

A Guide to Participatory Budgeting

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Section One: Introduction

Participatory Budgeting (PB) programs are innovative policymaking processes. Citizens are directly involved in making policy decisions. Forums are held throughout the year so that citizens have the opportunity to allocate resources, prioritize broad social policies, and monitor public spending. These programs are designed incorporate citizens into the policymaking process, spur administrative reform, and distribute public resources to low-income neighborhoods. Social and political exclusion is challenged as low-income and traditionally excluded political actors are given the opportunity to make policy decisions. Governments and citizens initiate these programs to (i) promote public learning and active citizenship, (ii) achieve social justice through improved policies and resources allocation, and (iii) reform the administrative apparatus.

Participating Budgeting programs confront Brazilian political legacies of clientelism, social exclusion, and corruption by making the budgetary process transparent, open, and public. By moving the locus of decision-making from the private offices of politicians and technocrats to public forums, these public forums foster transparency. Participatory budgeting programs act as “citizenship schools” as engagement empowers citizens to better understand their rights and duties as citizens as well as the responsibilities of government. Citizens, it is hoped, will offer helpful and creative solutions to the myriad social and economic problems found in Brazil’s urban centers and small towns. Citizens learn to negotiate among themselves and vis-à-vis the government over the distribution of scarce resources and public policy priorities.

It is important to keep in mind that there is no precise or exact model for PB programs. While there are similar tenets and institutional mechanisms, PB programs are structured in response to the particular political, social, and economic environment of each city or state. While alluding to the differences, this report will present a synthesis of the most representative cases.

The presumption of this guide is that the tools and institutional means developed in Brazil are, in small or large part, applicable elsewhere. Different municipalities and states across Brazil are adapting variations of the PB programs. These programs have been successfully implemented in the wealthy Southern region (Porto Alegre), the industrialized São Paulo metropolitan region (Santo Andre), and in the Northern Amazon region (Belém). It is our expectation that municipalities, states, and regional governments in diverse corners of the world can draw upon this experience to develop tools that link budget, policymaking, and citizen participation. Finally, it is our expectation that NGOs and local political activists can draw upon these experiences to promote formal PB programs or informal monitoring programs inspired by the PB example.

Brief History of Participatory Budgeting

Participatory Budgeting programs are part of a larger effort in Brazil to extend and deepen actual, existing democracy. Since the re-establishment of democracy in 1985, Brazilian politics continues to be dominated by traditional patronage practices, social exclusion, and corruption. Numerous governments, NGOs, social movements, and political parties have turned to the ideas, values and rules associated with Participatory Budgeting in an effort to improve policy outcomes and enrich Brazil's young democracy.

The use of participatory budgeting began in 1989 in the municipality of Porto Alegre, the capital of Brazil's southern most state, Rio Grande do Sul. Porto Alegre has over one million inhabitants and is wealthy by Brazilian standards. In 1988, the Workers' Party, a progressive political party founded during the 1964-1988 military dictatorship, won the election for the mayor. Its campaign was based on democratic participation and the "inversion of spending priorities," which implies the reversal of a decades-long trend in which public resources were spent in middle and upper class neighborhoods. Participatory Budgeting was intended as a means to help poorer citizens and neighborhoods receive greater levels of public spending.

When the Workers' Party assumed the office of the mayor in Porto Alegre in 1989, they encountered a bankrupt municipality and a disorganized bureaucracy. During the first two years of their administration, the government experimented with different mechanisms to tackle the financial constraints, to provide citizens with a direct role in the activities of government, and to invert the social spending priorities of previous administration. Participatory Budgeting was born through this experimental process. In 1989 and 1990, the first two years of PB, under a thousand citizens participated. The number of participants jumped to nearly 8,000 participants in 1992. After winning re-election in 1992, the program took on a life of its own with participation increasing to over 20,000 people per year. Participation grew as citizen realized that PB was now an important decision-making venue.

PB has spread throughout Brazil. As of June 2000, it is estimated that nearly 100 municipalities and five states have implemented some sort of a PB program. There is wide variation in the success as some administrations only play lip service to the programs while other administrations are financially constrained so that they are unable to implement new public works.

This paper is divided into nine sections.

Section One: Introduction

Section Two: Basic Conditions

- *What are the basic conditions under which Participatory Budgeting programs have been implemented?*

PB programs tend to be implemented by local and state governments. The elected governments tend to be progressive, with a focus on citizen participation and social justice.

Section Three: Rules of the Game

- *What are the rules of the game? What are the specific ways that citizens are incorporated into the policymaking process?*

PB programs are based on a complex set of rules that clearly define the responsibilities of governments and participants. The rules regulate meetings and decision-making processes that allocate scarce resources.

Section Four: Social Policies and Public Works Projects

- *What types of public works and policies do PB participants select?*

PB participants select specific public works and prioritize general social spending in two distant policymaking tracks. “PB public works” and “PB thematics”.

Section Five: Actors, Motivations, and Strategies

- *What are the motivations for different actors to participate?*

Local governments, citizens, voluntary associations, NGOs, and the business community have different reasons for supporting and opposing PB. Their incentives to participate are often quite distinct.

Section Six: Administrative Reform

- *How is the administrative apparatus reformed to account for the new policy-making system?*

Governments must gain control of the administrative apparatus to provide information, to support new types of technical plans and programs, and to implement selected projects.

Section Seven: Limitations

- *What are the limitations?*

PB programs provide new opportunities for participation. Yet, the impact and the consequences may be limited to local policymaking. PB programs can also be manipulated by politicians, thus undermining advances.

Section Eight: Promising Results

- *What are the most promising results?*

The dissemination of PB programs throughout Brazil has led to a variety of interesting and promising results. This section analyzes the most promising results by looking at how they (i) promote public learning and active citizenship,

- (ii) achieve social justice through improved policies and resources allocation, and
- (iii) reform the administrative apparatus.

Section Nine: Can Participatory Programs Travel Beyond Brazil?

- *Can Participatory Budgeting Programs be implemented in other countries? In other regions of the world?*

There are several questions and issues that governments, NGOs and civil society actors should address while contemplating if PB would be an appropriate policymaking process for their political and social environment.

Section Two: Basic Conditions

What are the basic conditions under which Participatory Budgeting programs have been implemented?

Actors, Governments, and the Broader Political Environment

Participatory Budgeting programs were initially implemented by progressive municipal governments. These governments enjoyed strong bases of support from social movements, unions and NGOs. The PB programs emerged from coalitions of progressive political parties and progressive sectors of civil society. During Brazil's military dictatorship (1964-1985), a progressive and opposition civil society grew, seeking new strategies to overcome Brazil's history of social and political exclusion. Two important demands emerged from civil society: (i) Transparency and openness through the decentralized and democratization of the state; (ii) Increased citizen participation in policymaking arenas. PB programs are the outgrowth of these demands. While progressive governments generally implement PB programs, center and center-right parties have managed them after the initial founding period. After the implementing party leaves office, it raises the likelihood of manipulation and mismanagement.

A city's broader political environment is an important factor that conditions the success of PB programs. Pre-existing networks of social movements, community organizations, and other voluntary associations provide important support for the experimental programs. PB programs depend on the active participation of citizens not only to select new policies but also to legitimize the government's reform efforts. Higher rates of participation will help to legitimize a government's policies. It is impossible to define a minimum level of civil society activism that is necessary for the implementation or functioning of a PB program, but it is noteworthy that PB programs have been most successful in municipalities in which their civil society has long been organized.

Within the Brazilian constitutional and legislative environments, it is important to note that the mayor has virtually all budgetary and administrative authority. The legislative branch at the municipal level (city council) has virtually no powers to influence policy-making or the distribution of powers. This provides ample leeway for mayors to innovate since there are few checks on their powers. The mayor can thus implement a PB program without the consent of the legislative branch. Legislators tend not to support PB programs because it diminishes their influence over resources.

Revenues and Discretionary Funding

Available discretionary funding is important to implement a PB program as it increases the likelihood that citizens can directly select policy outcomes. The more financial flexibility that a government enjoys, the greater the influence that citizens can exercise on the selection of new public works. Governments must have the resources to initiate public works selected by the participants. While many PB programs address the overall financial health of the municipality, the principal focus remains discretionary spending. Brazilian municipalities that are in “decent” financial health tend to have 12-15% of their budgets available for new public works.

In Brazil, mid-sized municipalities (under 200,000 inhabitants) do not often have available discretionary resources for new investments. This complicates the government’s ability to implement a PB program. If a financially-strapped municipality decides to implement a PB program, the focus shifts from the selection of specific public works to a more general discussion of debt, taxes and making the most of limited resources. The municipal government must first dedicate considerable time and energy to explaining to the participants the dire financial situation of the municipality. The participants must then vote on the general policy priorities of the government. Participants will not select specific public works to be implemented but will indicate in a broad fashion how the government should spend available resources.

PB programs also focus on taxes. During the initial information meetings the financial health of the municipality is discussed at great length. The meetings focus on the types and amounts of taxes collected by the government. This leads to more generalized discussions of who pays taxes. This generates discussion about how the government can improve upon their collection rates. PB participants and the government must work together to develop creative solutions to increase the amount of resources that are actually collected. This, in fact, emerges as one key objective for governments to implement PB in financially strapped municipalities.

Section Three: Rules of the Game

What are the rules of the game in an representative program? What are the specific ways that citizens are incorporated into policy and budget making arenas?

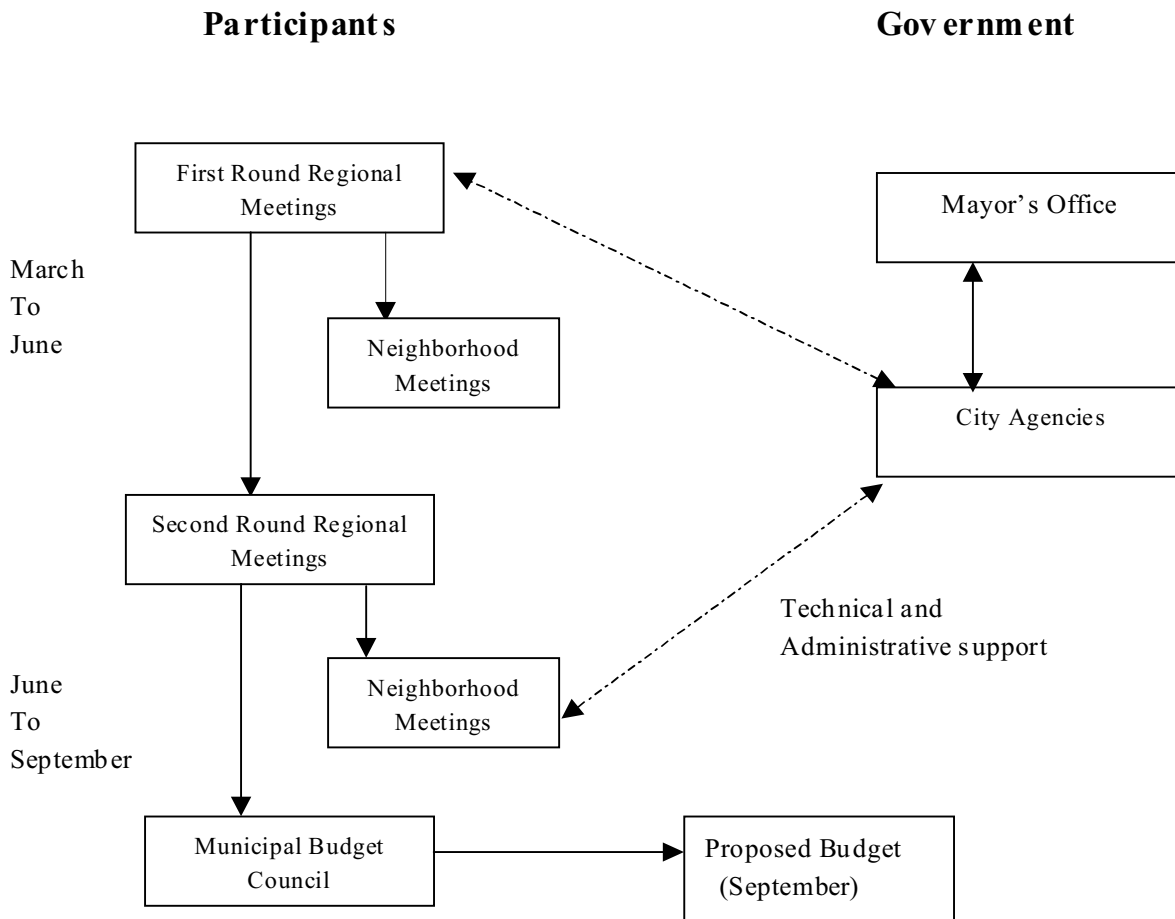
The rules of the game are similar but not identical in the majority of PB programs. The rules tend to be designed by the elected government with input from citizens. Participants must approve the rules and any subsequent changes in the rules. While the rules do vary from city to city, from state to state, it is possible to identify the typical guiding tenets of PB programs. For the purposes of parsimony, we will focus on the municipal (city) level of government.

- (a) Sustained mobilization of participants and yearlong mobilization of their elected representatives (citizen-delegates). The focus of meeting ranges from informational sessions to year-end reports to negotiation and deliberative processes.
- (b) The division of the municipality into regions to facilitate meetings and the distribution of resources.
- (c) The government creates a Quality of Life Index. Regions with higher poverty, higher population, and less infrastructure receive a higher proportion of resources than do better-off neighborhoods. This purpose is to achieve social justice. Each Municipality devises its own formula to guarantee equitable distribution of resources.
- (d) Public deliberation and negotiation between participants and vis-à-vis the government over resources and policies. Elected representatives visit all pre-approved project sites before the final vote. This allows citizens to evaluate the social needs of a proposed project.

- (e) Elected representatives vote on all final projects. The results become part of the public record.
- (f) Municipal-wide council. All districts elect two representatives to a council that oversees the program. This council meets regularly with the municipal government to monitor the program.
- (g) After the final approval of the annual budget by PB participants, the executive sends it to the City Council to be approved.
- (h) Year-end reports detail what public works and programs will be implemented. Establishment of neighborhood committees serves as a mechanism to monitor the elaboration and execution of projects.

The flowchart below, **Figure 1-1**, shows the yearly cycle and the division of responsibilities for governments and citizens.

Figure 1-1
Yearly Participatory Budgeting Cycle



First Round

Table 1-1 lists the principal roles of the government and the responsibilities of participants during the first round of PB. The first round, which typically runs from March to June, involves the distribution of information, the initial discussions on policies, and the establishment of the number of elected representatives. Mobilization in neighborhood meetings is high because turnout determines the number of elected representatives from each neighborhood to the regional meetings. Since final votes are held at

the regional level, a greater number of elected representatives (citizen-delegates) from a particular neighborhood increase the likelihood of having a project selected.

**Table 1-1
Regional Meetings
March-June**

Government's Role	Participants' Responsibilities
<ul style="list-style-type: none"> • Draws district and sub-districts • Prepares Quality of Life Index • Distributes financial information <ul style="list-style-type: none"> (i) Bureaucrat is assigned to work with each region • Presents its own projects that it wants participants to approve for implementation 	<ul style="list-style-type: none"> • Mobilization of citizens • Capacity-building meetings • Analysis of financial information • Preliminary discussions on available resources

**Table 1-2
Neighborhood Meetings
March-June**

Government's Role	Participants' Responsibilities
<ul style="list-style-type: none"> • Provide detailed technical information • Support given by bureaucrat to participants (i.e. photocopies, telephones) • Meetings places and times established by government 	<ul style="list-style-type: none"> • Discussion of priorities for municipalities • Discussion of specific public works • Pre-selection of public works

Meetings, at the regional and neighborhood levels, tend to be roughly two hours long. The first part of the meetings is information-oriented in which participants can inform their colleagues, the second part is the formal presentation of information, and the last part is a question and answer period. Participants are generally limited to three-minutes to speak or ask questions. Three-minute time limits help to keep the pace of the meeting moving right along. Deliberation over priorities and projects occurs informally as participants analyze the probable level of resources for their region and begin negotiating with each other over proposed projects. Citizen-delegates

are not paid for their participation, although some municipalities provide bus fare to reduce the transportation costs.

Second Round

The second round defines the policies and projects that will be implemented by the government for the coming fiscal year (or even two years). During this stage, participants should have acquired sufficient information to promote the priorities of their communities and to make decisions at the regional meetings. Final decisions on specific public works or the definition of general social priorities are made at the regional meetings.

**Table 1-3
Regional Meetings
July-November**

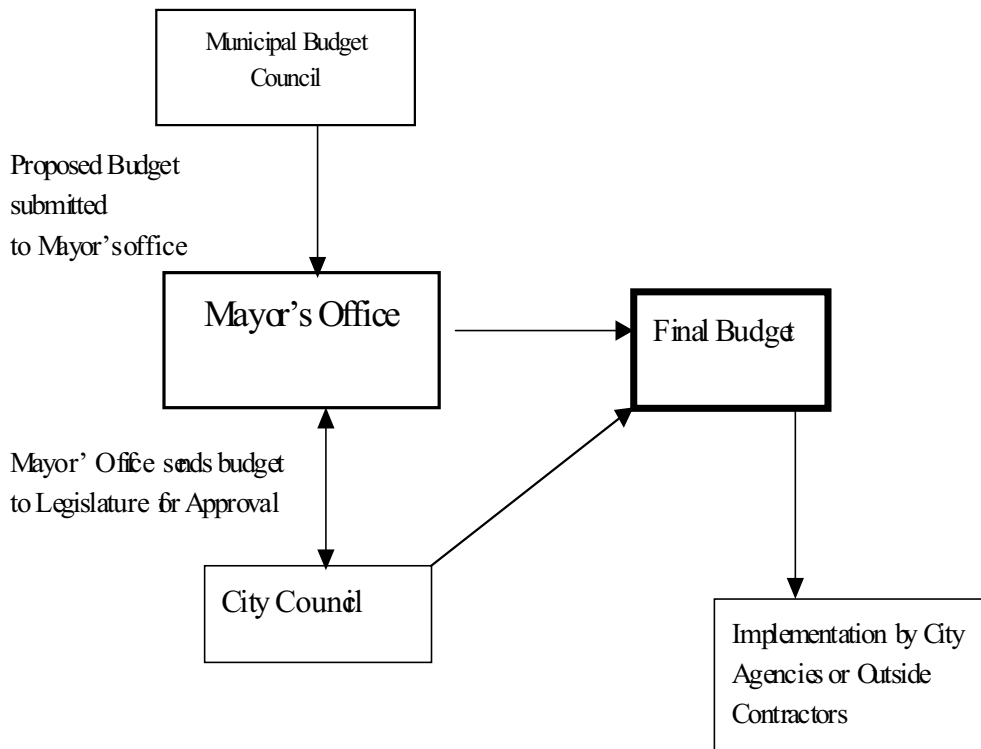
Government's Role	Participants' Responsibilities
<ul style="list-style-type: none"> • Initial estimates of cost for proposed projects • Distributes information and arranges "priority trip" in each district • Monitors vote • Oversees Municipal Budget Council 	<ul style="list-style-type: none"> • Debates on proposed policies or public works • "Priorities Trip"—Visits to sites of all proposed public works projects • Vote on policies or public works to be Implemented • Election of two representatives from each region to Municipal Budget Council

**Table 1-4
Neighborhood Meetings
July November**

Government's Role	Participants' Responsibilities
<ul style="list-style-type: none"> • Technical staff works closely with oversight committees • Drafting of technical plans 	<ul style="list-style-type: none"> • Continued mobilization on behalf of projects and policies • Election for oversight committees • Approval of technical plans

Distribution of resources is based on two criteria. First, the Quality of Life Index. Each region receives a specific percentage of the budget depending on its overall need. Wealthier regions with more advanced infrastructure receive a lower percentage than poorer region with little formal infrastructure. The second criterion is the mobilization and deliberation processes within the region. Organized groups compete, mobilize, negotiate and deliberate within their own regions over available resources. Obviously not all projects can be supported so groups form alliances to promote particular projects. The "priority trip" is a key part of the part of this process, as participants must visit the site of a proposed project so they can personally evaluate the level of need.

Figure 1-2 shows the final stages of budgetary process. The municipal budget council sends their selected projects to the Mayor's office. The mayor's staff adds the proposal to pre-existing budget items (debt payments, personnel, etc.) and sends it to the legislature for approval. In Brazil, the legislature is tremendously weak and generally approves the budget. The final budget is then implemented over a one-year period.



Year-long Implementation

While the majority of the attention focuses on the selection of policies, an important aspect of PB is the implementation of the selected projects. Implementation is an ongoing process, taking place all year long. Many of the important reforms are internal to the government and bureaucracy. Participants have a reduced role in this process, although participate in oversight meetings to ensure that the policies are being implemented according to previously established criteria.

**Table 1-5
Year-long Implementation**

Government's Role	Participants' Responsibilities
<ul style="list-style-type: none"> • Prepares Technical Plans, Contacts, etc. • Integration among administrative agencies • Technical staff works closely with oversight committees • Oversees Municipal Budget Council 	<ul style="list-style-type: none"> • Approval of technical plans • Monitoring of order of project implementation • On-site monitoring of project implementation • Municipal Budget Council delegates meet one a week

In Belo Horizonte, for example, regional committees must approve the technical plans. These committees also oversee that the public works are implemented according to the already approved technical plans. Neighborhood committees are formed to monitor the on-site construction project, which helps to guarantee that the public works are implemented according to the established criteria. This is a crucial part of the process as it diminishes the likelihood of overt corruption. It is telling that in the city of Recife, where PB has not worked well, the oversight committees are weak. In Recife, effective and independent monitoring committees have not been support by the government, which restricts the ability of citizens to monitor the quality of the work (For a more extensive discussion of this problem, see Section Seven: Limitations).

Section Four: Social Policies and Public Works Projects

- *What types of public works and policies do PB participants select?*

Participatory Budgeting programs have two general tracks. One track, “PB Public Works,” focuses on specific public works project. The second track, “PB Thematic,” focuses on general spending policies.

Public Works

Most PB programs initially focus on specific public works but, over time, discussions broaden to include general social policies. There are several pragmatic reasons why governments initially choose to dedicate their time and energy on specific projects.

First, the focus on specific public works establishes a direct connection between participation and outcomes. When PB participants select a specific project, an expectation is obviously created that the government will implement the project. When the government successfully implements selected projects, it reinforces the notion that participation in PB is a valuable tool for promoting change. In the municipalities of Porto Alegre and Belo Horizonte, which have two of Brazil’s most successful PB programs, there is a general consensus that PB stimulates participation because decisions made by participants result in actual policy changes. Participation has grown each year in Porto Alegre and Belo Horizonte as citizens realize that participation in PB is the primary, if not only, way to secure new resources for their neighborhoods.

Second, the focus on specific public works represents an effort to allow communities to define their own development. The underlying assumption is that citizens understand their own problems better than government officials and therefore will be able to match proposed public works to their needs. By giving citizens the power to select public works, PB programs contribute to the decentralization of the decision-making process. This is an empowerment tool as many

neighborhood groups first propose small projects but expand the range of their demands over time. For example, a neighborhood association might initially work for street paving but may expand their demands to include housing projects or the establishment of health posts.

The third reason that PB programs focus on specific, targeted public works is because local governments in Brazil are responsible for small infrastructure projects. Public works have long been a key source of patronage exchange between governments and community leaders. By placing public works at the center of PB, it is hoped that the cycle of patronage politics can be broken. Breaking the cycle of patronage entails public discussions of the public works, access to technical information and the eventual implementation of the public work. By removing public works from the clientelistic exchange, governments and community leaders hope to generate a new type of politics.

The fourth reason that PB focuses on specific public works is to allow participants to gain a better understanding of what authority and responsibility is actually held by the municipal level of government. Participants learn to understand the division of authority held, which should aid them in directing their demands to the appropriate level of government. This serves to educate the population and benefits the government as community leaders gain a better understanding of the government's limited powers. For example, in the municipality of Santo Andre, many participants initially raised concerns about violence and police corruption. The Santo Andre government, however, did not have jurisdiction over the police. The participants gradually shifted their focus towards the type of authority and resources that the municipal government actually held.

PB Thematic: Broader Social and Public Policies

After several years of PB, municipalities will often begin to experiment with different methods to expand the discussion and debate on the general social policies of the government. The purpose is to further democratize the policymaking process by letting citizens establish the

general priorities of the municipal government. A secondary purpose of each is to encourage participants to analyze and understand the city as a whole rather than concentrating on the problems specific to their neighborhood. This is part of the larger empowerment or “citizenship school” component of PB: Citizens are encouraged to envision and work for broader social change.

PB Thematic meetings allow participants to set broad priorities for public policies. The first stage of this process requires that the government provide detailed information on the current policies and spending priorities. The second stage is a series of discussions in which the participants evaluate the government’s priorities. The final stage is the ordering of priorities by the participants. Participants, to date, do not propose and debate their own policies but focus on the government’s pre-existing policies. For example, participants prioritize the level of spending that should be dedicated to pre-natal care or to the eradication of infectious diseases. They do not independently propose new policies.

The quality of these discussions varies significantly. Some participants are long-time advocates on behalf of a particular issue (i.e. health care, housing, or education). Their knowledge about other policy issues may be low. One of the most complicated parts of this process is the low levels of information and knowledge participants have about most policy arenas. Broad policy decisions may be largely acts of rubberstamping as the majority of participants follow the lead of the most experienced policy advocates or the positions of the government. This is a clear drawback to PB programs. Citizens with low levels of information and expertise are involved in making important public policy decisions.

In Porto Alegre, the “PB thematic” of transportation has been successful at bringing neighborhood leaders and taxi drivers together in order to discuss the municipality’s broader problems. The neighborhood leaders clamor for increased bus lines while taxi drivers insist that public monies be spent to improve the ease with which they can offer their services. This forum

provides an opportunity for the interested parties to air their disagreements in public and to work out solutions.

In Belo Horizonte, with the “PB City” component, participants prioritize the social spending of the government. Five hundred elected citizen-delegates weigh the level of resources that will be available to different city agencies during the coming fiscal year, ranging issues such as housing to health care to infrastructure. While many of the participants learn during the process, few are well versed in more than one policy area. It is likely that some citizen-delegates are making choices with little knowledge and/or technical expertise about a policy arena. The lack of systematic research on these issues prevents us from having a solid idea of the extent of this problem.

The key tension within PB thematics is between whether the most well informed political activists try to lead political discussions or whether they really dominate such discussions. This tension is most acute during the initial years of the PB. As a program is consolidated, it is expected that the average participants’ political knowledge will expand. Is public learning occurring? This question lies at the heart of the controversies over PB programs. It is not clear whether participants are gaining the information and knowledge necessary to become full-fledged policy advocates in the future or whether their participation is being used to legitimize the policy choices of the government.

A parallel problem is that uninformed citizens may select policies that do not conform to the constraints placed on the government (i.e. participants vote to spend far more resources than are available). There is a danger that uninformed citizens will make decisions that derail the program (e.g. demand spending far beyond the capacity of the government). However, most participants seem to be aware that PB programs overall impact will be limited by revenue and authority constraints placed on the government.

Section Five: Actors, Motivations, and Strategies

- *What are the motivations for different interested actors?*

Political and social actors have different motivations for promoting and participating in these new decision-making venues. Motivations range from an ideological commitment to extending social justice to the promotion of “good government” to paving one’s own street. Self-interested and community-building (i.e. building ties of solidarity) politics are both rewarded by PB’s framework. The former is rewarded as community leaders work to secure the highest level of resources for their own community. The latter is rewarded as the rules ensure that the individuals and communities benefit based on the Quality of Life index.

Local Governments

Local governments implement PB programs to build a base of political support, to achieve a more equitable distribution of scarce resources, to foster public learning, and to promote transparency in government. Let’s examine each of these reasons.

The first reason relates to building a base of support. PB programs tend to be implemented by left-of-center, progressive parties. After winning an election, generally with the promise of reform, progressive mayors challenge the traditional methods of governing by implementing PB. PB programs were designed to subvert clientelism by providing open, transparent policymaking processes. Clientelism is a private exchange between two actors of unequal status. While the exchange can be mutually beneficial, the more powerful of the two partners tends to maintain his or her political, social, or economic status. The Brazilian political elite has long used clientelism to dominate the lower classes. Progressive governments gamble that the delegation of decision-making authority will undermine clientelistic politics and help the

governments. PB programs provide the means for reformist governments to subvert traditional clientelistic networks.

PB programs bypass the legislature and the multiple patronage networks embedded therein. This is one of the most controversial aspects of PB programs as Brazilian legislators have virtually no role in the policymaking processes. While it is far beyond the scope of this PB guide to enter into these broader discussions, it is important to note that the transfer of authority to citizens' forums bypasses the legislative branch.

Secondly, the rules of PB favor the distribution of goods and resources to low-income neighborhoods. The crafting of the rules, based on a government-created Quality of Life Index, allows some redistribution of resources. The Quality of Life Index is linked to a PB rule that stipulates that poorer regions will receive a higher percentage of resources than wealthier regions. The government thus will be able to spend higher levels of resources in low-income areas that have minimal levels of state-sponsored infrastructure development. This supports a broader commitment to social justice, which is a central plank of most progressive governments in Brazil.

Third, the mobilization of citizens provides educational opportunities that may influence the political and social consciousness of participants. The lack of political knowledge about government, policy-making and rights among most low-income Brazilians is an obstacle that progressive governments believe limits social change. Governments will implement PB if they believe that improving the quality of citizens' political knowledge is an integral part of a more expansive effort to reform political, social and economic structures.

Finally, progressive governments implement PB programs to promote transparency in the hopes of reducing corruption and bureaucratic inefficiencies. PB programs may reduce corruption by increasing the number of citizens that monitor the distribution of resources. Corruption is rampant in Brazil so reformist governments advocate multiple public meetings and oversight committees to reduce its likelihood.

Citizens

Citizens have many incentives to participate in PB programs. First, participants enjoy increased access to public decision-making venues. Public meetings and decision-making processes reduce the likelihood that overt clientelistic means will be used to distribute goods, benefiting citizens who have not gained from clientelism. By holding public meetings, citizens may be empowered as the public nature of the meetings has the potential to encourage non-traditional actors to speak out. Empowerment is strengthened even further if citizens can draw a direct connection between their participation efforts and policy outcomes.

A second important incentive for citizens is gaining access to information. Informational meetings provide citizens with a broader understanding of government, governmental responsibility, policy and policy-making. Brazilian budgets and policy-making have long been “black boxes” in which inputs and outputs were unknown to all but a handful of government officials. PB programs provide a structure for citizens to gain the necessary information to develop better understandings of their political and administrative environments. In addition to budgetary information, citizens gain access to technical information such as zoning and land-use laws. The complex sets of rules involved in these issues are often beyond the reach of the average citizen. PB programs offer the opportunity for citizens to work with officials in the bureaucracy to resolve pressing legal or other technical problems.

The final incentive to participate is the direct relationship established in PB between participation and the quality of services provided. Citizens select public works so they directly shape their neighborhoods. PB participants approve technical plans, such as the installation of sewer systems or the constructions of new housing units as well as overseeing the actual implementation of the public works. In the city of Belo Horizonte, for example, all technical plans must be presented to neighborhood forums. After discussion and clarifications, sometimes requiring the plan to be redrawn, the neighborhood forum must approve the plan. This helps to ensure that contractors provide the services and goods for which they were contracted. It is

widely believed that this improves the quality of services as it reduces the likelihood that contractors will try to cheat on their contacts.

Voluntary Associations

The primary incentive for voluntary associations, such as social movements or neighborhood groups, to participate in PB is indirect. One of the criteria for the distribution of goods is the number of citizens that attend meetings. The more citizens that voluntary associations mobilize, the more goods and resources their neighborhood is likely to receive. A relationship between mobilization and outcomes is established, thereby strengthening the importance of voluntary associations.

Secondly, associations participate because the programs provide the opportunity to build broader networks of supporters. Voluntary associations have more contact with their potential allies, which increases the opportunity for broader social and political coalitions to be built. Since many of the specific demands negotiated within PB originated from associations around issues such as housing or sewage problems, it is incumbent upon the associations to negotiate with other associations. This, of course, benefits larger voluntary associations who are skilled negotiators. One of the drawbacks, discussed in more detail in the section on limitations of PB, is that there is an increased potential for competition between voluntary associations. Instead of creating bonds of solidarity, conflicts may actually be heightened. Additionally, some voluntary organizations experience a decline in their influence after the implementation of PB. Prior to PB, some voluntary associations enjoyed close relations with the government. Under PB, they can no longer rely on their own unique personal contact but must compete within the rules in order to secure resources.

A third incentive for participation is the ability to influence policies. Neighborhood-based associations shape their neighborhood's infrastructure. Associations work with government technocrats and NGO specialists to design development plans. Issue-oriented social

movements (i.e. the health care movement or environmentalists) participate in the PB to shape broader public policies. They have the opportunity to work with government officials to direct short-term funding as well as long-term planning. The close working relationship provides issue-based social movements with many opportunities to influence policy outcomes. Of course, this relationship may not be inherently positive as the closer ties of voluntary associations to the state has the potential to drastically alter the character and goals of the social movements. This is a tension that government officials and voluntary associations are continually forced to address.

Non-Governmental Organizations (NGOs)

PB programs provide a mechanism for NGOs to work with citizens and government in order to tackle the most pressing social problems. In some municipalities, NGOs have a direct role in the program. They may sit on a governing or oversight board or act as mediator between the government and the participants. When NGOs have a direct role in the process, they tend to promote citizen empowerment and transparency in government.

In other municipalities, NGOs act in an advisory role, providing support to participants. Most NGOs have stronger technical and administrative skills than the average participant due to their professionalization. Architects, accountants, and social workers often have a high level of information and knowledge, which helps them to more quickly understand policy proposals and potential impacts. The distance of the NGOs from the government provides them with the opportunity to promote the general values of the PB while also guaranteeing that the government is working on behalf of the citizens. In Porto Alegre, for example, an NGO (*Cidade*) publishes a monthly paper on PB for citizen-delegates and citizens in general. They monitor spending, policy decisions. *Cidade* acts as a watch-dog as well as an advocate of the program.

NGOs also tend to play a prominent role in the initial empowerment or learning meeting. NGOs are often more skilled than governments at passing complex sets of information to the average citizens so the NGOs are often contracted to provide this service. This creates a certain

tension between NGOs and participants because it blurs the role of the NGO. Are NGOs advocates, critics, or participants in the PB program?

Business community

The business community may support PB programs since PB programs promote transparency and reduce corruption. Members of the business community also benefit from PB since tax dollars are used more efficiently. While PB programs do not inherently or necessarily involve fiscal reform, the increased attention on the budget often leads the government to clean up the city's financial health. Better financial health is an indirect consequence of PB programs.

Within the business community, contractors and builders benefit directly. The selection of projects and the systematic ordering of the projects' implementation allow contractors to bid in an open and fair system. Contractors no longer pay kickbacks and bribes to assure that their project will actually be funded and implemented. Rather, the timing and ordering of the projects becomes part of the public record. Of course, business interests that benefited from closed and corrupt practices are less enthusiastic about PB. Small contractors are benefited because many of the projects selected through the PB process tend to be smaller in scope.

Finally, when PB programs are consolidated as the principal policymaking venue, business associations find that they must participate in order to secure improvements. A neighborhood business association might want, for example, to have streets paved or lighting put in. The business association would have to organize its members to attend meetings to make sure that their demands were met. Additionally, taxi drivers might have to attend the "PB Thematic-Transportation" to make their demands.

Section 6: Administrative Reform

- *How is the administrative apparatus reformed to account for the new policy-making system?*

Reforming the local administrative apparatus is an important component of PB programs. While the reform of bureaucracy was not initially considered to be a vital element of the participatory budgeting program, it has emerged as an unintended consequence that strongly influences the success of the PB process.

The first component that contributes to administrative reform is the decentralization of the administration. This tends to start with the physical decentralization of the municipal administration as branch or regional offices are established. Branch offices provide citizens direct and easy access to government and administrative officials. This is especially important in the most outlying neighborhoods, where the poorest residents tend to live. Meetings are held at the neighborhood level rather in the city center which makes it easier for citizens to overcome time and financial costs long associated as barriers to participation.

The decentralization of decision-making venues is also an important step. Decisions are no longer made by a small group of political and technical elites located within the confines of the city government, but are made in public forums at the local level. This provides citizens with unprecedented access to professional and technocratic bureaucrats. Citizens are able to work with these bureaucrats to navigate the complex world of policy-making.

Decentralization allows targeted information can be provided to the pertinent groups. Through the branch offices, located in outlying or periphery areas of the city, technocrats develop better ideas of the types of information that participants must have so that they can make informed choices. For example, citizens living in a mountainous region will receive technical information about drainage and water-flows that are applicable to their living situations while citizens living in the urbanized center will receive information about the costs and complexities of overhauling a decaying infrastructure.

The second key component of administrative reform is the integration of different bureaucratic units into the policy-making and implementation processes. Administrative

agencies, such as the departments of health or education, can not operate as isolated units within the PB process. Rather, these departments must work closely with the Planning agency and PB participants in order to define their policy agendas. New investments, such as the building of a school or health post, generally can not be undertaken without the explicit approval of the PB participants. This requires that the different departments work with community leaders to design the appropriate projects. City agencies must work together to coordinate the timing of policy projects to ensure that they are completed in the most efficient method possible. This requires coordination over a number of years to ensure that drainage, paving, housing and other projects are done according to the plans designed by urban planners and PB participants.

Within the government there must be a concerted effort by politicians and bureaucrats to implement the selected projects. Government officials must gain control of the bureaucracy to ensure, for example, that technical plans are drafted, that contracts are prepared, and that implementation occurs according to established schedules. This intensive, hands-on process was not anticipated by PB's founders, but has help to revitalize and reform existing bureaucratic structures.

The final important element is the creation of a more transparent relationship between the business community and the government. The PB establishes projects that will be implemented over a two or three year period. Contractors and builders know which projects will be implemented and they are able to more efficiently plan. One of the results of the PB is that bribes no longer have to be paid to have a public work project implemented. This obviously reduces the cost of business, increases profit margins and fosters governmental credibility.

Section 7: Limitations

- *What are the limitations?*

There are several limitations to Participatory Budgeting programs that reduce its overall impact on social justice, public learning and administrative reform. While there are important differences in how PB programs function in different municipalities and states, the limitations discussed below appear to be present in most cases. The limitations outlined below suggest that PB programs have moderate capacity to challenge social and political exclusion while promoting social justice. PB programs are, we believe, an important step towards political inclusion and greater social justice but they are by no means a magic bullet.

The first limitation stems from the focus on specific public works. Many communities mobilize to secure a specific paving or drainage project. The emphasis on specific goods diminishes the impact of the public learning or empowerment sessions. Many participants are less interested in learning about rights, about the fiscal responsibility of the government or broader social policies than they are interested in obtaining a small infrastructure project. This is the principal Catch-22 of the program. PB programs flourish when citizens discover that the specific decisions they make in regional meetings will be implemented. The message is clear: the government values your time and energy.

While this seems to be a necessary first-step to encourage participation, it associates PB programs with the distribution of specific goods. For example, a neighborhood in Porto Alegre mobilized to secure improvements in their local park (e.g. the building of an indoor soccer field). After the improvements were made, the community organization stopped participating. The community received their desired public good, which was the reason they originally organized. The downside, from the perspective of strengthening the PB program, was that the participants immediately exited the program and demonstrated little interest in working with the program. In this case, public learning was quite low and participation was instrumental.

A second limitation in the PB process is the dependence of the participants on the mayor's office. While PB programs directly incorporate civil society actors in the policy-making

process, the government remains the principal actor. Why? The government organizes meetings, provides information, ensures that bureaucrats meet with the population, and guarantees that selected policies will be implemented. The influence of the mayor and the governing coalition is substantial. Without a strong political commitment to the program, it is less likely that the program will succeed. For example, in Recife, the mayor began to use PB as a means to distribute public monies for the yearly carnival. Instead of holding open, transparent meetings, the mayor manipulated the release of funds so that “friendly” PB participants would benefit. Non-participating citizens and “unfriendly” citizen-delegates did not have access to the public resources. PB participants expressed concern that they had to act a certain way or that they would be “boycotted” by the government. This does little to empower citizens and may just be a new form of clientelism.

A third limitation is the role of long-term planning has a rather ambiguous place with Participatory Budgeting. Many of the PB participants are interested in securing short to medium term public works. The focus on specific public works makes it more difficult to generate discussions on planning for the future of the city. While several municipal governments have made concerted efforts to stimulate discussions and develop long-term plans, these processes have been limited. The complexity of the issues involved requires that citizens have substantial technical and analytical skills to weigh the relevancy of different arguments. PB programs slowly build these skills, but it may take years for participants to develop a decent grasp of the complexities of the proposed solutions. One of Porto Alegre’s solutions to the lack of long-term planning was to hold a Citizens’ Assembly to discuss the long-term future of the municipality. The assembly debated and discussed long-term planning, offering a short-term solution to the problem. The limitation, however, remained because Citizens’ Assembly can only be held once every four or five years due to time and financial constraints.

A fourth limitation is the emphasis on local issues and local public policies. Many participants, including long-time political and social activists, spend their time and energy on the

intricacies of local public policies. This reduces the amount of time that activists are able to dedicate to regional, national or global problems. While PB participants dedicate their efforts to securing changes in local public policies, the principal problems their communities face are often related to unemployment, violence, or the lack of educational opportunities. This should be considered a limitation because the PB program does not provide the opportunity for participants to challenge the underlying reasons for their social and economic exclusion. For example, in Recife I interviewed many active PB participants, many of who dedicated 5-10 hours per work on PB. When we asked them what was the major demand of the neighborhood, the near unanimous response was: “unemployment.” The participants, mainly woman, worked in PB in the hopes that they could improve the day-to-day conditions of their neighborhoods but their largest concerns focused on broader socio-economic changes that were far beyond the scope of PB.

Participants and governments obviously hope that the PB program will foster increased awareness in the broader, global social problems that are inflicted upon Brazil’s urban poor. There are, however, no guarantees that the participants will make the leap from the lack of basic infrastructure to the broader socioeconomic forces that shape their lives. While this is obviously a lot to ask of PB participants, it is clearly the goal of the governments and the most active participants.

Finally, PB programs can be manipulated due to the central role played by the mayor’s office. If city agencies, bureaucrats, or elected officials may try to use PB programs to advance their own agendas. Non-disclosure of key information, the lack of implementation of selected public policies, or the weakening of citizen oversight committees all potential ways that the program can be manipulated. It is important to note that PB programs in Brazil, at municipal and state levels, have been rejected by social movements and NGOs due to the government’s interference.

Section 8: Promising Results

- *What are the most promising results?*

Due to the proliferation of PB programs in Brazil we can now see wide variation in results and outcomes. While many of the PB programs, especially those in initial stages of development, have mixed results, it is now clear that the programs that have endured for more than five years have spawned important changes. To examine the most promising cases, it is necessary to return to the three themes laid out in the introduction: (i) public learning and active citizenship, (ii) social justice, and (iii) administrative reform. This final section is dedicated to examining the most promising results in the most successful cases.

Public learning and active citizenship/participation

Participation in PB programs tends to increase over time. Citizen participation steadily rises, with significant jumps often occurring after the third year. Participation rises more quickly when the government commits significant support and resources to the PB. Participation appears to rise because citizens realize that there is a direct connection between the time they dedicate to PB and changes in policy outcomes. Citizens that did not initially participate in PB are drawn into the process, as it becomes clear that the principal way to secure public works or changes in broader social policies is through participation in PB. In Porto Alegre and Belo Horizonte, PB was expanded to include projects and programs that would attract the middle class. Additionally, political activists in Belo Horizonte who had long favored clientelism, had to retool their political strategies to provide resources for their neighborhoods. Traditional political organizers could no longer rely on clientelism but had to mobilize and deliberate in new ways.

PB programs act as “citizenship schools.” The first stage of the PB process, at the beginning of the yearly budgetary cycle, mainly consists of information meetings. These meetings provide governments, NGOs and the most well-informed activists the opportunity to

discuss matters pertaining to the budget, government authority and responsibility, taxation and citizenship rights (social, political and civil rights). New citizens are inundated with information while long-time participants sharpen their own understandings. This, for example, is where NGOs play a large role, working with long-time participants to deepen their political strategies while providing help to the new participants.

Citizenship rights play an important role because PB participants address issues of government authority and citizens' duties. PB participants, especially citizens with a long history of political activism, draw upon the rights guaranteed by the 1988 Brazilian Constitution to support their arguments during the negotiation stages. During the initial 'empowerment' meetings, participants are taught about their rights, their duties as citizens and the responsibility of the government.

The extension of citizenship rights, governments and participants assert, depends on the strengthening of community ties and the dismantling of the steep hierarchical roles that divide Brazilians. PB programs provide an opportunity for citizens to forge solidarity bonds due to the similarity of their demands. Community ties, between groups and individuals, may be strengthened as the programs enable them to address their problems and look for collective solutions. One of the potential drawbacks to PB is that community leaders may compete amongst themselves over scarce resources. The government and the most prominent activists must modify the rules to promote solidarity and reduce competition.

The "Priority Trip" is one of the best examples of this effort. Representatives from each neighborhood visit all proposed public works within their region so that they can personally evaluate the social need of a proposed project. PB delegates are known to change their positions when they visit a site where social needs appears much greater than at the sites of other proposed projects. When the bonds of solidarity are emphasized and promoted, PB program fosters a stronger sense of community.

Brazil's grave social hierarchies are also challenged, albeit in more limited form, as traditionally excluded citizens (the majority of participants are low-income) have the opportunity to voice their demands in a formal public sphere. The legitimization of their demands and the ability (right) to raise contentious issues in a public arena is an important step forward to challenging stark social hierarchies. Many excluded citizens never had the opportunity to speak or make demands in public. Within participatory budgeting, they gained this right.

Social Justice

The resources allocated with the PB program tend to be implemented in low-income areas. Neighborhood or sub-regions with lower levels of infrastructure and higher poverty rates receive more resources than better-off sub-regions. The Quality of Life Index, based on income, education, physical infrastructure and social services provided, forms the basis for the distribution of resources. The Quality of Life Index guarantees that the poorer regions of a city will receive more resources than better-off neighborhoods. The division of resources along regional and sub-regional lines is an effective instrument for the redistribution of resources to low-income and under-serviced neighborhoods.

The division of regional lines (drawing districts) may also be case for contestation. For example, in Porto Alegre, the participants disagreed with the original district boundaries. After two or three years, the number of districts was expanded to sixteen from the original five. This allowed neighborhoods with similar characteristics to be included in the same region, which then allow their community leaders to work together to try to secure resources.

For example, between 1996 and 1998, the PB program in Porto Alegre spent 260 million US dollars on projects selected by participants. The vast majority of these resources went to under-serviced and poorer districts. While it is impossible to establish precisely how many resources were allocated to low income, it is possible to document that that the poorest regions of Porto Alegre received funding that had not been previously available. In the municipality of Belo

Horizonte, it is also possible to confirm that low-income neighborhoods received greater levels of resources than did middle and upper-income neighborhoods, and that the low-income neighborhoods received more than they had traditionally received.

The second way that PB programs promote social justice is through the development of thematic decision-making bodies. Citizens concerned with the lack of health care services or poor quality education can take their demands to the PB program. The debates with the PB may lead the government to dedicate higher levels of resources to the under-served areas. Evidence suggests PB programs are implemented by governments that are already dedicated to spending more resources in poorer neighborhoods. It is not clear whether the increase in social spending stems from the PB program or whether the increase results from the political ideology of the progressive government. While it is impossible to neatly separate the political agenda of the progressive government from the workings of the PB, it is vital to note that PB programs tend to co-exist with significant changes in the social spending.

Social justice is also achieved by means of more efficient and community-oriented policies. Lower levels of corruption, fostered by transparent processes, help guarantee that public resources will be used more effectively. More efficient use of public resources most directly affects poor and low-income citizens as a greater number of projects can be implemented. These projects often have an immediate impact on the quality of life for a neighborhood or an under-served policy arena.

Finally, social justice is advanced through the entrance of traditionally excluded groups and citizens into vital decision-making venues. While this is not a material benefit directly linked to social justice, there should be little doubt that the creation of this institutional sphere provides low-income citizens with the opportunity to address their political and social demands in a formal environment. Traditionally excluded citizens have the opportunity and right to participate in new decision-making venues. The decisions and ensuring votes within their venues

result in specific changes in their communities. This is an incredibly empowering process in which low-income and excluded citizens have the opportunity to make decisions that shape their lives and the lives of their fellow citizens.

Administrative Reform

Bureaucratic and administrative reform is the final important outcome of the PB programs. Implementing new decision-making processes also requires changes internal to the bureaucracy so that implementation will conform to the new criteria. In successful PB programs considerable time and effort is dedicated to the decentralization of the government. Officials are appointed to aid and assist the organization of each district, which facilitates contact between the government and the population. These officials act as intermediaries between citizens and the technical staff. In all successful PB programs, a substantial effort is made to develop close contacts between PB participants and bureaucrats.

Technical information, vital to the implementation of any public works projects, becomes part of the public debate. Citizens needed to understand the specific requirements for building a road or installing drainage. This information, which was customarily in the private, professional offices of the bureaucrats, was provided to the citizens so that they could make informed decisions. Additionally, clear, rational and systematic rules for the implementation of projects were established. This reduces the power of the most powerful or well-entrenched bureaucrats, as they are no longer able to manipulate the allocation of public monies. The establishment of a clear set of rules provides all interested parties—citizens, government officials, bureaucrats, businessmen—with the knowledge that policy decisions made in the PB's public forums will be translated into actual policy outputs. The implementation process, while one hundred percent transparent, is generally open and knowable to any interested citizen. Any citizen can easily check on the status of project to know the status of the project (i.e. planning, bidding and implementation).

Section Nine: Can Participatory Programs Travel Beyond Brazil?

- *Can Participatory Budgeting Programs be implemented by governments in other countries? In other regions of the world?*

The tools, procedures, and methods of Participatory Budgeting are, in our opinion, transferable to other countries at local and state levels of government. PB programs have been successfully implemented in Brazil's distinct regions, from the industrialized southeast to the northern Amazon region. They have been successfully implemented in municipalities ranging from nearly two million inhabitants to just under 100,000. If governments are interested in implementing a PB-type program, they might want to consider some of the following issues:

- Is there sufficient discretionary funding to allow citizens to select specific public works?
- Can PB programs be used to increase tax collection?
- Is the government prepared to delegate authority to citizens?
- Will PB programs subvert traditional patronage networks? Does the government want to subvert them?
- Can PB help the government to establish new bases of political support?

At the heart of any consideration must be the viability of delegation of decision-making authority, along political and administrative lines. PB is a cumbersome process that often takes several years to run relatively smoothly. If a government faces intense political pressures from other political parties or from the media, the cumbersome and public nature of PB may exacerbate the governability problems. Governments must have sufficient political flexibility to engage citizens in an innovative policymaking process. Furthermore, the government must have the resources and capacity to reform the bureaucracy so that the program will actually be implemented according to the established rules.

Financial flexibility and independence is a second issue to be considered. Do, for example, Mexican municipalities or Indian states have enough independent financial resources to incorporate citizens directly into the policymaking process? If a government has few financial resources or flexibility, they should consider how a focus on financial and budgetary issues would affect their overall political agenda. If the government lacks financial autonomy, can they use a type of PB to have citizens help prioritize some type of social spending? In this case, perhaps PB program could be used as an educational tool rather than as a means to distribute scarce resources.

- *Can Participatory Budgeting Program be implemented by NGOs in other countries? In other regions of the world?*

When governments are unable or unwilling to implement PB programs, NGOs can play a vital role by disseminating information and monitoring government spending. NGOs have played an important role in the dissemination of PB programs throughout Brazil. NGOs can work with governments to implement PB programs or they can set up parallel monitoring programs.

One initial challenge is to engage social movements and NGOs on seemingly arcane issues of taxation, representation, and more efficient policymaking. Prior to the implementation of a PB program, it would be helpful if civil society activists begin to question how public resources are being used and how they could be used. The first step would be to focus on the budget and social spending while the second step is explicitly normative or political.

In Rio de Janeiro, Brazil, for example, IBASE, (a policy advocacy NGO) initiated a citywide forum to monitor the budget and hold public discussions on the budget and social spending. The first stage of this process is technical as IBASE collects and distributes detailed information about Rio de Janeiro's massive and complex budget. This involves analyzing budget

expenditures on a weekly and monthly basis. The second stage of the monitoring process focuses on the incorporation of other NGOs, social movements, and community-based organization into the forum. The forum analyzes how scarce resources are being used and then makes recommendations for how the money should be spent. IBASE helped created the PB Forum with the expectation that increased knowledge about budgets and actual expenditures would foster increased participation. The third stage is the development of alternate programs and plans; the normative and political critique of existing policies comes at the end of the process.

- *Are there pre-existing networks of social movements that would support PB?*

While there is no set or minimum level of civil society activism necessary to establish a PB program, the program will more likely flourish if there are networks of citizens and associations that will strongly support it. During the founding phase, many of the initial participants tend to be political activists. Higher levels of participation help to legitimize a government's reform efforts. Therefore, pre-existing networks that support the PB program through their mobilization efforts will help to legitimize the government's reform efforts. Pre-existing networks often lay the foundations for progressive governments and citizens to support innovative policymaking forums.

- *Are there prior experiences of administrative and financial decentralization?*

Previous experiences with decentralization may make bureaucrats more amenable to accepting administrative reforms. Governments must be able to reform the bureaucracy so that it will be open, transparent, and oriented towards citizens. When citizens participate in the policy-making process, bureaucrats lose some of their power to set the public agenda. If local government has discretionary resources available, it is more likely that they can embark on a PB program. Local governments need to have control over their own finances in order to implement a reform policy of this type.

- *Can the government allocate increased resources to their poorest citizens and neighborhoods without losing general political support?*

A progressive government may need broad legitimacy to allocate greater resources to poor neighborhoods. It is important that the government consider their level and type of support to gauge if their electoral base will support a greater degree of their resources dedicated to poorer neighborhoods. Social justice is an important part of PB programs. The ideals of social justice stimulate progressive governments to adhere to the rules of PB while lower income citizens have a specific incentive to participate because they will receive more resources. PB programs are highly controversial because the poor receive more resources and goods than they received under previous policymaking systems.

What is the role of the legislature? Can legislators promote a more active participation?

In Brazil, the legislature has virtually no role in policymaking or in the PB process. The executive has virtually all power. PB programs incorporate citizens into a policymaking process that is directed and governed by the executive branch. Legislators do not have any formal role in the PB. In some Brazilian municipalities, legislators will attend meetings, provide support, and/or mobilize individuals. Executives often frown on their participation. This is one of the most controversial parts of PB programs: The legislature, an elected body, has its powers diminished by PB while citizens are directly engaged in policymaking processes. Citizens, not legislators, make policy decisions.

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