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**GIVING VOICE TO THE GRASSROOTS
MOVEMENTS AND INFRASTRUCTURE FOR THE
POOR: THE EXPERIENCE OF PORTO ALEGRE'S
(BRAZIL) PARTICIPATORY BUDGETING**

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GIVING VOICE TO THE GRASSROOTS MOVEMENTS AND INFRASTRUCTURE FOR THE POOR: THE EXPERIENCE OF PORTO ALEGRE'S (BRAZIL) PARTICIPATORY BUDGETING*

I. Overview and Profile of The City

Porto Alegre, the capital of the state of Rio Grande do Sul, is one of Brazil's better-off municipalities as regards financial resources and the standard of living enjoyed by its population. Of the city's 1.3 million inhabitants distributed over 476 km², 91% are literate, 99% have access to main water supplies, 99% have their domestic waste collected, 98% have access to electricity and 93% to mains sewerage. The infant mortality rate is 15.63 per 1,000 and life expectancy is 72.6 years. The city's greatest improvement in 10 years regarding HDI (Human Development Index) was in education (see Table 1). In 2001, GDP amounted to R\$ 13 billion (around US\$ 43 million), 70% of which comes from service activities. GDP per capita was R\$ 7,710 (around US\$ 2,570). The city's budget for 2002 was R\$ 1,559 billion (around US\$ 519 million). These figures are well above average when compared with most other Brazilian cities, regardless of size and level of economic development.

Porto Alegre is located in the South region of Brazil which is the country's better-off region as regards levels of human development. The city is situated within the top tier of affluent cities in Brazil, with socio-economic indicators that are similar to those found in lesser-developed regions of many of the advanced industrial countries. Furthermore, the city has been praised as a well-administered and innovative city since the election of its first mayor from the Workers' Party, the PT, in 1988.

Despite its improvements and relatively impressive figures, Porto Alegre, like many Brazilian cities as well as cities in middle-income countries of the developing world, shelter a great number of poor people who live in areas lacking basic infrastructure. Although Porto Alegre is ranked 11th place among Brazil's 5,561 municipalities with better HDI and second place among Brazilian state capitals, in 2002 over 180,000 people, i.e., 13% of its population, were poor. Furthermore, and as in many large Brazilian cities, state capitals in particular, the areas where the poor and the low middle-class citizens live lack access to infrastructure compared to areas where the middle class and the rich live. Participatory Budgeting (henceforth PB) has been introduced as a way to start to overcome the infrastructure gap between richer and poorer areas. PB is a local government programme to empower citizens of neglected areas of a city to decide on investment priorities in their communities. It was introduced in Porto Alegre in 1989; however, there had been some experiences in PB elsewhere during the military years. It became a hallmark of the PT's approach to governing cities.

Why have many Brazilian cities, but particularly Porto Alegre, embarked on a policy which attempts to empower the poor in a country that has always concentrated its efforts in building or in maintaining social exclusion? Brazil was, for instance, the last country to abolish

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slavery and currently it is among the countries at the forefront in the ranking of income inequality. Furthermore, PB is not the result of a policy initially encouraged federally or by multilateral organisations, as is the case of certain social policies analysed below, but rather a local government initiative.

To sum up, participatory policies have been adopted in Brazil over the last two decades, with varying results. Stimulated by federal legislation, federal programmes, multilateral organisations or by local government, participatory forums are widespread in Brazil's local communities. Some adopt participation as a way of increasing local citizens' voice; others, like PB, are ways of empowering the people, not only of making them heard.

II. The Context of Participatory Budgeting

For the last two decades, thousands of Brazilian municipal governments have been at the forefront of social policy innovation. They have launched several initiatives to improve the overall quality of their social services, to target spending to the benefit of previously-marginalised social groups and to democratise the process by which public policy spending priorities are established by introducing participatory forms of decision making. This innovative role of Brazilian local governments may be traced back to two events. Firstly, the country's redemocratisation after 20 years under a military regime was marked by the writing of a new constitution enacted in 1988, and this brought with it more public resources to the local purse. As well as this, the 1988 Constitution created several mechanisms which allowed grassroots movements to take part in certain decisions and to oversee public matters, especially at local level.

Secondly, in the late 1990s, the federal government sent for congressional approval several laws and constitutional amendments to make local governments the main provider for the delivery of social services, in particular health care and primary education. The successful cases of transferring responsibility for service delivery were in health care and primary education. These should be credited to a policy conceived as a complex system of intergovernmental relations and transfers combining both incentives and sanctions. In the case of health care, local governments now receive greater additional federal resources while in the case of primary education, local governments are financially penalised if they fail to improve school attendance rates. These measures, which aim to improve service delivery at local level, have established formal and universal rules for federal transfers. The rules have decreased uncertainty, the degree of politicisation on the use of resources and the risks involved for local governments in delivering the services.

The Brazilian experience in service delivery at local level demonstrates that more than constitutional mandates, regulations, business interests or management capacity are required to implement decentralised and participatory policies. The design of the policy with rewards and sanctions, universal and steadfast rules, financial decentralisation and the support of the federal executive to regularly provide resources have been shown to be the most important determinants of success in transferring implementation responsibilities to local government. However, as is the case in many developing countries, Brazil has deep-rooted inequality, both socially and regionally. This inequality affects local resources, as well as the organisational capability to deliver services. Therefore, the results of decentralising service delivery are contradictory. On the one hand, decentralisation has made local governments more involved in the delivery of policies with the participation of local citizens. This has contributed to a reduction in the 'top-down' nature of policies and their management, and to an increase in the prospects for sustainable development. On the other hand, Brazil is a good example of the constraints on decentralisation and on participation in countries with deep-rooted regional, social and economic heterogeneity.

Despite local government achievements in many municipalities, stimulated either by their own innovative initiatives, by federal policies or by multilateral organisations, there is a consensus that no city has been more successful than Porto Alegre. It has had significant success in improving the social conditions of its population and in giving voice to its grassroots organisations and infrastructure for the poor. Indeed, a 2001 report by the UNDP

(United Nations Development Programme) identified Porto Alegre as a national leader in the provision of basic health and prenatal care, sanitation services and primary education.¹ Why did this occur? There is no simple answer to this question. Some would argue that the city's inhabitants have always had traditions of social capital when compared to other Brazilian cities. Another possible answer is that, because Porto Alegre was one of the first Brazilian cities to elect a mayor from a left-wing party (the PT), in 1988 soon after the political opening and the return of popular elections to mayoral positions, the party had to find ways to distinguish itself from traditional parties. A third answer is to credit such a success to the political environment of the city and of the state, in which electoral and party competition has always been very fierce, forcing a relatively new party like the PT to provide quick and innovative responses to the city's constituencies. What we know for certain is that after considerable debate within the PT, a consensus has emerged on what should be the basic goals of a leftist party at local level, namely redirecting priorities to the city's poor neighbourhoods and giving grassroots organisations not only a voice but the right to decide on where and how to invest local resources.

The main instrument used in Porto Alegre to give grassroots organisations a voice and decision-making capacity and to make improvements to the infrastructure of poor areas has been PB. PB is a local government programme conceived as the main strategy to provide infrastructure to poor neighbourhoods and to empower low-income groups in neglected areas of the city to decide on investment priorities for their communities. In that sense, PB is a top-down initiative to decrease the gap commonly found in developing countries between well-off and worse-off areas of the city. Its success contradicts the theoretical and empirical literature on participation, which is generally pessimistic about government's role in improving deliberative democracy and in building up democratic institutions.

PB neither appeared suddenly nor was solely the result of the efforts of the PT. Two factors have to be mentioned for a better understanding of the context in which PB was adopted. Firstly, there were a number of previous attempts at increasing citizen participation in local budgeting before redemocratisation. This meant that the PT of Porto Alegre could learn from the achievements and mistakes of these experiences. Secondly, and as mentioned above, there was an increase in local financial resources provided by the 1988 Constitution. However, and more importantly, many local governments in the late 1980s adopted a policy of raising their revenue and reforming local finances. Between 1989 and 1994 Porto Alegre rose from the 10th to the 5th position in the ranking of state capitals' per capita total revenue (Jayme, Jr and Marquetti, 1998) due to the adoption of certain administrative measures but also because their taxpayers had previously been under-taxed. It was the democratically elected mayors, as opposed to the appointed mayors who had governed the state capitals during the military regime, who opted to adjust the city's finance and to raise taxes in order to fulfil their commitments to the electorate instead. They did not just rely on the increase in federal and state transfers brought about by the 1988 Constitution. This contradicts the assumption that when local governments have a large share in central transfers they make little effort to increase their own revenue.

¹ It has to be noted that some of these services are provided both by local and state governments.

III. Description of Initiatives

PB was introduced in Porto Alegre in 1989, one year after the mayor's inauguration. According to secondary literature, initially PB faced severe problems due to a) the lack of financial resources; b) a local government structure in disarray; and c) the lack of mobilisation of the poor. On the latter point, even where civic organisations already existed, they either had a history of protest and confrontation with the government or they were dominated by patron-client practices. This was dealt with in Porto Alegre by the strong role played by local government in contracting community organisers to positions within the municipal administration. PB representatives would visit unmobilised neighbourhoods, seeking out new leaders and disseminating information on PB. This strategy shows the involvement of local government in the organisation of communities and demonstrates that in its initial years PB was exclusively a top-down initiative. The main features of PB are described below.²

A. Functioning

The central features of the programme are the district and the thematic (i.e. service-related) plenary assemblies that gather in different areas of the city to participate in the budget preparation process. Table 2 presents a summarised view of the PB cycle. Until 2002, there were two rounds of plenary assemblies in each of the 16 districts and on each of the 13 thematic areas.³ Between the two rounds there used to be additional preparatory meetings in the micro districts of the city and on the thematic areas. Some changes were introduced in 2002 in order to simplify the process of participation and also as a result of the learning process: now the debates and the definition of priorities start with preparatory meetings held every March and April.⁴ Another change is the creation of a Municipal Assembly (which is not the same as the municipal legislature), held every July, and of the City Participatory Budgeting Committee, which meets between June and December. Members of the Municipal Assembly are elected by the participants of the plenaries; they are responsible for co-ordinating the demands of each regional and thematic forums.

The municipality has not undergone deep administrative restructuring to adapt itself to the demands brought by PB. However, some minor changes have been made: between August and October all PB demands decided on by the district and the thematic forums are subjected to a technical analysis by the Town Hall departments.

The preparatory meetings, open to whoever wants to participate, have two main roles: a) to analyse the previous year's PB; and b) to present general information about the city budget by local government officials. After closure of the preparatory meetings, meetings are held in each neighbourhood, where residents draw up their list of priorities for investment in infrastructure. It is at this stage that the delegates of each district are elected. In the months

² There is already a considerable number of published works in English analysing PB in Brazil. See, for instance, Abers (2000), IDB (2003), Matthaeus (1995), Navarro (1997), Nylén (2000), Santos (1998), Souza (2001) and Wampler (2000).

³ PB started with five thematic areas which have evolved over time. Currently, there are 13 thematic areas: Sanitation, Housing, Paving, Transport and Traffic, Education, Health, Social Welfare, Leisure Areas, Sports and Leisure, Public Lighting, Economic Development, Culture and Environmental Sanitation.

⁴ One of the reasons for changing this procedure was that the second round of plenaries failed to attract good attendance (IDB, 2003: 32).

following the district assemblies, the delegates in the Forum of Delegates negotiate among themselves to come up with districtwide 'priority lists' of infrastructure projects in each investment category. More recently, it became possible for citizens to make suggestions both to the district or to the thematic forums via the internet. The following stage is held in the Municipal Assembly, in which the elected members of the City Participatory Budgeting Committee also have a seat. The Municipal Assembly determines how to distribute funds for each priority among districts. Finally, each district's quota is applied taking into account the list of priorities of the district. The City Participatory Budgeting Committee monitors spending year-round and engages in regular discussion with local government personnel on issues related to service provision more generally. It is also responsible for overseeing the plans of each municipal department.

Rules and procedures for the functioning of PB are determined by the participants. These 'internal' rules are not subject to formal regulation either by the executive or by the legislature.

B. The Participants

Data show that the inhabitants of Porto Alegre have a high rate of associational activity, political awareness and communal trust when compared to the inhabitants of most Brazilian cities. Calculations by Setzler (2000) show that 38.4% of the people in Porto Alegre belong to a civic association. As an indicator of political awareness, 92.2% of the people in Porto Alegre said they follow current events and 75.7% said they seek voting information. As an indicator of communal trust, 40.7% said they believe civic associations of some type defend people's interests, although the scepticism of the city's inhabitants scored higher than their trust: 45.7% said they believed neither associations nor politicians defend their interests.

Recent data show that the majority of PB participants, 44.8%, belong to associations created between 1980 and 1989, before the introduction of PB. This means that, although there are indications that many of these associations were manipulated by political parties, previous experience on associativism does play a role in the acceptance and in the success of PB.

Data on the Town Hall's website show that the number of participants that took part in the PB process was 976 in 1991 and reached 13,687 in 1999. With the exception of two years, the number of people attending PB meetings has increased each year.

The profile of the participants shows that PB is indeed reaching the poor: the majority of them (46.1%) have not finished primary school and receive at most twice the minimum wage, which, in Brazil, is very low (around US\$ 80 per month). By race, the majority of participants at the plenaries as well as delegates and representatives are white, closely followed by blacks, reflecting the proportion of these groups in the general population of Porto Alegre as well as of its poorer people.

Every year the Town Hall sponsors training courses open to all who have a direct or indirect interest in PB, including participants, delegates and representatives. These training courses provide information about PB functioning, the role of delegates and of representatives, public budgeting and the composition of the budget as regards revenue and spending capacity.

c. Delegates and Representatives

Delegates are chosen from the participants attending the PB plenary assembly. Each district elects two members and two alternates to the Forum of Delegates and to the City Participatory Budgeting Committee. Currently there are 179 elected delegates on the Forum of Delegates and 46 elected representatives on the City Participatory Budgeting Committee. The strategy of choosing delegates from among those attending PB meetings and not from among existing community associations was adopted because, as reported by Abers (1998), these associations have been traditionally dominated by individual interests or manipulated by populist parties. To overcome this, the local government has stepped in to mobilise participants by hiring community organisers.

The criteria used to determine the number of delegates on the district and thematic forums have changed over time. Initially one delegate for every five people attending the first round of PB plenaries was agreed, increasing to 10 and reaching 20 in 1996. Currently the criteria are more complex, comprising different ratios according to the level of attendance: up to 100 people attending - one delegate for every 10 people, from 101 to 250 - one delegate for every 20, from 251 to 500 - one for every 30, from 501 to 1,000 - one for every 40, and more than 1,000 - one for every 50. The delegates are elected for a one-year mandate and can only be re-elected once. Men make up the majority of PB delegates, representing 54.7%. In 2003, it was decided that men and women should have at least a 40% representation in the Forum of Delegates, but this decision has still to be ratified by all PB participants. Members of housing association movements are the most influential groups in delegate elections, followed by community leaders.

Problems on how to select the delegates and representatives and their relationship with those they represent are mentioned by Abers (1998), Santos (1998) and Souza (2001). Abers believes that while there are some problems, communities have reacted against delegates who try to operate in a manipulative way. Santos states that this relationship is not as smooth as it appears. Problems of autonomy, accountability and transparency do exist but they have been debated inside and outside PB. He believes that the popular sectors in Porto Alegre are actively engaged in preventing PB from slipping into the trappings of the "old clientelist, authoritarian system". Souza argues that it remains unclear whether participatory systems such as PB are likely to reproduce the problems arising in a formal representative system.

d. Criteria for Selecting Priorities

There are three general criteria for distributing resources among the districts and the thematic areas: a) lack of the service or infrastructure in the district; b) the district's total population; and c) the thematic (service) priority expressed by the district. This, therefore, ensures that infrastructure and services are improved in poor districts.

Each district chooses four priorities among 13 themes which are represented in the 13 thematic areas. Grades are given to the districts' selected priorities: the first priority receives grade 4 and the fourth priority receives grade 1. The sum of the grades of all priorities chosen by the 16 districts defines the three priorities to be included in the budget.

Community decisions are, however, subject to technical assessment by municipal staff. These are: a) community demands have to be considered technically viable by the municipality; b) preference is given to works-in-progress; c) certain services or infrastructure cannot

be carried out without previous basic infrastructure; for example, a rainwater drainage network is not installed in unpaved streets.

Priorities have changed each year, as seen in Table 3. Housing started and has remained the first priority, followed closely by sanitation. Paving has been the second main priority and sanitation also appears as the third priority chosen throughout the years by district inhabitants. These priorities show that the basic needs of the poor are still far from satisfied, despite Porto Alegre's relative good indicators vis-à-vis other Brazilian cities and other cities of middle-income countries.

e. Resources and Expenditure

In Porto Alegre and in most cities which have adopted PB, it is not the whole budget which is affected by the decisions of PB participants but decisions on infrastructure spending. One characteristic of PB in Porto Alegre, however, differs from that of many other cities which have adopted PB: in Porto Alegre all resources for capital investment are decided within PB. Moreover, PB delegates see and may comment on the entire budget including that related to recurrent expenditure and on the entire performance of the administration. However, it is important to note that budgeting in Brazil is only an authorisation of expenditure on priorities which can be fulfilled or not by the executive; it does not absolutely determine the spending plans of the executive, although, as we show below, PB priorities are normally respected.

Resources at local governments' disposal have decreased in recent years for two main reasons. Firstly, there has been a national policy of tight fiscal control. This policy has led, among other things, to a decrease in transfers to sub-national (state and municipal) by the federal government. Secondly, policies of inflation control adopted since the mid-1990s have affected economic growth and employment opportunities, therefore decreasing tax collection in the three levels of government. However, local governments, in particular those governed by the PT, are trying to overcome this decrease by creating new fees and by raising the rates of local taxes. Furthermore, a Fiscal Responsibility Law, approved in 2000, restricts spending in particular on payroll.

The percentage of total capital investments included in the Porto Alegre municipal budget vis-à-vis other items of expenditure (consumption, debt, payroll etc) varies from 16% in 1990, 17% in 1992, 9.8%, in 1993, 18% in 1994, 6% in 1997, 12% in 1999, 13% in 2000 and to 14.22% in 2001 (see Table 4). For 2002, resources for investment amounted to around US\$ 35 million. Payroll expenditure is the main item of the budget. As for expenditure on projects selected by PB, available information leads one to the conclusion that the great majority of resources negotiated by the participants are actually spent, an important point in PB's success. The timing necessary for each project varies: an average of 26 months is taken between the decision and the conclusion of the work.

f. Relationship with The Local Legislature

By contrast with the previously discussed positive effects of PB, its impact on the local legislature has been problematic. The role of local councillors of the municipal legislature in Porto Alegre is troubled by the fact that the PT has never been able to win a majority in the legislature, although the number of PT councillors has increased steadily since the 1988 elec-

tions. There is a consensus in the literature that the relationship between the councillors and PB delegates is tense and dominated by open conflict. The councillors feel they have no say in the participatory budget negotiations for two reasons. Firstly, they are formally excluded from participating in the meetings as local councillors; however, this does not mean they cannot participate as citizens. Secondly, popular pressure not to change the budget proposal submitted to the legislature by the executive is so intense that councillors feel that they have to approve it without amendments, preventing them from taking part in what they see as one of their major roles as legislators. They also argue that the number of people who participate in decision making is smaller and less representative of the population than the number of voters many councillors represent. Participatory policies such as PB compel local councillors to share their prerogative, if not to abdicate it, to decide upon government's spending with PB delegates.

The issue of what representation is about does not affect local councillors alone. The literature also refers to problems of accountability and transparency between community representatives and those they represent. This remains very much an open question in PB experiments and Porto Alegre is no exception.

IV. Successes Achieved

Although not unique, PB in Porto Alegre has achieved great visibility and is considered a success for two main reasons. Firstly, it was the first participatory experience that received popular approval and this approval has increased over the years. Previous participatory budgeting experiences have been subject either to strong resistance, interruption or frustration with their results. However, the initial years of PB were not a great success, as shown above. Nevertheless, this early frustration did not lead those involved to give up on the experiment. It might be that PB is overcoming Brazil's tradition of changing public policies every time a new government comes into office. Dramatic changes in public policies have often occurred even when the newly elected belong to the same party as the incumbent.⁵ Secondly, PB in Porto Alegre has been carried out without interruption for almost fifteen years and by the same political party, the PT. Its success has led to the adoption of similar experiences in hundreds of Brazilian local governments governed by varying political parties and even in cities outside Brazil.

The number of Brazilian municipalities which have adopted some kind of PB scheme has been impressive: in the period 1986/1998, there were two cases, in 1989/1992, twelve, in 1993/1996, 36, and by 2000, PB had been introduced in 140 municipalities. Out of these experiences, 80 started in 1998 as a result of the national and international visibility gained by PB in Porto Alegre. PB is mostly being adopted by municipalities with between 10,000 and 100,000 inhabitants, although four cities with more than 1 million inhabitants have also adopted PB, including Porto Alegre (FNPP, 2000). However, PB may also be a difficult and unstable experience: between 1997 and 2000, 23 administrations gave up on PB, a higher figure than that for administrations that introduced it over the same period, i.e., nine. This shows that several variables are necessary to sustain PB over the years. Porto Alegre's PB has also influenced similar experiences adopted by the state of Rio Grande do Sul to guide its decision-making process of state budgeting.⁶ Furthermore, and according to the city's website, PB has been adopted in cities outside Brazil such as Saint-Denis (France), Rosario (Argentina), Montevideo (Uruguay), Barcelona, Toronto and Brussels.

A nation-wide survey into PB by a Brazilian think-tank, the FNPP, concluded that to accomplish its objectives PB depends on several factors, such as a) the kind of political party that implements it; b) the level of organisation, mobilisation and politicisation of the community; c) socio-economic features and population size; d) the administration's technical skills and management capacity; e) the local government's commitment; f) the financial situation of the municipality; and g) the method adopted to establish the relationship between the government and the community (FNPP, 2002).

Despite the fact that PB has not been sustained in all the Brazilian municipalities where it has been introduced, in the case of Porto Alegre there is enough evidence to show the gains to poor neighbourhoods. These gains have been demonstrated by scholars, the donor community, by several international awards granted to PB in Porto Alegre and by the profile of those attending the plenaries. International and national awards and prizes are recognition of the achievements of PB towards the goal of providing infrastructure for low-income neighbourhoods. These awards have also been granted for Porto Alegre's achievements in the delivery and the quality of social services, targeted initiatives for the poor and democratisation of decision-making procedures. Recent research sponsored by the Inter-American Develop-

ment Bank on participatory processes in urban planning and management in Brazil praises certain PB experiences but in particular that of Porto Alegre. The document concludes that "the popular response [to PB] is a clear testimony to the difference that social inclusion and citizenship can make to the lives of previously disenfranchised populations" (IDB, 2003: 62).

An important way to get feedback from citizens on PB is the fact that the electorate of Porto Alegre. i.e. 956,811 voters in the last local elections, have elected a mayoral candidate from the party that introduced PB four times. Considering that PB is the party's best-known government programme, such approval is probably one of the reasons for the re-election of the party's candidate. Despite changes in the party factions that won local elections in Porto Alegre, PB continues to this day. Popular acceptance manifested through organised social movements and opinion polls might also play a role in sustaining PB in Porto Alegre even if other political parties were to take office.

PB has also created incentives for cooperation. According to the IDB (2003: 24), PB participants interviewed stated that their involvement had sensitised them to the situation and needs of others. Learning how to press for demands in a participatory process is viewed, according to the same document, as another benefit because PB "has to work for all and everybody has a stake in making it work".

As for the extent to which PB has been institutionalised, there is a consensus that its flexibility is one of its strengths. With few exceptions, there is no local legal requirement for Brazilian local governments either to adopt PB or to sustain it, although the 1988 Constitution states that popular participation in decision-making and in overseeing the government is a desirable goal of Brazilian reconstructed democracy.

The constant changes in its rules, procedures and functioning show that PB has been a learning process for all those who have taken part in it. The absence of formal or legal institutionalisation does not mean that PB is not sustainable. Despite lack of continuity in some cities, PB in Porto Alegre has not only survived but it has gained importance among the city's constituencies. The combination of several favourable conditions and events mentioned above are responsible for PB sustainability in Porto Alegre. There is a consensus that PB is one of the instruments that has transformed Porto Alegre's policymaking process and that, if the PT loses the mayorship, any party that takes office is unlikely to risk abolishing PB or decrease its importance.

If one agrees that PB's main objectives are to give voice to grassroots organisations and provide infrastructure for the poor, there is indeed enough evidence to support the argument that it has been a successful experience so far. In Porto Alegre in 2002 the lowest 20th percentile of the population accounted for 30% of the participation in the plenaries; less than 20% in the Forum of Delegates and approximately 15% in the City Participatory Budgeting Committee; hence the importance of the plenaries which are held in the neighbourhoods (IDB, 2003: 11). Furthermore, the list of priorities approved by the participants show that services and infrastructure provided through PB are overcoming the infrastructure gap between middle-class and poor areas.

V. Lessons Learned

PB strengths and weaknesses, according to selected literature, are listed in Table 5. However, as in any summary, there is always a risk of simplifying the PB experience. From the list of strengths and weaknesses mentioned in the literature, one can identify as the main problems of PB: a) it puts the independence of community movements at risk; b) participation is still restricted and there are segments of society which are underrepresented; and c) the strengthened role of PB delegates vis-à-vis local councillors might increase the problems currently faced by formal representative systems in democratic polities all over the world. Among its main strengths are: a) the stimulus it gives to cooperation; b) the sense of citizenship it creates; and c) the redirecting of priorities away from the better-off areas to benefit the poorer neighbourhoods. However, and as argued elsewhere, PB's main achievement wherever it has been implemented but in Porto Alegre particularly given its longevity, seems to be the insertion of marginalised people and communities into the political process for the first time. Allowing these citizens the right to decide (and not only to be heard) may well have a long-term impact on countries and cities where the balance of power is highly unequal, in particular as regards access to basic services and infrastructure (Souza, 2001: 184).

One of the main challenges faced by PB is how to create incentives for collective decision-making, in particular how to overcome the problem of incomplete information, therefore of transparency. This is especially important in participatory experiments given that trust is one of the pre-requisites for participation. Some PB analysts argue that the impact of PB in increasing governmental transparency is as significant as increasing participation. The reasons for this are twofold. First, budgetary matters have always been clouded in a specific and coded language dominated only by a few officials, making it difficult for most people (including politicians), to understand, let alone for ordinary citizens. Because of this, budgetary expertise has always been the realm of a few, thus allowing the privileged involvement of vested interests, sometimes leading to corruption. However, as a result of one of Brazil's major political scandals involving members of the Federal Budgetary Committee in 1993, society and the media became aware of the dangers of the lack of transparency in budgetary matters. As a consequence, the importance of PB as a way to tackle this tradition of secrecy has probably increased. Second, because the governments implementing PB have to legitimate the experience, public resources and expenditures are disclosed to PB participants and to the media, thereby discouraging negotiations based on vested interests. By bringing into the open not only the choices about how to spend part of the budget but also the amount of resources on investments, decision-making becomes more transparent.

Another challenge that administrations implementing PB confront is to increase government accountability. As a result of PB, the local government of Porto Alegre distributes pamphlets and publishes a booklet with a list of all the approved works described in detail, as well as a list of names and addresses of every delegate. When asked about the degree of satisfaction concerning the accountability of the executive, 47.6% of the respondents to a survey said it was satisfactory and 23.6% that it was satisfactory in part. PB procedures, data, results and follow up schemes can be also accessed on the Town Hall website (www.portoalegre.rs.gov.br). Transparent communication between the executive and the citizens is seen by many analysts as one of the reasons for the success of PB in Porto Alegre.

The Porto Alegre case demonstrates that no single variable can explain PB success. A combination of events and factors must interact to make PB possible and sustainable, as pointed out by the survey by the think-tank FNPP mentioned above. However, one important variable is that even in cities where the so-called social capital is relatively high, as seems to be the case in Porto Alegre, it is not enough that local governments should be committed to addressing the issue of providing infrastructure and services for the poor. For PB to take off in its initial years, it was necessary for the local government to step in to organise citizens from poor districts. Furthermore, the local government did not give up on the experiment when implementation problems arose. Contrary to what the literature on participation and on social capital advocates, the Porto Alegre case shows that the role of government in creating mechanisms to encourage participation of the poor has been a key element in the success of PB in Porto Alegre.

VI. Future Directions

PB is a flexible learning process and its direction is basically determined by its participants. As claimed by those involved, PB is 'subordinated' to the decisions of those who take part in it. Despite this understanding, there are some aspects of the process which are currently under debate among the participants in Porto Alegre's participatory forums. One of these is the need to link the scheme of participatory planning to PB. The participatory planning forum is a result of Porto Alegre's Urban and Environmental Master Plan. According to this, the city is divided into eight planning districts, each of which has a district planning forum made up of community members and their grassroots movements. However, participatory planning is a recent experience compared to PB – five years – and mechanisms of integrating their decisions are still under discussion.

Apart from this plan to integrate two different forums of decision-making, there are no other specific plans for major changes. This is because PB is a) a consolidated experience; b) a trial and error process in which adaptations are made incrementally; and c) the participants and not the local government are the main decision makers, in particular as regards its functioning.

VII. Replicability

Throughout the 1990s Brazil has adopted several mechanisms allowing greater participation of local citizens. Greater participation and political and fiscal decentralisation are a result of redemocratisation and of the 1988 Constitution. Decentralisation has empowered local governments and their political elites, whereas the empowerment of local citizens has witnessed different experiments, varying from a more restricted view of participation seen as increasing the voice of local citizens to a broader view of participation seen as empowering people as a way to change social and political inequalities. By strengthening the role and the power of local governments and grassroots movements, decentralisation might increase sustainable development policy. Sustainable development demands greater participation at all levels in the polity and less 'top-down' management. However, participation has different meanings: it can mean the voice of the people but it can also mean empowering the poor to become aware of inequalities and to reform the political and social systems through collective action.

Stimulated by federal legislation, federal programmes, multilateral organisations or by local government, participatory forums are widespread in Brazil's local communities, as mentioned above. The Brazilian experience shows that local governments are trying to reconcile two conflicting views on their role. The first sees local government as the main locus of service provision, in particular with regard to social services. The second sees local government as a locus to practise democracy by pursuing a more equitable balance between those who decide and those who are affected by the decisions.

Nevertheless, participation as empowerment requires resources. Since 1988 the Brazilian Constitution has determined that more resources be distributed to municipalities. However, Brazil, like many middle-income countries of the developing world, is deep-rooted in regional, social, economic and political inequality. This means that the capacity of local governments and local communities to implement participatory mechanisms is highly uneven. This leads to the conclusion that if sustainable development requires participation as empowerment, not only as voice, devolution of political power and economic resources to local governments and local communities must occur before real participation can occur. Participation, decentralisation and sustainable development can be constrained in countries with a high degree of regional and social inequality. Although Brazil has made a greater effort than many developing countries to redistribute fiscal resources to local governments, this redistribution is not sufficient to achieve empowering participation in sustainable development policy. Participation as empowerment requires a more equitable distribution of economic resources to all local participating governments and grassroots movements. Therefore, the experience of decentralisation and participation in Brazil suggests that however well-meaning, structural and even constitutional changes intended to distribute fiscal resources can be ineffective and/or by-passed when inequalities are very high.

Although the Brazilian experience may be unique in the efforts made to redistribute fiscal and political power through a constitution, the country's lessons can be relevant to other developing countries, in particular the general lesson that well-meaning efforts to redistribute political and fiscal power may be not enough when inequalities are high. Although this paper describes a successful experience, the Brazilian case is an important example for the

understanding of the difficulties of achieving equitable participation as empowerment in countries constrained by high levels of regional, political and social inequality.

The results of decentralisation and of participation as empowerment of poor people are highly uneven, as are the results of PB. This leads to the issue of replicability. The issue is important and the Brazilian case can shed some light on the necessary conditions for the introduction of new policies and new management instruments, in particular the provision of infrastructure in poor neighbourhoods through empowering the poor. This is because the Brazilian 1988 Constitution and further federal legislation imposes essentially identical institutional structures, powers and restraints on local governments, meaning that institutional differences alone cannot account for why some local governments have pursued reformist policy initiatives and others have not.

What is the scope for the replication of PB as a mechanism of empowering the poor in order to provide their districts with reasonable infrastructure? Some see PB as only possible in Porto Alegre because of a combination of three factors. First, PB became a political strategy to gain support to govern, which then became the municipal government's hallmark. It was also used to dismantle old electoral bases of the city's populist political parties. Second, state actors were able to change the cost-benefit calculation of collective action for poor, less organised people, by lowering the costs of participation through the role of community organisers. Third, they were able to increase expectations of benefits by targeting basic infrastructure for the poor (Abers, 2000). This thesis, however, is challenged by the positive responses to PB in several other Brazilian cities. Mathaeus (1995) addresses the issue of replication by stating that a policy like PB is likely to be adopted only by leftist parties. Currently, this argument has become less important given the number of different political parties adopting PB. For Santos (1998) PB works in Porto Alegre because it is a city of ample democratic tradition and a highly organised civil society. But Porto Alegre's associational activity has not always been grounded on democratic values, as the strategy of hiring community organisers shows. Navarro (1997) also addresses the question as to whether PB can be replicated in other cities and in different conditions. While listing several preconditions (political will to cede power to associations; political posture to avoid the manipulation of grassroots organisations; financial control; and resources to be invested), he concludes that PB could become generalised in municipal administrations.

In countries characterised by enormous social, economic and regional disparities like Brazil, the making of conclusive generalisations based on the reported results of PB is a temptation to be avoided. Furthermore, in assessing the main results of PB it is important to remember Santos' (1993) warning: the search for only one rationale in the realm of collective action is fruitless, given that in such environments a multiplicity of factors are likely to be responsible for particular policy outcomes in a given place. Acknowledgement of these limitations should guide policy-makers and analysts in the challenge of listing the pros and the cons of replicating PB.

Whatever the merits and constraints of the experience, it is important to note that there is no single 'model' of participatory budgeting, but rather a collection of experiences that have acquired different features. Maybe the greatest risk PB poses, both in Brazil and in other countries experimenting with it is that of it becoming just another bandwagon. The main strength of PB in Porto Alegre and in other Brazilian cities seems to be the insertion of marginalised people and communities into the decision-making process. PB is also important

because it minimises the political costs to government of bargaining with local elites to fill the infrastructure gap between worse-off and better-off neighbourhoods.

On the other hand, not all Brazilian cities have adopted PB and not all have been able to sustain it. Some reasons for this have been presented in this paper. However, it is important to understand, following Knight and Sened's (1995: 13) warning, "that nondeterministic aspects of human interaction should not be dismissed offhand. This is in part due to the natural fortunes and misfortunes of individual agents and entire communities. The nondeterministic aspect of the evolution of institutions is also related to the ingenuity of those who construct the institutions. Forming institutions is an art, not a science. Some formers may be more skilful than others at this craft, and students of institutions can only make educated guesses in this direction".

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Appendices

Table 1. Human Development Index, Porto Alegre and Brazil, 1991-2000

HDI	Porto Alegre		Brazil
	1991	2000	2000
Total	0.824	0.865	0.757
Income	0.871	0.869	0.720
Longevity	0.748	0.777	0.710
Education	0.907	0.951	0.830

Source: UNDP (2001)

Table 2. Porto Alegre, Participatory Budgeting Cycle

March-April	April-June	June	July	June-December
Preparatory Meetings	Regional and Thematic Plenaries	Forum of Delegates	Municipal Assembly	City Participatory Budgeting Committee (COP)
<ul style="list-style-type: none"> Review implementation of previous year's budget Review implementation of previous year's Investment and Service Plan Review and discuss PB guidelines and regulations Review technical and general criteria for assessment of needs Presentation of the budget Discussion of thematic priorities 	<ul style="list-style-type: none"> Presentation of the budget Vote on thematic priorities Define number of delegates Elect representatives for the City PB Committee Elect delegates for Forum of Delegates 	<ul style="list-style-type: none"> Review city administration projections for revenues and expenditures Delegates visit sites to assess needs Review and prioritise works and services requests under each theme 	<ul style="list-style-type: none"> Newly elected City PB Committee takes over Submit works and services priorities to the City PB Committee Discuss the <i>Congresso da Cidade</i> (City Congress) 	<ul style="list-style-type: none"> Work with City administration to harmonise priorities and demands voted by participants in regional thematic plenaries and infrastructure deficiency needs and institutional demands requested by the City Work with City administration to prepare Budget Plan and Investment and Services Plan Vote and submit Budget Plan and Investment and Services Plan to mayor and City Council Discuss and vote changes to improve the PB process
CITIZENS	CITIZENS	DELEGATES	REPRESENTATIVES	REPRESENTATIVES

Source: Adapted from IDB (2003: 25)

Table 3. Participatory Budgeting Priorities, by year

PB	First Priority	Second Priority	Third Priority
2003	Housing	Education	Paving
2002	Housing	Education	Paving
2001	Paving	Housing	Sanitation
2000	Housing Policy	Paving	Health
1999	Sanitation	Paving	Housing Policy
1998	Paving	Housing Policy	Sanitation
1997	Housing Policy	Paving	Sanitation
1996	Paving	Sanitation	Land Regularisation
1995	Paving	Land Regularisation	Sanitation
1994	Land Regularisation	Paving	Sanitation
1993	Sanitation	Paving	Land Regularisation
1992	Sanitation	Education	Paving

Source: www.portoalegre.rs.gov.br

Table 4. Expenditures and capital investment

Year	Expenditures (in US\$ million)	Capital Investment as % of Expenditures
1999	310	12.06
2000	207	12.62
2001	179	14.22

Source: Adapted from IDB (2003: 22)

Table 5. Summary of PB's main strengths and weaknesses according to selected literature

Strengths	Weaknesses
<ul style="list-style-type: none"> • Makes representative democracy open to more active participation of segments of civil society • Reduces clientelism, populism, patrimonialism, authoritarianism, therefore changing political culture and increasing transparency • Stimulates associativism • Facilitates a learning process that leads to better and more active citizenship • Inverts priorities away from the best off to benefit the majority of the population (the poor) together with attempts to open participatory channels to other social classes • Provides a means of balancing ideological concerns for promoting citizen empowerment with pragmatic responses to citizens' demands • Provides a structure that can carry over beyond a governmental term • Encourages programme participants to move from individualistic views to solidarity and to see city problems in universal rather than personal terms. • Inserts marginalised people and communities into the political and the decision-making processes, therefore providing a better balance of power between the best off and the poor. 	<ul style="list-style-type: none"> • The interaction with government puts the community movements' independence at risk • Civil society is still developing • Financial limitations and resources for PB are still scarce, limiting the scope of the programmes • Communities tend to stop participating once their demands are met • Difficulties persist in broadening participation: the very poor, young people and the middle-classes are underrepresented • Programmes disappoint participants because of the slow pace of the public works • Cleavages between the PT and the executive • PB risks reification of the popular movement, making difficult to maintain a clear separation between its role and that of government • Fragmented decisions and short-term demands may jeopardise urban planning and long-term projects • Increases the problems of formal representative systems by strengthening the role of delegates on budgetary matters.