas, from an initial 3,158 proposals. The number of participants was boosted by just over 66,000 children who took part in a special ballot to allocate €10 million reserved for projects in schools and colleges.

### *Águeda*

The first smart city in Portugal, is at the forefront of sustainable urban innovation. The city's Sustainable Energy Action Plan focuses on renewable energy use, intelligent energy management, adaptation to climate change, and investments in water and waste sectors. The city has already achieved a 20% reduction in greenhouse gas emissions and has pledged to reach an overall 33% decrease by 2050. All of this made Águeda the ideal host city for the conference.<sup>19</sup>

In Águeda since 2015 more than 600 projects were submitted and more than 80.000 citizens participated, either in physical meetings or by electronic means, like civic tech applications. The initiative amounts to 500.000 euros in Agueda's yearly public spending and has been integrated in all municipal services, with the strong implication of civil servants, very often on a voluntary basis.<sup>20</sup>

Bringing citizens together to decide together on how the municipal budget should be spent, is one of the simple and concrete democratic solutions to restore a relationship of trust between the local community and the elected members. It also reinforces the idea of the common good: what do I want and choose as a member of the community, with the community and for the community? This kind of initiative makes people feel more concerned by the common wealth, and better recognize themselves as fully active members of society. The participatory budget of Águeda has also been an occasion for the municipality to foster the development of innovative civic tech solutions on its territory, such as the use of new technology platforms

---

18 <http://urbact.eu/participatory-budget>

19 <https://greatcities.uic.edu/2017/07/11/gci-attends-energy-smart-cities-international-conference>

20 [http://www.energy-cities.eu/You-decide-we-make-it-Participative-budget-in-Agueda-Portugal?pmv\\_nid=2](http://www.energy-cities.eu/You-decide-we-make-it-Participative-budget-in-Agueda-Portugal?pmv_nid=2)

(<https://participare.io/>) that aid in participation together with face-to-face strategies, thus stimulating both local economy and its engagement in smart city processes.<sup>21</sup>

### *Portugal – national level*

In 2016 Portugal announced the world's first participatory budget on a national scale. It was focused on five themes: culture, agriculture, science, education and training of adults. But it also has a geographical dimension, with eight groups of proposals, targeting different territories: one is nationwide; one for each of the 5 regions of mainland Portugal; and one for each of the two Autonomous Regions (Azores and Madeira). These groups do not compete with each other, since each one has its own equal financial allocation.<sup>22</sup> Portugal has allocated only €3million for the first year, because it has ten million inhabitants, compared with some two and a quarter million Parisians, of whom 158,000 voted.

The country has adopted both methods: deliberative and aggregative. Firstly, it will let people submit ideas for what the government should spend its money on, and then vote on which ideas are adopted. It is difficult to reach people in the poorest and most rural areas, and one of the essential problems with participatory budgeting is that people who are already marginalised often fail to assert their agenda.<sup>23</sup> To reach as many people as possible, Portugal is also examining the chance to let people cast their votes via ATM machines. Voting via ATM is being considered for a possible implementation date in 2018.<sup>24</sup>

### *PB Network in UK*

In 2012 the National PB Network has been created to promote the use of PB across England, Northern Ireland, Scotland and Wales and to establish and promote the concept of PB and advocate for its wider use. It acts as a hub for information and research on PB in the UK and internationally, to resource improvements in the growth of PB.<sup>25</sup> It meets approximately twice a year and annually elects a small steering group to co-ordinate its work between the wider network meetings.<sup>26</sup>

PB partners are: a social enterprise expert in the field of PB engagement and democracy experts and campaign organisations. To date PB Partners have worked with over 100 PB project providers, including Local Authorities, Police Authorities, Housing Trusts, Health providers, Parish Councils and others. PB Partners have worked with the Big Local/Local Trust to provide training and support to Big Local areas involved in PB. Also the Scottish Government to implement PB programmes within councils across Scotland.

---

21 Ibid. note n° 17

22 Emyr Williams, Emily St. Denny, Dan Bristow, Participatory Budgeting: An Evidence Review, Public Policy Institute for Wales, August 2017

23 Ibid. note n°4

24 Ibid. note n°4

25 Participatory budgeting an introduction, PB network, PB partners, September 2015

26 Ibid. note n° 18

### **PB bad practices examples**

In Germany, with support from the Bertelsmann Foundation, citizens were to be made more interested in the affairs of their municipalities. This goal was to be achieved by involving citizens in areas where key political decisions were being taken for the future: budget formulation. Initially there were some success stories, but most of these did not last. In many cases the municipalities tried to present the budget in a way that citizens could understand, and in some cases invested significant human resources in communicating this material to citizens at public meetings. By contrast, in particular in the case studies of Freiburg and Hamburg, there was a gap in the first step of the process. The citizens have not been involved in the complex design project of municipal budget formulation. Indeed, there was only a collection of proposals for measures and investment projects, or voting procedures made by policymakers and administrators. How we analysed before, the involvement of citizens from the beginning of the PB process has been fundamental in the successful examples of Participatory Budgeting in Porto Alegre as well as in Paris.

#### *PB experiments in Freiburg and Hamburg - 3 critical points:*

1) The original objective of involving citizens in the complex process of municipal budget formulation was not achieved, and has since been abandoned. In Hamburg as well as in

Freiburg the 'prospective benefits' resulting from PB are more than vague. The initiators of many PB procedures find it difficult to get citizens to make a long-term commitment to budgeting processes.

2) The number of citizens who participate is low. The vast majority are middle-aged men who left school well-qualified and now have well-paid jobs. The participation rates in Freiburg were somewhat higher than in Hamburg: 0.13% for the city conference, 1.22% for the online platform and 1.68% for the poll (all figures as a percentage of the electorate). If we assume that the number of citizens participating in two or more of the above channels is not significant, then we have a total participation rate of just over 3% of the electorate. This is no doubt one of the key reasons why PB was not continued in Freiburg in the elaborate form seen in 2009. This low level of participation becomes critical chiefly in connection with a further problem: the high costs. For instance, the total costs in Freiburg in 2009 were around EUR 680,000.

3) A high risk that the debate will keep returning to many similar proposals or even the same ones. It would appear to be difficult to pursue participatory budgeting over a prolonged period in the Hamburg and Freiburg style experiments. The two ambitious approaches pursued in Freiburg und Hamburg were also one-off activities.

### **How PB differs from existing participatory spending tools in the EU budget**

Community-led local development (CLLD) is an approach to territorial development. It is based in three interconnected elements: local action groups, integrated local development strategies and well defined territories.<sup>27</sup> All three are subject to specific requirements. For instance, the

---

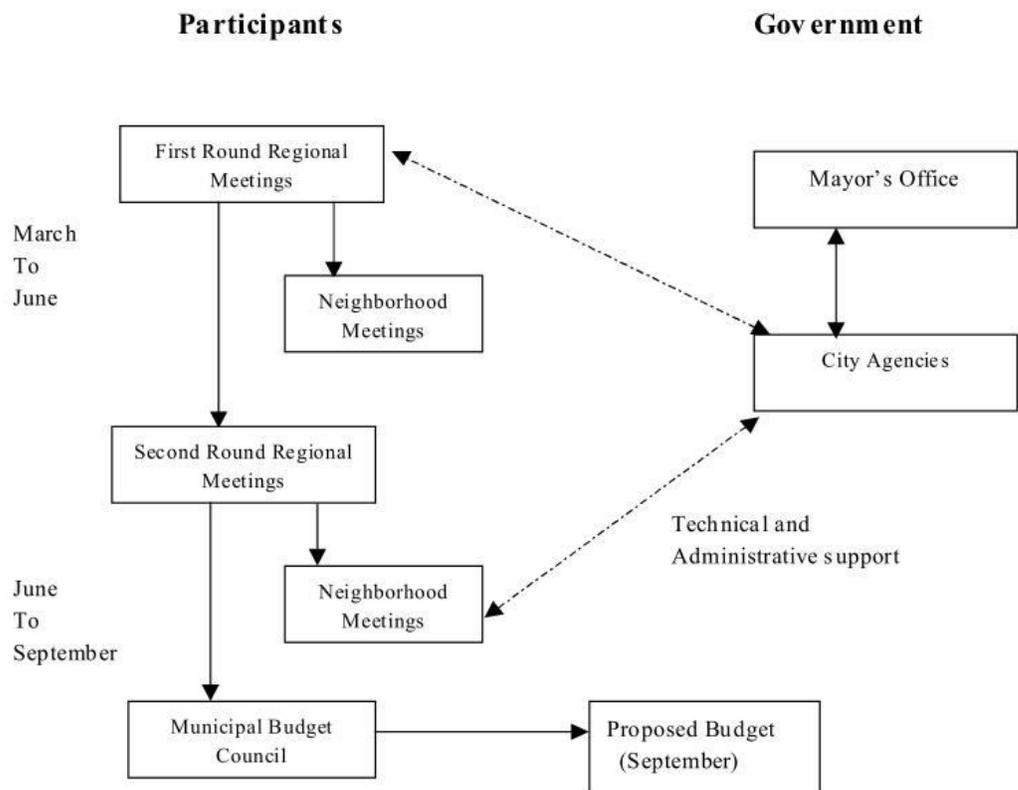
<sup>27</sup> <https://eptthinktank.eu/2015/03/16/community-led-local-development/>

specific territory shall have a population of 10.000 to 50.000 inhabitants and the strategies shall include: the objectives pursued an analysis of the needs and potential of the area, and action and financial plans.<sup>28</sup> The European Commission has published Guidance on Community-Led Local Development for Local Actors to give them practical tools and suggestions for implementing CLLD in a range of context.

*What are the differences between Participatory Budgeting and CLLD approach?*

As a general statement, Participatory Budgeting tends to involve a much greater breadth of democratic engagement, with, for example, all citizens in a city or region invited to submit or rank project ideas. CLLD tools are in practice a smaller affair involving local action groups, with the balance of decision making power partially defined in the Common Provisions Regulation of Cohesion Policy Funds<sup>29</sup>.

At more specific level, it is important to point out that there is no precise or exact model for PB programs. Indeed, PB programmes are structured in response to the particular political, social and economic environment for each city or state.<sup>30</sup> While the rules do vary from city to city, from state to state, it is possible to identify the typical guiding tenets of PB programs.



28 Ibid. note n°28

29 Regulation (EU) No 1303/2013

30 Wampler Brian, A guide to participatory budgeting, October 2000

Participatory Budgeting programs have two general tracks. One track, “PB Public Works,” focuses on specific public works project. The second track, “PB Thematic,” focuses on general spending policies.<sup>31</sup> By giving citizens the power to select public works, PB programs contribute to the decentralization of the decision making process. This is an empowerment tool as many neighbourhood groups first propose small projects but expand the range of their demands over time. For instance, a neighbourhood association might initially work for street paving but may expand their demands to include housing projects or the establishment of health posts.<sup>32</sup>

In the municipalities of Porto Alegre and Belo Horizonte, which have two of Brazil’s most successful PB programs, there is a general consensus that PB stimulates participation because decisions made by participants result in actual policy changes. Participation has grown each year in Porto Alegre and Belo Horizonte as citizens realize that participation in PB is the primary, if

not only, way to secure new resources for their neighbourhoods. PB programs may reduce corruption by increasing the number of citizens that monitor the distribution of resources. Indeed, progressive governments implement PB programme to promote transparency in the hopes of reducing corruption and bureaucratic inefficiencies.<sup>33</sup>

### Digital Approach to face transparency issues

OpenBudgets consortium member Civio collected and studied the specific needs of different stakeholders (local, regional and national administrations; experts, CSO’s and citizens as end users).<sup>34</sup> Thanks to this initiative has been conceptualized the OpenBudgets.eu platform (<http://openbudgets.eu/assets/deliverables/D7.1.pdf>) able to leverage open data around participatory budgeting processes with a strong focus on transparency in decision-making, combining techniques like online discussions and data visualization. This platform is a good example to facilitate the engagement of citizens and stakeholders in the pre- and post-budget decision-making process.<sup>35</sup>

After this comparative analysis, it is possible to recognise that introducing participatory budgeting into the post 2020 Multiannual Financial Framework (MFF) could lead to excellent outcomes, involving citizens in the EU project, normalising an ambitious sustainable development agenda, and reducing the corruption through transparency. A more guided approach would be advisable, steering the application of democratic spending tools such as participatory budgeting clearly towards integrated sustainable development of urban or rural environments, or the replication of successful pilot projects across the EU.<sup>36</sup> Some basic recommendations are set out in the section which follows.

---

31 Ibid. note n°29

32 Ibid. note n°29

33 Ibid. note n°29

34 <https://openbudgets.eu/post/2016/04/26/challenges-around-participatory-budgeting/>

35 Ibid. note n°15

36 A vision for the next EU budget, Thoughts and key demands for the post-2020 Multi-Annual Financial Framework, 9 June 2017

## EU policy recommendations – how should we introduce pilots for participatory budgeting in the next EU budget?

*Where to locate participatory budgeting within the framework of the MFF*

Several options can be identified to build pilot programmes for participatory budgeting within the framework of the next Multi-Annual Financial Framework (MFF). As one option, the pilot involve a set aside of Cohesion Policy funds, and its governance arrangements located within the Common Provisions regulation of future Cohesion Policy funds. The 5 Cohesion Policy funds jointly represent one third of the EU budget and one of the most visible areas of the EU budget responsible for co-financing a large amount of public infrastructure, projects and schemes that benefit, or should benefit, citizens and households. Cohesion Policy has also been a first mover within the EU budget in the past, with the introduction of the Code of Conduct for the Partnership Principle, which seeks to guarantee local stakeholders rights to participate in programming decisions at the local level, and which has a strong performance framework to help ensure compliance and effective administration of public funds – including the recent invention of ex-ante conditionalities. These existing governance and enforcement tools, (which require improvements in some cases, particularly to make existing rights within the so called *Partnership Principle*<sup>37</sup> enforceable) could help ensure compliance with necessary guidelines and help avoid corruption or misdirection within the pilot tools for participatory budgeting involving EU Funds.

At the same time, other programmes within other headings of the MFF can be identified as suitable for participatory budgeting processes, and deserving of consideration. These include aspects of the EU's research and development funding – where there is a noted lack of citizen and civil society involvement, particularly in defining societal priorities.

It is important to note that introducing participatory budgeting via cohesion policy funding would only make sense if the current approach to cohesion remains – ie where all Member States and regions receive some cohesion policy funding, albeit in greatly different proportions (net payers and net recipients).

*Policy design considerations requiring codification in EU law:*

The following policy mechanics and basic design requirements would require a legislative footing, in the next MFF:

- Enshrinement of the topline objectives of participatory budgeting process – and, as proposed by the civil society campaign on the next Budget (PeoplesBudget campaign) the processes, where ever they are run, should be steered towards projects and schemes driving sustainable transformations – toward the sustainable economy of well-being for all Europeans. Codification of the objectives in law will help prevent misuse of participatory budgeting monies and processes for ‘national budget fillers’ or other improper purposes.

---

37 Article 5 of the General Regulation on Cohesion Policy Funds sets out the so called ‘Partnerships Principle’, the Code of Conduct of which is supposed to guarantee local stakeholders and citizens rights to participation in all stages of EU funds implementation. The PeoplesBudget campaign ([www.peoplesbudget.eu](http://www.peoplesbudget.eu)) calls introducing the key elements of the Code of Conduct as an ex-ante conditionality in the next MFF. Currently, these rights are theoretically binding but not enforceable. In practice, they are not taken seriously by authorities in many cases.

- A set aside of money, potentially pooled across several existing Funds, exclusively available only through use of participatory budgeting spending tools.
- Allocations by region based on transparent and justifiable criteria, (which may include location of policy challenges for sustainable development, or poor quality of Government indexes, in addition to GNI or GDP which determine how the current pie is carved). All Member States should be eligible, particularly if Participatory Budgeting is presented by the Commission as a political win to help revive trust and involve citizens in rebuilding the European project.
- Ensuring a seat at the table in programming discussions with the European commission for cities, regions and municipalities wishing to bid to use the set aside for Participatory budgeting.
- Generous co-financing requirements that incentivize the uptake of participatory budgeting spending tools while also ensuring national contributions to help scale up impact.
- Harmonised basic rules to guarantee all citizens access to the process, from the very earliest phases of deliberation and ideas submission, through to project ranking and implementation. And to ensure an appropriate balance of power in project selection and tender decisions.
- Explicit links, or ring fencing, with existing spending tools such as LEADR and CLLD, which go in a similar direction, but are not the same as, participatory budgeting.
- Complementing participatory budgeting processes through the creation of Citizens Conventions for dialogue on thematic topics, which could also feed into ideas submission processes.
- Requirements for cities, municipalities or regions using participatory budgeting for EU funds to make the results and impacts of its spending subject to best practice in accessibility and transparency. This is part of a broader set of reforms needed to the MFF, including the creation of new user friendly digital tools to allow all citizens to easily see where EU money is going, who benefits, and what the impacts and results are, including results towards sustainable development and ambitious implementation of the SDGs.
- Requirements for evaluation of the pilots for participatory budgeting as part of the mid-term review of the post2020 MFF, and for the identification of ways it may be expanded to other programmes within the MFF.

It may also be advisable to only enable participatory budgeting with EU funds at city, municipality or regional level, given limited experience and evaluation of in national level schemes (Portugal being the first, initiated in 2016).

*Complemented by non-binding guidance*

In addition to codification of the key mechanics above, the Commission should also issue non-binding guidance to help encourage best practice.

## Conclusions

In a successful participatory budget process, participants should be able to see the impact of their contribution. Indeed, the process should have a tangibly result which citizens feel that they have participated in achieving. In the absence of outcomes from a PB process people will quickly

become disillusioned and disengaged from the process, since their efforts are not linked to concrete impact.<sup>38</sup>

Furthermore, feasibility is a necessary element for all PB projects. It should be assessed before the voting process gets underway. Assessing the feasibility of a project is normally a task undertaken by the organization overseeing the PB process.<sup>39</sup> Feasibility should be tested against pre-written criteria in order to ensure a transparent account of why a project was accepted or rejected.

PB today works already in some parts of Europe, using national financing, as described in this paper, but the same experiment did not work out in other parts of Europe. For Instance if in Paris the experiment of PB had excellent outcomes, in some cities of Germany the results have not been as positive. There PB processes did not work out because people were not involved at the first stages of the process. This is regarded as a factor in the outcomes: vagueness of the project, the low number of participants, and lack of long commitment.

There is a growing wealth of practice and international practice communities around Participatory Budgeting to draw from. Lisbon 2017 saw members of the panel on public participation shared their participatory budgeting experiences in Chicago, as well as in Águeda and Lisbon, and discussed the challenges facing participatory democracy in Europe. Key themes that emerged were a need to shift the mindset of elected officials and agency staff in order to reduce their fears of public participation, increased openness to experimentation, the use of new technology platforms that aid in participation together with face-to-face strategies, and the creation of international communities of practice to exchange tools, knowledge, and experience. Participatory budgeting is at the forefront of that engagement, and there was much to learn from and exchange about participatory budgeting and its successes and challenges in Europe.<sup>40</sup>

It is already possible to identify some basic parameters for best practice, and for how they may be introduced in the framework of the next EU Budget post-2020. If designed well, with ambition, and directed towards sustainable transformative projects, this could represent one pillar of the response to the Future of Europe crisis that is so urgently needed.

---

38 Ibid. note n°24

39 Ibid. note n°24

40 <https://greatcities.uic.edu/2017/07/11/gci-attends-energy-smart-cities-international-conference/>

## Bibliography

- Participatory budgeting – An innovative approach, European Parliament Briefing, January 2016
- ANWAR SHAH, Participatory Budgeting – Public sector governance and accountability series, THE WORLD BANK Washington D.C. 2007
- Hope for Democracy 25 years of participatory budgeting worldwide, Nelson (org), April 2014
- Emyr Williams, Emily St. Denny, Dan Bristow, Participatory Budgeting: An Evidence Review, Public Policy Institute for Wales, August 2017
- Herzberg, C., Roche, A., and Sintomer, Y. (2008) Participatory Budgeting in Europe: Potentials and Challenges. International Journal of Urban and Regional Research Volume 32.1 pp 164–78
- Masser, K. (2013) Participatory Budgeting as its Critics See It. Retrieved from <http://www.buergerhaushalt.org/en/article/participatory-budgeting-its-critics-see-it>
- Participatory budgeting an introduction, PB network, PB partners, September 2015
- Wampler Brian, A guide to participatory budgeting, October 2000
- Sustainable Urbanization: Bridging the Green and Brown Agenda, University College London, United Kingdom 2002
- Napolitano, A. (2015) Lessons From Paris, Home to Europe's Largest Participatory Budget. Retrieved from <http://techpresident.com/news/25441/paris-experiments-participatory-budget-codesign>
- Bassoli Matteo, participatory budgeting in Italy: An analysis of (Almost Democratic) Participatory Governance arrangements, International Journal of Urban and Regional Research, 2011
- BirdLife, CEE Bankwatch and Climate Action Network Europe: A vision for the next EU budget, Thoughts and key demands for the post-2020 Multi-Annual Financial Framework, 9 June 2017 <http://www.peoplesbudget.eu/a-vision-for-the-next-eu-budget/>
- <http://urbact.eu/participatory-budget>
- <https://openbudgets.eu/post/2016/04/26/challenges-around-participatory-budgeting/>