

PARTICIPATORY BUDGETING IN BRAZIL*

I. Abstract

Participatory budgeting (PB) began more than a decade ago in Porto Alegre, one of the most populated cities in South Brazil. PB is a process through which citizens present their demands and priorities for civic improvement, and influence through discussions and negotiations the budget allocations made by their municipalities. Since 1989, budget allocations for public welfare works in Porto Alegre have been made only after the recommendations of public delegates and approval by the city council.

Participatory budgeting has resulted in improved facilities for the people of Porto Alegre. For instance, sewer and water connections went up from 75 percent of total households in 1988 to 98 percent in 1997. The number of participants in the participatory budgeting process in Porto Alegre reached 40,000 per year in less than a decade, indicating PB's ability to encourage increasing citizen involvement. The success of people's participation in determining the use of public welfare funds in the city of Porto Alegre has inspired many other municipalities to follow suit. So far, of the 5,571 municipalities in Brazil, more than 140 (about 2.5 percent) have adopted PB.

The positive impact of PB is a noticeable improvement in the accessibility and quality of various public welfare amenities in those municipalities that have adopted it. The participation and influence of people belonging to low-income groups in the budget allocation process are proof of their empowerment. However, lack of representation of very poor people in the process is a shortcoming of PB that needs to be addressed.

II. Background

The process of participatory budgeting was initiated in Porto Alegre, the capital of Brazil's southernmost state, Rio Grande do Sul. The extreme disparities in income and quality of life between the rich and the poor pose a challenge to the progressive agenda of the current government. Near-homelessness and hunger are everyday realities for a sizable number of people in the urban areas of Brazil.

Porto Alegre was a city where, despite high life expectancy and literacy, a third of the city's population lived in isolated slums at the city outskirts and lacked access to such public amenities as clean water, sanitation, medical facilities, and schools. To overcome this situation, certain innovative reform programs were started in 1989. Participatory budgeting emerged as the centerpiece of these programs. Participatory budgeting was initiated and supported by three mayors, elected from a coalition led by the Workers Party (PT), and their staff.

* This case study was prepared by a team comprising Prof. Deepti Bhatnagar and Animesh Rathore at the Indian Institute of Management (Ahmedabad) and Magüi Moreno Torres and Parameeta Kanungo at the World Bank (Washington DC).

Box 1: The Process of Participatory Budgeting

Participatory budgeting involves three parallel streams of meetings: neighborhood assemblies, “thematic” assemblies, and meetings of delegates for citywide coordinating sessions.¹ These meetings continue throughout the year. The first stream discusses fund allocations among 16 districts or neighborhoods of the city for the usual departmental responsibilities, such as water supply and sewage, street paving, parks, and schools. The district-based meetings begin with 16 “great assemblies” in public places, including union centers, gyms, churches, clubs, and even a circus tent.

The city government’s “Presentation of Accounts” from the previous year marks the beginning of events every year. The government also presents its investment plan for the current year, as decided in the previous year’s meetings. Then a debate starts for the next year. The debates continue for nine months, and each district gives two sets of rankings, one set for requirements within the district (such as pavement, school construction, or water lines), and the other set for efforts which affect the whole city (such as cleaning up the beaches). A public debate decides the criteria for allocating investment budget among districts. These criteria can be population, an index of poverty, a measure of shortages (such as a lack of pavement or the lack of a school), the assigned priorities, and so on.

Community representatives, usually from low-income districts, decide upon the allocation of resources through PB. Each city adopts different formats to determine investment criteria; to select community representatives; and to deal with the city government, its bureaucracy, and the city councilors. Usually, the community representatives determine the investment priorities together. Priority is given to progressive distribution of the resources, regardless of individual representatives’ demands, so that poorer areas receive more funding than the well-off ones. The decisions of PB participants mostly affect decisions on infrastructure investment.

Currently, more than 140 (about 2.5 percent) of the 5,571 municipalities in Brazil have taken up PB. Over the years, resources allocated through PB have increased. However, PB grants vary from one city to another.

III. Impact/Results

The process of participatory budgeting has brought substantial changes in Porto Alegre. Although difficulties arising out of a troubled economy intensified poverty and unemployment problems in all Brazilian cities, the condition of poor people in Porto Alegre improved in certain respects. For instance, new public housing units, which sheltered only 1,700 new residents in 1986, housed an additional 27,000 in 1989. Sewer and water connections in the city of Porto Alegre went up from 75 percent of total households in 1988 to 98 percent in 1997. The number of schools quadrupled since

¹ Studies have shown that participants in the 16 district assemblies and delegates to the regional councils are drawn disproportionately from the poor, although participation in the thematic (ministerial) groups involves more professionals, technocrats, and middle-class people (Goldsmith 1999).

1986. Porto Alegre's health and education budget increased from 13 percent in 1985 to almost 40 percent in 1996.

The share of PB in total budget allocations has increased considerably. In Porto Alegre, for instance, 17 percent of the total budget was allocated through PB in 1992; this share grew to 21 percent in 1999. In Belo Horizonte, half of the city's local investment resources, about US\$64 million, was allocated after PB in 1999.²

An indicator of PB's success is the enhanced level of participation. The number of participants in Porto Alegre grew from less than 1,000 per year in 1990 to more than 16,000 in 1998, to about 40,000 in 1999. Participation is not just restricted to the middle class or the conventional supporters of the Workers Party. People from low-income groups also take an active part in the process.

This transparency and accountability mechanism has created a healthy tension between the administration and the citizens. Citizens' participation ensures more people-oriented budget allocation decisions and their timely implementation.

IV. Key Elements of Empowerment

Information

Information disclosure through meetings involving public representatives has facilitated a learning process that leads to a more active citizenship. Citizens have become aware of new possibilities, and this has helped them to decide on civic matters influencing their everyday lives. This awareness has helped citizens challenge the domination of authorities over the allocation of public resources.

Inclusion/Participation

The primary empowering aspect of participatory budgeting is the participation of low-income segments of the population and their influence on the decision-making process. PB has encouraged the active participation of various segments of civil society in a process that earlier involved only the elected representatives. While allocating resources, PB gives priority to the needs of the poor, who constitute a majority of the population.

According to the official estimate, about 40,000 citizens of Porto Alegre participated in public meetings to allocate about half the city budget in 1999. Hence, the citizens held a considerable responsibility for governing the city of 1.3 million inhabitants.

The participants in the 16 district assemblies and the representatives at regional councils come disproportionately from the poor, although in "thematic" (ministerial) groups, more participants are professionals, technocrats, and middle-class people. To encourage participation in district-level elections, the number of delegates is kept proportional to the

² Goldsmith (1999).

number of neighborhood participants attending the meeting in which the elections take place.

PB includes citizens whether they support the Workers Party or not, which is contrary to the conventional approach of other major parties. As a result, the PT government is able to consistently get its budget proposal passed by the city council, in which conservatives are still the majority.

Accountability

Transparency remains the core of participatory budgeting, even though the procedures might differ from one municipality to another. To initiate the discussion on the priorities of each region, the administration must share its economic and financial position with the people. While establishing the relationship between the administration and the citizens, it is made clear that popular demands cannot exceed the financial resources of the municipal administration. PB has provided a platform from which the poor can put forth their demands and know the status of the work that was promised to them during the previous year. Participatory budgeting thus represents a shift from the culture of “clientelism,” which tends to serve a selected few in society. The involvement of more people, the poor in particular, has enhanced transparency in budgeting. The authorities have to give adequate consideration to public opinion. Ongoing interaction with and constant pressure from the public promotes accountability in the system.

Elections are held at the district level to select the public delegates. The selection of delegates is clearly affected by their involvement and the quality of their participation in neighborhood meetings, their presentation of local issues and demands, and their image in the locality. In case of delays in implementation of public projects in a given locality, delegates can be held accountable, and they can lose public support.

Local Organizational Capacity

In various localities, local community groups are formed to raise their demands and influence budget decisions through their representatives. The public representatives are expected to demand that budget allocations be based on important community considerations, rather than any individual interest. The influence of broadly based local groups on the city councils seem to be reducing the hold of a few powerful people that generally prevails in public administration.

V. Issues and Lessons

Challenges

- While low-income groups reportedly influence the allocation of a portion of public funds, apparently the “very poor” are left out of the process. The challenge is to ensure the involvement of the very poor in PB.

- The “clientelism” that existed earlier in municipalities and that served only a few influential and affluent groups of people still exists in some places. This is a result of lack of transparency and accountability, because these functions are not uniform across various cities.
- Financial resources for PB are limited, which restricts the scope of budget programs.
- Because low-income groups were involved in community struggles earlier, their representatives continue to dominate the community discussion process. Increasing the participation of underrepresented groups, such as the very poor and young people, poses a challenge.
- It has been observed that communities are less likely to participate once their demands are met.
- The slow progress of public works can be frustrating for the participating public, and can inhibit PB’s promotion in other places.
- Because of differences in PB processes in various municipalities, it becomes hard to define the standard roles of government and PB, which can affect the diffusion and adoption of PB in other regions.
- Sometimes the leadership of budget meetings tends to shift from executive branch officials toward citizens and their elected delegates. This can bring about a shift in budget priorities in ways unforeseen by the mayors or their staffs, who emphasize that, for honest and effective participation, it is necessary to recognize that, at some level, allocation decisions are zero-sum games—for example, a choice between more childcare and less pavement.
- Local newspaper and television supported privatization rather than public initiatives such as PB. However, active participation, radio broadcasting, and a prolonged struggle helped residents of Porto Alegre convince the city council to favor PB proposals.

Key Factors for Success

- Processes such as participatory budgeting can have a significant impact in regions with high disparities in income. Through a platform such as PB, the poor can put forth their needs and obtain access to facilities or services that the other groups already have. The participation and involvement of the poor can help to focus public welfare works on less developed areas.
- The Porto Alegre example suggests that: (1) initially, local citizens can be involved in the allocation of a small part of the city’s total budget, and (2) over time, more of the city’s budget can be allocated through public participation. The increase in the amount of funds allocated through PB in Porto Alegre reflects the growing power of citizens to decide civic matters that affect them directly.
- There are claims that PB is not reaching the very poor in Porto Alegre, but it is accomplishing an important goal by moving resources to segments earlier deprived of government attention. This experience points to a step-by-step approach in implementing PB projects, which can start with low-income groups and move to the very poor in the next phase.

- The case of PB at Porto Alegre suggests that lack of support by the local media for local initiatives, such as PB, can hinder the dissemination of such initiatives to other parts of the country.
- Participatory budgeting can influence long-term planning. Local solidarity and concern for the environment have resulted in some bold decisions in Porto Alegre. In one instance, despite the influence and employment assurance of a large motor vehicle company, the city turned down a proposal for a new automotive plant, believing that the required subsidies could be better used for other city requirements. Similarly, a proposal for a five-star hotel at a decommissioned site was turned down, and it was decided to use the well-situated site to develop a public park, a convention hall, and a public symbol of the city.
- PB can strengthen accountability in the government's budgeting mechanism. In Porto Alegre, for instance, several rounds of meetings give public representatives ample opportunity to hold the administration answerable for false promises or for slow progress in work in their localities.
- For successful implementation of PB, and to avoid the possibility of unreasonable demands made by the citizens, it is important to maintain transparency and make the citizens aware of the funds position and constraints of the municipal administration.

Outlook

The next step needs to focus on involving the poorest segments of the economy. In addition, the coverage (or percentage of public investment to be allocated through PB) of participatory budgeting needs to be scaled up, and it needs to be extended to many more municipalities.

VI. Further Information: References and World Wide Web Resources

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