

BRAZIL

PARTICIPATORY BUDGETING IN PORTO ALEGRE

In Porto Alegre, institutional innovation promoting democratic citizen participation in municipal budgeting has been widely recognised, within and outside Brazil, to have effectively redistributed resources towards sections of the city with the greater need for basic services.

Brazil's political history had long been marked by authoritarian, techno-bureaucratic regimes in which the state dominated over civil society. A political culture based on a tradition of clientelism and patrimonial elitism meant that the management of municipal public budgets (the 'black box' as it was known) was far from transparent. All this produced a society with extreme social inequalities and restricted meaningful forms of popular participation.

After the end of the military dictatorship in 1981, the country underwent a gradual transition to democracy in which debates over citizenship rights, political decentralisation and strengthening of local power culminated in constitutional reform in 1988. Such conditions heralded a new era for the ascendancy of political parties, such as the Workers' Party (PT), that had made particularly strong electoral gains in Sao Paulo. In coalition with other leftist political forces, PT also won the local elections in several other important cities. It introduced institutional innovations encouraging popular participation in municipal government, of which those implemented in Porto Alegre have been the most successful.

Porto Alegre, the capital of Rio Grande do Sul, a southern state of Brazil, has over 1.3 million inhabitants. For over 40 years, one third of its population lived in conditions of precarious subsistence on the margins of the urban infrastructure. Previous municipal administrations had allocated investments and resources in a way that had left a sizeable section of society living in shacks without basic services, such as drinkable water, sewerage, or paved streets. To redress this imbalance and inequality in the city's development, PT instigated an experimental initiative known as a Participatory Budget (PB). Under this system, a process of public debates and consultations ensured that members of the community, not

just government leaders and bureaucrats, were involved in deciding how public revenue and expenditure were to be allocated and prioritised.



On an annual basis, assemblies with intermediate forums are conducted in which citizens are able to present and discuss their demands for investments. In order for assemblies to be all-inclusive and manageable, two types are organised.

The Regional Assemblies are based on the division of the city into 16 districts, which follow neighbourhood or community-defined boundaries. Citywide issues, such as women's rights, health care and environment, transcend geographical divisions and are therefore incorporated in Thematic Assemblies (eg including city organisation, transportation, health and social care, education, culture, leisure and economic development). The process generally involves a scrutiny of the previous year's budget, election of councillors and delegates for each district and thematic structure, the discussion of needs and the setting of priorities by citizens. After a Municipal Council of Government and a Budget Plan is defined, an Investment Plan is drawn up. Investments in districts are determined according to criteria based on the priorities chosen. The final stage involves a collective decision-making and negotiation process between the Executive Power and the Municipal Councillors to obtain approval for the proposed Investment Plan. At this point, political systems of participatory democracy join with representative democracy.

Initially, when PB began in 1989-1990, the level of public participation was modest and the impact was not felt immediately. However, since 1991, popular mobilisation and the results achieved from PB in terms of fiscal performance and service delivery have



been remarkable. For example, public attendance at meetings and assemblies has increased from 11,000 to over 45,000. Moreover, if the 1,000 or so registered local associations and civil-based organizations are included, then the number would approximate to over 100,000 persons participating in the annual formulation of PB. In order to redress the financial mis-management of the past, the City Hall underwent strong administrative and tax reform to regain its investment capability. Although revenue is still not enough to fulfill all the demands of society, over US\$ 700 million has been invested through PB, particularly in urban infrastructure and in improving the quality of life for the population.

Statistically, service delivery figures show striking improvements particularly in the area of basic sanitation, which has been prioritised over the years. Since 1990 the number of households supplied with water has increased from 400,000 to 480,000. Today 99% of households are served by piped water. The sewer system now serves an estimated 80% of households, a huge increase from 46% in 1989. Other notable improvements in the urban infrastructure of the poorer regions of the city include street paving, drainage and lighting. The tendency of past administrations to direct investments on showcase public works projects, such as tunnels, bridges and soccer stadiums has been reversed. PB has resulted in greater investments channelled into improvements in the quality of public health and education.



As such, the extraordinary impact of PB has been demonstrated in a number of ways. It has improved the fiscal performance and administrative efficiency of City Hall. In a less quantifiable, though no less important way, it has empowered civil society groups,

which have traditionally been excluded from the process of public decision-making. This initiative has raised citizen awareness in exercising their rights to information as a means of controlling the State. Public opinion polls show that 75% of the population of Porto Alegre now have access to PB. New tools for information sharing such as the Internet have been introduced to improve public access. This, however, caters largely for the middle-class sections of society less inclined to attend public meetings. As such the challenge remains for PB to engage the participation of citizens from the poorest areas most in need of basic services that are often less organised and less able to stake a claim for the priorities of their areas. For instance, participation from the extremely poor residents of 'loteamentos clandestinos' (illegal subdivisions) remains low due to the complex issue of land tenure regularisation, which entails legislative as well as budgetary reform.

All in all, the fundamental lesson derived for improved practice in urban governance is that an active and mobilised citizenship has been effective in curtailing corruption and clientelism and ensuring an efficient and transparent management of public resources. PB in Porto Alegre is now in its thirteenth year of operation and PT has been its driving force, winning successive elections in local government for over ten years. More recently PT's success at the elections for the government of Rio Grand do Sul show the potential for PB to be implemented at the State wide level. Although scandals arising from the misuse of public funds and corruption have by no means been eliminated from the Brazilian political system, the impact of PB in terms of replicability remains impressive.

Based on the success of Porto Alegre's democratic experiment, presently 140 cities have adopted the Participatory Budget in Brazil. Moreover, PB mechanism has now been utilised and appropriated by other opposition parties (67 of the 140) and not just municipal administrations under PT. The Porto Alegre initiative has been acclaimed worldwide by various regional and international agencies promoting democratic urban governance.



Denise de Oliveira Barreiro
International Affairs Assistant
Mayor's Office
Porto Alegre City Hall
Praça Montevideo 10 - 1º andar
PORTO ALEGRE
Rio Grande do Sul, 90010-170
Brazil

tel: +51 224 4400
fax: +51 228 8725
denise@gp.prefpoa.com.br

for further information:
www.bestpractices.org
www.iclei.org
www.portoalegre.rs.gov.br