

**THE POLITICS OF INSTITUTIONAL INNOVATION  
THE IMPLEMENTATION OF PARTICIPATORY BUDGETING  
IN THE CITY OF BUENOS AIRES\***

**ENRIQUE PERUZZOTTI**

**Professor, Department of Political Science and International Relations  
Universidad Torcuato Di Tella**

**August 2005**

**\* Paper prepared for the Seminal *Democratic Innovation in Latin America: New Approaches to Local Governance*, organized by The Latin American Program of the Woodrow Wilson Center and the Inter-American Foundation, Washington DC, September 2, 2005.**

## **I. Democratic Innovation and Institutional Change**

Democratization studies have had a backward-looking approach to institutionalization. Most of the literature on democratic consolidation revolved around the problems that the particular legacy of Latin America posed to the process of democratic institutionalization. Some authors focused on the more immediate cultural legacy of military authoritarianism and state terrorism<sup>1</sup>. Others, instead, were worried about the perdurability of populist traditions in current democracies<sup>2</sup> or about the notable endurance exhibited by traditional oligarchic power structures<sup>3</sup>. Despite their disagreement over how far back we need to go to understand the current obstacles to institutionalization<sup>4</sup>, they all shared a common diagnosis about the incompatibility of part of the region's political culture and traditions with a representative form of democracy. A great part of the debate revolved around the distinctiveness of the democracies that resulted from the transition from authoritarian rule and the particular way in which they combined democratic and authoritarian features into a political hybrid that defied established academic categories.

In recent years, the past-oriented perspective of consolidation studies has been replaced by a future oriented concern on how to improve the institutional quality of existing regimes. Because it aims at finding the variables and dynamics that could trigger the transition from a delegative to a representative form of democracy, the new discipline is forced to address the fundamental question of institutional innovation. In their search for sources of innovation, many authors have turned their attention to local politics as an interesting arena of democratic experimentation. A broad overview of what has been going on in local politics in Latin America raises serious doubts about the “continuity thesis” of consolidation studies: this realm witnessed the emergence of new civic actors and important electoral realignments. It also provided an interesting lab for the developing of new mechanisms of citizen participation and control such as participatory budgeting, public audiences, civic audits, referendums, revocatorias, etc. This article

analyzes the politics of implementation of one of those mechanisms, participatory budgeting in the city of Buenos Aires.

The analysis will focus on the introduction of PB in the city of Buenos Aires, a political district of crucial weight in Argentine politics and the center of the massive civic mobilizations and protests that shook the country in the summer of 2001/2 and forced the resignation of President Fernando De la Rúa. Given that the introduction of PB in Buenos Aires is relatively recent and the lack of empirical studies about the workings of such mechanism, the analysis will basically focus on the politics of implementation of participatory budgeting. What were the origins of such innovation? Who were the actors motorizing such changes? Under what political circumstances was PB introduced? How those circumstances shaped its workings and outcomes? These are some the questions that will be addressed in the next pages. By focusing on the politics of implementation of participatory budget in Buenos Aires city, the paper hopes to shed light on how different paths at institutional innovation can influence the outcome, determining either the success or failure of a specific institution irrespectively of the qualities and value that are usually attributed to the former by democratic theory. As it will shown below, a certain minimum of conditions have to be met for a process of institutional innovation to take place and to positively influence representative institutions.

The article divides as follows: section two briefly describes the dynamics and characteristics of what is considered the paradigmatic case of participatory budgeting: the experience of Porto Alegre. Section three and four focus on the way participatory budgeting redefines and improves the nature of civic participation and of political representation. Section five describes the social and political landscape of the city of Buenos Aires as well as the particular political conjuncture which opened the way to the process of implementation of participatory budgeting. The final section wonders whether the timing and way in which it was carried out the process of implementation met some of the requirements that are usually considered important to assure the success of any process of institutional innovation.

## **II. Participatory Budgeting, Civic Participation and Representative Institutions**

Since its introduction in Porto Alegre, the institution of participatory budget has been heralded as a crucial democratic innovation that results in a more fruitful relationship between neighbors and local authorities. PB has been incorporated by different municipalities throughout Brazil. Several municipal authorities in the region have also decided to draw from the Brazilian experience thus incorporating different schemes to link citizens to budgetary planning. By introducing a mechanism that fosters public forms of deliberation and negotiation, greater accountability and citizen oversight over local authorities and bureaucracies, and that introduces a criterion of justice, PB contributes to the improvement of the quality of representative democracy in the region.

What is the nature of PB? How it specifically contributes to the agenda of democratic improvement? PB introduces a participatory process of budget planning where citizens and civic organizations are encouraged to attend public meetings to propose, debate, and select a certain number of budgetary priorities in the areas of public works and social services<sup>5</sup>. PB involves a yearlong decision-making process in which citizens have the opportunity to negotiate and deliberate about the allocation of a percentage of the city budget to specific policy outlays. The process involves several rounds of meetings of territorially and thematically organized forums in which deliberation takes place in public and where decisions must comply with certain criteria of justice and redistribution.

The case of Porto Alegre presents the first and paradigmatic example of PB. How is PB structured in Porto Alegre? PB comprises several rounds of assemblies that take place throughout a nine months period. The first round of meetings takes place from March to June and entails the organization of territorial and thematic assemblies. The territorial assemblies met at the regional and neighborhood level<sup>6</sup>. The first cycle of territorial forums involve two rounds of deliberation: one at the regional level and the other one at the neighborhood level. During this period, citizens in different neighborhoods are

encouraged to participate in the assemblies since their turnout will determine the number of elected representatives that the neighborhood will send to the regional assembly. Since the final vote in the latter is what determines the chances of a specific project to be selected, there is an incentive to mobilize at the local level to acquire greater voice in the regional assembly<sup>7</sup>. Within the regional assemblies, neighbors and community leaders from each of the sixteen regions met to discuss the allocation of the region's share of a percentage of overall resources. The first round also includes the organizations of five thematic assemblies that congregate neighbors according to their interest in a particular agenda (health and social services; transport; urban development; culture; and economic development). The goal of the thematic assemblies is to concentrate not on specific territorial demands (as is the case of regional and sub-regional forums) but to set broader priorities for public policies.

The second series of gatherings takes place from July to November. This second round of meetings selects the policies and projects to be implemented during the fiscal year. Sub-regional assemblies meet to rank the five main thematic priorities of the neighborhood (over a total of twelve themes) and to deliberate about specific works or projects in the area. The third round of deliberations takes place at the regional level. In the Regional Assembly, delegates homologate the priorities and demands for specific works from the different regions and sub-regions. The assembly also elects regional and thematic representatives to the Participatory Budget Council. The responsibility of the Council is to supervise that the city budget follows both the recommendations made by the assemblies and the criteria of priority set in them. It also supervises the implementation of the budget and the specific execution of the public works.

### **III. Participatory Budgeting and Participation**

What are the changes introduced by PB to patterns of civic engagement? Does PB contribute to the revitalization of local civil societies and increased participation? It has

been argued that PB helps to recreate and improve participation yet there is some degree of disagreement over what constitutes the specific contribution of PB to civic engagement. Some authors focus on the incentive that PB creates for civic engagement. The establishment of participatory institutions, they argue, can be a good way to stimulate greater levels of civic participation. PB is seen as an effective antidote against civic apathy and disengagement. The numerical increase of participants in each new yearly round of participatory budgeting negotiations provides a basic yardstick to measure its success. Rebecca Abers, for instance, sees in PB a good example on how state policy and resources can be used to stimulate an active citizenry<sup>8</sup>. In her exhaustive analysis of participatory budgeting in Brazil, she analyses how through the tool of participatory budgeting reformist governments helped to establish a more attractive local structure of political opportunity that opened new venues for social movements and neighborhood organizations.

The ability of PB to increase grassroots participation has been questioned by different authors. Leonardo Avritzer, for example, considers PB more as the outcome of increased civic mobilization than as its instigator. He sees it as an instructive example of how new societal practices and demands were successfully transferred to the political level. The institution of PB offers an institutional design that connects the participatory culture and demands of a new generation of community associations and of a new breed of civic activists with local authorities and policy makers<sup>9</sup>. From a different angle, the work of William R. Nylen also raises some questions about the ability of participatory designs to generate an increase of popular participation or to empower the disengaged. Drawing data from a survey conducted among PB delegates in Belo Horizonte and Betim, he concludes that the majority of participants were already active in civil society before becoming PB delegates. In his view, the results shows that PB “to a great extent preaches to the choir, to the already empowered, and fosters comparatively little new empowerment.<sup>10</sup>” Participatory instruments such as PB can do little to address the problem of civic disengagement. Rather than inducing participation or empowerment of previously disengaged citizens, PB provides a meeting ground for the already active network of civic leaders. PB contributes to sustaining the participation of community

activists and organizations, establishing a meeting ground to build new horizontal alliances and networks and acquire new political skills. It is this reconstruction of “secondary institutional linkages to the state” what constitutes the main contribution of PB to the revitalization of local representative institutions<sup>11</sup>.

For Leonardo Avritzer the importance of PB lays not so much in whether it was able to foster participation among the disengaged or to sustain already existing forms of grassroots activism but rather the ways in which the participatory design helps to shape the dynamics and outcome of civic participation. According to Avritzer, the institutional design of PB plays a beneficial role for it leads to a *qualitative* change in the patterns of participation. Without disregarding the potential contribution of PB to a quantitative increase in civic engagement at the local level, he tends to emphasize how the institutional design shapes the patterns of participation in beneficial ways, renovating the stock of democratic practices and creating disincentives for old and questionable forms of articulation between civil society and the political system<sup>12</sup>.

In which particular ways does PB contribute to the betterment of participation? PB institutionalizes a new form of civic participation that is structured around two axes:

a) *public deliberation*: in the different regional, sub regional and thematic forums established by the PB design, social demands are presented in a public forum and must be not only negotiated and defended discursively but must also address the question of deliberative inequality and social justice. The mechanism of PB institutionalizes forums of face-to-face deliberation that are public and where different actors negotiate about the distribution of public goods and the allocation of public investments<sup>13</sup>. In contrast with the opacity and hierarchical nature of clientelist relationships, matters are discussed in an open and equalitarian forum. The incorporation of a formula that takes into account the average income and access to services of each specific area involved serves to prevent the capture of the PB by the more vocal or the better organized sectors. Differential access to public goods is thus transformed into a criterion for determining the allocation of the

budget, detaching the process of allocation from the distortions introduced by social lobbying and bargaining and clientelism.

b) *formal participation*: civic participation takes place in an enabling institutionalized setting that provides effective mechanisms to ensure that both local politicians and the administrative agencies act in a responsive and accountable manner. The civic activism that takes place within PB institutions differs from the various forms of civil society intervention in the public sphere in the fact that it takes place in an enabling decision-making forum. Avritzer employs the concept of participatory publics to differentiate the latter from forms of public deliberation and participation that take place at the level of the public sphere but that lack the institutional dimension of the former<sup>14</sup>.

#### **IV. Participatory Budgeting and Representation**

Three are the contributions of PB to the betterment of representation: a) it eliminates the distortion introduced into the representative link by political brokers and clientelism; b) it improves the signal that constituents send to the political system; and c) it increases citizen's access to information and control over city authorities and agencies.

*Betterment of reception*: PB establishes a more complex form of connection between civic participation and political representation, for it builds an intermediary institutionalized forum that, while preserving the differentiation between civil society as a sphere of influence and political society as the sphere of decision-making, it formalizes a system of societal sensors and controls to make sure that local authorities behave in a responsive manner. PB provides a forum where a strong signal is sent to the political authorities by the citizenry bypassing the distorting intermediation of local power brokers. It simultaneously builds mechanisms to ensure that local political representatives and administrative agencies respectively remain responsive and accountable to the needs and desires of local constituencies. The reconnecting civil society's demands with the political system are done thanks to the replacement of the old set of political

intermediaries by a new one. In the successful cases, what the institutions of PB do is to make obsolete the clientelist intermediation of traditional political brokers through its replacement by a new set of intermediaries that are drawn from civil society. As Wampler argues, PB allows a new pool of social activists to play an intermediary role between neighbors and local authorities. While both set of intermediaries play a mediating function, there is a basic qualitative change in the way such intermediation is carried out. Political brokers are replaced by a new cadre of social activists and neighbors that act as effective transmission belts between local constituencies and the municipal political system.

*Betterment of signal:* Another central contribution of PB is to filter out --through the establishment of certain formulas to leverage social groups' voice with a notion of distributional justice-- the distorting representational patterns of civic participation. Given that this institution deals fundamentally with forms of civic claims of a material and distributional nature, it runs the risk of reproducing in its dynamics the unequal patterns that prevail in an existing social structure. By detaching the definition of budget priorities and specific decisions about public investments and public works to the simple ability of a neighborhood or thematic group to voice and successfully negotiate its demands, PB imposes a screening normative criterion of justice to bargaining politics. In this way, PB forces civic intermediaries and activists to take into account the demands of underrepresented social sectors or regions. When functioning properly, PB can help reduce the 'noise' and 'interference' that certain activities and initiatives of societal and political brokers bring into the signal sent by constituents to the political system. When successful, the dynamics of PB are able to filter out the distortions and inequalities of political clienteles and of private and non discursive forms of civic bargaining and lobbying, recreating a more transparent and sophisticated form of articulation between constituents and political system.

*Accountability:* PB increases accountability, both in its legal and political dimension. It contributes to the agenda of political accountability for it forces greater political responsiveness. Through the establishment of an issue specific and institutionalized

signaling system it makes it difficult for local authorities to act in an unaccountable manner. Given that PB mechanisms institutionalize channels that transmit very specific societal demands, it forces authorities to behave in responsive manner. It is more difficult for a municipal agency to ignore the decisions made by the assemblies. The latter does not mean that they always have to comply with the choices signaled by the PB forums. Political authorities or administrative agencies can always reject certain proposal on political or technical grounds. Even in those cases in which they decide to reject the constituents' choice, they must do so by providing convincing political or technical arguments. It also increases the legal accountability of political authorities and agencies for it establishes a formal instance of supervision of the execution of the budget and of the specific investments detailed in it.

## **V. The *Porteño* Path to Institutional Change**

For participatory budget to fulfill its full potential and promise several conditions have to be met. Otherwise, the implementation of PB will not significantly alter existing patterns of articulation between civil and political society. Any process of institutional innovation requires not only a clever institutional design but also its actualization in concrete social and political practices. Those cases in which PB shows notable accomplishments are the ones in which the pattern of institutional change was pushed by a new generation of social and political actors that provided a sociological base to new set of institutional mechanisms. Leonardo Avritzer, for instance, sees in PB a paradigmatic example of how new social demands and practices can be successfully translated and transferred into the political system. In those cases in which such sociological substratum is absent, the impact of the new institution is going to be either rather limited or subject to the cooptation of preexisting social and political networks. **(ADD Footnote failure..)**

What were the sources of institutional innovation in the city of Buenos Aires? What led to the implementation of participatory budget? What is the nature of the city's associative

life? This section will trace the conditions and context within which PB was implemented in the city of Buenos Aires.

It is only in 1996 that Buenos Aires became an autonomous city and when it was first able to democratically elect its mayor. The 1994 reform of the national constitution of Argentina established the new juridical status of the city and in 1996 the city established its own constitution. The constitution included an ample spectrum of new mechanisms of citizenship participation. Article 1 declares that Buenos Aires organizes its institutions as participatory democracy. The question of participation permeates the whole document: a total of fifteen articles refer to participation and to participatory democracy among them article 52, which establishes the need to implement procedures for participatory budgeting.

Article 52 simply states the need to establish consultative procedures regarding budgetary matters but it does not specify the specific format to be assumed by PB. The provisory clause of law 70 stipulated the end of 1998 as the deadline of for sanctioning the legislation that would regulate the specifics of participatory budget implementation in Buenos Aires. The legislation also demanded citizen involvement in the debates and elaboration of the rules that would govern the process of participatory budgeting. Throughout the years, eight different projects were proposed in the city legislature but none of them were actually sanctioned. The issue remained unresolved (as was the case of many of the other participatory mechanisms included in the constitutional document) even when the legal deadline for its regimentation had already expired. In the end, PB was legislated by executive decree by the chief of government, Aníbal Ibarra, in the year 2002 under a context of generalized crisis, social protests, and social discredit of political representatives. It was an improvised and top down response to the crisis of representation of 2001-2002.

#### *The social background to PB: cacerolazos and popular assemblies*

The sanctioning of PB was a specific reaction to the 2001/2002 political events that shook Argentina and forced the fall of the De la Rúa administration. On December 19

and 20, without any previous planning or coordination, a multitude of citizens expressed their disappointment with the governing administration by banging pots and pans in their residences and streets of the city of Buenos Aires and other major urban centers of the country. The electoral triumph of the electoral coalition known as the Alianza in 1999 was followed with great expectation by large sectors of the citizenry. It was the belief that the Alianza administration would not only address the calls for change in regard to economic and social policies, but also confront the demands for greater transparency and legal accountability that had been raised throughout Menem's period. The fact that the anticorruption discourse and the promise of political renewal was a central component of the campaign discourse only served to reaffirm such conviction. The so-called Senate scandal that led to the rupture of the governing coalition after the resignation of vice-president Alvarez as well as the deepening of the economic crisis that forced the government to implement unpopular restrictions on the use of the financial assets that were in savings accounts in the financial system, seriously weakened the authority and legitimacy of the governing administration.

The protests initiated after in a nationally televised presidential address De la Rúa announced the restriction of constitutional guarantees through a state of siege decree on December 19, 2001. The pronouncement came as a response to a series of food riots that were taking place since December 16 in some localities of the greater Buenos Aires. The popular response to the presidential discourse and the state of siege decree was immediate: spontaneously, thousands of Argentines took the streets and plazas of the major cities of the country to demand the resignation of the president and his cabinet. In Buenos Aires, a massive and spontaneous concentration in Plaza de Mayo met a violent repression by police forces, taking the twenty five protesters and injuring several hundred of them. The population participated in a second massive nation-wide *cacerolazo* on December 20 that forced De la Rúa's to step down half-way through his four year term.

Far from disappearing after the appointment of a new president, the mobilizations and protests grew in breadth and anger, opening a period of political turbulence and turmoil. Massive *cacerolazos* affected the permanence of Adolfo Rodríguez Saá, who was named

interim president by the National Congress. Rodriguez Saa resigned only after spending seven days in office and Eduardo Duhalde assumed the presidency. The menace of the *cacerolazos* appeared as a latent threat to the stability and survival of the newly appointed president. Yet, after an initial period of proliferation of *cacerolazos* and the attempt to make them a weekly event, this form of protest gradually vanished from the public scenario.

The end of the *cacerolazos* did not imply, however, the end of social protests. The mobilizational climate opened by the December protests gave birth on the one hand, to three main forms of collective action: a) to the emergence of a heterogeneous multitude of vocal groups and mobilizations (*ahorristas*, *deudores*, *llaverazos*, *escraches*, *mobilizations against the Supreme Court*, etc.), b) to the establishment of popular assemblies in the city of Buenos Aires and a handful of metropolitan centers, and c) to a remarkable increase of the activism of unemployed organizations.

Part of the social energy unleashed by the *cacerolazos* was subsequently channeled through a multitude of groups and organizations of a more focused character. On the one hand, the economic measures of the Duhalde administration spawned a wave of mobilizations of sectors who were directly affected by them, mainly but not solely depositors and debtors. On the other hand, there were numerous social initiatives and mobilizations directed towards certain institutions or political figures, most notably, the mobilizations demanded the removal of the nine justices of the Supreme Court or the numerous *escraches*<sup>15</sup> and attacks organized against certain political figures. Most of those initiatives can still be framed within the concept of social accountability: the organizations of *ahorristas*<sup>16</sup>, *llaverazos* and *deudores*<sup>17</sup>, for example, resorted to legal and social mobilization to protect their rights against what they considered a breach of private contracts and a violation of constitutional guarantees by the authorities. The *escraches* and mobilizations against the Court justices, the legislative, etc. entailed a severe (and many times violent) condemnation of the workings of horizontal institutions.

The number of roadblocks suffered a substantial increase in the year 2002, reaching a record number of 2336 or an average of 194 roadblocks a month. The killing of two protesters during a demonstration in the month of April sent a dramatic warning to the government about the political damage that the mobilizations could exert on the Duhalde administration. The government response was to dramatically increase the number of social funds for the unemployed that were distributed not directly to the beneficiaries but to the different *piqueteros* organizations. From May to October, the number of social subsidies jumped from 1.100.000 to 2.050.000. The strategy paid off: during the same period roadblocks declined from 514 to 86.

The most notorious development of the post-*cacerolazo* period, however, was the proliferation of popular assemblies in the vast number of neighborhoods of the city of Buenos Aires as well as in some other urban centers, like Rosario and Mar del Plata. The establishment of neighborhood-based popular assemblies took place in January and February of 2002 under a public scenario still dominated by the *cacerolazos*. In a certain way, the *asambleas* were an outgrowth of the latter, since they developed as a result of neighbors meeting in the streets to protest. As the *cacerolazos*, these associational forms developed spontaneously and from below without the intervention of any organized social or political group. Since a central aspect of the movement, as of the previous *cacerolazos*, was a radical critique of political parties and representative institutions, the assemblies adopted a loose horizontal, participatory and deliberative type of structure to avoid the 'dangers' of delegation.

Initially, the assemblies consisted on a loose congregation of neighbors who met to express their anger with the current social and political situation and to demand the resignation of all political representatives. As the *asambleas* grew in concurrence, the meetings adopted a regular schedule and an organizational form. By the end of February and early March, many *asambleas* had established different commissions to deal with specific issues that affected the neighbors in the locality (soup kitchens, press and communication, health, unemployment, exchange of goods and services, etc.). The

attempts to build an overreaching umbrella organization resulted in the establishment of two major cross-neighborhood meetings (the Interbarrial of Parque Centenario and the so-called Colombres). The objective of the cross-neighborhood organizations was to provide a forum that would allow the exchange of opinions and the coordination of activities amongst the different neighborhood assemblies of the city of Buenos Aires.

As had previously happened with the *cacerolazos*, the wave of civic effervescence that fed the assemblies gradually faded. Concurrence to the weekly meetings drastically dropped in numbers. Nowadays, only a reduced core of people actively participates in the assemblies meetings and commissions. The experience shows the limitations of a discourse that emphasizes horizontality and direct forms of democracy and that is highly suspicious of anything 'representative'. The significant burdens of active participation exerted their toll on assemblies, leaving only a nucleus of neighborhood and left party activists. The attempt at recapturing delegated power in grass-roots organizations that would establish a fully participatory and consensual process of decision-making proved not only burdensome for ordinary citizens but also generated innumerable internal conflicts and eventually fragmentation and demobilization<sup>18</sup>. A central axis of division of the assembly movement was between popular and neighborhood assemblies. The first group was organized around a broad national agenda and the struggle against neoliberalism while the latter was largely concerned with a local agenda and the organization of different sort of neighborhood activities to palliate the crisis.

Buenos Aires was the epicenter of the assembly movement. In the first half of 2002, more than a hundred neighborhood assemblies operated in the city. The assemblies had greater presence in middle and upper middle class neighborhoods. The neighborhoods that show the largest number of assemblies were Belgrano (9), Palermo (9), Almagro (7) and Caballito (6)<sup>19</sup>. Initially, the assemblies were a place for neighbors to congregate to protest and to debate about national politics. Once the meetings became regular, the assemblies began to organize around thematic commissions that mostly dealt with local issues or problems such as organizing soup kitchens, exchanging good and services among neighbors, employment services, etc. The assemblies began to develop multiple

activities and to provide various services to their members and neighbors such as organizing community purchases of food at discounted prices, providing legal services to *ahorristas* or psychological support to the unemployed, staging artistic and cultural shows and exhibits, etc.

By the end of 2002, civic participation in neighborhood assemblies had been reduced to a limited number of people, the average turnout being between twenty to forty persons. There are two clearly defined groups within the still existing assemblies: one organized around a leftist political discourse that sees the assembly as a space of resistance against neoliberalism and another group that has is organized around local neighborhood concerns. The first group adopts a radical political stance towards political authorities and maintains the anti-political discourse of the *cacerolazos*. The popular assembly of Cid Campeador, for example, views itself as a popular movement and refuses to participate in electoral and institutional politics. Participation in the PB program is rejected for it seen as a form of governmental co-optation of the movement. The second group of assemblies is structured instead around a local identity. This type of group focuses fundamentally in the problems faced by the neighborhood, developing different type of activities and initiatives within the neighborhood. These groups are more likely to establish some form of collaboration with the city government and CGP authorities.

#### *The Political Background to the Implementation of PB*

Aníbal Ibarra, the first democratically elected chief of government of the now autonomous city of Buenos Aires, had run on an Alianza ticket. Ibarra was a conspicuous figure of Frepaso and a close ally of Vice-president Carlos “Chacho” Alvarez. With the collapse of the De la Rúa government, Ibarra found himself in a difficult political situation. While he had managed to survive the collapse of the Alianza and the *cacerolazos*, his main bases of political support were largely gone. At the national level, the political coalition to which he belonged no longer held power. His main ally within his party --Chacho Alvarez—had been condemned by public opinion to political ostracism after he resigned to the vice-presidency. At the local level, he was chief of

government of a district that has been the center-stage of political protests and mobilizations. Within the city of Buenos Aires, Ibarra lacked of any territorial bases of support. His political party (Frepasso) was largely integrated by a cadre of highly visible politicians but had not yet built any solid territorial network of support in the city. The political apparatus of the city was in the hands of the Union Cívica Radical. Lastly, the local Frepasso leadership was fragmented into competing factions.

It is this troublesome political context that helps to explain the way PB made its entrance into the city politics. Ibarra initiated a process oriented to recompose its political base, making political overtures to different political factions of the Radical party and of the former Frepasso, now rearranged under the name of Frente Grande. The Frente Grande was divided into three main factions, one of them headed by a former Ibarra ally, Ariel Schifrin. Ibarra struck a political deal with Schifrin and his group and offered the latter the sub-Secretariat of Decentralization and Citizen Participation which was rapidly upgraded to the status of Secretariat. Schifrin assumed in February of 2002 and he immediately set to work in the implementation of PB. While PB was not in the agenda of Ibarra, Schifrin convinced him that it could work as a way to institutionally channel the protesters organized around the assemblies. For Schifrin, PB represented opened an interesting window for the construction of a territorial apparatus of political support in the city that could compete and eventually displace the extended apparatus of the Radical party. To accomplish such task, Schifrin began to appoint a cadre of loyal persons in the network of *Centros de Gestión y Participación*.<sup>20</sup>

The CGPs were a product of a truncated decentralization process. Decentralization, like PB, had a constitutional status in Buenos Aires: article 31 establishes the creation of comunas. As with PB, the law of *comunas*, that is, the legislation to decentralize the city into different political and administrative units was never implemented (it should had been sanctioned by the end of 2001). The law foresees the establishment of political and administrative units that would be governed by a collegial body of seven members to be appointed through popular vote every four years. Those units will constitute local consultative organs that will establish forums of deliberation, provide channels to voice

local demands, to elaborate proposals and to define budgetary priorities, to monitor public officials, etc. The first election was supposed to take place in 2001. Instead of implementing the legislation, the government merely engaged in a process of administrative decentralization that led to the division of the city into sixteen different administrative units or *Centros de Gestión y Participación* (CGP). The role of the CGPs have been rather limited: they mostly provide a place for neighbors to do different administrative errands without the need to travel to downtown Buenos Aires. Given that the PB was going to be launched without the sanctioning of appropriate regulative framework legislation, such as demanded by the constitution, the CGPs ended up being a crucial piece in the improvised participatory budgeting plan launched by the Buenos Aires government.

The program of participatory budgeting was launched in June 10, 2002 without a law to regulate its implementation. This first round consisted on a limited one month process in only sixteen neighborhoods. The goal of this round was to organize meetings where neighbors could select budgetary priorities (*Plan de Prioridades Barriales* or Neighborhood Priority Plan). In this pilot project, according to the official figures, 4500 individuals participated, identifying 338 budgetary priorities that were incorporated into the city's 2002 budget. The budget was approved by the city legislature. A broader scale participatory budgeting experience took place between July and September of 2003. This new round involved the participation of 9500 persons in 43 neighborhoods that voted 189 priorities that were incorporated into the city's budget. The 2004 Participatory Budget Plan eventually reached full scale involving the participation of all 51 neighborhoods in which the city is divided. In this round, the number of participants jumped to 14,000 individuals that selected 1,000 priorities, 600 of which were incorporated into the city's budget.

How is the Buenos Aires participatory budgeting program structured? The format of the Buenos Aires PB differs from the one of Porto Alegre. A Central Participatory Budget Unit was established with functionaries from different areas to coordinate the PB process and to represent the government in the PB Council. A Council of Participatory

Budgeting was created at the end of 2002. The Council is integrated by 51 elected neighborhood delegates (each voted in the 51 neighborhood assemblies that participate the program), by the functionaries of the Central Participatory Budget Unit and by civil society organizations. At the regional level, 16 coordinating local units were created within each of the CGPs as well as 16 local groups to promote participation in the budgeting program within the locality. Finally, there are 51 neighborhood assemblies.

In contrast with the Porto Alegre model, the organization of the Buenos Aires PB is fundamentally territorial: the neighborhood assemblies are the basic unit and within them deliberation about local and thematic priorities takes place. There are two plenary meetings at the start and closing of deliberations, where all neighbors are invited to participate and an intermediary round of thematic meetings. If the priorities voted by the neighbors in the assemblies are considered feasible by a technical commission, they are ranked according to a formula that takes into consideration the area's population, the percentage of neighbors that voted and the average income in the neighborhood. In the end, a ranked listing of the priorities selected is made. In contrast with the Porto Alegre model, the Buenos Aires PB signals the actions to be taken by government but does not assign to them a specific amount of money. Rather, it ranks the way the available resources are to be used<sup>21</sup>.

Another difference is that the improvised structure of the Buenos Aires participatory budgeting places CGP functionaries as crucial brokers within the program. In the absence of clear rules, the personal criteria of the functionaries that are in charge of each of the sixteen CGPs shapes the dynamics of the program in their respective area of influence. There is an element of discretion at this intermediary level that might lead to very different outcomes, depending on the political connections and personal style of the functionary. Comparing the role of CGPs in different sectors of the city, Matías Landau finds that there prevails heterogeneity of criteria within the spectrum of CGPs, depending on whether the functionary in charge will privilege a technocratic or a more political approach to PB<sup>22</sup>. In those regions or neighborhoods that lack a strong associative network, the process can assume a managerial and technocratic style that privileges more

restrictive forms of civic participation. In other CGPs, prevails a more political criteria and a more open participatory process<sup>23</sup>. Dennis Rodgers also distinguishes between two different approaches to PB, Schifrin's politicizing one and a more technocratic or professional one that is being pushed by the Technical Coordination team and certain local CGP teams<sup>24</sup>.

Schifrin's permanence in the Secretariat will nevertheless be short-lived. Ibarra run for re-election in September 2003 and sought the political support of the recently elected president, Nestor Kirchner<sup>25</sup>. After winning his bid for re-election, Ibarra made changes in his cabinet, appointing Héctor Capaccioli to the Secretary of Decentralization and Citizen Participation. Schifrin had left the post to assume as a newly elected representative in Buenos Aires's legislature. Schifrin's team in the Secretariat was replaced by a new and inexperienced team with little commitment to the PB project. In this way, the different factions that, despite their differences, were interested in pushing the PB project were displaced by a new cadre of functionaries with little interest in the program. Ibarra had only reluctantly allowed for the initiation of the program and was always suspicious of Schifrin political intentions; he never enthusiastically supported the program and even tried to undermine it by under-funding it<sup>26</sup>. By 2004, the budget for the program had already suffered important cuts and the implementation of PB was carried out in a very disorderly and piecemeal manner<sup>27</sup>.

## **VI Concluding Remarks**

In contrast to the Porto Alegre experience, the Buenos Aires path to institutional innovation was an improvised one. Most of the elements that contributed to the success of the PB in Porto Alegre and Belo Horizonte were largely absent. First, the implementation of PB was not part of a programmatic program of a progressive political party but a desperate reaction of a government that was facing a profound legitimation crisis. Ibarra's reluctant decision to implement the program was based on short-term political considerations. There was neither consensus within his party nor in the Buenos

Aires political society about the need to initiate an experience of participatory budgeting. Ibarra's political party was internally fragmented and stood on very weak institutional grounds. On the one hand, there were no major national figures supporting his administration. On the other hand, Ibarra confronted a mobilized and angry citizenship. The delays that the regimentation and implementation of the program suffered throughout the years are a clear index of the lack of interest of the Buenos Aires political elite on the issue. It also signals a notorious lack of civic interest in activating the manifold instruments of citizen participation that were incorporated in the city constitution<sup>28</sup>. While the 2001-2002 crises led to a dramatic increase in the urban patterns of civic activism and to the formation of new civic actors and organizations, most of those expressions were fueled by frustration and rejection of existing political parties. The articulation we find in Porto Alegre with new forms of associationalism and the emerging Pt is absent in Buenos Aires where the predominant discourse rejected any form of connection with political society. It is also unclear to what extent such a dramatic mobilizational experience was able to establish a new associational networks or new patterns of civic engagement in the city, providing a sociological ground for an eventual activation of some of the institutions of citizen participation.

How to evaluate the brief experience of Buenos Aires with PB? Dennis Rodgers sees the Buenos Aires' pattern to PB as an example of how an enabling institutional environment can emerge unintentionally, even when "the conditions theoretically needed for its emergence were effectively absent."<sup>29</sup> Yet, his argument seems to contradict such statement for he raises serious doubts about the sustainability of the process; he even acknowledges that the *porteño* experiment with participatory budgeting is probably in its terminal phase. His interesting analysis of the politics of implementation seems to indicate how the political manipulation and instrumentalization of institutions of citizen participation can either force them to their premature death or to a distorted pattern of implementation that empties the institution of its democratizing normative promise<sup>30</sup>.

What are the lessons to be drawn from the improvised and politicized process of implementation in the city of Buenos Aires? Despite some of its shortcomings, was PB at

least effective in channeling some of the civic energies unleashed by the crisis into more productive institutional channels? Is it empowering a new cadre of civic activists? Is PB helping to reshape the links between neighbors, civic organizations and the local political system? Or is it simply being used in a politicized way for political authorities to build for themselves a territorial basis of power? It is difficult to provide a definitive evaluation of the program given its precarious institutionalization and the limited experience that Buenos Aires has had with the program. There is a need for a comparative and empirical study about the specific working of the process, of its distributional effects, about the characteristics of the groups that formally participate in the process and more generally about the nature of civic associationalism in the city, as well as about the links that the PB was able to establish with some of the surviving neighborhood assemblies.

The only figures available are the official data on participation, and whether or not the priorities chosen are being implemented. Without disregarding the importance of such data, the numerical growth of participants and the percentage of fulfillment of priorities by the local government does not say much about other potential benefits of PB, such as its ability to positively shape civic patterns of representation, to improve the linkages between civil and political society by removing clientelist brokers, to increase the legal and political accountability of elected officials and of local bureaucracies, and to force a more equalitarian use of the city's fiscal resources. As argued in section one, the main contribution of PB is not a quantitative but a qualitative one: A mere quantitative evaluation about the priorities being implemented by the city government or the numerical variation in the number of PB participants is not an adequate yardstick to measure the impact of this instrument to representation. Rather, it has to be established whether PB was able to improve the quality of participation through the provision of an institutional design that can avoid some of the shortcomings and inequalities that inevitably arise within civil society.

While there is agreement on the need to support processes of political innovation that could lead the region away from the questionable legacies of the past, democratization

studies still lack an adequate theory of institutional and political change. If its findings tacitly suggest the need for democratic innovation, the field of democratic studies has not yet engaged in a systematic effort to analyze the dynamics of institutional and political betterment. A comparative and empirical research agenda on the politics of implementation of new mechanisms and the effects of the former on representative institutions is still pending. A solid research agenda on the dynamics of institutional innovation would be a valuable contribution to the road map of those interested in deepening and strengthening democracy in Latin America.

## ENDNOTES

<sup>1</sup> Juan E. Corradi et. Al (Eds.), *Fear at the Edge. State Terror and Resistance in Latin America*, Berkeley, University of California Press, 1992

<sup>2</sup> Guillermo O'Donnell, "Delegative Democracy," *Journal of Democracy*, volume 5, number 1, 1994

<sup>3</sup> Frances Hagopian, *Traditional Politics and Regime Change in Brazil*, Cambridge, Cambridge University Press, 1996

<sup>4</sup> Howard Wiardía even dares to trace the roots of current problems at institutionalization back to colonial times. See Howard Wiardía, "Law and Political Development in Latin America: Towards a Framework of Analysis," in Howard Wiardía (Ed.) *Politics and Social Change in Latin America*, Massachusetts, University of Massachusetts Press, 1982

<sup>5</sup> Participatory Budgeting works with the discretionary part of the budget. It varies from % In Buenos Aires...

<sup>6</sup> The city of Porto Alegre is divided into 16 regions and into XX subregions

<sup>7</sup> Brian Wampler, "A Guide to Participatory Budgeting," mimeo (2002) page 8.

<sup>8</sup> Rebecca Neera Abers, *Inventing Local Democracy. Grassroots Politics in Brazil*, Boulder, Colorado, Lynne Rienner Publishers (2000).

<sup>9</sup> Leonardo Avritzer, *Democracy and the Public Space in Latin America*, Princeton, Princeton University Press (2002), page 137

<sup>10</sup> William R. Nylen, "Testing the Empowerment Thesis. The Participatory Budget in Belo Horizonte and Betim, Brazil," *Comparative Politics*, January 2002, page 134.

<sup>11</sup> Nylen, "Testing the Empowerment Thesis" page 140.

<sup>12</sup> Avritzer, *Democracy and the Public Space in Latin America*, page 137.

<sup>13</sup> Avritzer, *Democracy and the Public Space in Latin America*, page 140.

<sup>14</sup> For the concept of participatory publics see Avritzer, *Democracy and the Public Space in Latin America*, chapter 6 and Brian Wampler and Leonardo Avritzer, "Participatory Publics. Civil Society and New Institutions in Democratic Brazil," *Comparative Politics*, April 2004.

<sup>15</sup> The term *escraches* refers to a form of symbolic protest originally developed by some human rights organizations against unpunished perpetrators of human rights violations. This strategy of public shaming was later adopted by other organizations. During the crisis of 2001-2 was employed to condemn the justices of the Supreme Court and notorious political personalities. The protest would consist on public demonstrations in front of the residence of the targeted public figure.

<sup>16</sup> The financial measures taken by Domingo Cavallo, which put strict limits on the withdrawal of money from the banking accounts and the forced conversion of dollar-denominated accounts into highly devalued pesos led to the formation of several movements and organizations that mobilized those sectors of the population that had been affected by such policies. The movements staged innumerable protests and mobilizations to challenge the legality and legitimacy of such measures.

<sup>17</sup> They respectively referred to the mobilization of debtors who had contracted either bank mortgages or credits in dollars

<sup>18</sup> For an analysis of the popular or neighborhood assemblies see Graciela Di Marco, Héctor Palomino, and et. al., *Movimientos Sociales en la Argentina. Asambleas: la politización de la sociedad civil*, Buenos Aires, Jorge Baudino Editores & UNSAM, 2003; Maristella Svampa, "El análisis de la dinámica asamblearia. Las asambleas de Villa Crespo y Palermo" in Inés Gonzalez Bombal, (ed.), *Nuevos movimientos sociales y ONGs en la Argentina de la crisis*, Buenos Aires, CEDES, 2003; Pablo Bergel, *Nuevas Formas Asociativas: asambleas vecinales y movimientos de trabajadores desocupados*, en Inés Gonzalez Bombal (compiladora), *Nuevos Movimientos Sociales y ONGs en al Argentina de la crisis*, op. cit.; Francisco Rossi, "Aparición, auge y declinación de un movimiento social: las asambleas vecinales y populares de Buenos Aires, 2002-2003," *European Review of Latin American and Caribbean Studies*, number 78; Ana Dinerstein, "¡Que se vayan todos!" Popular insurrection and the Asambleas Barriales in Argentina," *Bulletin of Latin American Research*, volume 22 number 2 (April 2003).

<sup>19</sup> This numbers correspond to the first half of 2002, period which showed the highest percentage of popular participation in assemblies. Subsequently, both the number of assemblies and of participants was going to abruptly decline.

<sup>20</sup> For an interesting and detailed analysis of the politics of implementation of PB in Buenos Aires see Dennis Rodgers, "Unintentional Democratization? The *Argentina* and the Politics of Participatory

---

Budgeting in Buenos Aires, 2001-2004,” London, Working Paper number 61, Crisis State Programme, Development Research Centre, London School of Economics, April 2005, particularly pp. 15-25.

<sup>21</sup> Dennis Rodgers, “Unintentional Democratization?” p. 22.

<sup>22</sup> Matias Landau, “Las Tensiones de la Participación. Apuntes sobre la Implementación del Presupuesto Participativo en la Ciudad de Buenos Aires,” Universidad de Buenos Aires, Instituto de Investigaciones Gino Germani, Laboratorio/n line. *Revista de Estudios sobre Cambio Social*, Volume IV, number 16, summer 2004.

<sup>23</sup> Matias Landau, “Las Tensiones de la Participación,” op. cit. Dennis Rodgers also sees the composition of the local teams of the CGPs as influencing the particular outcome of the PB participation. See Rodgers, “Unintentional Democratization?” p. 22

<sup>24</sup> Ibid. p. 22-3

<sup>25</sup> The election of 2003 in Buenos Aires takes place in a context of extreme fragmentation of the local political system. The Peronist Party did not present candidates and the Radical Party ticket obtained a mere 3% of the vote. Anibal Ibarra seek re-election through an electoral coalition (*Fuerza Porteña*) that included the Frepaso, the ARI, some factions of the Radical and Peronist parties and some other small political organizations. Ibarra had to go to a *ballotage* against Mauricio Macri from *Compromiso por el Cambio*. For a good analysis of the electoral dynamics of the district, see Ernesto Calvo & Marcelo Escolar, *La Nueva Política de Partidos en la Argentina*, Buenos Aires, Fundación Pent & Prometeo Libros, 2005. Also, Marcelo Leiras, “La Elección del Jefe de Gobierno de la Ciudad de Buenos Aires del 7 de Mayo de 2000 y el Electorado Porteño,” in *Postdata. Revista de Reflexión y Análisis Político*, number 6, July 2000.

<sup>26</sup> Rodgers, op. cit. p. 24

<sup>27</sup> Rodgers, op. cit. p. 25; Matías Landau, “Ciudadanía y Relaciones de Poder. Los Usos de la Participación en los Programas de Gobierno de la Ciudad de Buenos Aires,” mimeo.

<sup>28</sup> There were of course some civic groups, like Central de Trabajadores Argentinos (CTA) that pushed the agenda of PB but with very limited success.

<sup>29</sup> Rodgers, op. cit. p. 3

<sup>30</sup> There is a recent example of Ibarra’s attempt to use mechanisms that are supposedly designed to be activated from below by the citizenry: the call for a revocatory referendum. In the midst of the crisis unleashed by the tragic fire during a rock concert that took the life of 194 people, Ibarra attempted to activate such instrument from above with the attempt of challenging the legislative opposition and the civic movement of family and friends of the victims demands for his resignation. Ibarra’s attempt to initiate a government-sponsored campaign to draw the necessary firms to allow for the referendum was soon abandoned.