

## **Research Summary #4 - Budgets and Ballots in Brazil: Participatory Democracy from the City to the State**

By Aaron Schneider and Ben Goldfrank (2002)

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### **Introduction**

This paper explores the process of scaling up arrangements for participatory budgeting (PB) from municipal to state level in Rio Grande do Sol (Brazil); and considers the impact of PB on institutions, politics and the distribution of resources for development. It suggests that PB has given previously marginalised groups access to decision-making fora; enhanced government accountability; and promoted redistribution to the poor while improving planning and budgetary efficiency. It attributes the success of scaling up to the fact that PB advances a political project that includes a popular vision of democracy and a redistributive vision of development, and has also attracted support from better off voters by promoting transparency and efficiency.

### **Setting Up Participatory Budgeting in Rio Grande do Sol**

The success of PB in Porto Alegre, and a promise to extend it to the whole state of Rio Grande do Sol, helped the Workers Party (PT) to win the election for state governor in 1998. By 2002, 378,000 people were participating in PB mechanisms in all 497 municipalities in Rio Grande do Sol. This remarkable achievement runs counter to expectations that direct participation is difficult to operate on a large scale. Implementation of PB at state level faced administrative challenges, which were overcome by adapting the PB model from Porto Alegre by reducing the number of citizen meetings held, and adding an extra layer of representation (regional delegates, elected by participative assemblies, in turn elected delegates to a state budget council). Implementation of PB at state level encountered much fiercer political opposition than in Porto Alegre, as opposition parties sought to derail the project through diversionary tactics and by fighting it in the courts. But despite the problems of scale, political opposition and meagre budgetary resources (due to a reduction in privatisation receipts), participation was high and increased over time. It was helped by the experience brought from Porto Alegre, the successful track record there which was widely known, and support from powerful social movements including the landless movement, small farmers, trade unionists, and the progressive churches.

### **Participatory Budgeting as Institutional Innovation**

The authors consider the impact of PB on expenditure control, efficiency, planning and the distribution of resources. They suggest that PB may increase control problems – it has coincided with a larger deficit and an increase in the tax burden. But they also find that efficiency increased in the critical areas of health and education, judged by the extent to which projects budgeted for were actually completed. In spite of concerns that PB might fragment the planning process, the paper

concludes that planning capacity improved – for example receipts were more accurately estimated, and spending better aligned with plans.

### **Participatory Budgeting as a Political Project**

The paper emphasises that in addition to changes in the use of resources, there is another dimension to PB: it has been used as a means to advance a political project – a popular vision of democracy and redistributive development. PB allowed benefits to be channelled to political allies, and shifted costs to political opponents. But it also expanded the base of political support for the PT, gaining ground with middle and upper class voters wanting to see a reduction in corruption and waste (reflected in growing electoral support for the PT). PB also strengthened the executive at the expense of the legislature (where the PT had no majority, either in Porto Alegre or at state level). PB advanced a vision of democracy as direct participation, allowing previously excluded actors to get access to decision-making fora. It significantly increased the share of total spending on health, education, sanitation and housing, to the benefit of poorer groups. And the emphasis on transparency and efficiency gave legitimacy to the broader political vision. The authors show that participation in PB arrangements is strongly co-related with support for the PT (levels of education and the size of the participating group are also significant, but less important, factors). Participation brought rewards – municipalities with higher levels of participation received more investment. PB resulted in the redistribution of funds to municipalities which lacked basic services. But the PT also sought to win over constituencies that were potential opponents.

### **Conclusion**

The paper concludes that PB is more than a mechanism for participation: it represents an alternative vision of democracy. PB solidified the core electoral base of the PT while expanding into the bases of their opponents. It has opened avenues to previously excluded segments of society and has enhanced government accountability. It shows signs of shifting the balance of power in the party system. And it has promoted a redistributive development model while improving budgetary planning and efficiency. More generally, the experience in Rio Grande do Sol contradicts received wisdom around theories of participation and budgeting. It suggests that participatory democracy can succeed on a large scale; that participation does not imply a loss of capacity to operate efficiently; and that budgeting institutions can form part of a larger political project to advance class interests.