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Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions

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SUMMARY: This paper describes participatory budgeting in Brazil, where citizen assemblies in each district of a city determine priorities for the use of a part of the city's revenues. This is one of the most significant innovations in Latin America for increasing citizen participation and local government accountability. After describing its antecedents, as various local governments sought to increase citizen involvement during the 1970s and 1980s, the paper reviews the experience with participatory budgeting in the cities of Porto Alegre and Belo Horizonte. It describes who took part in different (district and sectoral) citizen assemblies, the resources they could call on and the priorities established. It also discusses its effectiveness regarding increased participation, more pro-poor expenditures and greater local government accountability. While noting the limitations (for instance, some of the poorest groups were not involved, and in other cities it was not so successful) the paper also highlights how participatory budgeting allows formerly excluded groups to decide on investment priorities in their communities and to monitor government response. It has helped reduce clientelist practices and, perhaps more importantly for a society as unequal as Brazil, helped to build democratic institutions.

I. INTRODUCTION

THE WAVE OF redemocratization that overtook Latin America and Eastern Europe in the 1980s has followed different paths and produced varying experiences and results. Although the regions share common problems, achievements and agendas, there are also different experiences and new problems that may distinguish the democratic experiment as it has taken root across and within different regions. Despite their differences, these countries share a common agenda regarding democracy and its institutions: they are struggling to build or rebuild their democratic institutions with an agenda that focuses mainly on fighting corruption, improving access to government, and strengthening governmental accountability. This agenda has been tackled in different ways and with varying levels of success. The democratic experiment has varied not only across countries but also within them. These experiences are especially diverse in countries characterized by deep-rooted political, social, economic, and regional disparities such as Brazil.

In many countries, redemocratization has gone hand-in-hand with political and financial decentralization to sub-national governments, which means that the agenda mentioned above is not restricted to the

national institutions but applies also to sub-national ones. As a result of redemocratization and decentralization, many local governments were able to introduce policies and experiences that distanced them from those in place in the authoritarian past. One of the primary justifications for these decentralization policies is that they strengthen democracy by increasing participation, especially by those social groups at the local level that have traditionally been excluded from the government's decision-making process and policies.

Brazil is an example of both redemocratization and decentralization. *In the case of decentralization, there is a consensus among scholars and practitioners that Brazil is a country in which political and financial decentralization has been pursued at an unparalleled pace, both in the country's experience and in comparison to other developing countries.* There is already a considerable literature analyzing Brazilian decentralization after redemocratization, focusing especially on the local level. Some of these works adopt a positive view of decentralization, stressing its merits with respect to "reinventing the government", bringing the government closer to the community, building bridges between private and public demands, and otherwise improving local governance.⁽¹⁾ Other authors are more sceptical about the possibilities of decentralization per se in a country marked by high levels of social, economic and regional disparities.⁽²⁾ Similarly, others have turned their attention to the risks of promoting social exclusion when the municipalities compete for investments.⁽³⁾ Another line of enquiry contends that in certain circumstances centralization may be essential to the successful implementation of social programmes.⁽⁴⁾

As for participation, the 1988 constitution provided several mechanisms which allowed grassroots movements to take part in some decisions and to oversee public matters, especially at the local level.⁽⁵⁾ Brazilian local governments are carrying out several experiments in participation. These range from the creation of community councils to decide on education, health and social welfare policies, to the implementation of participatory budgeting (henceforth PB). The latter has been praised, both nationally and internationally, as an example of "good" government.

The enthusiasm for and documented successes of PB are somewhat puzzling. Why have some Brazilian local governments embarked on a policy which attempts to "empower the poor" in a country labelled as clientelist, elite-driven, lacking a tradition of civic engagement and, moreover historically unequal?⁽⁶⁾ Why would local governments increase participation and decision-making venues when they already have a congested agenda of unresolved local problems (housing, education, health care, public transport, etc)? Furthermore, why, in a time in which individualism and consumption are praised as signs of freedom and liberty, have some politicians adopted policies encouraging cooperation and the pursuit of collective goods destined for social groups historically excluded from the decision-making process? Why, in an era of disillusionment with the political systems and their politicians, have people responded positively to some top-down decisions to "empower" them? Why, in a time in which "exit" is more praised than "voice" has there been a proliferation of participatory policies in Brazil?⁽⁷⁾ Finally, why, at a time when mainstream literature on collective action argues that individuals (politicians, bureaucrats and voters) are guided by self-interest, do collective and individual actors have the incentive to cooperate?

1. Figueiredo, Rubens and Bolívar Lamounier (1996), *As Cidades que dão Certo: Experiências Inovadoras na Administração Pública Brasileira*, Brasília, MH Comunicação.
2. Souza, Celina (1997) *Constitutional Engineering in Brazil: The Politics of Federalism and Decentralization*, London, Macmillan and New York, St Martin's Press.
3. Melo, Marcus André (1996), "Crise federativa, guerra fiscal e 'hobbesianismo municipal': efeitos perversos da descentralização?", *São Paulo em Perspectiva* Vol 10, No 13, pages 11-20.
4. Tendler, Judith (1997), *Good Government in the Tropics*, The Johns Hopkins University Press, Baltimore.
5. These constitutional mechanisms are described in Souza, Celina (1989), "Política urbana e participação popular", *Revista de Administração Pública* Vol 23, No 4, pages 110-113.
6. Clientelism, or patronage, or patron-client relations is a tricky concept. In the context of this article I use Waterbury's definition, in which clientelism is a means of protection both for the weak and for the politically powerful. Its crucial variable is real or perceived vulnerability. See Waterbury, John (1977), "An attempt to put patrons and clients in their place" in Gellner, E and J Waterbury (editors), *Patrons and Clients in Mediterranean Societies*, Gerald Duckworth, London, page 337.
7. I use the words "exit" and "voice" following Hirschman. The "voice" option is the way in which citizens communicate demands direct to public agencies and the "exit" option is when they choose to quit or go to other places or service suppliers. See Hirschman, A O (1970),

Exit, Voice and Loyalty, Harvard University Press, Cambridge MA, page 313. For a broader discussion, see Dunleavy, P and B O'Leary (1987), *Theories of the State: The Politics of Liberal Democracy*, MacMillan, Houndmills and London.

8. Castro, M Helena G de (1988), "Equipamentos sociais e política local no pós-64: dois estudos de caso", *Espaço e Debates* No 24, pages 67-74.

9. Piracicaba's experience, although not unique, was rare because MDB mayors tended to switch parties to ARENA (National Renovating Alliance), the official party of the authoritarian regime, in order to receive federal and state grants, given that public resources were heavily centralized at the federal level. Castro (see reference 8) reports that in the 1976 local elections, out of 101 mayors elected by the MDB, 78 moved to ARENA immediately after the election. Furthermore, opposition local governments were only possible in medium and small cities because in the state capitals the mayor was appointed by the state legislature.

This paper reviews the literature on PB in Brazil, analyzing the two most well-known experiences of Porto Alegre and Belo Horizonte, to lead to a discussion of the main results and to answer these questions:

- How does PB work in the two cities analyzed?
- How does the literature view PB?
- *Does PB increase the capacity of excluded social groups to influence the decision making process regarding the allocation of public resources?
- *Does PB increase the poor's access to basic urban services?
- *Does local expenditure reflect the priorities of the poor?

This paper argues that, although some of the claims and results relating to participatory budgeting in Porto Alegre and Belo Horizonte deserve more careful reflection and research, the experience has allowed low-income segments of neglected areas of the cities to decide on investment priorities in their communities. Despite the fact that resources allocated through PB have been small, the experience has shown that, in an extremely unequal society such as Brazil, PB is one of the very few alternatives for transforming public investments from favours into rights, albeit with a limited scope.

The following sections begin with a brief review of participatory policies prior to the Porto Alegre and Belo Horizonte experiences, and a discussion of some previous decisions that contributed to the success of these two experiences. PB in Porto Alegre and in Belo Horizonte is then analyzed, based on secondary sources. This is followed by a review of the literature on PB, showing points of consensus and of divergence regarding its results, objectives and prospects. This section also attempts to answer the last three points highlighted* above. The last section re-evaluates the PB experience in Porto Alegre and Belo Horizonte, in an attempt to draw some conclusions from its main results, achievements and problems.

II. ANTECEDENTS TO PARTICIPATORY BUDGETING

THREE MAIN FACTORS must be analyzed in order to understand the adoption of PB in cities throughout Brazil during the last decade, given that the practice neither appeared suddenly nor was solely the result of the efforts of certain politicians from the PT (Workers' Party). First, there were a number of attempts at increasing participation by citizens in local budgeting before redemocratization. Second, there was the increase in the amount of local finance but, more importantly, the policy of adjusting local finance adopted by many local governments in the late 1980s. Third is the growing presence of leftist parties in local governments.

a. Participatory Experiences during the Military Régime

Even while the military régime was still in power, a small number of municipalities governed by a segment of the then MDB (Brazilian Democratic Movement) adopted participatory policies as a way of putting pressure on federal and state levels controlled by the military. Castro⁽⁸⁾ analyzes the experiences of Piracicaba, a municipality in the state of São Paulo, over the period 1977-1982.⁽⁹⁾ She suggests that the

mayor's strategy of calling for the direct participation of the population in decision-making was a way first, to show the federal and state governments that the resources sent to Piracicaba and earmarked for specific use did not address the priorities of the people and second, to put pressure on local councillors to approve controversial laws. Starting in 1977, the municipality created several "community centres" and local government offices in the city's districts to discuss district priorities which were then passed on to the mayor's office. Citizen participation at the start of this experience was best characterized as consultation rather than an opportunity to take an active role in decision-making. In 1980, a number of committees were created, including the Citizens' Budgetary Committee, in which popular organizations had both seats and votes. As in many other experiences of this kind, with the election of a new mayor, Piracicaba's participatory experiment came to an end. Although the newly elected mayor also belonged to the MDB, he belonged to a different faction from that of the incumbent.

During the same period, another participatory experiment was implemented by Mayor Dirceu Carneiro in Lages, a municipality in the state of Santa Catarina. Like his counterpart in Piracicaba, Carneiro was also a member of the MDB. The Lages experience turned out to be a paradigm for medium and small-sized local administrations all over Brazil because of the city's focus on small initiatives that were cooperatively implemented by the government and the community.⁽¹⁰⁾ Another feature of the Lages experience was the abandonment of comprehensive planning as the primary guide for municipal actions. Instead, the city moved toward a model of city management based on "...administration on a day-by-day basis, through the discussion and the implementation of projects which responded to the needs imposed by reality."⁽¹¹⁾ The goal of the administration was to govern with popular participation but there was no systematic organization on the part of the population. The local government stepped in to mobilize and to organize the community around several associations. Because of limited social mobilization, the Lages experience, although paradigmatic, cannot be said to have been a success in participation. According to Ferreira,⁽¹²⁾ participation was built slowly and its instruments were not strong enough to influence directly and decisively the municipal government's priorities. The most successful programme in the Lages experience was the city's efforts to build houses for the poor in spite of scarce resources. The key component of the programme was the building of homes with the direct participation of the poor as labourers, known as *mutirão*, which was later widely adopted by several local governments in Brazil regardless of their ideological orientation. As in Piracicaba, the mayor of Lages governed with no support from either the federal or the state governments. Ferreira's report on the Lages experience concludes that it was naive, overestimated the power of the alliance with the poor and underestimated the power of those who opposed it.⁽¹³⁾ It also concluded that the administration did not change the basic power relationships within the city nor was it able to "free the oppressed segments of society" in any meaningful way. Its merit was to have been able to create alternative ways to deal with people's most urgent needs through the development of quick and cheap initiatives sustained through popular organization.

The experiences of participation in three cities in Minas Gerais administered by the MDB between 1983 and 1988 were analyzed by Costa.⁽¹⁴⁾

10. The case of Lages was widely publicized by a well-known journalist and former politician, Márcio Moreira Alves. See Alves, Márcio Moreira (1988), *A Força do Povo: Democracia Participativa em Lages*, Brasiliense, São Paulo.

11. Ferreira, Ana Luiza S S (1991), *Lages: Um Jeito de Governar*, Instituto Pólis, São Paulo, page 64.

12. See reference 11, page 63.

13. See reference 11, page 102.

14. Costa, Sergio (1997), "Movimentos sociais, democratização e a construção de esferas públicas locais", *Dados - Revista Brasileira de Ciências Sociais* Vol 12, No 35, pages 112-124.

15. Other local administrations analyzed by Pólis are Santos (see Ferreira, Ana Luiza S S et al. (1994), *Santos: O Desafio de Ser Governo*, Instituto Pólis, São Paulo), Ronda Alta and São João do Triunfo (see Ferreira, Ana Luiza S S and Rudá Ricci (1992), *Estudos de Gestão: Ronda Alta e São João do Triunfo*, Instituto Pólis, São Paulo). Sectoral programmes such as culture, shantytown urbanization and street children have also been analyzed by Pólis. Another non-governmental organization that plays an important role in disseminating participatory policies is IBASE. It is currently involved in training programmes regarding participatory budgeting for other NGOs, civic associations, participatory budgeting delegates at state and local levels, and civil servants.

16. Pinto, Valeska P (1992), *Prefeitura de Fortaleza: Administração Popular - 1986/88*, Instituto Pólis, São Paulo.

17. Jayme, Jr, Frederico and A Marquetti (1998), "Descentralização tributária e performance econômica das capitais brasileiras: 1989-1994", paper presented at the LASA 1998, Chicago, 24-26 September.

He evaluates with scepticism the state-sponsored experiments in participation, finding that, although these programmes reduce the anguish of local politicians who are seeking to break away from patrimonialism and clientelism, such programmes may have perverse consequences. Most critically, Costa argues that rather than empowering widespread participation, they have tended to transform civil society leaders and institutions into brokers of political interests that are not based on people's needs. Costa's analysis points to the difficulties of early participatory programmes in generating any sort of autonomous civic mobilization of the type that could have been expected to generate citizen participation capable of challenging the interests of dominant politicians and traditional municipal élites.

In addition to the individual case studies just reviewed, we owe much to the efforts of Instituto Pólis, a Brazilian private think tank, in providing a comparative body of research that systematically analyzes several participatory experiences, but especially cases from after the political opening following the end of the military regime.⁽¹⁵⁾ One of their studies analyzed Fortaleza's experience with the first PT local government in Brazil, elected in 1986, which largely failed in its efforts to expand participation because the political executive isolated itself from the official bureaucracy and because the local government was divided by controversies surrounding the role of the PT and its relationship with the executive and society.⁽¹⁶⁾ One of the positive aspects of the PT administration was that it clarified for the city's population the separation that exists between the city and the state governments. The success of the PT administration in distinguishing the role of municipal governance is important given that Fortaleza, like most large cities in Brazil and in the North-East in particular, had scarce local resources and therefore had become almost another branch of the state government administration during the military years.

b. The Increase in Local Revenues

The second factor that has led to the increasingly widespread adoption of PB across Brazilian cities is the increase in municipal revenues brought about by the 1988 constitution and the decision taken by most state capitals to reform their finances. From the 1970s to the 1980s, all Brazilian cities, especially the large ones, were in financial disarray, while in the 1990s the same crisis affected the states. However, with the changes made by the 1988 constitution on inter-governmental finance, many municipalities have been able to improve their financial situation, in particular the state capitals. It is important to note that the transfer of resources determined by the constitution was phased in over time and was only completed in 1993. The expansion of resources to sub-national governments, although mentioned in the literature that analyzes PB, has not been appropriately recognized for the crucial role it played in allowing local governments to adopt innovative policies such as PB.

It was not only Porto Alegre, or other cities governed by leftist parties, that embarked on a policy of increasing local revenue but also several municipalities across Brazil. By providing information only on Porto Alegre's resources and financial reforms, the literature can mislead the reader into believing that only Porto Alegre has adopted this policy. Jayme, Jr and Marquetti, for instance,⁽¹⁷⁾ show that although the efforts to raise revenues in Porto Alegre were great – between 1989 and 1994

the city rose from 10th to 5th position in the ranking of state capitals' per capita total revenue – it was not unique.⁽¹⁸⁾ However, the most striking change in the ranking of revenue collection occurred in Belo Horizonte, where it jumped from 22nd to 4th position over the same period. These authors also show that the average annual rate of increase in per capita total revenue between 1989 and 1994 reached 24.45 per cent in Belo Horizonte, first in the ranking, and 13.54 per cent in Porto Alegre, second in the ranking.⁽¹⁹⁾ As for the increase in its own local revenue, Belo Horizonte again registered a higher rate than Porto Alegre: 23.99 per cent and 11.3 per cent, respectively.⁽²⁰⁾ Belo Horizonte's performance displays the extent to which local taxpayers in several state capitals were being under-taxed. It also shows that many popularly elected mayors, as opposed to appointed mayors who had governed the state capitals during the military régime, have opted to raise taxes in order to fulfil their commitments to their electorate instead of solely relying on an increase in federal and state transfers brought about by the constitution. This contradicts the assumption that when sub-national governments have a large share in central transfers they make little effort to increase their own revenue. It must be remembered, however, that Porto Alegre and Belo Horizonte have better economic and social indicators than the average for Brazilian cities. This fact has given their local governments much more room for increasing local taxes and, consequently, obtaining more revenue to set aside for distribution through participatory budgeting schemes.

18. Recife moved from the 6th to 8th position in the ranking.

19. Recife's rate of increase reached 4.42 per cent, occupying 16th position among the 26 state capitals.

20. In Recife it was 9.9 per cent.

c. The Increase in Leftist Local Governments

The third factor that has contributed to the widespread adoption of participatory programmes is the increasing presence of leftist parties, especially the PT, in local governments. In 1988, 32 mayors were elected. In 1992, there were 53, in 1996, 115 and in 2000, 187. Thus, there has been an increase in expanding participation in governance. These participatory experiences are being constantly analyzed and disseminated by the party's militants, intellectuals, think tanks and NGOs. The repeated victories have provided the PT with the opportunity to debate how to put into practice their political and social commitments. Moreover, the initial success and popularity of a number of participatory programmes, including PB, in PT-administered cities has served as a blueprint for successive leftist administrations throughout the country.

This section has shown that the origins of participation can be traced back to before the most well-known experiences of Porto Alegre and Belo Horizonte. Furthermore, PB is not restricted to PT local governments. In fact, Belo Horizonte was a latecomer, with Recife and Fortaleza beginning earlier. But because the latter two were not administered by the PT, or because the results of PB seemed more modest in both cities, they are less well-known. The experiments of Porto Alegre and Belo Horizonte, analyzed in the following section, have certainly learned from the problems, achievements and strengths described above. The difference, however, is that they went much further than their predecessors in two ways. First, they have endured beyond single administrative terms and second, they concentrated their participatory efforts on the budget process, i.e. on the decision of how to allocate scarce resources, therefore bringing into the open the issue of inequality, poverty and uneven balance of power in Brazilian cities.

21. This section presents information and data extracted from selected literature. Because there are few works comparing the two experiences, it was not always possible to find the same information for both cities. One exception is Jacobi and Teixeira's article comparing both cities (see Jacobi, Pedro and Marco Antônio C Teixeira (1996), "Orçamento participativo: co responsabilidade na gestão das cidades", *São Paulo em Perspectiva* Vol 10, No 13, pages 119-128. Furthermore, carrying out comparative studies on local practices that go beyond description is a difficult task. As shown by Frey, local management experiences in Santos and Curitiba varied substantially because of economic, cultural and social differences (see Frey, Klaus (1996), "Crise do estado e estilos de gestão municipal", *Lua Nova* No 37, pages 105-138.

22. For the dilemmas of participation at the local level, see Jacobi, Pedro (1990), "Descentralização municipal e participação dos cidadãos: apontamentos para o debate", *Lua Nova* No 20, pages 121-143.

23. Nylen, William (2000a), "The making of loyal opposition: the Workers' Party (PT) and the consolidation of democracy in Brazil" in Kingstone, P and T J Power (editors), *Democratic Brazil: Actors, Institutions, and Processes*, University of Pittsburgh Press, Pittsburgh, page 132.

24. See reference 23.

III. PARTICIPATORY BUDGETING EXPERIENCE IN PORTO ALEGRE AND BELO HORIZONTE⁽²¹⁾

PARTICIPATION IS CERTAINLY no panacea, nor is it an easy task, as the cases of Porto Alegre and Belo Horizonte show.⁽²²⁾ Furthermore, participation is far from being a clear concept, even within the party most associated with it, the PT. Further problems can be expected when participation is a result of a state-led policy. After considerable debate, it seems that a pragmatic consensus on the two basic goals of a "popular democratic" administration has emerged in leftist local governments, namely, inverting priorities and popular participation, as suggested by Nylen.⁽²³⁾ The former refers to targeting popular policy to favour the poor while taxing the people and groups most capable of paying. The latter refers to engendering "empowerment", a form of political consciousness that is both critical of existing inequalities and injustices and yet, at the same time, aware of the promise of collective action in achieving progressive reform.⁽²⁴⁾

Although the experiences of Porto Alegre and Belo Horizonte are the most well known, the former has achieved greater visibility in the academic world, among multilateral organizations and in the media than the latter.

Both experiences started with the victory of PT in mayoral elections. In Porto Alegre it started in 1989, one year after the local government's inauguration, and in Belo Horizonte, in 1993, the year of the local government's inauguration. Both experiences have continued to the present. In Porto Alegre, the PT has won the last *four* mayoral elections and has governed the city without extensive collaboration with other parties. In Belo Horizonte, the PT was the leading party of a leftist coalition in the 1992 election; however in the 1996 election, the PT lost its leadership to the PSB (Brazilian Socialist Party). Nevertheless, it quickly became the dominant faction of the governing coalition and has kept its leadership in PB. Porto Alegre is a city of 1.3 million people in the South of Brazil; Belo Horizonte has 2.1 million inhabitants and is located in the South-East. The South and the South-East have high levels of human development and are Brazil's most developed regions in economic terms.

The PB took a while to take off in Porto Alegre. According to the literature analyzed, the main reasons were: an initial lack of financial resources; a government structure in disarray; and a lack of mobilization of the poor. In this last point, if civic organizations already existed, they either had a history of protest and confrontation with the government or they were dominated by clientelistic practices. This was dealt with in Porto Alegre by the strong role played by local government in contracting community organizers to positions within the administration. PB representatives would visit unmobilized neighbourhoods, seeking out new leaders and disseminating information on PB. In Belo Horizonte, the literature reports almost no problems in the initial stages of PB implementation but the issue of mobilizing the unorganized was tackled through a strategy allowing the participation of individual members and of existing associations, even if they were seen as clientelists.

The following sub-sections present the main features of PB in Porto Alegre and Belo Horizonte, as well as its impact on other collective spheres and institutions.

a. The Main Features of PB

i. Functioning

The main features of PB in Porto Alegre are described by various authors.⁽²⁵⁾ The central features of the programme are the district and thematic plenary assemblies that gather in different areas of the city to participate in the budget-writing process. There are two rounds of plenary assemblies in each of the 16 districts and on each of the five thematic areas.⁽²⁶⁾ Between the two rounds there are additional preparatory meetings in the micro districts of the city and on the thematic areas, without the participation of the municipal government. In the first round of assemblies, local government officials present the audience with general information about the city budget. After closure of the first assemblies, meetings are held in each neighbourhood, where residents draw up their list of priorities for investment in infrastructure. In the second round of assemblies, each district elects two members and two alternates to the city-wide municipal budget council. In the months following the district assemblies, the delegates of the district budget fora negotiate among themselves to come up with district-wide "priority lists" of infrastructure projects in each investment category. The municipal budget council determines how to distribute funds for each priority among districts. Finally, each district's quota is applied following the priority list of the district. The municipal budget council and the district budget fora also monitor spending year-round and engage in regular discussions with local government personnel on issues relating to service provision more generally. The budget council is responsible for overseeing the plans of each city agency.

The Belo Horizonte experience in PB has been analyzed by various authors.⁽²⁷⁾ PB in Belo Horizonte now starts with two rounds of assemblies in each of the city's nine administrative sub-districts instead of the original three rounds.⁽²⁸⁾ As in Porto Alegre, at the first meeting, officials from the municipal government's district offices and from its secretariats for planning and finance explain the revenue and expenditure situation and the amount left for PB. The following two meetings are used to agree on priorities, to put together the demands of each sub-district and to choose the delegates for the district forum, known as district PB. After the district delegates have been elected, "priorities caravans" are organized. These consist of delegates making bus tours to check in loco the problems indicated as priorities by the sub-district meetings. The aim is to give the delegates an overview of each district, stimulating a broader perspective of other districts' problems. It also aims to counteract the tendency of district delegates to choose demands that are either too specific or too fragmented. The district forum is the deliberative phase of PB and is where the list of priorities is drawn up. It is at this forum that the members of the committee in charge of following up and overseeing the works to be implemented are chosen. The last phase is the municipal forum, in which PB is formally presented. In 1994, Belo Horizonte also introduced thematic fora, which worked together with the district assemblies with the aim of broadening the issues discussed in PB.⁽²⁹⁾ These fora, unlike in Porto Alegre, were of a more consultative type and, because of this, the thematic fora were replaced by only one, for housing. This change came as a result of pressure from the Homeless Movement. A new participatory forum was then created, which became known as housing PB.⁽³⁰⁾ In 1999, another forum was created, the city PB, with the inclusion of local officials. It aims to introduce planning criteria and to discuss sectoral policies. Changes

25. Abers, Rebecca (1998), "From clientelism to cooperation: local government, participatory policy, and civic organizing in Porto Alegre, Brazil", *Politics and Society* Vol 26, No 4, pages 511-523; see also Abers, Rebecca (2000), "Overcoming the dilemmas of participatory democracy: the participatory budget policy in Porto Alegre", Brazil, paper presented at the LASA 2000, Miami, 16-18 March; and reference 21, Jacobi and Teixeira (1996); Laranjeira, Sônia (1996), "Gestão pública e participação: a experiência do orçamento participativo em Porto Alegre", *São Paulo em Perspectiva* Vol 10, No 13, pages 129-137; Matthaeus, Horst (1995), "Urban management, participation and the poor in Porto Alegre, Brazil", unpublished PhD dissertation, University of Birmingham; Navarro, Zander (1997), "Affirmative democracy and redistributive development: the case of participatory budgeting in Porto Alegre, Brazil (1989-1997)", unpublished; Santos, Boaventura de S (1998), "Participatory budgeting in Porto Alegre: toward a redistributive democracy", *Politics and Society* Vol 26, No 4, pages 461-510; and Wampler, Brian (2000), "Participatory publics and the executive: participatory budgeting programmes in Recife and Porto Alegre", paper presented at the LASA 2000, Miami, 16-18 March.

26. The thematic areas are transport and traffic circulation; education, leisure and culture; health and social welfare; economic development and taxation; city organization and urban development.

27. Azevedo, Sérgio de (1997), "Políticas públicas e governança em Belo Horizonte", *Cadernos IPPUR XI* Vol 1, No 2, pages 63-74; also Azevedo, Sérgio and L Avritzer (1994), "A política do

'orçamento participativo': formas de relacionamento entre estado e sociedade", paper presented at the ANPOCS 1994, Caxambu, 23-27 November; see reference 23; Nysten, William (2000b), "Testing the empowerment thesis: the participatory budget in Belo Horizonte and Betim, Brazil", paper presented at the LASA 2000, Miami, 16-18 March; Pereira, M de Lourdes D et al. (1996), "Experiências de orçamento participativo na democratização da gestão urbana: a dimensão político-eleitoral", paper presented at the ANPOCS 1996, Caxambu, 20-22 October; Pereira, M de Lourdes D (1999), "Negociação e parcerias: a gestão urbana democrático-participativa", unpublished PhD dissertation, Universidade de São Paulo; and Somarriba, Mercês and Otavio Dulci (1997), "A democratização do poder local e seus dilemas: a dinâmica atual da participação popular em Belo Horizonte" in Diniz, E and S Azevedo (editors), *Reforma do Estado e Democracia no Brasil*, Editora UnB, Brasília, pages 391-425.

28. As in Porto Alegre, "associativism" and participation in the meetings are highly uneven in the sub-districts, as mentioned by Pereira (1996) (see reference 27) and Navarro (1997) (see reference 25). Navarro, however, does not stress the number of participants as an important variable because first, there are many intermediate meetings during the entire process and second, participatory budgeting in Porto Alegre is no longer interested in high numbers of participants but, rather, in the quality of the representation.

29. The thematic fora in Belo Horizonte were education; health; environment; social development; and

have also been made in the frequency of these PBs: in even years the fora discuss infrastructure and housing projects and in odd years they discuss social and urban policies.

ii. Investment Priorities

Priorities vary according to the needs of each community. In Porto Alegre, the preferences for resources allocated through PB are mainly for street paving, sewerage, housing and community equipment, whereas in Belo Horizonte the preferences are for housing, sewerage, street paving, shantytown urbanization, health and education.

Both cities have established distribution criteria to assure a progressive distribution of resources so that poorer areas receive more funding than the well-off ones, regardless of what the fora want. Therefore, each district's share of total investment is weighted by district level measures of its poverty and infrastructure needs, to guarantee a progressive distribution of investments.

There are also technical criteria to determine priorities. In Porto Alegre they are:

- if community demands are found to be technically non-viable by the municipality they are rejected;
- preference is given to works-in-progress;
- the rainwater drainage network is not installed in unpaved streets.⁽³¹⁾

In Porto Alegre, elected priorities are given grades according to their ranking. First priorities are grade five and fifth priorities are grade one. On the basis of these priorities, adding up the grades of the different priorities in all the districts, the executive establishes the first three priorities of the budget in preparation. In Belo Horizonte, the priorities are listed by the participants in a questionnaire.

iii. Resources and Expenditure

For the PB's significance to be understood, we need to know that it is not the whole budget that is affected by the decisions of PB participants but mostly decisions on infrastructure investment. We need to know also that budgeting in Brazil is only an authorization of expenditure on priorities which can or cannot be fulfilled by the executive.

Navarro reports that in the case of Porto Alegre, resources for PB increased steadily from 1992, achieving a peak in 1994 (US\$ 82 million).⁽³²⁾ But, as argued by Santos,⁽³³⁾ it is possible that municipal investment has now reached its maximum limit, especially if Brazil continues with its national policy of tight fiscal control. This policy has produced, among other things, several attempts by the federal government to reduce sub-national resources.

The percentage of total investments included in the Porto Alegre municipal budget vis-à-vis other items of expenditure (consumption, debt, payroll, etc.) varies between 17 per cent in 1992, 9.8 per cent in 1993⁽³⁴⁾ and 21 per cent in 1999. Payroll expenditure is the main item of the budget, representing 65.2 per cent in 1999. The figures for PB investments vary greatly from one year to another but the literature and the website do not provide a clear explanation for the variation. As for expenditure on projects selected for PB in Porto Alegre, 70 per cent of the resources negotiated by the participants within PB were actually spent between 1996 and 1998.⁽³⁵⁾ PB has revealed that the people's priorities differ from those imagined by local government. Mattheus reports that in the first year of PB in Porto Alegre, the administration thought that poor people's priority was public transport but what they

voted for in PB was water supply and sewerage.⁽³⁶⁾

In the first year of PB in Belo Horizonte, half of the local resources for investment were allocated according to the decisions taken by PB (around US\$ 15 million in 1994, US\$ 20 million in 1995, US\$ 36.5 million in 1996, US\$ 27 million in 1997, US\$ 30 million in 1998 and US\$ 64 million in 1999). In the first year, however, PB resources represented only 5 per cent of the total budget.⁽³⁷⁾

iv. 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 show that 38.4 per cent of the people in Porto Alegre belong to a civic association while in Belo Horizonte the figure is 27.7 per cent.⁽³⁸⁾ As an indicator of political awareness, 92.2 per cent of the people in Porto Alegre and 88.9 per cent in Belo Horizonte said that they follow current events, and 75.7 per cent in Porto Alegre and 70.4 per cent in Belo Horizonte said they seek voting information. As an indicator of communal trust, 40.7 per cent of the people in Porto Alegre and 37.3 per cent in Belo Horizonte said they believe civic associations of some type defend people's interests, although scepticism in both communities was greater than trust: 45.7 per cent in Porto Alegre and 53.3 per cent of citizens in Belo Horizonte said they believed neither associations nor politicians defended their interests.

As for those who directly participate in PB in Porto Alegre, Abers mentions that in 1989, 60 per cent of participants in the district assemblies lived in six districts that had some history of protest-based neighbourhood activism, while 40 per cent came from 10 districts that had little history of activism.⁽³⁹⁾ By 1995, 62 per cent came from the latter 10 districts. Abers also found that 76 per cent of the interviewees in a survey participated in some kind of organization, mostly neighbourhood associations.⁽⁴⁰⁾ At the thematic plenary, 75.9 per cent stated that they belonged to some entity or association, and 50.5 per cent that they belonged to neighbourhood associations, i.e. of those belonging to associations, 66 per cent belonged to neighbourhood associations.⁽⁴¹⁾ The number of participants currently taking part in the PB process in Porto Alegre is estimated at 16,000, belonging to 300 grassroots movements. Navarro mentions that the number of participants in official meetings rose from 3,694 in 1991 to 10,735 in 1993, to 14,267 in 1996 and to 16,016 in 1997.⁽⁴²⁾ Santos mentions that if the number of people attending all meetings is taken into account, total participation would come close to 100,000 people.⁽⁴³⁾

In Belo Horizonte, it has been reported that in 1994, 15,716 people participated, in 1994 there were 28,263, and in 1995, 52,900, representing 800 grassroots movements. The municipality's website states that around 200,000 people have already participated in PB.⁽⁴⁴⁾

The social and educational background of the participants. A survey conducted by Abers in two selected districts of Porto Alegre found that 40 per cent of the interviewees had a monthly household income of up to around US\$ 228 and that 18 per cent earned between US\$ 228 and US\$ 380 per month.⁽⁴⁵⁾ Around 42 per cent of the interviewees had not completed basic education and only 12 per cent had gone on to higher education. Abers' survey confirms the findings of a larger one covering all the districts. In the latter, it was found that the majority of the participants had a household income of *around US\$ 76 to US\$ 228 per month* and had completed basic education. In comparison with a similar survey done

administration, the latter including human resources and payroll expenditure.

30. Resources invested in housing projects amounted to R\$ 34 million, reaching 3,342 families. Seven council estates were built and one is under construction, reaching 775 families.

31. See reference 25, Santos (1998).

32. See reference 25, Navarro (1997).

33. See reference 25, Santos (1998).

34. See reference 25, Navarro (1997).

35. In Recife it was 29 per cent: see reference 25, Wampler (2000).

36. See reference 25, Matthaues (1995), page 266.

37. See reference 27, Azevedo (1997).

38. Setzler, Mark (2000), "Democratizing urban Brazil: institutional legacies and determinants of accountability in local elections and legislatures", paper presented at the LASA 2000, Miami, 16-18 March.

39. See reference 25, Abers (1998).

40. See reference 25, Abers (1998).

41. See reference 25, Santos (1998).

42. See reference 25, Navarro (1997).

43. See reference 25, Santos (1998).

44. These figures are difficult to compare as the authors do not mention the method they used to arrive at them.

45. See reference 25, Abers (1998).

46. See reference 25, Santos (1998).

47. See reference 27, Somarriba and Dulci (1997).

48. See reference 27, Nylen (2000b).

49. Similar figures were also found by Nylen (2000b) (see reference 27) in Betim, another municipality in Minas Gerais that has participatory budgeting.

50. See reference 25, Abers (1998).

51. See reference 25, Santos (1998).

in 1993, an increase in income and education was detected. A significant number of the people surveyed were self-employed, retired and at-home workers. As for gender and age, the participants were a balanced group of men and women with an average age of 41. However, the number of women participating decreased as the scale of decision making rose.⁽⁴⁶⁾

In Belo Horizonte, Somarriba and Dulci's survey found that the balance between genders is similar to Porto Alegre: 44.8 per cent of the delegates were women.⁽⁴⁷⁾ With respect to age, the majority of delegates were aged between 31 and 40 (34 per cent), followed by those between 41 and 50 (23.6 per cent). Most participants worked in commerce or services (27.6 per cent). With respect to schooling, the picture is similar to Porto Alegre: 30.3 per cent of the delegates had not completed basic education, followed by those who had completed secondary school (17.1 per cent). The survey does not present information on income level. However, it states that, although the vast majority of the participants came from the "...poorest sectors of society, there was also a significant number coming from society's middle sectors." More than half the delegates (50.7 per cent) belonged to community associations, followed by those who belonged to religious groups (13.1 per cent). However, we cannot infer from these figures that the number of people in Belo Horizonte who were encouraged to join social movements has increased as a result of PB. As shown by Nylen, the lack of a before-and-after comparison in the survey obscures an important aspect of the PB experience and of its well-publicised results, namely the empowerment thesis.⁽⁴⁸⁾ Nylen's survey showed that both prior to their PB experience and at the time of his survey, Belo Horizonte delegates participated in neighbourhood organizations (52.2 per cent before PB and 64.5 per cent after PB) and in religious groups (40 per cent before PB and 40.1 per cent after PB). The figures for those who had never participated in organized movements stood at 19.7 per cent prior to delegates' PB involvement and 12.2 per cent at the time of the survey.⁽⁴⁹⁾ Nylen concludes by suggesting that proponents of participatory democratic processes should refocus their argument by emphasizing the issue of sustaining non-élite political activism rather than empowering disengaged or alienated citizens. The great majority of PB delegates in Belo Horizonte declared they had no party affiliation (78.9 per cent), followed by 13.9 per cent who had PT membership.

v. Delegates

In Porto Alegre, delegates are chosen from the participants attending PB's second general assembly. This strategy of choosing delegates from those attending PB meetings and not from existing community associations was adopted because, as reported by Abers, these associations have been dominated traditionally by clientelism and by the PDT (Democratic Labour Party), the PT's main opponent both in Porto Alegre and in the state of Rio Grande do Sul.⁽⁵⁰⁾ As mentioned above, in Porto Alegre the government stepped in to mobilize participants by hiring community organizers.

The criteria used to determine the number of delegates to the district and thematic fora have changed over time. Initially, one delegate for every five people attending the initial PB community forum was agreed, growing to ten and reaching 20 by 1996. Currently, the criteria are more complex, as reported by Santos,⁽⁵¹⁾ and comprise different ratios according to the level of attendance. There is one delegate for every ten people,

up to 100 people attending; from 101 to 250 people attending, one delegate for every 20; from 851 to 1,000, one for every 70; and for more than 1,000, one for every 80. The delegates are elected for a one-year mandate and can only be re-elected once. Problems on how to select the delegates, and their relationship with those they represent are mentioned by Abers and Santos.⁽⁵²⁾ Abers believes that, while there are some problems, the community is reacting against delegates who try to operate in a clientelist or 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, however, that the popular sectors in Porto Alegre are actively engaged in preventing PB from falling into the trappings of the “old clientelist, authoritarian system”.

In Belo Horizonte, PB delegates are elected from among participants at neighbourhood or micro-district meetings. One delegate is elected for every ten participants.⁽⁵³⁾ Unlike in Porto Alegre, individuals who are members of any community association can be elected as delegates.⁽⁵⁴⁾

vi. Institutional Arrangements and the Bureaucracy

The institutional arrangements to deal with PB have changed in Porto Alegre during its implementation. The Secretariat of Planning was made responsible for PB but it was soon obvious that its bureaucracy was resistant, either because of its technocratic training or because it was too clientelist. To overcome this, GAPLAN was created in 1990, directly linked to the mayor's office. Currently, there are no complaints regarding the bureaucracy's commitment to PB, and high-level administrative staff regularly appear at meetings, as reported by Abers.⁽⁵⁵⁾ The mayor also attends some meetings. Some critics of PB interpret this change as an inappropriate political use of the programme.

In Belo Horizonte, the main resistance came from the SUDECAP, an agency in charge of the city's public works. Being a powerful agency, it had strong links with the equally powerful building industry. Unlike in Porto Alegre, the mayor did not make any formal change in the institutional structure but, rather, changed the agency's board. Boschi interpreted this strategy as bringing new politico-administrative practices that positively altered the entire functioning of the government.⁽⁵⁶⁾

vii. Visibility and Satisfaction

In Porto Alegre, PB is well-known by the local population. Mattheus reports that a survey in 1994 showed that 46.3 per cent of the population knew about it and that 8.3 per cent had participated in one form or another in PB discussions.⁽⁵⁷⁾ With regard to satisfaction among delegates, a 1995 survey showed that 56.5 per cent of participants in district and thematic assemblies claimed to have benefited from the works and services of PB. This percentage increases with the number of years of participation.⁽⁵⁸⁾

In Belo Horizonte, Somarriba and Dulci's survey found that 85.1 per cent of the delegates approved of PB because they claimed it allowed the people to decide on how to invest the “government's money”.⁽⁵⁹⁾ As for problems with PB, 50.7 per cent of the respondents said that the main problem was the limited resources. A 1994 opinion poll with a sample of Belo Horizonte's inhabitants found that PB had the approval of 67.3 per cent of the population and that it received the greatest approval of all local government policies.⁽⁶⁰⁾

52. See reference 25, Abers (1998) and Santos (1998).

53. See reference 27, Nylen (2000b).

54. In São Paulo, during the PT's term in office, only social movements that had ties with the party were called to participate. The city was divided into 20 sub-districts, each of which had around 1 million inhabitants (see Singer, Paul (1994), “Poder público e organizações populares no combate à pobreza: a experiência do governo Luiza Erundina em São Paulo: 1989-1992”, paper presented at the conference *Governabilidade e Pobreza*, Rio de Janeiro, 29-30 June.

55. See reference 25, Abers (1998).

56. Boschi, Renato (1999), “Governança, participação e eficiência das políticas públicas: exame de experiências municipais no Brasil” in Marcus André Melo (editor), *Reforma do Estado e Mudança Institucional no Brasil*, Fundação Joaquim Nabuco, Ed. Massangana, Recife, page 268.

57. See reference 25, Mattheus (1995), page 292.

58. See reference 25, Santos (1998).

59. See reference 27, Somarriba and Dulci (1997).

60. See reference 27, Pereira (1996).

b. The Indirect Effects of PB

PB has an impact beyond the budgeting process itself, affecting other governmental and societal practices and institutions.

i. Transparency in Decision-making

Some authors argue that the impact of PB on increasing governmental transparency is as significant as increasing participation. The reasons for this are two-fold. First, budgetary matters have always been surrounded by too specific and coded a language and dominated only by a few bureaucrats, making it difficult for most people, including politicians, to understand, let alone ordinary citizens. Because this budgetary expertise has always been the work of a few bureaucrats and politicians, it has allowed the negotiation 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. The importance of PB as a way of tackling this tradition of secrecy has probably increased as a result of this awareness. Second, because the governments implementing PB have to legitimate the experience, public resources and expenditures are disclosed to PB participants and to the media, therefore discouraging negotiations based on vested interests, such as those facilitating clientelism and/or corruption. By bringing into the open not only the choices about how to spend part of the budget but also the bulk of resources and expenditures, decision-making becomes more transparent.

There is little doubt that PB is one way of increasing transparency in government decision-making; however, Brazil in general is experiencing a wave of social revolt against corruption and vested interests regarding public resources. The work of several parliamentary inquiries and public prosecutors, in particular at the national and local levels, coupled with the role of the media in following these inquiries and even disclosing corruption cases, has never been greater. Therefore, one of the positive results of redemocratization in Brazil has been an enormous increase in governmental transparency at local and national levels, as opposed to state level, although the gap and the timing between the disclosure of wrong-doings relating to public resources and their punishment remains high.

ii. Local Government Accountability

In Porto Alegre, the government distributes pamphlets and publishes a booklet with a list of all the approved works described in detail, as well as a list of the names and addresses of every delegate in order to offer accountability. In a 1995 survey, when asked about the degree of satisfaction concerning the accountability of the executive, 47.6 per cent of the respondents said it was satisfactory and 23.6 per cent that it was satisfactory in part.⁽⁶¹⁾ Both cities have websites with information regarding PB results and procedures (www.belo Horizonte.mg.gov.br and www.portoalegre.rs.gov.br) as well as information on the local executive. Communication between the executive and the citizens is seen by Jacobi and Teixeira as one of the reasons for the success of PB in Porto Alegre.⁽⁶²⁾

In Belo Horizonte, the cultural markets (*feiras culturais*) are the instrument for accountability. These go into various areas of the city, promoting PB. In Somarriba and Dulci's survey, the delegates said they had been

61. See reference 25, Santos (1998).

62. See reference 21, Jacobi and Teixeira (1996).

informed about PB through their neighbourhood associations (37.6 per cent), through district offices (18.5 per cent) and pamphlets (11.4 per cent).⁽⁶³⁾

63. See reference 27, Somarriba and Dulci (1997).

iii. Relationship with the Local Legislature

In Porto Alegre, the role of local councillors (*vereadores*) in the municipal legislature 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 elections. There is a consensus in the literature analyzed that the relationship between the councillors and PB delegates is tense and dominated by open conflict. The councillors feel that they have no say in the budget negotiations for two reasons. First, they are formally excluded from participating in the meetings as local councillors, although this does not mean that they cannot participate as citizens. Second, 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 any 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 the decision-making is smaller and less representative of the population than the number of voters many councillors represent. According to Wampler, the number of amendments to the budget presented by local councillors in Porto Alegre between 1994 and 1998 was 117, and 53 (45 per cent) of them were approved.⁽⁶⁴⁾

64. See reference 25, Wampler (2000). Wampler's figures for Recife are: 559 amendments presented and 290 (51 per cent) approved in the same period.

The existence of amendments to the budget cannot always be taken as an indicator of clientelism, whereby amendments are used to provide material benefits to the electoral bases of councillors. Qualitative research by Seltzer indicates that, in Porto Alegre, councillors on the left, the centre and the right of the political spectrum legislate along ideological rather than patrimonial lines.⁽⁶⁵⁾ His analysis of five years of recent budgetary amendments carried out by councillors reveals that, essentially, no neighbourhood-targeted legislation had been introduced by councillors as part of the budget negotiation process. Instead, budgetary amendments had been almost exclusively limited to attempts to reduce executive autonomy (e.g. cutting down the government's expenditure on publicity and reducing its freedom to spend unexpected revenues without additional legislative approval).

65. See reference 38.

In Belo Horizonte, Jacobi and Teixeira, and Somarriba and Dulci describe the reaction of local councillors to PB as less tense and problematic than in Porto Alegre.⁽⁶⁶⁾ First, because PB is seen as a result of the municipality's organic law (a type of local constitution), it is not viewed as a PT or mayoral imposition, given that the councillors were the ones who passed the law. Unlike in Porto Alegre, where mayors have openly suggested that PB is a viable alternative for city councillors, in Belo Horizonte the process has not threatened the political basis of councillors, as argued by Seltzer.⁽⁶⁷⁾ Second, many councillors see PB as a way of freeing them from clientelist demands that are essentially impossible to satisfy given the limited role that councillors can legally play in the distribution of city resources. Third, in the second year of PB, the government formally invited the councillors to participate in the meetings. The delegates also see the councillors' participation as positive, with 60 per cent approval rate. Fourth, in 1995, the municipal government recognized that one of the reasons for councillor resistance to PB was that they now had to share power in PB decisions on the allocation of resources to the city's districts.

66. See reference 21, Jacobi and Teixeira (1996); also reference 27, Somarriba and Dulci (1997).

67. See reference 38.

Pragmatically, the local government decided that part of the resources would be left for the councillors to allocate freely, a strategy which was widely criticized by the PT. In Belo Horizonte, city councillors continue to submit many budget amendments that seek to deliver public works projects to their electoral bases, while knowing that such amendments are rarely, if ever, actually acted upon by the mayor. As Setzler argues, there is little evidence to suggest that Belo Horizonte's clientelist councillors either have or will put an end to their well-entrenched politics of personal assistance.⁽⁶⁸⁾

68. See reference 38.

iv. Participation beyond PB

In both cities, PB has triggered other participatory processes, aiming at involving other social groups and classes besides low-income groups. In Porto Alegre, the main experience is the *Cidade Constituinte* (Constituent City) project, aimed at discussing the future of the city in a broader and longer-term perspective than that of PB. In Belo Horizonte, the main experience is the *Forum da Cidade* (City Forum) to discuss the city's master plan. In both cities, these broader participatory processes were a response to accusations that PB was excluding other social classes and was too centred on short-term demands.⁽⁶⁹⁾

69. See reference 25, Laranjeira (1996).

The following section analyzes the experiences of Porto Alegre and Belo Horizonte in the light of selected literature, searching for answers to the questions listed above.

IV. WHAT DOES THE LITERATURE ARGUE ABOUT PARTICIPATORY BUDGETING?

MANY LOCAL GOVERNMENTS began the 1980s with the creation of mechanisms that allowed the local community to participate in the decision-making process. There is an increasing consensus that participatory policies are a desirable goal for "Third World" countries, especially those recently redemocratized. The consensus is so strong that it covers a wide range of the political spectrum, from conservative to leftist parties, from multilateral organizations committed to income distribution to those that are keen on "best practices". Participation has become a "hot" issue and a buzzword in the planning of local programmes as well as in their financing.

There is a wide range of literature analyzing participatory experiences. Moreover, it is literature that focuses on issues that transcend academic disciplines and areas: decentralization, democracy, social capital, accountability, development, governance (good government), empowerment of excluded groups, civic education, social justice, sustainable development, new forms of urban management, etc. In the case of Brazil, this literature derives from academic sources, think tanks, works sponsored by multilateral organizations such as *the World Bank* and by a host of Brazilian funding bodies.⁽⁷⁰⁾

70. A comprehensive analysis of the literature on participatory budgeting is difficult because it is scattered throughout hundreds of MSc dissertations and conference papers. The selection made here has focused on works derived from PhD theses, including some still in progress, journal articles and think tanks.

There is a consensus in the literature analyzed that, although there are problems, constraints, tensions and unexpected results deriving from PB, it is certainly an important step, with implications regarding the state's role in facilitating citizen participation in policy making. What are the grounds for such an evaluation? The theoretical and empirical literature on participation has generally been pessimistic about the state's role in improving democracy and in building up democratic institutions. As

Abers argues, this literature points to three central “problems of participation”.⁽⁷¹⁾ First, these programmes face the “implementation problem” which has to do with the fact that, even when governments genuinely seek to implement participatory decision-making mechanisms that would give greater decision-making control to the less powerful, the more powerful are often able to resist such changes successfully. Second, the “inequality problem”, that has to do with the fact that even if open fora are created in which all participants formally have an equal right to influence decision-making, socio-economic inequalities tend to *inhibit* the effective participation of certain groups of people. Third, these programmes face the “cooptation problem” in that, even if such open fora are genuinely representative, inequalities between governments and participants with respect to control over information and resources tend to lead to the manipulation of participatory venues by government officials.

Despite these views, the empirical literature on Brazil’s experience of budgetary participation, especially in the cases of Porto Alegre and Belo Horizonte, evaluates these programmes as having been quite successful. However, the reasons provided by the literature for such positive evaluations vary as much as the label each work gives to PB. This is because participation implies different things to different people. To some, it is a means of improving efficiency; to others, it is limited to enhancements in social justice, meaning the improved access of people and social groups historically excluded from the decision making process. To others, participation is nothing more than rhetoric. As Abers⁽⁷²⁾ puts it, for some, the benefits of participation are limited to “instrumental” ones, improving policy effectiveness, promoting consensus on state actions and gaining access to detailed information about policy context and the real needs of ordinary citizens. But for many proponents of PB, the principal goal of participation is the “empowerment” of the social groups that have typically been ignored by social and economic development policies. The meaning of participation is the first great divide both in the literature analyzed and in the issue of participation itself.

a. Participation as Voice or Empowerment?

For the majority of multilateral organizations, participation means voice in the process and not autonomy in decision-making. With participation, multilateral organizations seek transparency, accountability and voice.⁽⁷³⁾ For them, “...voice of local people, particularly the poor, can be increased by policy reforms at the national level that allow greater freedom to join non-governmental organizations, trade unions and other bodies to understand better and influence decisions that affect them.”⁽⁷⁴⁾ Therefore, for a great part of the multilateral community, participation is a way of transforming unorganized people into members of a civil society that can influence (but not decide) issues that directly affect them. This view also stresses short-term “results”, both in scope and time, rather than long-term changes. It is cautious in respecting the boundaries between the role of popular participation and that of elected officials in a representative democracy. This instrumental and cautious view of participation is not the one that is being pursued by PB in Porto Alegre and Belo Horizonte. As mentioned above, for the PT, participation means empowering the poor to become aware of inequalities and injustices (political consciousness-raising), and to reform the political and social systems through collective action.

71. See reference 25, Abers (2000).

72. See reference 25, Abers (2000).

73. World Bank (1994), *Governance: The World Bank's Experience*, World Bank, Washington, DC.

74. See reference 73, page 42.

75. Several works show that the great majority of Brazilian cities, especially those in districts where most needy people live, cannot increase their revenue given the lack of economic activities or the poverty of their population. See Bremaeker, François (1994), "Mitos e verdades sobre as finanças dos municípios brasileiros", IBAM, unpublished; also reference 2, Souza (1997) among others.

76. The most recent example occurred in Brasília. The former governor, Cristóvam Buarque from the PT, implemented a highly praised programme to give families a minimum wage conditional on keeping their children at school – the *bolsa-escola* programme. It was the administration's hallmark. The programme was well evaluated by opinion polls and the media. Buarque was not re-elected and the programme was immediately abolished by his successor, Joaquim Roriz, a conservative politician well-known for his clientelist practices. Two lessons can be learned from the Brasília experience. First, despite the outcry against closing the programme, Roriz did so, showing that conservative politicians are not interested in breaking their clientelistic ties with the community. Second, under Buarque, the *bolsa-escola* was presented to people as a right, just as participatory budgeting is. Why would poor rational voters not seek to combine rights with favours?

77. See reference 25, Abers (2000).

78. See reference 27, Nylen (2000b).

As a result of these competing views, a question arises: is it possible to adopt PB in all Brazilian cities? Even in the less ambitious view of the multilateral community, the answer to this question is not straightforward, as the positive results from the limited number of cities that have implemented the procedure might suggest. There are empirical and theoretical constraints that may limit the adoption of PB elsewhere. The main ones are:

- Why would elected representatives be willing to share their power, even in a consultative way?
- Why would rational people be willing to participate in new programmes given the disillusionment with politics that survey data report from across Brazil?
- How can these programmes overcome problems of free-riding?
- Do Brazilian municipalities have enough resources for large-scale investments capable of stimulating citizens to invest their time in discussion?⁽⁷⁵⁾
- How can these programmes avoid manipulation, corruption and clientelism in cities where people are poorly educated, not accustomed to playing an active role in holding government to account, and where most citizens are so poor that all their efforts and time are already committed to ensuring their daily survival?
- How can these programmes persuade people to devote themselves to collective concerns over immediate needs when many other participatory policies were abolished after a different political group won the elections?⁽⁷⁶⁾

The large number of community councils that now exist in Brazil are not an answer to these issues. Stimulated either by national policies or by foreign grants that require the creation of community councils in return for funds for local government's basic responsibilities (health care, basic education, social welfare, etc.), almost all local governments in Brazil have created community councils. This has generated a merely formal reproduction of what the rules say, therefore threatening participation's fundamental assumptions of credibility, trust, transparency, accountability, empowerment, etc. Although there is still no body of research analyzing these community councils in depth and in comparative terms, there have been several accusations in the media about the control mayors exert over them, together with suspicions of corruption in the use of resources for education and health.

What is the scope for the replication of PT's view of participation as a way of empowering the poor? Some see PB as only possible in Porto Alegre⁽⁷⁷⁾ because of a combination of three factors. First, PB became a political strategy to gain support to govern, becoming the municipal government's hallmark. It was also used to dismantle the old electoral bases of the city's populist left led by the PDT (Democratic Labour Party). Second, state actors were able to change the cost-benefit calculation of collective action for poor, less organized people by lowering the costs of joining in through the role of community organizers. Third, they were able to increase expectations of benefits by targeting basic infrastructure for the poor. Abers' thesis, however, is contradicted by the Belo Horizonte case, although some of the reasons for the success, as indicated by her, are also found in Belo Horizonte. The idea that PB has produced a generalized empowerment of the unorganized and of the poor has been challenged by Nylen's findings, as mentioned above, and by the level of income of those who participate.⁽⁷⁸⁾ Their income, although low on average, does not

fully support the claim.

Matthaeus answers the issue of replication by stating that a policy like PB is likely to be adopted only by leftist parties.⁽⁷⁹⁾ For Santos, PB works in Porto Alegre because it is a city of ample democratic traditions and a highly organized civil society.⁽⁸⁰⁾ Data analyzed by Setzler, as mentioned above, demonstrate that Porto Alegre indeed has higher levels of associational activity, political awareness, and communal trust than other large Brazilian cities.⁽⁸¹⁾ *But Porto Alegre's associational activity has not always been grounded in democratic values, as the strategy of hiring community organizers shows.* The Belo Horizonte experience, although combining different strategies (participation with forms of clientelism), has also been evaluated as successful despite the city's relatively lower levels of associationalism.

Navarro also addresses the question of whether PB can be replicated in other cities and in different conditions.⁽⁸²⁾ While listing several necessary pre-conditions (political will to cede power to associations; political posture to avoid clientelism; financial control; and resources to be invested), he concludes that PB could become generalized in municipal administration.

The divide discussed above poses a final question: is participation in the sense of empowerment only possible in experiences similar to PB? Some argue that cost-recovery policies directed at the people, without government mediation, are more important for achieving "urban management by the people", whereas PB is "urban management with the people".⁽⁸³⁾ This alternative option is condemned by Abers.⁽⁸⁴⁾ Whatever the view, there is a consensus in the literature analyzed that, in the case of Porto Alegre, empowerment (at least of the direct participants) was made possible because of the conditions mentioned by Abers.⁽⁸⁵⁾ In Belo Horizonte, however, Boschi seems to give the credit for PB's success mainly to previous experiences on decentralization.⁽⁸⁶⁾

b. PB as a Means of Inverting Priorities to Favour the Poor

As to whether PB has been able to reflect the priorities of the poor, most authors agree that this has been the case.⁽⁸⁷⁾ Delegates who have responded to surveys in both Porto Alegre and Belo Horizonte also seem to agree. However, it is less clear as to whether PB has been able to reflect the needs of non-participants, in particular the very poor. This is important because, even though support for the PB in Porto Alegre and Belo Horizonte has been high, the great majority of poor citizens do not actively participate in the programmes. The results of a 1991 survey in 150 municipalities across Brazil analyzed by Desposato show that the poorest and less-educated voters mentioned economic survival concerns (cost of living, low salaries and job opportunities) as their top priority and not infrastructure, which is PB's main focus of investment.⁽⁸⁸⁾ As income rises above the minimum wage (*around US\$ 76 a month*), voters' concerns shift to the provision of public goods and services. Although the survey was undertaken almost ten years ago, it might indicate that PB is not meeting the demands of the very poor but, rather, those of a part of the population who, although not totally poor, feel that PB is worth the effort and time because it compensates for the neglect of low-income areas by previous local administrations.

Other questions arise as a result of the issue discussed above. Is there

79. See reference 25, Matthaeus (1995).

80. See reference 25, Santos (1998).

81. See reference 38.

82. See reference 25, Navarro (1997).

83. See reference 25, Matthaeus (1995).

84. See reference 25, Abers (1998).

85. See reference 25, Abers (1998).

86. See reference 55.

87. See reference 25, Santos (1998); also reference 27, Somarriba and Dulci (1997); reference 27, Pereira (1996); reference 25, Abers (1998); and reference 23.

88. Desposato, Scott W (2000), "Institutional theories, and social realities, and parties: a comparison of legislative politics in five Brazilian states", paper presented at the LASA 2000, Miami, 16-18 March.

evidence that PB first, does increase the capacity of excluded social groups to influence decisions on the allocation of public resources? And second, does it increase the access to basic urban services for the poor? Figures, statements and analyses provide sufficient grounds for arguing that PB does increase the capacity of excluded groups to influence investment decisions and that it does increase their access to basic urban services, especially infrastructure. As Navarro summarizes:

“... even if several claimed changes are not visible – for example, the real meaning of “local democratization of state power” or of supposed changes in the manifold relationships established between the local government and the population – it is undeniable, however, that other changes and concrete results are easily found in many corners of Porto Alegre. These are results linked to the very operation of public services which improved substantially in the last nine years, after PB. Greater general administrative rationality and efficiency are among its results but also more social justice when allocating public resources.”⁽⁸⁹⁾

The recognition that, with PB, excluded segments of the population do gain influence over policy and do gain better access to basic urban services is also sustained by the responses of the electorate to the coalitions that introduced PB. The electorate have re-elected the same governing coalition *four* times in Porto Alegre and *three* times in Belo Horizonte. An association between these electoral results and PB is not unrealistic, given that PB is the best known policy of these governments.

Does this mean that PB is also an instrument for increasing democracy? Abers offers a positive response for Porto Alegre, and Somarriba and Dulci for Belo Horizonte.⁽⁹⁰⁾ In the case of Porto Alegre, Navarro qualifies PB as a kind of “affirmative democracy” because of its achievement in ensuring redistributive effects in the face of Brazil’s traditional power asymmetry.⁽⁹¹⁾ One less optimistic view of PB’s potential for increasing democracy is that of Nysten, but the reasons he gives are all based on broad, national indicators.⁽⁹²⁾ Perhaps a more realistic assumption is that PB does have an effect on improving local democracy by bringing into the decision-making arena representatives of social groups from low-income areas who have seldom had a chance to make decisions regarding their living conditions.

c. What is PB Then?

Another great divide relates to the way in which literature views and interprets PB. The views are so diverse that they are difficult to synthesize. As an attempt to simplify all the answers (and even several answers within the same work), I have divided them into four main fields: management, education, politics and social change.

In the management realm, there is the view that PB is:

- urban management with the poor;⁽⁹³⁾
- a sustained mechanism of joint management of public resources through shared decisions on the allocation of budgetary funds;⁽⁹⁴⁾
- a model of urban management more than a policy;⁽⁹⁵⁾ and
- a process of social fiscal management.⁽⁹⁶⁾

In the realm of education, most literature considers PB an educative process that involves all the key local actors – the mayor, the bureaucracy, councillors, delegates, grassroots movements and the PT – as well as the institutions in which they operate.

In the political realm, the views are extremely diverse. PB is:

- a policy that empowers disadvantaged groups from above;⁽⁹⁷⁾

89. See reference 25, Navarro (1997), page 5.

90. See reference 25, Abers (2000); also reference 27, Somarriba and Dulci (1997).

91. See reference 25, Navarro (1997).

92. See reference 23.

93. See reference 25, Matthaeus (1995).

94. See reference 25, Santos (1998).

95. See reference 56.

96. See reference 25, Navarro (1997).

97. See reference 25, Abers (2000).

- a way to radicalize democracy and the result of a firm political will to enable the construction of a political culture to raise consciousness regarding citizenship and to bring about improvement of the population's living conditions;⁽⁹⁸⁾
- one of today's forms of counter-hegemonic globalization;⁽⁹⁹⁾
- a way to combine representative democracy with participation;⁽¹⁰⁰⁾ and
- a means of overcoming the limits of representative democracy through mechanisms that increase civil society mobilization beyond corporatism and mere consultation.⁽¹⁰¹⁾

Also apparent in most of the literature are views that PB increases transparency, accountability and credibility. PB is constantly mentioned as a way of breaking down (or challenging) clientelism, authoritarianism and patrimonialism. Thus, while highly divergent, the literature comes round to the same conclusion that PB is changing the political life of Porto Alegre and Belo Horizonte.

Finally, in the sociological realm, authors conclude that the PB allows:

- a fairer distribution of scarce resources in an extremely unequal society;⁽¹⁰²⁾
- an innovative instrument for the reconstruction of public life;⁽¹⁰³⁾
- a new form of relationship between local public power, popular organizations and the rest of society to address the demands of the poorest segments of the population;⁽¹⁰⁴⁾
- the enhancement of urban "associativism" and a strengthening of the relationship between community associations and district dwellers;⁽¹⁰⁵⁾
- an equitable means of deciding on resource allocation.⁽¹⁰⁶⁾

d. The Issue of Political Representation

Perhaps the most sensitive issue regarding PB is the potential effect of community participation threatening to replace the role of bureaucrats, the local executive and elected councillors. This is particularly relevant with respect to the relationship between PB delegates and elected councillors. The issue is important given that final approval of the budget is a constitutional prerogative of the councillors. Where to draw the line between these two means of interest representation is far from clear. As for the bureaucrats, most literature points to their initial resistance to PB but believes that there are ways of overcoming this. Santos argues that the bureaucrats are also submitted to a learning process concerning communication and argumentation with the lay population but, as he sees it, the road from "technobureaucracy" to "technodemocracy" is a bumpy one.⁽¹⁰⁷⁾ However, as we are reminded by Navarro, technical expertise is an essential requirement of PB practice.⁽¹⁰⁸⁾ As for the relationship with the executive, there is a consensus that local government does play a decisive role within PB, even when the participants contest it.

However, the "political contract", to use Santos' words, between the executive and the communities thus far has not been extended to the legislature.⁽¹⁰⁹⁾ Although Somarriba and Dulci⁽¹¹⁰⁾ do not see this relationship as a problem, it does exist; and the pragmatic formula found in Belo Horizonte to accommodate councillors' demands to continue amending the budget to favour their constituencies shows that adherence to PB legislature is far from secure.⁽¹¹¹⁾ As such, there are doubts about its prospects if or when leftist parties are thrown out of office. However, this should not necessarily lead to a pessimistic view of PB's future. If PB has really worked the way the literature describes, then one result could be that the

98. Villas Boas, Renata (1994), "Os canais institucionais de participação popular" in Vilas Boas, Renata (editor), *Participação Popular nos Governos Locais*, Pólis, São Paulo.

99. See reference 25, Santos (1998).

100. See reference 21, Jacobi and Teixeira (1996).

101. See reference 25, Laranjeira (1996).

102. See reference 25, Santos (1998).

103. See reference 27, Somarriba and Dulci (1997).

104. See reference 27, Pereira (1996).

105. See reference 27, Pereira (1999).

106. See reference 21, Jacobi and Teixeira (1996).

107. See reference 25, Santos (1998).

108. See reference 25, Navarro (1997).

109. See reference 25, Santos (1998).

110. See reference 27, Somarriba and Dulci (1997).

111. Clientelist practices in Belo Horizonte are reported by Azevedo and Avritzer (1994) (see reference 27), and Pereira (1996) (see reference 27).

Table 1: Summary of PB's main strengths and weaknesses according to selected literature**Strengths**

- 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 away from individualistic views towards solidarity and to see city problems in universal rather than personal terms

Weaknesses

- Interaction with government puts community movements' independence at risk
- Forms of clientelism still survive
- Civil society is still developing
- Financial limitations and resources for participatory budgeting 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 under-represented
- Programmes disappoint participants because of the slow pace of public works
- Cleavages between the PT and the executive
- Participatory budgeting risks reification of the popular movement, making it difficult to maintain a clear separation between its role and that of government
- Fragmented decisions and short-term demands may jeopardize urban planning and long-term projects

organization of social movements and the acceptance of PB by society may convince other political groups to keep it in these cities.

While risking an oversimplification of the issues debated in this section, Table 1 presents a summary of the main strengths and weaknesses found in the literature regarding PB experiences in Porto Alegre and Belo Horizonte.

V. DEBATING SOME RESULTS AND CLAIMS

THE LITERATURE ON political science and public administration does not yet provide clear answers as to why some politico-institutional experiences and practices are adopted, and what the reasons are for their success or failure. The lack of a coherent analytical framework able to guide evaluations of politico-administrative practices leads to extremely divergent evaluative criteria and conclusions on the results and prospects of participatory programmes. Furthermore, in countries such as Brazil, which are characterized by enormous social, economic, political, cultural and regional disparities, making conclusive generalizations based on the results of the small number of PB programmes adopted is certainly a temptation to be avoided. Evaluations and generalizations of the Brazilian experience of PB, for instance, can easily fall into the trap of believing that PB is only possible in the "modern" and "developed" South and South-East and impossible in the "backward" or more "clientelist" North-East. Furthermore, in assessing the main results of PB it is important to remember Santos's warning: the search for only one logic 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.⁽¹¹²⁾ Acknowledgement of these limitations should guide the researcher in the challenge of debating and evaluating PB's main results and claims.

The lack of an analytical framework, as mentioned above, allows exces-

112. Santos, Wanderley G dos (1993), *Razões da Desordem*, Rocco, Rio de Janeiro.

sive space for evaluating PB according to observers' ideology, interests or personal agendas. Beyond the literature reviewed here, evaluations falling into this category vary considerably. Some critics see PB as an opportunity for leftist parties to engage in the same "old clientelism" – albeit without the mediation of local councillors – of past local administrations. Other critics contend that PB is a type of leftist naive altruism. Others cynically argue that PB is a way of making the poor decide, so that they can blame themselves if they do not get proper resources, instead of blaming the government. The difficulty with these essentially normative criticisms, as is also the case with advocates who embrace PB solely because they support the types of governments most likely to implement the policy, is that neither provide evaluative criteria on which to evaluate the work achieved.

PB is a state-sponsored experience which is well accepted in the cities analyzed. Such approval is probably one of the reasons for the re-election of the governing coalitions which implemented it. 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 cases reviewed here also demonstrate that the problems and early frustrations (in the case of Porto Alegre) did not make those involved give up on the experience. This might indicate that PB is overcoming Brazil's tradition of changing public policies every time a new government comes into office. Dramatic changes in public policies often occur even when those newly elected belong to the same party as the incumbent.⁽¹¹³⁾ Therefore, PB is addressing one of the main problems identified by the scarce literature on Brazilian public policies – the lack of persistence within policies in the sense of a policy that remains in force until the problem for which it was developed has been tackled. Despite changes in the factions that won local elections, in both Porto Alegre and in Belo Horizonte, PB continues to this day. Popular acceptance manifested through organized social movements and opinion polls might also play a role in PB's survival.

The previous sections have shown that some of the claims related to the aims and results of PB are probably confirmed, given that they hold across different case studies. Other claims, however, deserve more careful attention and further research. These are discussed in the following subsections.

a. The Empowering of the Poor Claim

Data and analyses show that with PB, low-income groups, but not the very poor, have gained influence on decision-making in the allocation of a percentage of public resources. Although this percentage is small compared to the total budget, it is certainly an important step in bringing infrastructure to communities that dramatically lack them. However, the issue of limits on the financial resources available for these programmes is more crucial than it may seem at first glance. This is because, although municipal governments with PB may want to reverse priorities and transform spending on the cities' poorer areas into rights and not favours, they still cannot meet even a small fraction of either the needs of poor communities or the most compelling problems in their cities. In this sense, what is most valuable about PB is not necessarily the material gains that such programmes may create for Brazilian low-income segments; rather, it is the extension of participation and decision-making power to the formerly excluded groups. Having noted the financial limitations, a more serious

113. There has been a marked history of this in Brazil, even during the military régime, as suggested by Batley (see Batley, Richard (1991), "Urban management in Brazil. Part I – common characteristics", Development Administration Group, Institute of Local Government Studies, University of Birmingham, unpublished). However, "best practices" literature argues that programmes that are recognized as successful are maintained across governments despite their ideological differences.

issue of resource allocation remains. What the experiences of the cities reviewed here suggests is that in extremely unequal societies such as Brazil, low-income groups are spending a considerable amount of time and effort debating the allocation of public resources. As I suggest above, this is in fact empowering. It is worth stressing, however, that the infrastructure which low-income groups spend time fighting for, the middle and upper-classes have already gained without a struggle.

The claim that PB empowers the poor is also challenged by the participants' income level. Although PB is not reaching the very poor, it is certainly achieving another important target, namely, redirecting resources to neighbourhoods that have historically been excluded from any governmental action. Previously, the only way these neighbourhoods would receive any public investment was by building close ties with local councillors or the executive in electoral years. Furthermore, investment in these districts was offered to dwellers as a political favour and not as their right. These neighbourhoods, which certainly make up a large portion of Brazilian cities, were either left to their own destiny or were taken over by gangs and Mafia-type organizations, as is now happening particularly in Rio de Janeiro and São Paulo. In providing an incentive for self-organization in these communities, PB provides a possibility for low-income inhabitants to see themselves as citizens who are no longer condemned to survive at the margins of the state or under a gang's "protection". The claim of empowerment of the poor could then be refocused, to see PB as a way of compensating for the historical neglect by Brazilian local administrations of low-income areas.

b. The Blow against Clientelism Claim

The literature claims that one of the reasons for the success of PB rests on the programmes' attainment of participation's core values: credibility, trust, transparency, accountability, empowerment of ordinary citizens, solidarity, etc. Most of the literature adds to this list a claim that PB reduces what many see as one of Brazil's main problems, namely, a political culture based on clientelism and patrimonialism. Discussing these issues and the reasons for them is beyond the scope of this paper. However, it is important to mention that, in the case of clientelism, the literature also seems to recognize that the practice is still alive in cities that have adopted PB, Belo Horizonte in particular. Setting aside a part of the resources for local councillor allocation was the way to reduce resistance to the programme in Belo Horizonte. On the other hand, all the efforts to improve rule-setting that have taken place as PB took root in Porto Alegre and in Belo Horizonte may indicate that it is possible to insulate PB from clientelism. We can conclude that, although Porto Alegre was the first city in which PB became a continuous local government policy, other cities that are adopting PB are adjusting it to their local circumstances. This can be interpreted as a sign of maturity and pragmatism. However, it may also suggest that the claim that PB is a way of changing "old clientelist" practices may not be upheld in every political setting. Therefore, one should not expect from PB more than it can deliver.

c. The Empowerment of the Disorganized Claim

The claim that PB has empowered the disorganized also requires further debate and analysis. As shown by Nylen,⁽¹¹⁴⁾ a significant number of PB

114. See reference 27, Nylen (2000b).

participants were engaged in community activism prior to PB, so it is not totally accurate to say that PB motivated these people to engage in politics for the first time. The claim, therefore, should be refocused to interpret PB as helping to sustain non-élite political activism, to use Nylen's words. Changing the focus of the claim does not imply reducing the importance of PB's achievements, especially in an élite-driven country like Brazil.

d. The Political Will Claim

The claim that the adoption of PB is a result of a strong political will characteristic of leftist governments also deserves deeper thought. Explanations based on voluntaristic approaches are problematic. First, they assume that it is possible to change reality through the action of a few groups. Second, they do not take into account the web of circumstances, traditions and conditions that are involved in any kind of political action. Third, they do not explain why certain PT governments have given priority to other experiences, such as Brasília's *bolsa-escola*¹¹⁵ in trying to integrate excluded groups into citizenry. It also fails to explain why PB was not successful in Brasília, São Paulo and Santos, for instance, despite the attempts of their executives. The issue of political will should be redefined: some administrations have chosen PB as their hallmark because the programme provided an opportunity to broaden governing coalitions. The pay-off of this option has been the successive electoral victories of administrations that have given priority to PB.

e. The Impact of Increased Local Revenues Claim

Another claim that calls for caution is the one linking the success of PB to the fiscal reforms implemented by PT administrations. First, the positive impact on local finances brought about by the 1988 constitution is not given enough credit in the literature. It fails to take into account that the transfer of resources to the municipalities was phased in and was only completed in 1993. Second, by not presenting data from other state capitals, readers are misled into believing that only PT administrations were committed to raising their own revenue and to reforming their finance, whereas these two policies have been pursued by many large Brazilian cities. It also does not explain why, in São Paulo, the electorate reacted so furiously against the raising of local taxes, while it was accepted in Belo Horizonte and Porto Alegre.

Another problem with the claim that links PB to the improvement of local finances relates to the pattern of investment in Brazilian cities. Although Brazil is a federal country, legislation is quite uniform nationwide. Sub-national governments have little room to adopt their own legislation on various matters, compared to other federal countries. However, the pattern of expenditure varies greatly among Brazilian local governments, especially social expenditure. This point is important because, although the constitution states that local governments are the main level responsible for basic education, other levels of government can also provide it. In the case of Brazil, several state governments have traditionally shouldered a large share of the provision of basic education, *thereby leaving more resources available for introducing innovative policies such as PB*. This may indicate that one prerequisite for a successful PB could be, paradoxically, a reduced role of local government in education, therefore leaving more resources for improving the conditions of neglected

115. This is a scheme which pays modest sums to low-income households if their children continue at school, in order to encourage such households not to take their children out of school early.

low-income areas, the main achievement of PB. However after 1998, the federal government created a fund for education, FUNDEF, which penalizes municipalities that do not increase the enrolment rate in schools administered by them. Considering that expenditure on education had increased by the end of the 1990s, it is therefore possible that investment through PB could have reached its maximum limit, not only because of the national policy of tight fiscal control but also because of the greater role municipalities now have to play in basic education. This becomes more tricky in large municipalities, in particular in those that traditionally had invested little in education, as was the case of Porto Alegre and Belo Horizonte.

f. The Increase in Political Representation Claim

One final issue deserves special thought: the debate regarding the role of PB vis-à-vis that of local councillors. The issue is at the heart of the current conundrum regarding the functioning of a representative system in a democratic, heterogeneous and participatory environment. Legislatures have a dual role: to legislate and to oversee the government's functioning. It would be naive to interpret the former role as one that is not shared with other political actors and institutions, especially with the executive. Since World War II and the transformations brought about by the increased role of government in economic and social affairs, the separation of power between executive and legislative functions has become less clear. Therefore, social and economic variables have forced legislatures to share their legislative powers with executives. In the case of participatory policies, councillors are required to share this prerogative yet further with organized movements. Furthermore, it means that local councillors and the local élite they represent lose their monopoly in the representation of local interests, and their role as one of the main actors in decisions regarding the allocation of public resources.

The issue of what representation is about does not affect local councillors alone. The literature analyzed also refers to problems of accountability and transparency between community representatives and those they represent. However, it does not pay enough attention to an issue that seems to require careful reflection. It remains unclear from the studies whether participatory systems are destined to reproduce the same problems arising in a formal representative system. This still remains very much an open question in Porto Alegre and Belo Horizonte.

VI. A CONCLUDING NOTE

THIS PAPER HAS summarized and debated the main strengths and weaknesses of PB in two Brazilian cities in an attempt to analyze its limitations and possibilities in building democratic institutions. Whatever the merits and constraints of the experience, it is important to note that there is no single "model" of PB but, rather, a collection of experiences that have acquired different features. Maybe the greatest risk posed by PB, both in Brazil and in other countries experimenting with it, is the adoption of a "copy and paste" formula. The risk of it becoming just another bandwagon is foreseeable. The main strength of the PB in Porto Alegre and Belo Horizonte seems to be the insertion of marginalized people and communities, albeit only a minority of them, into the political process for

the first time. But allowing these citizens the right to decide (and not only to be heard) may well have a long-term impact on Brazil's unequal balance of power.

It can be concluded that the experience of PB in highly unequal societies such as Brazil should be valued more for its provision of citizenry to formerly excluded groups in society rather than for the material gains it may bring. In this sense, the experience of PB both in Porto Alegre and in Belo Horizonte can be seen as an important step towards building democratic institutions, a crucial aspect of the agenda of recently re-democratized countries.