Participatory Democracy in Brazil and Local Geographies: Porto Alegre and Belo Horizonte Compared

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> 'I will do everything for the people and nothing by the people', Brazilian Emperor Dom Pedro, cited in Smith 2002, 47.

Since the arrival of the first colonizers in the 1530s, inequality has been a defining characteristic of Brazilian society, not only in the economic sphere where it is manifest in the extremes of wealth and poverty that the country is infamous for, but also in the political sphere where inequality has been reflected and perpetuated by a political system that has concentrated power in the hands of a small, highly wealthy section of the population (Nylen 2003).

Historically, reflecting national-level imbalances, municipal politics in Brazil have also been dominated by economic elites, with the vast majority of politicians coming from wealthy backgrounds and with the lion's share of municipal resources being directed to middleclass and wealthy suburbs (Abers 2000, Nylen 2003). However, in the years since the end of the last military junta (in the early 1980s) some Brazilian cities have seen an increase in the political space available to traditionally excluded sectors of society (Abers 2000, Avritzer 2000). Often this increase in political space has simply manifested itself through parties not normally associated with economic elites winning municipal elections. In other instances though, the opening of political space has gone beyond the nature of the party in power and has included experiments with different forms of municipal democracy.

This paper discusses one such experiment, the Participatory Budget that the *Partido dos Trabalhadores* (PT) – and, in rarer instances, other political parties – have introduced to a number of municipalities in Brazil. While participatory budgeting has taken on different forms in different Brazilian cities, the central premise of the concept is constant: the divestment of some budget decision making power away from the mayor's office (which is traditionally responsible for budget allocations in Brazilian cities) to the inhabitants of the city.

This paper presents a comparative evaluation of the participatory budgeting experience in Porto Alegre and Belo Horizonte,[1] drawing conclusions with respect to how local circumstances, or geographies, can affect outcomes. The rationale for this geographical approach is that, while the concept of participatory budgeting is now spreading globally (Nylen 2003, Souza 2001), studies of the system have been primarily limited to Porto Alegre (for example Abers 1998, Abers 2000, De Sousa Santos 1998, Goldfrank 2003, Koonings 2004, Menegat 2002, Navarro 1998, and Shah and Wagle 2003). There have been fewer studies of the phenomenon in other Brazilian cities (Nylen 2003), or which are comparative or geographical in scope.[2]

The paper begins by situating the participatory budget within the context of municipal governance in Brazil and, in particular, municipal governance as experi-

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enced by the PT. It then presents the results of our comparative study of participatory budgeting in Porto Alegre and Belo Horizonte. These results lead us to conclude that outcomes of participatory budgets are partly determined by the differentiated social, political and economic conditions that form the local context.

The nature of municipal governance in Brazil

Political inequality has played a key role in determining the nature of municipal governance in Brazilian cities (Nylen 2003). Alongside inequality, another key contributing influence on Brazilian municipal governance has been decentralization. From the time of the first Portuguese settlements the sheer size of Brazil has necessitated considerable political decentralization, and while at various stages in Brazil's history there have been countervailing centralizing political tendencies, state and municipal governments have traditionally been afforded a discernable degree of autonomy both in revenue collection and service provision (Fausto 1999, Skidmore 1999, Smith 2002). Most recently, Brazil's 1988 constitution mandated a highly decentralized political structure, reversing the centralization that took place under the 1964-85 military junta (Abers 2000, Branford and Kucinski 2003).

Despite a subsequent degree of recentralization under the presidency of Fernando Enrique Cardoso (1995-2002) Brazil's current political system is still the most decentralized of any Latin American country (Wampler 2004). In recent years this decentralization, and the spending autonomy that accompanies it, has been critical in providing 'space' for experiments such as the participatory budget to take place in (Abers 2000).

Historically, the same municipal autonomy, combined with political inequality, had a very different effect: it engendered the development of a strongly clientelistic[3] system of municipal governance (Abers 2000). In this clientelist system often the only way for many residents of Brazilian cities to obtain municipal services has been by 'procuring' them from city councillors (or the mayor) with the promise of votes in upcoming elections. Unsurprisingly, such clientelistic systems in Brazil have proven to be highly inefficient ways of running cities (Abers 2000, Avritzer 2000, Avritzer 2002, Baiocchi 2003). They by no means guarantee that those who need municipal services most will attain them and, combined with the opaque finances of many Brazilian cities, they offer considerable room for other corrupt practices (Abers 2000, Avritzer 2002, Baiocchi 2003, Nylen 2003). In many ways participatory budgeting can be seen as a response to clientelism in Brazilian municipal politics; it has also represented a significant challenge to it and, unsurprisingly, has often been resisted by those sectors of society that prospered through the traditional system. This, as we will discuss later, has in some cases led to significant obstacles for participatory budgets.

The *Partido dos Trabalhadores* and the perils of municipal governance

The combination of economic inequality, clientelism, corrupt politicians and the rapid urbanization that has characterized Brazil's history has led to a process of urban development in most Brazilian cities that has been haphazard at best and disastrous at worst (Baiocchi 2003). Corruption and inefficient administration has

also led to a situation where many Brazilian municipalities have cash flow problems and, in the worst cases, are effectively bankrupt (Baiocchi 2003). Rapid and unplanned urbanization along with economic inequality has contributed to the development of large favelas (slums) in almost every Brazilian city. Typically these favelas receive few (if any) urban services. As a result of this, the management of Brazilian cities tends to be a very challenging process, particularly for social reforming political parties such as the PT.

In the years since winning its first mayoralty in 1982, the PT has risen to become one of the most significant forces for reform in Brazilian municipal politics. Table 1 illustrates the PT's rise in terms of mayoralties and council seats won (Branford and Kucinski 2003). The PT's significance extends beyond the extent of its political victories, however. Its significance also stems from its political makeup and its approach to politics. Founded in the wake of industrial unrest that occurred in the state of São Paulo in the late 1970s, the PT is unique in several ways. Firstly, in its initial years at least, it was explicitly a party of the working class. This made it unique as Brazil's first major working class-based electoral political party (Branford and Kucinski 2003, Keck 1992, Sader and Silverstein 1991). While the working class focus has slowly abated in intervening years, the party maintains strong working class connections and the current president of Brazil, Luis Inácio da Silva, a representative of the PT, is the country's first working class president. Secondly, the party was formed at a time when many of Brazil's historical leftwing movements had been rendered inactive by repression from the military junta (Sader and Silverstein 1991). This contributed to the party *as a whole* not being strongly allied to any particular form of leftwing ideology and being able to accommodate a wide spread of ideological factions. It also paved the way for a more flexible, heterodox approach to policy (Branford and Kucinski 2003, Sader and Silverstein 1991). Finally, the PT has maintained, since its inception, strong ties to Brazilian social movements – another first in Brazilian politics (Branford and Kucinski 2003).

Table 1: PT Results in Brazilian municipal elections

Year	Number of PT Mayors*	Number of PT Councillors
1982	2	127
1988	37	1006
1992	54	1100
1996	115	1895
2000	174	2475

Source: Branford and Kucinski 2003, p. 55

* There are approximately 5000 municipalities in Brazil (the exact number changes frequently).

All of these factors have made the PT a unique actor in the Brazilian political scene. The nature of the PT, as we will discuss later, has played an important role in the outcomes of participatory budgeting.

At the broader level of municipal governance in general, while there is no denying the increasing success of the PT in municipal governance in terms of mayoralties won and while there is no denying the party's reformist credentials, in practice municipal governance has often been a difficult experience for the PT (Abers 2000, Baiocchi 2003, Keck 1992, Sader and Silverstein 1991).

The problems the PT has faced in power have been, in part, the result of the

inherent problems of governing Brazilian cities, yet the party has also encountered its own particular set of dilemmas. These dilemmas have included: the PT's political inexperience, which has led to PT mayors making mistakes and, often, picking un-winnable political battles (Abers 2000, Baiocchi 2003, Gonçalves Couto 2003); factional infighting within the PT, resulting from the vast number of ideological factions that exist within the party (Keck 1992, Baiocchi 2003, Sader and Silverstein 1991); the gulf that existed between the expectations of social reform placed on the party and what they were actually able to provide (Gonçalves Couto 2003, Keck 1992, Sader and Silverstein 1991); resistance from economic elites and political parties typically allied with these elites (Abers 2000, Baiocchi 2003, Gonçalves Couto 2003, Sader and Silverstein 1991); and tensions with municipal workers (who typically have supported the PT but whose salaries, at the same time, have often been a major drain on city coffers) (Abers 2000, Baiocchi 2003, Gonçalves Couto 2003).

The consequence of the above dilemmas of municipal power have often led PT mayors to lose power after one term in office, and have also led to significant internal strife for the party (Abers 2000, Baiocchi 2003, Keck 1992). Yet the dilemmas of local government have not always overwhelmed the PT: in some cities the PT has been able to hold on to power for several terms. It is to two of these cities – Porto Alegre and Belo Horizonte – that this paper now turns its attention, starting by examining the geographies of each city.

Participatory budgeting in Porto Alegre and Belo Horizonte: differentiating the contexts

Porto Alegre and Belo Horizonte have much in common, yet they are also differentiated geographically. Both cities have large populations: in 2000 Belo Horizonte was estimated to have a population of 2,238,526 while Porto Alegre had a population of 1,320,739 (UNDP Brazil 2000, 1). Both cities also have many of the characteristics of Brazilian metropolises including large favelas and associated social problems. Both cities have relatively high levels of inequality by international standards, although they are not particularly unequal by Brazilian standards (Belo Horizonte's GINI coefficient is exactly at the median for large Brazilian cities) (UNDP Brazil 2000, 1). Furthermore, in the past, in both cities', municipal governance has tended to be plagued by corruption and clientelism, as well as being dominated, to an extent, by the cities' economic elite (Abers 2000, Avritzer 2000, Hagopian 1996).

There are also significant differences between Porto Alegre and Belo Horizonte. As is shown in Table 2, Porto Alegre is a wealthier, more equitable city. It also has a higher Human Development Index (HDI) score than Belo Horizonte (UNDP Brazil 2000, 1).

In regard to political history/political culture, although neither city has been immune to clientelism and corruption, there are still some significant differences between the two. In particular, politics in Belo Horizonte have traditionally been almost exclusively dominated by politically conservative economic elites. Porto Alegre, on the other hand, has had a history of popular political activism and the

Table 2: Comparative social and economic statistics for Porto Alegre and Belo Horizonte

Index	Porto Alegre	Belo Horizonte
HDI – 2000	0.865	0.839
Per capita income – 2000 (PPPU)	710	557
Gini Coefficient – 2000	0.61	0.62

Source: UNDP Brazil 2000, 1.

existence of some left, centre-left and populist politicians (Abers 2000, Hagopian 1996). Furthermore, at a neighbourhood level, Porto Alegre has had a much longer history of community organizing than Belo Horizonte. While, in the past, many neighbourhood organizations in Porto Alegre operated in a clientelistic manner, this began to change during the dictatorship years when a new breed of combative civic activists emerged (Abers 2000). Prior to the military dictatorship in Belo Horizonte, neighbourhood organizing was much less prevalent and although a substantial rise in the number of neighbourhood organizations took place during the dictatorship years, the majority (but not all) of these organizations tended to operate in a clientelistic manner to obtain public goods (Avritzer 2002).

In Porto Alegre the PT won the mayor's office in 1989 and held it until 2004. In Belo Horizonte the PT won the mayor's office as part of a *Frente Popular* coalition in 1992. As the largest party in this coalition, it was the PT's candidate Patrus Ananias who became mayor. In 1996, as a result of infighting amongst the PT and Frente Popular, the PT lost the mayor's office to their former Frente Popular partner, the Brazilian Socialist Party. However, the two parties were soon able to patch up their differences and the PT won back the mayoralty in 2000 and has held the mayor's office ever since[4] (Avritzer 2000, Avritzer 2002, Nylen 1999, Souza 2001). In both cities the PT introduced participatory budgeting shortly after taking power.

Participatory budgeting in Porto Alegre and Belo Horizonte: differentiating the budget process

The participatory budgeting processes of Porto Alegre and Belo Horizonte have common components, yet they are distinct in certain ways. In both cities it is the city's new investment budget (or a portion of it) that is decided via participatory processes. And in both cities participatory budgeting has not superseded conventional representative democracy, through which city councillors and the mayor are elected; rather, participatory budgeting exists as a parallel process to the standard electoral system. In both cities the budgeting process involves a combination of direct democracy (where projects or priorities are chosen, typically at a neighbourhood level), representative democracy (through which neighbourhoods and regions elect representatives to work on finalizing the budget) and consultation (which takes place between budget representatives and residents, and representatives and municipal staff). Yet the way these different types of democracy are combined differs between the two cities.

In Porto Alegre the direct democracy component of the budget involves meetings in which participants vote on general spending priorities, as well as discussing specific projects. The representative component of the process involves participants electing Budget Delegates and the Budget Council who work together to turn

aspirations into a formalized budget. The consultative part of the process involves these bodies (the delegates and budget councillors) liasing with council staff to fine-tune the budget (discussing the technical viability of projects etc.) (Avritzer 2002b, De Sousa Santos 1998, Menegat 2002, Prefeitura de Porto Alegre 2004, Prefeitura de Porto Alegre 2004b) The process in Porto Alegre also involves two decision making 'streams' that run alongside each other, meeting in the preparation of the final city budget. The first process is based around 'geographical' regions (parts of the city); the second involves different 'themes', considered on a citywide basis. In the geographical component of the participatory budget the city is broken up into 16 different administrative regions. Residents of these regions participate in prioritizing the types of investments they want in as well as suggesting specific projects. In the thematic process, residents of the city meet to contribute to the decision of citywide spending priorities in six different areas: transportation; culture; economic development and taxation; education, sport and leisure; urban development and environment; and health and social assistance (Avritzer 2002b, De Sousa Santos 1998, Menegat 2002, Prefeitura de Porto Alegre 2004, Prefeitura de Porto Alegre 2004b). The interaction of the different components and processes of the budget in Porto Alegre is shown in Figure 1.[5]

In Belo Horizonte the participatory budget process starts with consultation that takes place at a series of regional meetings. For the purposes of the participatory budget, Belo Horizonte is divided into nine administrative regions. The regions themselves are further subdivided into sub-regions. In these meetings, representatives of the city hall inform participants about the general guidelines for the participatory budgeting process as well as advising them about how money allocated in the previous budget was spent (Avritzer 2000, Prefeitura de Belo Horizonte 2003, Prefeitura de Belo Horizonte n.d.). After this initial round of regional meetings, the budgeting process then proceeds into a direct democracy phase, in which participants return to their neighbourhoods and decide, via community meetings, on priority projects for their neighbourhood (each sub-region is comprised of several neighbourhoods) (Prefeitura de Belo Horizonte n.d.). This intermediate neighbourhood stage is followed by the second round of assemblies – which mix direct and representative democracy – this time held at a sub-regional level. At these second-round sub-regional meetings delegates for the sub-region are elected and projects for the sub-region are proposed. Via the sub-regional process a total of 25 projects are selected for each region (Prefeitura de Belo Horizonte n.d.). After a region's projects have been identified, city officials visit all the of the proposed project sites to develop a technical appraisal of the viability of the proposals. The next step of the participatory budget involves a consultative process called the 'Caravan of Priorities' and takes place at a regional level. In the Caravan of Priorities, each region's delegates are taken to see all of the works proposed for their region (including those projects proposed by other sub-regions within their region). The purpose of the 'Caravan of Priorities' is to encourage a spirit of altruism amongst the delegates before they decide – in the next round of the process – which 14 (of the original 25) projects are to go ahead in their region (Prefeitura de Belo Horizonte n.d.). After the Caravan of Priorities, each region's delegates meet and vote for a slate of 14 projects to go ahead in their region (Prefeitura de Belo

Figure 1: The operation of the participatory budget in Porto Alegre

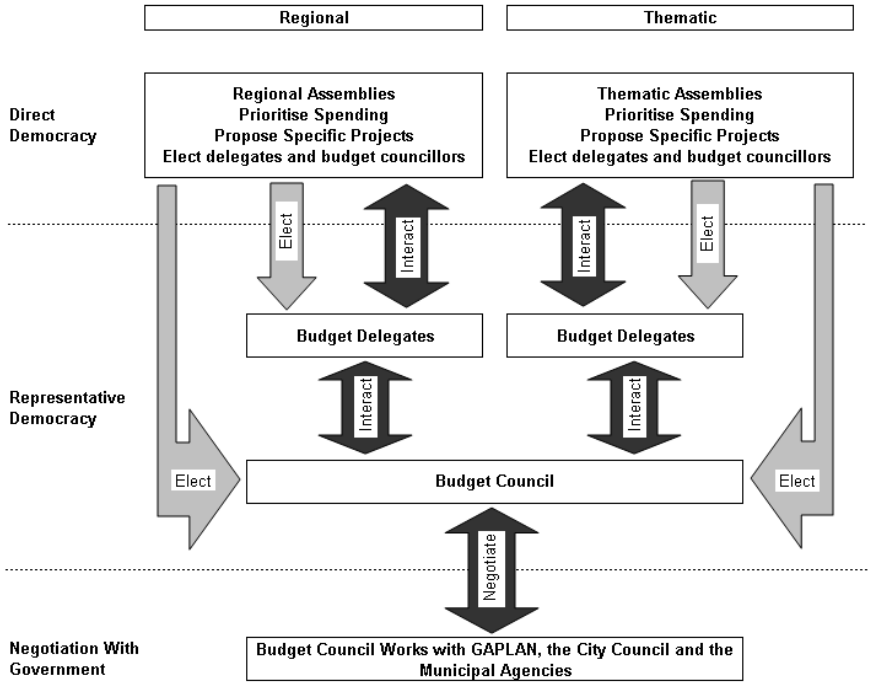

Figure source: Abers 2000; Prefeitura de Porto Alegre 2004, and Prefeitura de Porto Alegre 2004b; and authors' fieldwork.

Horizonte n.d.). As well as voting for the projects for their region, delegates elect their regional representatives to the Comforça, a council that works with the municipality to create the final, detailed, budget plan. Members of the Comforça also remain active over the following two years monitoring the contracting and constructing of the proposed projects (Prefeitura de Belo Horizonte n.d.). Figure 2 illustrates how these components all interact in Belo Horizonte.

Further differences in the participatory budgeting process of Porto Alegre and Belo Horizonte include the frequency with which they are run, and what proportion of the municipal new investments budget is decided upon through participatory processes. In Porto Alegre the budget process is held annually, and the entire new investments budget is decided through it. In Belo Horizonte the process is held every two years and only 50 per cent of the new investments budget is allocated (Prefeitura de Belo Horizonte n.d., Souza 2001).

Comparing the budgets' successes

In both Porto Alegre and Belo Horizonte the participatory budgets have met with considerable success. The key success common to both of the cities has been the provision of municipal services to those areas that had not received them previously. In Porto Alegre, one of our interview subjects (Marcelo Kunrath Silva,

Figure 2: The operation of the participatory budget in Belo Horizonte

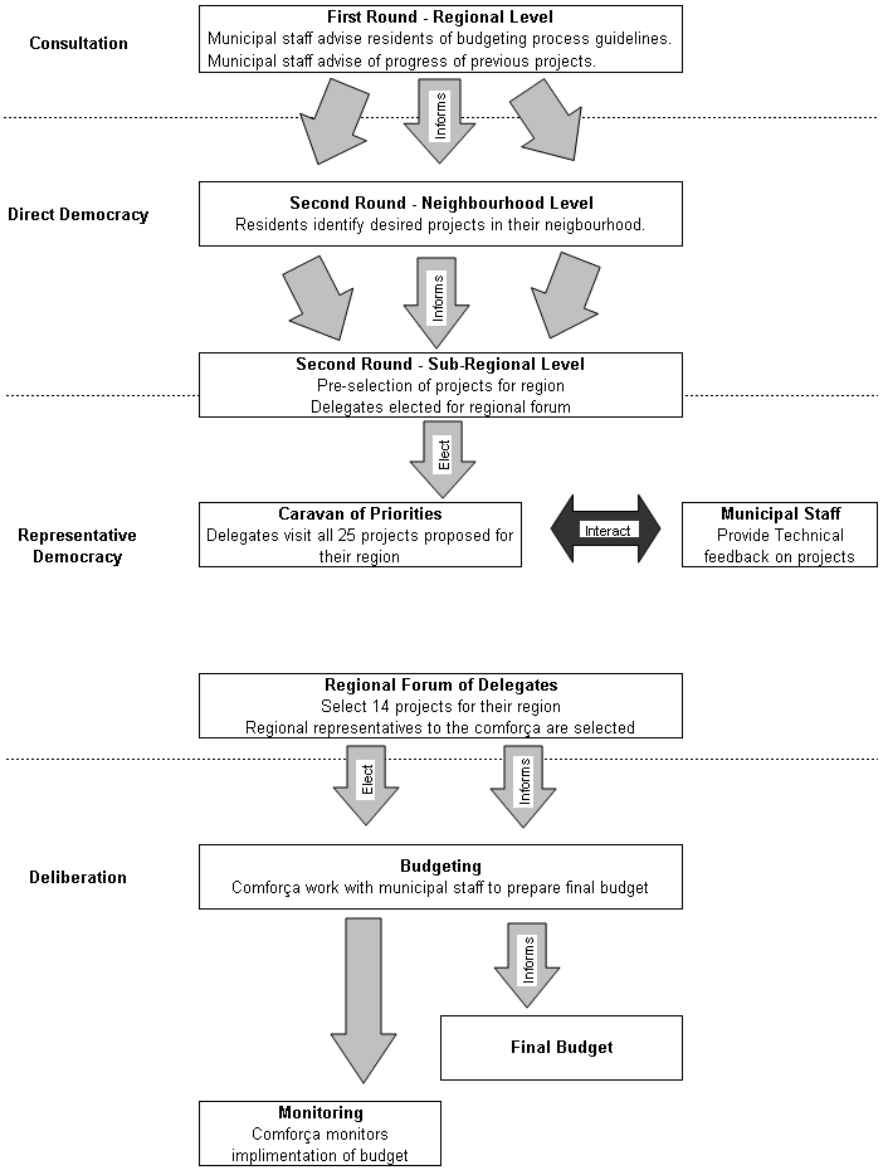

Figure source: Prefeitura de Porto Horizonte n.d., 10; authors' field research.

an academic at the Federal University of Rio Grande do Sul who has researched the participatory budget) described this effect as follows:

> There has been an incredible, noticeable improvement in the quality of life in the city. For a slice of the population (which did not have them before) basic services have improved. And for other groups (the middleclass) cultural events etc. have become more accessible (Kunrath-Silva pers comm. April 2004).

Kunrath-Silva's assessment is backed up by considerable empirical evidence. For example, between 1988 and 2002 the city hall paved 300 km of roads in Porto Alegre, reducing by 43 per cent the total paving requirement (Prefeitura de Porto Alegre 2004c, 9). Also, the city hall increased the percentage of the city served by sewerage drains from 46 per cent in 1989 to 84 per cent in 2002 (Prefeitura de Porto Alegre 2004c, 11). These improvements were not merely extensions of pre-existing trends either. In the case of sewage and drainage, the city hall was able to lay 900 km of drains between 1989 and 1996; this compares to the 1100 km of drainage laid down *by all of the previous municipal administrations combined* (De Sousa Santos 1998, 478).

Likewise, in Belo Horizonte the provision of municipal services to the previously marginalized was one aspect of the participatory budget where there is almost universal accord. In a typical comment, one researcher stated that one of the participatory budget's main successes was:

> An inversion of priorities; the most needy *bairros* [suburbs] now receive the most resources. Previously city resources were distributed to the most well off and politically powerful. Now they go to the neediest. (Baretto Linhaus pers comm. May 2004)

There is some empirical evidence to back up these claims. Prior to the participatory budget, very little money was spent on new investments in lower income neighbourhoods (Paixão Bretas 1996). Now, as Avritzer (1998, 29) shows, on average, 25 per cent of the money allocated to the participatory budget has been spent on investments in poorer localities. This percentage is increasing: 64 out of the 114 works (56 per cent) approved in the 2003/04 participatory budget were undertaken in low socio-economic areas (Prefeitura de Belo Horizonte 2004, 13).

It is possible to argue that the PT, with its municipal tax reform and commitment to redistribution, would have made these similar improvements in both cities without the aid of the participatory budget. This is a difficult question to test simply because there have been very few PT municipal governments that have not implemented some form of participatory budgeting and which have stayed in power long enough for their performance to be assessed alongside Porto Alegre and Belo Horizonte.

Without any ability to test the participatory budget's effect on the provision of municipal services in Porto Alegre and Belo Horizonte against a 'control' city, it is important then to limit any assessment of the material results of the budgeting process to the following statement. In Porto Alegre the participatory budget contributed to the increased provision of municipal services to sectors of society that had previously been denied these services. Participatory budgeting may not have been the only means that this re-distribution could have been effected; however, *it did provide a successful medium for the re-distribution to take place through.*

In addition to being a means for improved municipal services provision, the participatory budgeting process has also opened political space in both cities. In neither city has the maximum number of participants in the process ever exceeded a few per cent in any given year (Prefeitura de Belo Horizonte 2004, Shah and Wagle 2003). Thus, the significance of this opening of space stems not from the sheer numbers of people participating – but rather from the way the process has

diffused decision making power to those formerly marginalized in this sense. This has been particularly the case for lower socio-economic groups – groups which have traditionally been excluded from meaningful political involvement in Brazil. In Porto Alegre this opening has been well documented in the literature (see for example Abers 2000, Baiocchi 2003, Wainwright 2003) and was emphasized by many interviewees. Furthermore, empirical data summarized in Table 3 back up this claim. The data, collected by Baierle (2002), show that not only do budget participants come from lower (and lower middle) socio-economic groups but also that Budget Delegates and Budget Councillors also come predominantly from the same classes. This contrasts significantly with the traditional dominance of economic elites in Porto Alegrean (and Brazilian) municipal politics.

Table 3: Economic status of participants in Porto Alegre's participatory budget (2002)

Number of minimum salaries earned	Meeting participants	Delegates	Budget Councillors
0 – 2	39.4%	23.7%	21.7%
2 – 4	29.9%	31.8%	28.3%
4 – 8	18.4%	25.3%	21.7%
8 – 12	5.1%	9.0%	13.3%
12 +	6.8%	10.2%	15.0%
No reply	0.4%	0.0%	0.0%

Source: Baierle 2002, 24.

Similarly, in Belo Horizonte, the opening of political space was noted by many of interviewees. Their claims are backed up by empirical data (shown in Table 4) which show high levels of participation from lower socio-economic groups, contrasting significantly with traditional municipal politics (Hagopian 1996).

Table 4: Economic status of participants in Belo Horizonte's participatory budget

Family income	Percentage of respondents
Receives no income	0.96%
0-2 times the minimum wage	24.92%
2-5 times the minimum wage	39.94%
5-10 times the minimum wage	15.34%
10-20 times the minimum wage	8.63%
20+	1.92%
No response	8.31%

Source: Prefeitura de Belo Horizonte 2004, 50.

In both Porto Alegre and Belo Horizonte this opening of political space has come hand in hand with a reduction of clientelist politics and corruption in the cities (Abers 2000, Avritzer 2000, De Sousa Santos 1998, Goldfrank 2003, Navarro 1998, Souza 2001, Wainwright 2003, Wampler 2002). In the case of clientelism, Avritzer (2002c, 1) surveyed community groups in both Porto Alegre and Belo Horizonte on this matter. The results of his survey showed for Porto Alegre that, prior to the initiation of the participatory budget process, 62.7 per cent of community organizations had some access to public goods, and that 41 per cent of the organizations that did have access had obtained this through political mediators (in other words clientelism). After the introduction of the participatory budget, 89.6 per cent of community organizations responded that they had access to public

goods, and zero per cent replied that the intervention of politicians was now necessary to obtain these goods. Similar changes took place in Belo Horizonte, although it is worth noting that they were not as dramatic and that it appears that some clientelism remained in that city. In this case, 7.3 per cent of groups he surveyed claimed that they still utilized the 'intervention of politicians' to obtain access to public goods (Avritzer 2002c, 1, Souza 2001).

Reduced corruption has been mentioned as a positive outcome of the participatory budgeting process (Navarro 1998, Wainwright 2003, Wampler 2002) and was noted by some of the interviewees. Empirical evidence to test the success of this claim was harder to come by, though the demonstrable transparency of the budgets themselves (Navarro 1998) makes such claims appear highly plausible.

Reflecting its strengths, participatory budgeting is popular system in both cities. A measure of this popularity is that even residents who have never engaged with it see the process as successful. In Porto Alegre surveys indicated that as much as 85 per cent of the population were aware of participatory budgeting and thought favourably of the process (Wainwright 2003, 3) while a similar (but older) survey in Belo Horizonte found that 67.3 per cent of respondents thought positively of the process (Souza 2001, 170).

Comparing the 'problems'

The participatory budgets of Porto Alegre and Belo Horizonte have encountered significant obstacles in their formation and execution. Perhaps the most significant hurdle in both cases has been resistance from groups – typically the economic elite – who had previously been used to political dominance. Resistance has taken the form of hostile media coverage of the process (Baierle 2003) and attempts by councillors to stall or sabotage the ratification of budgets (Sousa 2001).[6] Importantly, however, in both cities resistance was weak in the budgeting processes' formative years, when such groups ignored or were unaware of participatory budgeting. Only later, after the budgets had become well established, did resistance grow (Abers 2000, Goldfrank 2003). This delayed opposition enabled the budget to become established and credible before forces were mobilized against it (Goldfrank 2003). Of the two cities, resistance has been strongest in Porto Alegre. This appears to be because in Porto Alegre the PT made the participatory budget a flagship project. Furthermore, the participatory budget in Belo Horizonte only involves 50 per cent of the new investments budget, and thus is less of a challenge to the dominance of historical elites (Souza 2001).

Another second problem limiting the effectiveness of participatory budgeting in both cities has been the issue of land tenure (Bairle 2003, Paula Romanelli Simões pers comm. April 2004). Brazilian municipalities are prohibited by law from providing many municipal services to land that has been illegally occupied. In Porto Alegre and Belo Horizonte many favelas are built on squatted land, meaning that the participatory budget has been constrained in terms of what it can offer to residents of some of the cities' most under-serviced areas (Bairle 2003).

A third problem experienced in both cities was initial resistance from sectors of the municipal bureaucracy. In Belo Horizonte this resistance came from SUDECAP, the agency in charge of public works. SUDECAP was, according to

Souza (2001, 170), 'a powerful agency [... which] had strong links to the building industry'. As such, and because of the fact that any project approved by the participatory budget would have to pass through it, the agency was in a position to hinder the operation of the budgeting process. Patrus Ananias (the PT mayor) solved the problem of SUDECAP by replacing the agency's existing board of directors with a new board that was much more amenable to the participatory budget (Souza 2001). While much less has been written about bureaucratic resistance in Porto Alegre, Souza (2001) notes that bureaucratic resistance lead to the creation of GAPLAN, a special municipal department dealing with, amongst other work, with participatory budgeting.

A further problem encountered in both cities was delays in getting projects requested via the participatory budgets completed. One conservative city councillor who we interviewed in Belo Horizonte saw this as a consequence of the nature of the participatory budgeting process itself. However, other interviewees argued that delays resulted from the general problems associated with completing city works in Brazilian cities, rather than the participatory budget per se. As Rodrigo Barroso Fernandes, a staff member of the Belo Horizonte city council, noted:

> One reason for the delays is that we are legally required to tender out the works. So because of the bureaucratic process, works take a long time to complete. (Barroso Fernandes pers comm. April 2004.)

Furthermore, as researcher Rebecca Abers noted (pers comm. May 2004), budgets with distinct projects that have definite timelines are themselves a success of the participatory budgeting process. Most other Brazilian cities have municipal budgets in Brazil that are typically non-itemized and with no timeframes for politicians to be held to account against.

A serious problem occurring in both cities has been low participation from certain social groups. Low participation in some middle class suburbs has been an issue, particularly in Belo Horizonte (Abers 2000, Rodrigo Barroso Fernandes pers comm. 2004). It can be argued that there is less incentive for the middle class to participate as their needs with respect to municipal services are largely met (Rodrigo Barroso Fernandes, pers comm. April 2004). In both cities (although, once again more significantly in Belo Horizonte) the municipal governments had to take action to try and increase middle class participation. In the case of Belo Horizonte this action involved grouping middle class neighbourhoods together in their own special regions so they weren't 'out competed' in the budget process by working class neighbourhoods with stronger histories of participation (Gilma Carmélia Alves dos Santos per comm. 2004).

Another group that has not participated to the extent hoped is the sub-poor (the cities' lowest socio-economic groups) (Nylen 2003). In Belo Horizonte, poor participation from the sub-poor was generally thought to be a result of the fact that the city's most marginalized had little history of collective action or were simply unaware of the participatory budgeting process (Barroso Fernandes pers comm. April 2004). The issue of land tenure previously raised may also have had an impact in this respect.

In Belo Horizonte the city government has engaged in active efforts to combat low participation by the sub-poor. Gilma Carmélia Alves dos Santos noted that:

> We help the poorest neighbourhoods get organized in various ways; for example we assist in transporting people to meetings and we advertise meetings in advance by driving a loud-speaker car around advertising the upcoming event. (Alves dos Santos per comm. April 2004).

There were three obstacles that appeared in one city but not in the other. Most significant of these was the lack of money for the budget in Porto Alegre. The PT inherited an almost bankrupt city hall in Porto Alegre and, as a consequence, was able to do very little in its first years in power. Only when the municipal government was able to increase revenue flows was it able to undertake new projects (Abers 2000). Thus, the first round of the participatory budget in Porto Alegre (1989/90) was marked by demands made by participants being almost entirely unmet. Not surprisingly, participation in the process fell significantly thereafter and only rose when municipal revenues rose, followed by participatory budget mandated works being undertaken (Abers 2000, Goldfrank 2003). A similar problem (although of smaller scale) occurred in Porto Alegre more recently when a recession reduced federal transfers to municipalities including Porto Alegre (Bairle 2003).

The primary initial shortage in Belo Horizonte was not of money but of municipal staff employed to facilitate the budget process. As Gilma Carmélia Alves dos Santos, a municipal staffer who worked on the participatory budget, noted when interviewed:

> Three people were not enough to undertake this co-ordination so there were lots of difficulties and problems in the initial phases of the participatory budget. (Alves dos Santos, pers comm. April 2004)

As a consequence the initial budget rounds where inadequately organized, impeding results, a situation that was only rectified when more staff were dedicated to the budgeting process (Alves dos Santos, pers comm. April 2004).

The third distinct problem that appeared to be encountered only in one city was the lack, in Porto Alegre, of technical input accompanying decisions made about the budget process, particularly in its early years. As a result of this, projects were often approved without considering their technical viability or potential flow on effects (Abers 2000, Baierle 2003). This led to problems such as increased flooding in some neighbourhoods (a result of newly paved streets being impermeable) (Baierle 2003). As a consequence of initial problems of this nature, the city hall subsequently put more emphasis on considering the technical feasibility of projects before they went ahead, rather than simply acquiescing to participants' demands (Abers 2000). However, according to some authors, (most notably, Baierle 2003) problems still occur with some projects.

Comparing areas of uncertainty

There have also been areas where the outcomes of the budgeting process have been uncertain. In both cities, for example, the impact of the participatory budgets on civic activists and civil society has been unclear. While there is little doubt that the participatory budgets in Porto Alegre and Belo Horizonte have created new space

for civic activism, or that this has, in turn, created new civic activists (for examples of this see Abers 1998, Abers 2000, Avritzer 1998, Nylen 2003),[7] it is unclear to what extent this has created a new *type* of civic activist. In particular, it is unclear whether the budgets have led to the creation of new socially and civically aware activists or whether they have just motivated people to act in the short term in pursuit of funding for particular projects. Some authors such as Wampler[8] (2002) claim that participation patterns tend to indicate that people's participation was motivated primarily by self interest rather than civic awareness. Along these lines Wampler states (2000, 228):

> 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.

Wampler (2002, 228) goes on to describe this as the 'principal Catch-22 of the programme'. To Wampler the main reason for the success of the participatory budget is that participants can see tangible results as a reward/incentive for their participation. However, the adverse side effect of this according to Wampler (2002, 228) is:

> It associates PB [participatory budget] programmes with the distribution of specific goods, which limits the overall impact on public learning.

This would appear to indicate that there are significant limitations to the transformative power of the participatory budgeting. However, it should be pointed out that other studies (see for example Abers 2000, Nylen 2003) do provide some evidence of 'deeper' participation that leads to civic activism rather than a focus purely on short-term goals. Moreover, in Porto Alegre at least, thematic assemblies, which are not based around short-term localized needs, see reasonable levels of participation (Menegat 2002). What is unclear is the extent to which participants in the budget process in the two cities are split between the 'self interest' and the 'civic interest' camps.

In the case of civil society (above and beyond civic activism) once again, budget outcomes are unclear, particularly in Porto Alegre, where there was a feeling amongst some commentators that participatory budgeting, along with the broader participatory processes implemented by the PT, had absorbed much of the energies of civil society (Baierle 2003). And that the budget – along with other aspects of PT government such as the employment of activists in council jobs – had also steered civil society from a conflictual, watchdog-like role to that more cooperative – if not co-opted position – where civil society members were dependent on government for funding or jobs. Along these lines, Kunrath Silva noted, with respect to Porto Alegre, that:

> [T]he participatory budget stimulated the creation of social groups [… and through this …] fortified civil society. But it also weakened it because it made civil society dependent on the government (Kunrath Silva pers comm. April 2004).

However, during the period of time that we conducted research in Porto Alegre, there was considerable evidence (particularly, the almost daily, large, noisy pro-

tests outside the offices of the state government) that civil society was – even if diminished – still alive and combative. These ambiguities lead us to conclude that participatory budgeting's ultimate impact on civil society is, at this stage, unclear.

The final area of uncertainty related to the participatory budget relates to how prone the process is to manipulation. The potential for manipulation (but not actual manipulation itself) by municipal staff has been noted by several authors examining the Porto Alegre process (Abers 2000, Shah and Wagle 2003). In Belo Horizonte one researcher noted some incidents of political agents trying (not necessarily successfully) to manipulate the process for their own political gain (Barreto Linhaus per comm. May 2004).[9] Similarly, Porto Algrean municipal staff member Luis Alberto Girardi noted, when interviewed that:

> What happens within a community could be potentially undemocratic practice. How do they choose the projects they want and their delegates? This should be an open process but it is not in a lot of communities (Girardi pers comm. April 2004).

Clearly then, the potential for the participatory budget to be manipulated exists. What is unclear, however, is the extent to which it is being manipulated, as well as the degree to which any such manipulation detracts from the democratic ideals that the budget represents. We are inclined to think that manipulation is relatively rare; otherwise it seems unlikely that the budget would enjoy the favourable ratings that it has received in opinion surveys. However, until further research is undertaken we cannot be certain of this.

Local geographies and the Participatory Budget

What then can be said in terms of the basic conditions affecting the participatory budgeting experiences of Porto Alegre and Belo Horizonte? How have the differentiated contexts – or local geographies – both socio-economic and political affected outcomes? In light of the fact that participatory budgeting has been successful in Belo Horizonte, the first obvious point is that participatory budgeting is a phenomenon that can succeed outside the confines of Porto Alegre. Moreover, while Porto Alegre and Belo Horizonte exhibit similarities, there are significant differences between the two: Belo Horizonte is larger and poorer than Porto Alegre, and it has a lower HDI and a more conservative political history. For these reasons the fact that the participatory budget has succeeded in Belo Horizonte shows that it can succeed in a variety of contexts. Nevertheless, success in Belo Horizonte does not mean that the participatory budget can operate in any context.

Given this, it is useful to highlight some 'key variables' that appear, from the cases of Porto Alegre and Belo Horizonte, to play an important role in determining budget outcomes. In doing this we have separated the variables into two tiers. First tier variables are those that can directly influence the outcomes of the participatory budget, while second tier variables are those that will indirectly affect outcomes through their effects on the first tier variables. The two first tier variables that we have identified are:

1. People having needs that can be met by the budget,
2. The ability of the participatory budget to produce tangible results.

These two first tier variables are strongly related: if people do not have unsatisfied needs then it would be impossible for the budget to produce tangible results for them. We have, however, chosen to separate the variables to preserve the useful distinction between what might be termed 'demand-side constraints' (peoples' needs) and 'supply-side constraints' (tangible results). The seven[10] second tier variables are:

1. The city's economic status.
2. The equality with which the city's resources are distributed.
3. The amount of money available to the participatory budget.
4. The external constraints and limitations it operates under.
5. The organization that implements the participatory budget.
6. The political reality that constrains the organization implementing the participatory budget.
7. The city's civic culture.

First tier variables: needs and tangible results

People will participate more when they have needs that can be met by the budget (first tier variable 1). This is highlighted by the fact that participation in both cities is highest amongst the working classes, and also by Wampler's (2002) research showing that participants often ceased participating when their needs were met. Many of our interviewees also made the claim that those with the most pressing needs participated most. Márcia da Silva Quadrado, a staff member in the Porto Alegre municipal government, was typical of this when she stated that:

> 'It is the people with the most needs who participate the most' (Quadrado pers comm. 2004).

However, it is important to note when drawing this conclusion that, while people with fewer needs do participate less, they still participate in the budget process: there was some middle and upper class participation in the participatory budget in both cities. It is also important to note that people participated in fora that were not purely based on attending to immediate needs (for example, in the thematic assemblies). Finally, it should be noted that in both cities there were problems with low participation rates amongst the cities' least well off (the sub-poor). As one would presume that the sub-poor would have the highest level needs, this would seem to indicate that other variables, such as the ability of communities to organize effectively, and civic tradition can, to some extent, override the effects of neediness.

The second first tier variable that will affect the outcomes of participatory budgeting is the process's ability to produce tangible results (second tier variable 2). From comparing the early problems experienced by participatory budgeting in Porto Alegre with the less problematic start to participatory budgeting in Belo Horizonte, it becomes clear that participation will be much higher when the budget produces results. Marcelo Kunrath Silva's studies of Alvorada where participation fluctuated dramatically, according to the city hall's ability to raise money for new investments, adds weight to this observation (Kunrath Silva 2003). Along these lines Luis Alberto Giradi noted that, 'it is the results and the seeing to people's needs that gets the support' (Girardi pers comm. April 2004).

Second tier variables: those variables that operate via people's needs

Of the seven second tier variables, two operate by interacting with the first of the first tier variables, people having needs. These are: how wealthy a city is (second tier variable 1) and how evenly a city's resources are distributed (second tier variable 2). In a wealthy city with an egalitarian distribution of wealth it is unlikely that many of the city's residents will have a major need for new municipal investments. However, in a poorer city or a city with a highly unequal distribution of resources it is likely that a significant proportion of the population will live in areas in need of municipal investments.

Associated with the need for the participatory budget to produce tangible results are a variety of second tier variables which will influence the process's ability to do this. The first of these variables is the amount of money available to the process (second tier variable 3). As the first years of the participatory budget in Porto Alegre showed, if the municipal government implementing the participatory budget is unable or chooses not to make enough money available to the process to enable it to produce tangible results, people will not participate. While this may seem like it is stating the obvious, there are numerous examples of cities in Brazil which have introduced participatory processes when they have not had the ability to devote money to them (a good example is Alvorada discussed in Kunrath Silva 2003), or when they have not had the intention of devoting money to them (such as Recife). Moreover, a risk exists – even for a government genuinely committed to the participatory budget and which has run it successfully in the past – that changing external conditions may diminish the amount of money available to the participatory budget and reduce its credibility.

The next, second-tier variable affecting the participatory budget's ability to produce tangible results is the external (primarily legal) constraints it faces (second tier variable 4). As we outlined above, laws to do with the provision of municipal resources to squatter settlements have impeded the participatory budget's ability to function in both Porto Alegre and Belo Horizonte. Likewise, the legal framework that still allows city councillors the ability to modify or reject budgets drawn up in a participatory fashion provides at least a potential hurdle to the process. Furthermore, Nylen (2003) provides evidence of city councillors using their 'veto' over participatory budgets in some Brazilian cities. External legal constraints can also impact on the funding available to participatory budgets; as took place in the mid-late 1990s in Brazil when federal transfers to city governments were reduced (Baierle 2003). Likewise, potential funding for the participatory budget of the city of Belém was reduced when the relevant state government reduced state transfers to the city *specifically because the state government was hostile to the PT* (Guidry and Petit 2003).

The next second tier variable which affects the participatory budget's ability to produce tangible results is the political party (or other agent) responsible for introducing the process (second tier variable 5). As the experience of some Brazilian cities, such as Recife, shows, politicians are quite often willing to introduce consultative programmes that appear to be participatory but in reality divest little or no power to participants (Wampler 2004). Much less common are politicians who are interested in genuinely handing over power to people taking part in participatory

processes. However, unless a real space is opened up to participation, participants are highly unlikely to see tangible results from their participation. Therefore, we can conclude that the nature of the political party – in particular how genuinely they are committed to participation – will be an important variable in determining the outcomes of participatory budgeting processes. In the particular case of Belo Horizonte and Porto Alegre, the role of the PT and its history in the cities has been important in determining outcomes.

A further second tier variable is the political reality that the party implementing the budget is operating in (second tier variable 6). As discussed earlier, PT municipal governments have often been confronted by numerous checks on their reforming desires when they have taken power in Brazilian cities. While in some cases the participatory budget has aided the PT in overcoming some of the problems they have faced (such as in Porto Alegre), in others problems have proven insurmountable and have seen the PT voted out of power after only one term, meaning that the participatory budget has had very little time to produce any results (parties replacing the PT typically remove or reduce the power of the process when they get into power) (Abers 2000, Baiocchi 2003, Gonçalves Couto 2003). In Brazil, in particular, the strength of resistance from economic elites to the participatory budget is potentially a major problem as, even when the PT wins a mayoralty, economic elites retain a significant degree of power through sympathetic media outlets, their business interests and allied non PT councillors. The one strong point that the participatory budget has in overcoming such resistance is that councillors are often (but not always) reluctant to vote directly against the participatory budget when they are asked to ratify it, because they are afraid of being seen as acting against the public voice.

An additional second tier variable which influences the participatory budget's ability to produce tangible results is the same variable that impacts on the city's needs: that is, the city's economic status (second tier variable 1). While poorer cities will have higher needs, it is also entirely possible that they will have fewer resources to devote to participatory budgeting. Indeed, if a city is too poor then it may simply not be able to obtain revenue to fund the process. As Marcelo Kunrath Silva stated during his interview when talking about Alvorada: 'It is not possible to raise extra revenue like they did in Porto Alegre; there simply is not the tax base' (Kunrath Silva pers comm. April 2004).

The final second tier variable that impacts on the participatory budget's ability to produce results is the city's political and civic culture (second tier variable 7); although the extent to which this variable is significant remains unclear. In particular, many of our interviewees stated that they thought that the participatory budget would be more difficult to implement or would have more limited results in cities which had less history of political activism or civic organizing. This would seem intuitive and would also seem to be confirmed by the results of Kunrath Silva's (2003) work on Alvorada and Gravataí as well as the problem of low levels of participation amongst the sub-poor in Belo Horizonte and Porto Alegre. However, it is also important to note that Abers' work (2000) on neighbourhoods with very little organizing history in Porto Alegre, along with the success of the participatory budget in Belo Horizonte show that, in some circumstances, the participatory budget is able to generate a culture of participation (albeit an imperfect one). Fur-

thermore, in Belém – a city in Brazil's north-east where traditionally politics has been strongly exclusive of lower socio-economic groups and where organization of these groups has been very weak – a participatory budget programme has been in place for seven years and has obtained levels of participation higher than those in Porto Alegre and Belo Horizonte (Guidry and Petit 2003). At this stage there is little evidence about the quality of the participation in Belém or the other results of the process; however, the high levels of participation there do seem to suggest that the participatory budget can operate in a variety of different social, political and economic climates. Because of these contradicting facts, at this stage we can only conclude that political culture, while probably playing a role is still something of an unknown variable in influencing the participatory budgeting process.

Clearly, none of the variables discussed in the forgoing analysis operate in isolation; rather they are part of a complex interacting system where the positive effects of one factor might offset the negative effects of another. For example, a municipal government strongly committed to tax reform and also cutting other expenditures might be able to implement the process successfully even in a relatively poor city. Likewise, a political party strongly committed to fostering a participatory culture and educating the populous might well be able to operate the participatory budget in a city with very little previous history of popular participation. At the same time, however, a government with the best of intentions may be thwarted in its attempts to implement the participatory budget if legal constraints are too numerous or if hostility from economic elites is too strong.

Conclusions

There are several conclusions that can be drawn from our research. The first is that, in both the Porto Alegre and Belo Horizonte, participatory budgeting has proven successful in key areas: it has led to significant increases in the provision of key municipal services to lower socio-economic areas; it has led to an opening of political space for groups previously denied meaningful participation; and it has led to reduced clientelism and corruption. There is also some evidence to suggest that participatory budgeting has facilitated strengthened civic activism in both cities. Significantly – to varying degrees – these successes were present in both cities; evidence that participatory budgeting can function in a variety of contexts, not only that of Porto Alegre.

The successes of participatory budgeting in Porto Alegre and Belo Horizonte are noteworthy for their relevance, not only to the study of Latin American politics, but also to the study of democratic processes in general. In the sphere of Latin American politics, the budgets are important because they represent a potentially transferable model of municipal governance through which the dominance of politics by traditional elites can be challenged. This is something that is clearly significant in a region where the elite dominance of politics is both highly pervasive and a well-recognized impediment to human development.

In the broader sphere of democratic theory, participatory budgeting provides possible insights into ways in which the democratic process itself could be improved. Representative democracy is clearly preferable to totalitarian systems of government, yet it is not without its flaws, particularly in highly unequal societies.

While it is unlikely that participatory budgeting itself would be transferable to larger scale systems like national governments, it seems possible that somewhere in this model of increased participation there might exist pointers as to how democratic governance itself could be improved. The corruption-reducing openness and accountability of participatory budgeting might, for example, be transferable to a national level.

The successes of the participatory budgets in Porto Alegre and Belo Horizonte were not unqualified or easily obtained, however. In both Porto Alegre and Belo Horizonte resistance from economic elites and other groups has hindered the budgeting process, while limited financial resources in Porto Alegre and limited staff in Belo Horizonte caused problems for the budgets in their formative years. Similarly, legal restrictions on municipal projects impeded the budgeting process in both cities. Also, in both cities, the budgets failed to elicit high levels of participation from certain socio-economic groups.

The challenges faced by the participatory budgets in both cities (as well as in other cities where research has been undertaken) leads to a further key conclusion: context plays a critical role in determining the outcomes of participatory budgeting. Several key variables, themselves a product of local geographies, are instrumental in determining the outcomes of participatory budgeting processes. In this paper we have identified those variables that are apparent from the participatory budgeting experiences of Porto Alegre and Belo Horizonte.

By noting these variables and their impact on the outcomes of participatory budgeting processes, we are not claiming that participatory budgets can only be successful in a limited range of situations. In many instances the same innovation and flexibility that lead to successful outcomes in Porto Alegre and Belo Horizonte may well see geographical constraints being overcome. However, it is our strong conclusion that those wishing to transfer the participatory budgeting process to a wider variety of contexts will – if they wish to see successful outcomes – need to pay considered attention to local socio-economic and political geographies.

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Notes

1. The paper is based on research conducted in 2004. The research involved a review of relevant literature and statistics, and a series of semi-structured interviews carried out in Brazil. These interviews were undertaken with local politicians, bureaucrats involved in administering the participatory budget, and local academics and researchers.
2. Geography in this context refers to the particular combination of socio-economic and political processes and patterns that characterises any given place (Murray 2006).
3. The Oxford English Dictionary Online (2004, 1) defines clientelism as 'A social or administrative system which depends upon relationships of patronage, favouritism, and self-interested exchange; a political culture which emphasizes or exploits such relationships; the practice of such relations'. In the context of Latin American Politics clientelism more specifically refers to an exchange in which a politician provides public goods or some other service to a section of the public in exchange for votes.
4. Significantly, the Socialist Party's mayor was supportive of the participatory budget and kept the institution in place while the PT was out of power.
5. Space considerations prevent us from explaining the detailed workings of the participatory budgeting process. For a detailed description of the process see Wood (2004).
6. Under Brazilian law while the mayor's office is responsible for preparing the municipal budget, the city council votes to ratify it. Effectively this gives councilors the ability to veto budgets created via the participatory budgeting process; however, in practice, this has not taken place as councilors are unwilling to vote against what is seen as a popular mandate. Councilors have tried to sabotage budgets by proposing significant amendments to them.
7. Also worth noting is that in the case of Belo Horizonte, where the question of party affiliation was put to participants, a significant majority were not affiliated with the PT (Souza 2001).
8. Wampler's study was based on Porto Alegre, not Belo Horizonte.
9. Abers (2000) also describes similar attempts in Porto Alegre.
10. It could also be argued that the structure of the participatory budget itself should be included in this list of second tier variables; however, we believe that the budget's structure is actually a product of the other variables rather than a separate variable. For this reason we have left it off the list.

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