

The cost of participation: An analysis of the financial dimensions of participatory budgets in Portugal

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Abstract

Participatory budgeting (PB) is a democratic innovation that allows citizens to deliberate about a share of the public budget. Portugal was one of the most influent countries in this field in the last decade, as PB was implemented at multiple levels. However, few studies have made in-depth research on the financial dimensions of PB, which raises interest as to whether and how citizens' voice has had a significant impact on policy-making. To fill in this gap, this article considers the financial asset of local, regional, and national PBs in Portugal up to the disruption of the COVID-19 pandemic. Our methodological approach relies on both quantitative data analyzed through Geographical Information Systems and descriptive statistics, and qualitative data retrieved from document analysis. Findings are discussed through four different stages of dissemination in the country, and show that despite significant advancements in this field, impacts in the financial dimensions lay behind expectations.

KEYWORDS

participatory budgeting, participatory democracy, Portugal, public investment, urban management

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1 | INTRODUCTION

Participatory budgeting (PB) has been long considered as one of the most important democratic innovations developed in the last few decades (Bartocci et al., 2022; Smith, 2009). In this field, Portugal has played a major role until the disruption of the covid-19 pandemic for, at least, three reasons. First, the country presented a remarkable dissemination of local PBs, as shown by several scholars (Dias et al., 2018; Falanga & Lüchmann, 2020). Second, Portugal was the first country to implement national PBs worldwide, then followed by regional PBs in Azores and Madeira islands (Dias et al., 2019; Falanga, 2018, 2023). Third, Portugal is deemed to be the second most influential country in this field of practice behind Brazil, where PBs were first experimented in the late 1980s (Dias, Enríquez, et al., 2021).

Most scholars agree on the sequence of three main historical stages in the dissemination of PB in the country (Dias et al., 2018; Falanga & Lüchmann, 2020; Falanga, Lüchmann, Nicoletti, et al., 2020). The first stage was dominated by the echo of the World Social Forums, where social movements and left-wing political parties shared a progressive vision of global social justice. The Communist Party played a relevant role in disseminating such ideals in the country, which helped generate the first wave of PBs in the early 2000s, with pivotal practices in the Lisbon Metropolitan Area. The second stage started with the Lisbon PB, the first ever implemented at the city level by a European capital back in 2008. This second stage was characterized by an accelerated spread in the country, as the PB model implemented in Lisbon soon became a key reference for other cities. A third stage was marked by the growth of other PBs, such as in Cascais, a medium-sized city in the Lisbon Metropolitan Area where the PB started in 2011. Bogo (2020) recently proposed the emergence of a fourth stage characterized by three intertwined factors: the dissemination of PBs that target young people; the diffusion of PBs in northern regions of Portugal; and the initiation of PBs at both regional and national levels. This latter stage was abruptly interrupted by the constraints derived from the covid-19 pandemic though (see Dias, Enríquez, et al., 2021; Falanga, 2020; and Maciel et al., 2022), with more than 50% of local PBs being either canceled or postponed (Dias, Cardita, et al., 2021).

This article acknowledges Portugal as an emblematic case of PB and focuses on its financial dimensions, therefore the relative budgetary weight provided by PBs for collective decision-making. In doing so, we consider PBs from the early 2000s to 2019 supported by data and scientific literature that provide an overview of the PB budgetary accounts (Azevedo et al., 2022; Bednarska-Olejniczak & Olejniczak, 2018; Marquetti, 2007). Our main goal is to fill a knowledge gap on this topic in Portugal, which contrasts with other international cases (see Bednarska-Olejniczak & Olejniczak, 2018; Cabannes, 2015; Jung, 2021; Lésniewska-Napierala & Napierala, 2020). The absence of large-N studies about the financial dimensions of Portuguese PBs prevents us from understanding whether and how the amount of public resources in PBs has been adequate to enhance transparency, accountability, fiscal efficiency, and governance, as advocated by scholars (Azevedo et al., 2022; Jung, 2021). Furthermore, this research contributes to understand whether and how there has been an “inversion” of public spending, a central issue in PB (Falanga, Lüchmann, Nicoletti, et al., 2020; Sintomer et al., 2012).

With a view to providing new understanding on whether and how the budgetary accounts have met expectations of democracy improvement and investment inversion, we will look through the four waves of dissemination. Our hypothesis is that, considering the outstanding dissemination of PBs in the country, the financial dimensions have made a significant difference in this domain. We also expect to find a sensible growth of the budgetary provision through the four waves, which should follow the expanding reach and magnitude of PBs.

The article builds on the analysis of empirical data from local and supra-local PBs in Portugal through the analysis of quantitative data collected on (a) budgetary amount invested through PBs; (b) PBs' investment rate and compared to the total public investment per capita; and (c) percentage of the total budget invested through PB. Collected data are visualized in maps created through Geographical Information Systems, which offers an additional insight on the spatial distribution of PBs in the country. The paper is structured as follows. We first present the theoretical framework on the PB financial dimensions. Second, we focus on the Portuguese context. In the third section, we describe the adopted methodology followed by the discussion of findings. Lastly, we make our final remarks and advance propositions for further scientific investigation on this topic.

2 | THE PB FINANCIAL DIMENSIONS

Central to the analysis of PB is the budgetary account, which is deemed to ensure a robust provision of public resources for meaningful impacts. Financial dimensions are not, however, the only factor explaining the potential success of PBs, as scholars highlight the role of its institutional design and arrangements (Azevedo et al., 2022; Boulding & Wampler, 2010; Cabannes, 2015; Cabannes & Lipietz, 2015), support from civil society (Allegretti & Copello, 2018; Bartocci et al., 2022; Cabannes, 2021), and a proactive political will (Slobodova, 2022; Wampler & Goldfrank, 2022). The centrality of budgetary provision is confirmed by outlooks on its reduction, which is expected to demotivate citizens to participate, as well as bring negative impacts in terms of deliberation (Gherghina et al., 2022; Mærøe et al., 2020).

PB's main goal is to disclose public investment through collective decision-making, as practiced since early experiences in South America (Bartocci et al., 2022; Sintomer et al., 2012; Smith, 2009). By opening the "black box" of decision-making, PBs aim at bringing substantial improvements to public policies and projects (Azevedo et al., 2022; Boulding & Wampler, 2010; Cabannes, 2015, 2021; Jung, 2021). In fact, the larger the budgetary allocation, the stronger the conditions for funding and implementing citizens' proposals (Cabannes & Lipietz, 2015), as well as "[...] the greater the involvement of citizens and political agents in the participatory process, and, obviously, the greater the probability that popular demands will result in policy" (Gonçalves, 2013, p. 101).

High budgetary provision is deemed to improve the quality of participation and convince, in turn, decision-makers to keep increasing budgetary allocation (Manes-Rossi et al., 2021; Wampler & Touchton, 2019). According to some scholars, the association between participation, adequate investment, and high capacity of implementation enhances citizens' trust on public power as well as the PB's relevance for policy-making (Mærøe et al., 2020; Souza, 2010; Touchton et al., 2020; Wampler, 2003; Wampler & Goldfrank, 2022). Nevertheless, as noted by Azevedo (2022, p. 2) "[t]he literature has widely accepted that decisions directed at PB instances are restricted to only a part of the allocation decisions, especially concerning investment projects (capital expenditures)." Authors (Azevedo et al., 2022) further argue that an exclusive focus on capital expenditures narrows the potential of citizen participation, which should be promoted in other governmental areas, such as cutback management or rebudgeting processes, as well as in the monitoring and following up of projects, which can all contribute to improve tax compliance and identify new sources of revenue.

Scholars have echoed the opportunity to broaden the discussion on the financial dimensions (Dias, 2018; Sintomer et al., 2012), as cities have shown a consolidated tradition

on this matter. For example, the German city of Solingen saved €45 million in 2010 through the active participation through online tools in which citizens focused on proposing budget cutbacks (Cabannes & Lipietz, 2017). In Dondo (Mozambique), a citizens' forum discussed the entire budget cycle, including the revenues, with an investment of US\$ 2.6 million focusing on health centers and water supply, resulting in "(...) impressive distributional outcomes" (Cabannes & Lipietz, 2017, p. 6).

Some scholars call for the role of budget allocation against socio-spatial inequalities (Cabannes, 2015; Marquetti et al., 2008; Sintomer et al., 2012; Touchton et al., 2020; Wampler & Touchton, 2019). Other scholars stress the allocation of public finances as a battleground of different interests and powers, with impacts on the implementation of policy solutions (Jung, 2021; Petek et al., 2021; Thomann et al., 2019). Concerns are raised, however, as to the reduction of budgetary provision for the sustainability of PBs. In Brazil, for instance, several scholars advocate that behind the massive drop of PBs in the last few years, there has lied substantial budgetary cuts in local authorities since 2014 (Azevedo et al., 2022; Touchton et al., 2020; Wampler & Goldfrank, 2022; Wampler & Touchton, 2019). The cities of Recife, Belo Horizonte and Porto Alegre show empirical evidence on the decrease of public spending—in absolute and relative terms—and negative impacts on the quality of PBs (Wampler, 2003; Wampler & Goldfrank, 2022). One must consider that:

In short, a better quality of participation involves strengthening the budget process in the public sector. At the same time, the quality of public spending is strongly dependent on the roles of the beneficiaries, who are voters, citizens, and taxpayers. (...) PB literature must consider that the budget process is a complex phenomenon, and the quality of the budget dynamics (the budget cycle) must be observed as a sequence of decisions. (Azevedo et al., 2022, p. 8–9)

Another relevant aspect to understand the financial dimensions is the institutional design of PBs. Scholars stress how PBs implemented on different scales prove that high investments do not necessarily correspond to high quality of participation and impact on the territory. The success of PBs seems to be more strongly correlated to citizen participation since the primary stage of the budgeting process (Azevedo, 2022; Mattei et al., 2022). In addition, the institutional design should allow a real "inversion of priorities," as argued by Wampler and Touchton (2019) and Wampler and Goldfrank (2022), to effectively decrease inequalities and pursue goals of social justice. Acknowledging the impact of PBs on the socio-spatial distribution of inequalities (Souza, 2010), budget allocation is considered a key component of the material transformation pursued by PBs (Slobodova, 2022; Touchton et al., 2020).

The inversion of priorities should rely on material investments, meaning that the public budget should focus on poor urban areas that lack adequate infrastructure, and bring greater conditions of decision-making to minorities (Montambeault, 2019; Wampler, 2003). According to Hong and Cho (2018, p. 486), "(...) a budgeting system is redistributive (and thus equitable) if we see a negative association between the neighborhood income level and the allocated share of funding." This goal has been at the center of the political agenda in some Latin American countries, such as Brazil (Cabannes, 2015; Marquetti et al., 2008; Wampler, 2003; Wampler & Goldfrank, 2022); Peru (Cabannes, 2015; Sintomer et al., 2012); and Mexico (Cabannes, 2020). Some European PBs have been equally considered for their capacity to invert priorities, such as in Sevilla (Cabannes & Lipietz, 2015; Sintomer et al., 2012), Bologna (Allegretti & Copello, 2018; Manes-Rossi et al., 2021; Mattei et al., 2022), and Paris (Brahimllari, 2020). Recent changes in

the institutional design of the Paris PB allowed the allocation of €30 million to underprivileged areas. However, In Spain, where the “inversion of priorities” also played a significant role in some cities, the “efficiency paradigm” has become dominant and brought limitations to the inversion (Barros et al., 2021).

3 | PB IN PORTUGAL

The Portuguese state is structured into the central government, two governments in the autonomous regions of Azores and Madeira, and local powers (municipalities and parishes). In both national and local authorities, the budget cycle is established from the Major Options of the Plan (Grandes Opções do Plano—GOP). GOPs serve as “instrument of planning for economic policy options and pluriannual budgetary program” (Assembleia da República, n.d., para. 3). Portuguese municipalities publish yearly financial reports including the amount and source of revenues, the amount and reason of mandatory expenses (mainly with personal and public debts), as well as investments and capital expenses, with information on the PB when applicable, as well as planned expenses for the following 3 years.

As shown in Figure 1 below, the dissemination of PBs in the country followed an incremental trend from 2008 to 2016, and then slowly decreased from 2017. The PB’s momentum in Portugal has been internationally celebrated (Dias, 2018; Dias, Enríquez, et al., 2021; Dias et al., 2019), and Falanga and Lüchmann (2020) argue that the main drivers of this success were related to the leading role of the academia and the third sector, with a strong contribution of local decision-makers. In 2016, the growth of local PBs in Portugal was coupled by the creation of a national network of cities and parishes actively involved in the promotion of participatory processes: RAP (“Rede de Autarquias Participativas”). This network has been promoting public events to outspread knowledge and know-how on PBs.

Figure 1 offers a visualization of the four main stages of dissemination in Portugal. First, Portuguese PBs received inspiration from the discussion on social justice in the World Social Forums and the early PBs in Brazil. In Portugal, such issues met a socioeconomic context that still presents a critical outlook, as pictured by Fundação Francisco Manuel dos Santos (n.d.) for

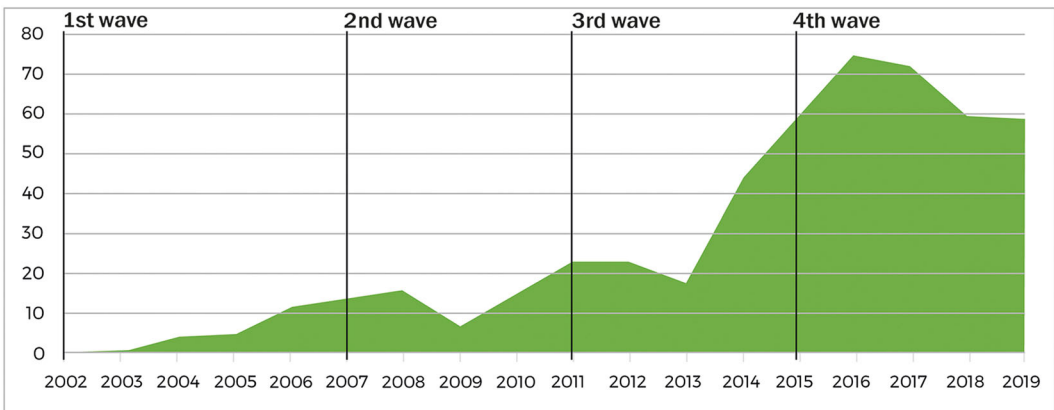


FIGURE 1 Number of local PBs in Portugal by year. Source: Bogo (2020). Adapted by the authors. PBs, participatory budgeting.

2021, with 21.6% of the national population suffering from material privation; 16.4% at risk of poverty (this number would reach 42.5% without subsidiary measures provided by the central government). Moreover, in the same year, 20% of the richest persons were 5.1 times richer than 80% of the population, with a 0.320 Gini index, which exacerbates the social cleavage in the country.

While at a first stage, PBs adopted the open consultation model (Alves & Allegretti, 2012; Dias et al., 2018), the Lisbon PB inaugurated in 2007/2008 pushed forward a new model based on binding decision-making. The second stage was thus characterized by greater inclusion of citizens through the submission of proposals, then validated through public voting and finalized through the implementation of the most voted projects. The shift from consultation to codecision was paralleled by a wide scientific debate on the positives and negatives of both models. Codecision was praised as the strongest way to ensure citizen participation, even though consultative models own potential for urban development (Souza, 2010) and community support, as demonstrated by the long duration of the Palmela PB, the first ever implemented in the country in 2002 (Falanga & Lüchmann, 2020).¹

The Lisbon PB played a leading role in Portugal, being the longest running PB in Portugal until 2021 (Dias et al., 2018; Falanga & Lüchmann, 2020). In 2011, the city of Cascais started a new city-wide PB, where citizens were similarly encouraged to submit and vote on their proposals. Citizens have had the chance to bargain their proposals in public meetings to promote deliberation and prevent citizens from voting on a large number of proposals, as often occurred in the Lisbon PB (Falanga, Lüchmann, Nicoletti, et al., 2020). Moreover, the Cascais PB has provided record amounts of public resources, peaking with almost €10 million in 2019. Understanding the kick-off of the Cascais PB as the beginning of a third stage of dissemination, cross-cutting trends are retrievable from other Portuguese PBs. Unlike PBs run in neighboring countries, such as in Spain and Italy (Manes-Rossi et al., 2021; Sintomer et al., 2012), or in inspirational countries, such as Brazil (Gonçalves, 2013; Wampler & Goldfrank, 2022), Portuguese PBs were heavily characterized by a new governance-driven agenda under the leadership of moderate political parties (Falanga, 2018), with a slight prevalence of center-left coalitions (Bogo, 2020).

PBs' growth between 2014 and 2016 represented a new turning point in the country. According to Bogo (2020), three main cooccurring factors converged to the fourth wave of dissemination. The first factor concerns the increasing target on young people in PBs (Dias, Cardita, et al., 2021) that, however, seem to hold significant degrees of instability and unstable levels of participation, as well as reduced budgetary provisions (Allegretti & Copello, 2018; Bogo, 2020). The second factor regards PB dissemination in Northern regions of the country, mostly governed by center-right governments (see also Madeira et al., 2021), thus marking a new trend. Finally, the fourth wave was characterized by scaled up PBs at the regional and national levels. The implementation of three national PBs, since 2017, encompassed open participation of the civil society at large, as well as younger people, and pupils in public schools (Falanga & Fonseca, 2021), followed by PBs in the two autonomous regions of Azores and Madeira in 2018 and 2019 (Falanga, 2023).

Figure 2 above shows the four stages of dissemination and spatial distribution of PBs in Portugal, including currently non-active ones. The covid-19 outbreak was a landmark in the country, as it raises concerns about the future of PBs within a global context underpinned by extreme events (Thomann et al., 2019). While some thinkers point out the opportunity to learn from the past and reinvent these practices (Dias, Enriquez, et al., 2021; Falanga, 2020), some "inertial forces" have emerged in Portugal through the last few years which deserve major

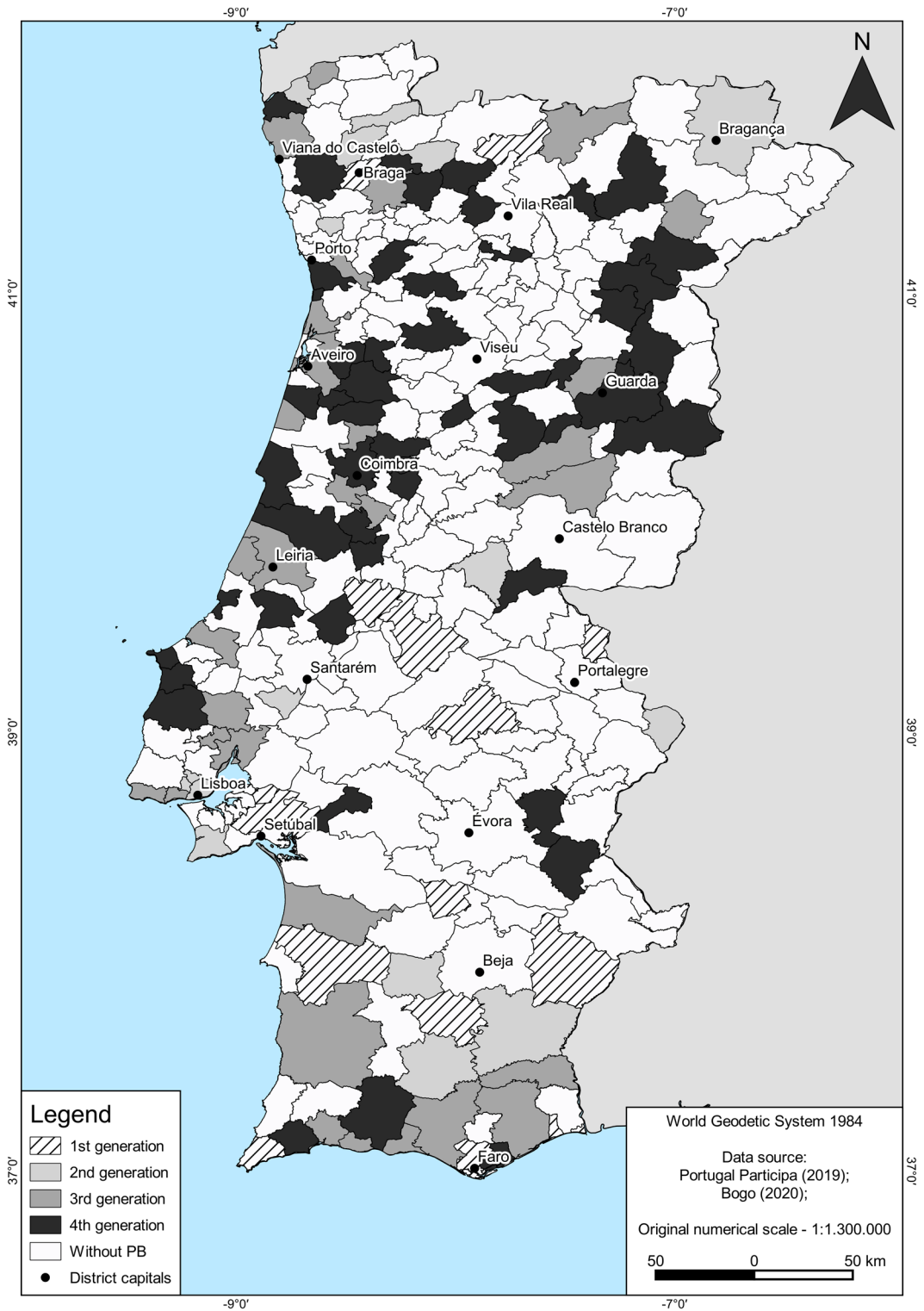


FIGURE 2 The four waves of local PB dissemination in Portugal. *Source:* Authors' own work. PBs, participatory budgeting.

attention. Portuguese local authorities have often found themselves incapable to adjust PBs in the state of health emergency due to organizational issues and reduced digital skills. As Falanga and Allegretti (2021) put it, little technological development as well as little investment in enhancing skills and competencies of bureaucrats have often led to the interruption of PBs.

Against this backdrop and despite the remarkable dissemination of PBs in Portugal, little is known about their financial dimensions and whether the budgetary provision of local and supra-local PBs have made a difference. This is an issue worth analyzing by bearing in mind that Portuguese PBs provide conditions of binding decision-making on a share of the capital investment, with little evidence discussed this far about the scope of “inversion of priorities” (Falanga & Lüchmann, 2020; Falanga, Lüchmann, Nicoletti, et al., 2020; Sintomer et al., 2012).

4 | METHODOLOGY

Our research approach was based on the analysis of data collected on local, regional, and national PBs in Portugal. Document analysis relied on official sources (PB regulations and “letter of principles,” GOPs, official communications) retrieved from municipalities’ websites and direct contact via e-mail and/or telephone with public officials whenever needed. Our sample was constituted of 131 local PBs, two regional PBs and one national PB. The database for local government was based on all the documented PBs that have been implemented by local authorities with at least one completed cycle between 2002 and 2019. Data collection aimed at making sense of the financial dimensions in line with Pires’ argument (2011) on the opportunity to analyze one or two of the following: (a) public funding (per capita and rates) and spending (via territorial distribution, project types, among others); and (b) socioeconomic and spatial data about PBs’ distribution.

Accordingly, we considered investment per capita and rate of public investments (2002–2019),² as proposed by other scholars (Bednarska-Olejniczak & Olejniczak, 2018; Cabannes, 2015; Cabannes & Lipietz, 2015; Souza, 2010). This large-N approach builds on previous research in other countries (see Bednarska-Olejniczak & Olejniczak, 2018; Boulding & Wampler, 2010; Gonçalves, 2013; Jung, 2021; Leśniewska-Napierała & Napierała, 2020; Mattei et al., 2022; Touchton et al., 2020; Wampler & Touchton, 2019). Data analysis allows comparing PBs provided with different institutional designs, currencies, and purchasing power. Data about local and supra-local PBs were further visualized through the Geographic Information System software (QGIS version 3.22.10), which allowed plotting tables, graphics, and maps. GIS is presented as a methodological tool for this research inasmuch as it adds a layer of information about emerging patterns of spatial distribution as a gateway to understand policy transformations (McCann & Ward, 2013; Peck, 2011).

Qualitative analysis aims at offering comprehensive insights on the financial dimensions, based on a comparative understanding of findings (Booth et al., 2016; Flyvbjerg, 2006). Qualitative and quantitative data were considered as complementary in light of the complex nature of PBs.

In many ways, appraising the PB by the standard techniques of economic analysis would fail to capture the multifaceted impacts of a system that is primarily an instrument of empowerment. Irrespective of the detailed methodology used, the assessment will depend on the value attached to social inclusion versus other development goals. (Inter-American Development Bank IDB, 2005, p. 12)

The analysis relied on data about: (i) PB status, formats, and financial resources allocated through the consultation of multiple sources, including phone calls with organizing teams; (ii) investment budget at local, regional, and national level based on the consultation of official documents made available by the municipalities' websites; GOPs and financial balance prospects made available by local authorities; (iii) sociodemographic data at local, regional, and national level based on the consultation of data from the National Statistics Institute (INE) and Database of Contemporary Portugal (Fundação Francisco Manuel dos Santos, *n.d.*). A database was created with collected data.³ Both primary and secondary sources were consulted to this end, as well as empirical knowledge recovered from fieldwork carried out in the last decade by us.

Based on Pires' proposition (2011), data about public funding were collected by taking into additional consideration McCann and Ward's point (2013) on the importance of multiscale relations in public policy-making, thus engendering variations on local, regional, and national scales (see also Falanga, 2023). Accordingly, we focus on: (a) total investment in PB, (b) PB investment per capita, and (c) investment in PB in comparison to the total invested public capital. The first dimension includes the absolute amount in Euros (€) applied through PBs within the research time frame (2002–2019). The per capita values are obtained from the ratio between mean investment in every PB cycle and population (data from 2011 census). We chose to refer to the entire population, rather than voting population only, because PB decisions can have impacts on every citizen (Cabannes & Lipietz, 2015; Hong & Cho, 2018). The third dimension presents investment's percentage, which is deemed to offer evidence on the political power of citizens within PBs. Considering the size and fiscal laws regulating national and regional budgets (Organisation for Economic Co-Operation and Development [OECD], 2008), we limited the analysis to local PBs. The obtained value comes from the ratio between total PB investment in comparison with the municipality's total budget provided for capital expenditures (investments) in that given year, retrieved from all the municipalities GOPs. We used the GOPs to consider a fourth dimension that, despite not being directly connected to PB, allows deepening the comparative analysis on public expenditures: (d) total public investment per capita. This dimension was considered for local governments only for the same reasons mentioned above, with a focus on the year of every PB's last edition (see note 3). This data allows to identify differences between available resources of the public body for every citizen in comparison to how much the citizens can directly decide through PB as shown in Table 1 below.

5 | FINDINGS AND DISCUSSION

5.1 | Total PB investment

The analysis of the four Portuguese PBs' financial dimensions focuses on the second, third, and fourth waves of dissemination. The first wave was not analyzed because the most common institutional design encompassed consultative models that makes it difficult gathering precise information about public investments (Alves & Allegratti, 2012; Sintomer et al., 2012). Figure 3 shows an increase in the investment of PBs.

Data shows that 2019 was the year accounting for the highest funding provided by PBs, with a peak of €10 million in the Cascais PB (Cascais Participa, 2019). Furthermore, 2016 was the

TABLE 1 Research's dimensions summary.

| Dimension | Description | Government level | Time frame | Sources |
|---|--|-------------------------------|---|---|
| (a) Total PB investment | Total mean amount (€) invested by every PB | Local, regional, and national | 2002–2019 | Official government sources |
| (b) PB investment per capita | Total mean amount (€) divided per number of inhabitants (2011) | Local, regional, and national | 2002–2019 | Official government sources Fundação Francisco Manuel dos Santos (n.d.) |
| (c) Ratio of public investment through PB | Percentage (%) of total capital expenditures available for PB | Local | 2019 for active PBs and last edition for suspended ones | Official government sources |
| (d) Total public investment per capita | Total amount (€) divided per number of inhabitants (2011) | Local | 2019 for active PBs and last edition for suspended ones | Official government sources Fundação Francisco Manuel dos Santos (n.d.) |

Abbreviation: PBs, participatory budgeting.

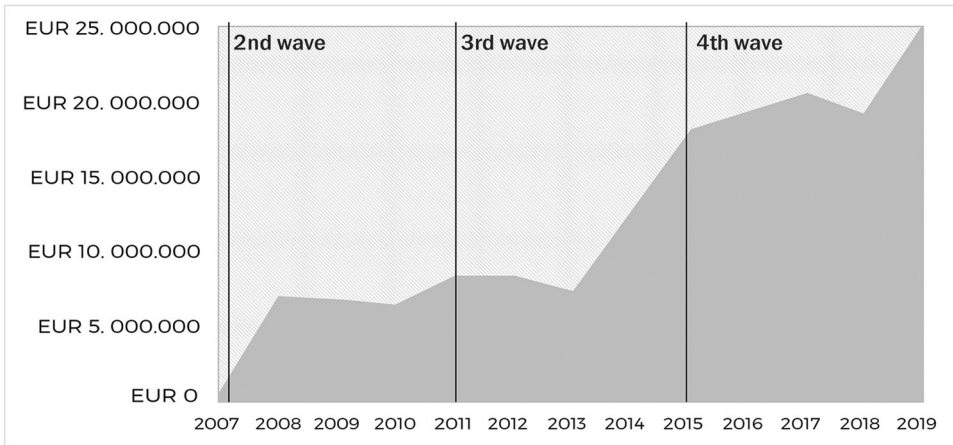


FIGURE 3 Total amount of investment by local PBs on a yearly basis. *Source:* Authors' own work. PBs, participatory budgeting.

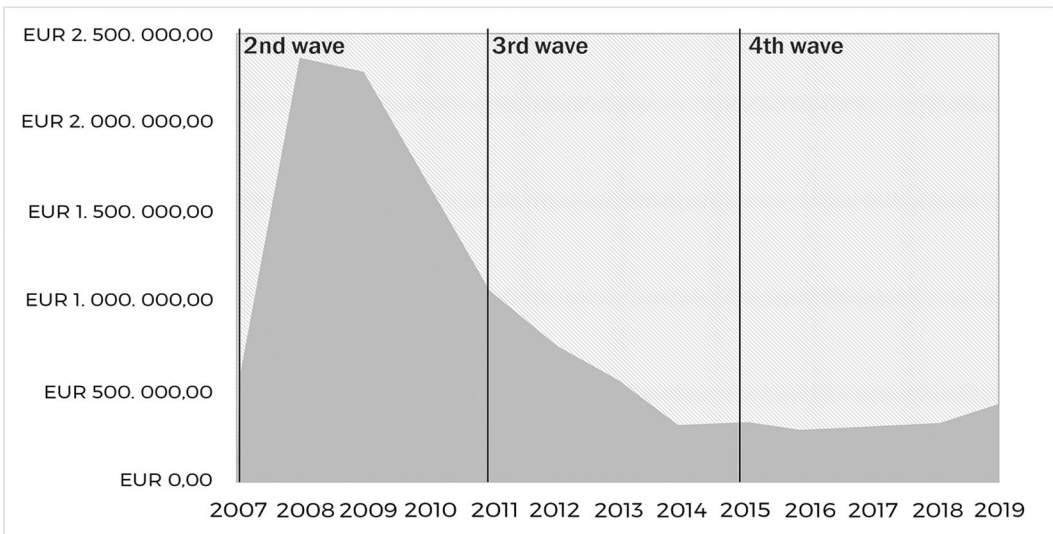


FIGURE 4 Mean total investment by local PBs on a yearly basis. *Source:* Authors' own work. PBs, participatory budgeting.

year with the largest number of local PBs. In total, 63.89% of the 162 million Euros invested by local PBs since 2007 was assured in the 2015–2019 period, when the fourth wave emerged.

Figure 4 above shows the mean investment per local PB, which has been decreasing since 2009, and regardless of the waves. The transition from to the third to the fourth wave shows degrees of stagnation, then followed by a slight increase in 2019, influenced again by the Cascais PB. Emerging trends are comparable to other countries where PBs are not legislated by law, like Brazil, Argentina, Uruguay, Spain, France, Iceland, USA, and Australia (Dias, Enríquez, et al., 2021; Sintomer et al., 2012; Wampler & Goldfrank, 2022). Evidence shows that small cities have lower public funds to invest in PBs, often paired by little institutional capacity.

In Portugal, the Metropolitan Area of Lisbon has the strongest financial capacity in the country (Fundação Francisco Manuel dos Santos, *n.d.*) and is home to several local PBs that emerged in the second wave. This fact should be retained as a potential driver for public investment (Bogo, 2020; Gonçalves, 2013; Touchton et al., 2020). In the fourth wave, however, absolute investment is significantly lower, even in medium-sized municipalities, and this suggests a limited role of the financial dimensions in local PBs.

5.2 | PB investment per capita and total public investment per capita

To better understand the role of the financial dimensions, the Figure 5 below shows mean investment per capita in local PBs. Such data is also not representative of the first PB wave since no PBs adopted codecision models. This finding confirms data retrieved from the empirical observation on the increase of PBs in the last decade (Allegretti & Copello, 2018). However, mean investment has decreased (both per capita and relative budget).

While investment per capita is not self-explanatory, data show that recent PBs tend to provide more investment per capita, with experiences started in the fourth wave recording historical mean of €8.23, against €7.40 and €6.86 in the third and second waves, respectively. This finding takes into consideration both downgrades and upgrades in every local case. Based on Alves and Allegretti (2012), this finding suggests institutional instability, as variations in expenditures can be hardly captured by year-by-year analysis.

Despite the low mean investment recorded in the fourth wave (see Figure 4), dissemination of PBs in the Northern region, especially in dense cities on the coast (Bogo, 2020), increases the per capita value. For example, in the small city of Manteigas, the €100,000 budget had proportionally stronger impact than the €650,000 had on the mid-sized city of Braga. Cascais is the only city with more than 30,000 inhabitants to reach the top 10 (Table 2) of investments per capita—providing €20.10 per citizen out of 205,000 inhabitants. The 2019 cycle recorded €49.54, which was the highest ever for a local PB in the country.

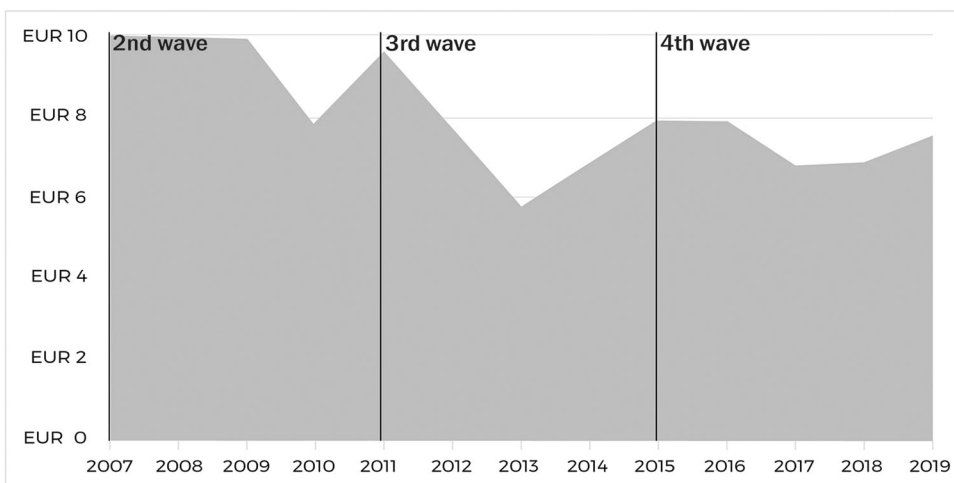


FIGURE 5 Mean investment per capita by local PBs. *Source:* Authors' own work. PBs, participatory budgeting.

TABLE 2 Top 10 local Portuguese PBs based on mean investment per capita.

| Municipality | Population | Mean per capita investment | Number of editions (years) |
|----------------|------------|----------------------------|-----------------------------|
| Marvão | 3512 | €42.71 | 4 (2007–2008 and 2015–2016) |
| Redondo | 7031 | €42.67 | 4 (2016–2019) |
| Alcoutim | 2917 | €34.28 | 1 (2014) |
| Nordeste | 4937 | €33.42 | 2 (2015–2016) |
| Manteigas | 3430 | €25.76 | 4 (2016–2019) |
| Mealhada | 20,428 | €24.48 | 2 (2014–2015) |
| Vendas Novas | 11,846 | €21.10 | 2 (2015 and 2017) |
| Odemira | 26,066 | €20.29 | 9 (2011–2019) |
| Cascais | 206,479 | €20.10 | 9 (2011–2019) |
| Proença-a-Nova | 8314 | €18.04 | 3 (2011 and 2014–2015) |

Abbreviation: PBs, participatory budgeting.

In comparative terms, investment means in the three waves stand behind international cases, such as in Latin America and Africa. Even if one focuses on the 10 million budget provided by Cascais, the data lays behind record cities, such as Ilo, in Peru, and Guarulhos and Porto Alegre in Brazil, that have reached almost US\$ 200 per capita in 2011–2012 (Cabannes, 2015). In the European context, Paris (France) held €46.17 per capita in 2020 (Brahimllari, 2020); Bologna (Italy) held €105.56 per capita in 2017 (Allegratti & Copello, 2018); and Suprasl (Poland) recorded almost €65, in 2017 (Leśniewska-Napierała & Napierała, 2020).

When comparing per capita values with the total amount of the invested budget (capital expenditures) by municipalities per year, findings show how much public expenditure is not available for citizens within the PB. Collected data from GOPs show that, considering PBs adopting codecision models, public investment per capita is €880.76, whereas only €7.81 have been made available through PBs. Cities with long-running PBs and high relative investment align with this pattern, such as Cascais, with a total investment budget of €1807.96, and Lisbon, with almost a billion euros available for capital expenditures and a value of €1690.47 per capita. Some cases are very representative of this disparity. A few cities with low population levels reach thousands of euros of total investment per capita, such as São Roque do Pico (€3689.46), Trofa (€3561.34), and Mértola (€3299.42) providing the highest values.

Notwithstanding that, trends of spatial distribution show that per capita investment is relatively constant between the second and third wave, with €759.64 and €784.38, respectively, while the fourth wave shows a significant increase, reaching €861.67 per citizen.⁴ This finding shows that PB dissemination across the country was particularly attractive for municipalities with a potential to increase the budgetary provision. As proposed by Bogo (2020), this can be the result the geographical features of the fourth wave, with higher presence of municipalities with strong financial assets distributed in the highly densified coast, as well as small cities in the Northern region with high per capita values. Nevertheless, this data is not reflected in any significant change at the level of investment on PB, as described above.

Along with PBs at the local level, the central government advanced three national PBs in 2017 and, in the following years, the autonomous regions of Azores and Madeira also implemented their PBs (Falanga, 2023). The first edition of the National PB in Portugal

provided three million euros, and it corresponds to approximately €30 cents per citizen, which are distributed as follows: 375,000 euros for projects at national scale; 375,000 euros for each one of the five continental regions (North, Center, Metropolitan Area of Lisbon, Alentejo, and Algarve); and 375,000 euros for each one of the two autonomous regions. In the second edition, the budget increased to five million euros, and it corresponded to approximately €50 cents per capita, which were distributed as follows: 625,000 euros for national projects; 625,000 euros for each one of the five continental regions; and 625,000 euros for autonomous regions.

In 2018, the Regional Participatory Budgeting of the Azores (RPBA) allocated €600,000 (approximately 2.4 euros per capita) for projects only developed in the islands. In 2019, this budget rose to one million euros (200,000 euros to regional and €800,000 to local projects developed in the islands—these numbers corresponded to approximately 4 euros per capita). In 2020, this budget rose to €1 million and 200,000 (approximately €4.8 per capita). In 2020, the budget was distributed based on two administrative levels: €240,000 for proposals at regional level and €960,000 for proposals to be implemented in each one of the nine islands. In addition, 20% of the budget of the three editions was allocated to the youth (it was subdivided into citizenship, healthy lifestyle, and technology), which is one of the six thematic RPBA areas—it encompasses environment, science, culture, social inclusion, and tourism.⁵

The Regional Participatory Budgeting of Madeira (RPBM) allocated €2.5 million to projects, and this amount corresponded to approximately 9.8 euros per capita in specific thematic areas. The budget reaches €750,000 for proposals at supra-local level, and €1 million and €750,000 for local proposals. Proposals could be submitted through the official RPBM website, or through its mobile application, as well as handed in during 22 meetings organized by the 11 local councils of the region, which have gathered approximately 700 people.

All these PBs share common features and decision-making models are quite similar despite the political and geographical variations of scale. Such a similarity allows comparisons about public investments. Considering 2019 as an historical landmark, it is possible to identify (see Figure 6, below) a value concentration in local processes, of which 72.66% (approximately €22.5 million) is originated from 58 municipalities. The share of regional PBs of Azores and Madeira

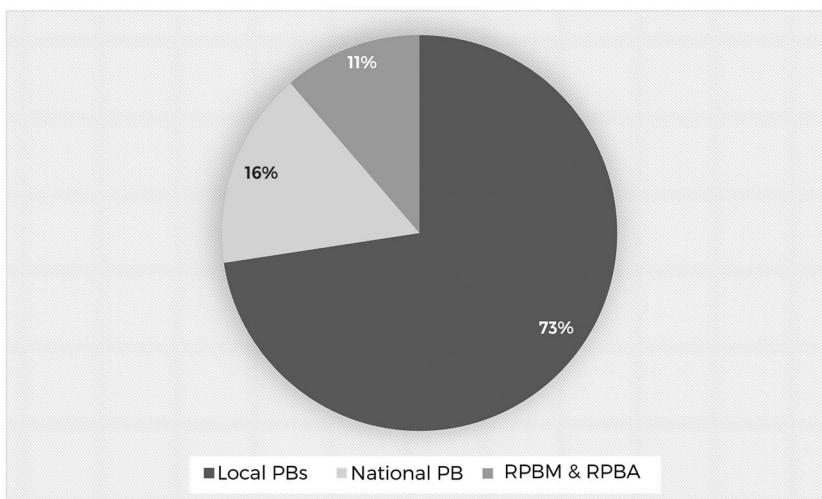


FIGURE 6 Amount of investment per PB scale (2019). *Source:* Authors' own work. PBs, participatory budgeting.

archipelagos together, reaches 11% (and it corresponds to €3.5 million in investments). This is the smallest value based on absolute comparison, but this amount only regards 30 municipalities. The national PB, in turn, included all 308 municipalities in the voting process for major projects, and accounted for approximately 16% (or €5 million) of the Portuguese PB investment in 2019 year, at all governmental levels. This context reflects right on the per capita values, as discussed earlier, as well as on the impact of, and social perception about PBs. Taking this dimension into consideration, RPBM provided the highest financial investment (€9.8), followed by local PBs (€7.3), RPBA (€4.8), and NPB (€0.5).

5.3 | Ratio of public investment through PB

As regards the spatial distribution through time, scholars have pointed out that the rate of total public investment through PB is a reliable indicator of how much money public authorities provide to citizens in decision-making (Boulding & Wampler, 2010; Cabannes & Lipietz, 2015; Gonçalves, 2013). Little public investments can decrease citizen power (Gherghina et al., 2022), and variations in public expenditures are key gateways to understand the financial management (Cabannes, 2015). In line with these arguments, Figure 7 below shows public investments in 2019 (or in the last edition) of local PBs.⁶

PBs relying on less than 2% of public investments are the most frequent in the Northern region—both on coast and countryside—and central regions. Values above 2% are recorded in northwest cities, as well as in the Metropolitan Area of Lisbon and in small cities in the Southern region—both on coast and countryside—including outliers, such as the cities of Marvão (6.53%) and Olhão (9.03%).

A modest evolution from the last two waves emerges, as mean PB investment represented 0.86% of the public budget in the second wave, then increasing in the third (1.28%) and fourth (1.35%) waves. Nevertheless, this increase does not seem to correspond to a more robust inclusion within the financial management, due to the little provision of budget in the PBs. According to the typology developed by Cabannes and Lipietz (2015), all the waves show “minimal arrangement” in the PB financial dimensions. Only 6 out of the 58 analyzed PBs in 2019 invested more than 2% of the budget, then classifiable as PBs of “intermediate magnitude” (Cabannes & Lipietz, 2015). Different processes of institutionalization in other countries show that local governments tend to invest more, such as the Latin American cases of Uruguay, Chile, Argentina, Dominican Republic, and Peru, ranging from less than 5% to more than 70% of their public capital expenditures (Sintomer et al., 2012). Countries like Romania and Russia, in Europe, are adopting 5% of public investment as minimum rate for local PBs (Dias, Enríquez, et al., 2021), which aligns with values in Polish cities (Bednarska-Olejniczak & Olejniczak, 2018).

According to Allegretti and Copello (2018), PBs investing less than 10% of the public capital budget should be considered as weak. Likewise, Marquetti (2007) says that PBs with less than 20% of the total budget should be classified as weak processes in financial terms. However, this latter analysis is more inspired by Latin American models (Cabannes, 2015; Sintomer et al., 2012), as only processes with more than 80% of total capital budget should be considered, according to the author, of high intensity. In Latin America, therefore, the goal of priorities' inversion is strong, as it brings new opportunities of social (Wampler & Goldfrank, 2022) and spatial justice (Soja, 2010). Despite geographical, social, and political differences, data show that Portuguese PBs have very limitedly invested in PBs, when it comes to the financial dimensions, with potential effects on public trust in the long-term.

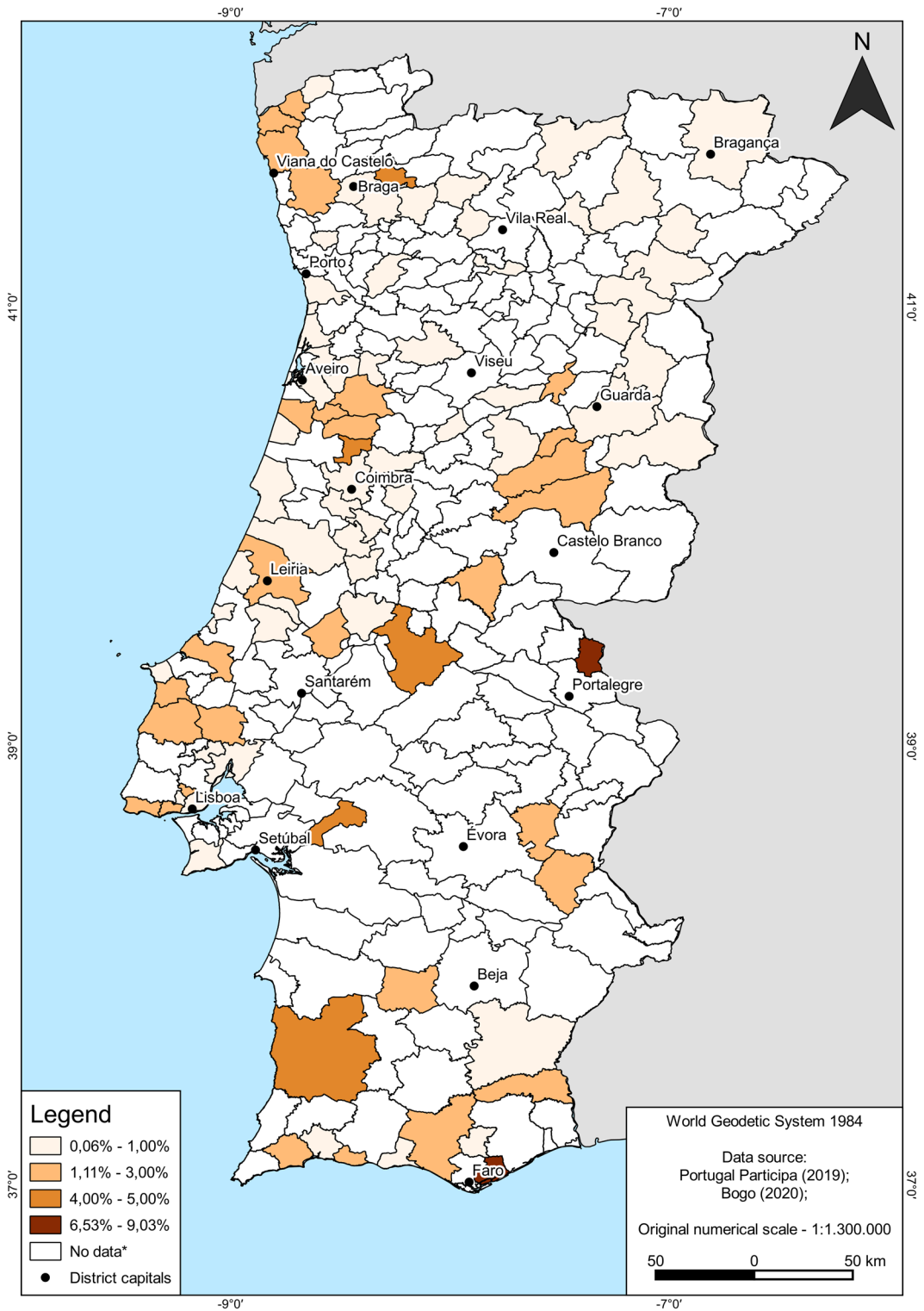


FIGURE 7 Rate of total public investments applied through local PBs (2019 or last edition). *Source:* Authors' own work *No data: GOPs not available, consultive process or municipality without PB. PBs, participatory budgeting.

6 | CONCLUDING REMARKS

The article provides an original look at the financial dimensions of PBs in Portugal. Scholars underline how PBs arrived in the country as a “good practice” in the early 2000s and shifted since towards goals of good governance. Portuguese PBs have mostly focused on to the engagement of citizens to promote stronger accountability in a context of decreasing political trust. In the last few years, instability and uncertainty deriving from the covid-19 pandemic have dramatically changed the scenario in this record country.

Two emerging trends can be identified from our analysis. The first trend lies on the constant improvement of collective decision-making in PBs, mainly from the third wave, onwards. This is corroborated by the variety of institutional designs adopted in the fourth wave by cities and regions, and the new scales of implementation (national and regional), as well as the inclusion of new actors (mostly youth and schools).

The second emerging trend confirms limited financial investment, which limits the PB potential to be mainstreamed within the standard financial management. Regardless the scale of implementation, and despite improvements in the institutional designs, this aspect has little changed through the four waves of dissemination. This finding may indicate little political interest in increasing the impacts of the PB on public spending. While so, the financial dimensions are not the only explanatory factors of success for PBs, since no linear correlation to the investment levels and institutional stability was observed in our research, which corroborates literature in this field. Nevertheless, our research confirms how limitations in the financial dimensions cast light on key shortcomings. Relatively low public investment has narrowed the potential of collective decision-making at all levels of government. Despite high investment in some PBs, per capita and budget rate means stand behind expectations and fall short of being comparable with successful international cases. Similar limitations were found in comparing total public investments per capita with the investment made through PB, which shows significant shares of public budget that are not made available to collective decision-making.

Furthermore, even with an increase in the absolute investment during the fourth wave of dissemination, comparison with the total public investment shows little significant escalation. Comparison with international cases applying relative data—dimensions “b” (PB investment per capita) and “c” (ratio of public investment through PB)—also show some limitations of the Portuguese PBs, even considering differences in institutional and urban networks among countries. This finding points, therefore, to the denial of our initial hypothesis, since the financial dimensions did not have relevant impact in the implementation of PBs in Portugal, and the increase in budgetary provision did not spill into significant transformations.

We conclude this paper by acknowledging some limitations of our research, as especially regards the access to official documents provided by public authorities and the analysis of the 1-year sample for the investment’s percentage data. In fact, despite dealing with a large number of cases, our analysis refers to a specific sample, which does not include PBs from the first wave and focuses on a specific time frame for several dimensions. Another limitation is the absence of a more refined statistical analysis that could put in evidence different patterns. For instance, future research may focus on the relation of investment with types of PB, city size, political ideologies, and other relevant factors. Large scale investigation could focus on the possible relation between PB investment and the municipalities’ financial management, as well as with the nature of funded projects. Last but not least, other avenues of research may be explored through medium-N and small-N studies, by focusing on territorial features conditioning the implementation of PBs.

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CONFLICT OF INTEREST STATEMENT

The authors declare no conflict of interest.

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ENDNOTES

- ¹ Recent data confirmed that the consultative approach has been surpassed by PB, which has been pushing codecisional processes forward—the consultative approach represented approximately 2.5% of all PBs implemented at local, regional and national level, in 2019 (Bogo, 2020).
- ² We used the arithmetical mean of all PB editions to find the investment per capita. If one considers the changes in public investment and the difficulties to obtain financial balances from local governments, this dimension—rate of public investments—only considers the last edition of every PB.
- ³ Fully available as spreadsheet at Figshare (<https://doi.org/10.6084/m9.figshare.20422266.v2>).
- ⁴ This value excludes Mértola, an outlier in total per capita investment with just one PB edition. The same logic was used to exclude Trofa from the second wave value. Both values would be €903 and €1039.81, respectively, showing the potential for data distortion of these cases.
- ⁵ The government provided the following formula to make sure that each island would get the adequate budget: 25% of the total budget is the same for all islands, 25% of it is calculated based on the population of each island, 25% of the total budget is calculated based on the territorial extension of each island, and 25% of it is calculated based on the rate of yearly public budget of each island ($n-1$).
- ⁶ In the case of the PBs that were not active in 2019, we took the last edition for data collection. As an example, the city of Caldas da Rainha had its last PB edition in 2018, then we took the PB investment of this year in comparison with 2018's related GOP.

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