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Porto Alegre, Brazil:

*A new, sustainable and replicable model of
participatory and democratic governance?*

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Introduction

Porto Alegre's celebrity as the professed world's capital of participatory democracy is not fortuitous. Even after discerning the highly effective political marketing among leftist activists, parties and movements in search for a new developmental model after the worldwide ideological crisis of the early 1990s, the civic and managerial record of this Brazilian city remains impressive. The January 2001 festive inauguration of the fourth democratic term of the Partido dos Trabalhadores (Workers' Party - PT), in office since 1989, marked the consolidation of one of the longest running leftist local governments in the world. The international significance of Porto Alegre is expected to rise even higher in the near future, especially after becoming the semi-permanent host of the World Social Forum, a plural gathering of activists, academics and development practitioners aimed at promoting progressive alternatives to the current path of globalization.¹

The reasons for this continuous popular support are apparent. This paper will argue that the city has succeeded in advancing a new kind of governance based on citizen's participation, redistribution, and a competent and accountable civic administration. The core of this process has been since 1990 the so-called *orçamento participativo* (participatory budgeting), meaning an original institutional architecture for decision-making through which the population – and in particular the urban poor – prioritizes municipal investments in public works and services.

The social sciences literature on Porto Alegre has grown since the mid 1990s, mainly focused on the objectives and structure of the participatory budgeting (henceforth PB).² This article will refer to the specific local factors that have contributed to the success of this experience, and will summarize the current debates about the long-term sustainability and replicability of this model outside Brazil. It

¹ The first and the second occurrences of the World Social Forum (WSF) were held in Porto Alegre in January 2001 and February 2002, and after an unsuccessful search for alternative venues the organizers decided to have the third meeting once again in this city. The WSF 2004 is expected to take place in Kerala, India, and after that the process will alternate between Porto Alegre and other progressive locations. The most recent WSF brought together over 50.000 activists from all over the world to discuss alternative propositions and strategies that would make "*another world possible*". The process was originally conceived as a progressive response to the World Economic Forum, with hearty logistical and financial support from the municipal and state governments, both led by the Workers' Party. For a further analysis of the objectives, structures and perspectives of the WSF see Waterman (2002).

² For English language studies on the participatory experience of Porto Alegre see among others Baiocchi (2001), Souza (2001), Abers (1998 and 2000), Baierle (1998), Santos (1998) and Navarro (1997).

will first describe the particular social and political profile of Porto Alegre. Then, the text will analyze the strong political motivation behind this experience, which tends to be dismissed by some proposals for replication that focus on the managerial and technical aspects of the PB. Thereafter, I will present a concise explanation of the institutional architecture of participatory deliberation developing in Porto Alegre since 1989. Finally, I will discuss the popular identity of this model, the main results of over a decade of progressive rule, and the essential aspects to be considered regarding the sustainability and replicability of this experience.

The city of Porto Alegre

Before the onset of the progressive local government, Porto Alegre already differed in several essential aspects from other Brazilian metropolis and most cities of the Global South. This is an observation that should be kept in mind at the moment of evaluating the impacts, replicability and sustainability of this particular experience of participatory governance.³ The city's participatory process developed from a relatively advantageous position. It is the capital of the state of Rio Grande do Sul, one of Brazil's wealthiest and most advanced in terms of human development, with personal income, life expectancy and literacy indicators well above the national average. Both the city and the state exhibit a political history of populist and left-of-center governments that stretches back to the early decades of the past century.

The city is located in a country that has undergone a dramatic demographic transition during the second half of the past century, from Third World high fertility rates to nearly European or North American standards. According to official statistics, the population of Porto Alegre in the year 2000 totaled 1.360.033 inhabitants, equivalent to 13 percent of the state population (10.181.749). In 1991, at the beginning of the participatory process, the city had 1.247.529 inhabitants. The demographic growth for the period 1991-2000 was 0.9 percent per year, a value below the national and state rates: 1.6 percent and 1.2 percent, respectively. In 2000 the population of Greater Porto Alegre (21 municipalities) totaled 3.394.000. The intrastate rural-urban migration increased the population of metropolitan Porto Alegre in relation to the total of Rio Grande do Sul from 19 percent in 1960 to 31 percent in 1985, and 42 percent in 1991 (IBGE, 1991). The demographic evolution, associated with profound social, economic and political changes that occurred contemporarily, had a significant impact on the overall profile of the city.

Regarding ethnic and religious affiliations, the profile of Porto Alegre is fairly homogenous and quite distant from the polarization observed in other parts of the world. According to the self-identification of interviewees for the census of 1991, 84.2 percent of the municipal population was white (the state received large waves of European immigration throughout the past century), 7.2 percent was black, 0.2 percent was Asian, and 0.2 percent was indigenous. Regarding religious identity, 79.6 percent, declared themselves Roman Catholics, 6.6 percent Reformed Christians (Protestant and Evangelical churches), 6.5 percent believers of Spiritualist and Afro-Brazilian cults, 0.6 percent Jewish, and 5.4 percent were not affiliated with any religious group (IBGE, 1991).

In terms of social development, in several aspects Porto Alegre confirms the patterns of socioeconomic inequality common to the rest of Brazil, while at the same time exhibiting indicators that place the city clearly above national standards. This dualistic profile is not surprising in a country where the poverty that affects one third of Brazilians is so deeply rooted in the national identity that it has assumed the character of a cultural trait. National data from the last two decades shows little variation in the value of the Gini coefficient, which makes Brazil the second most unequal country on Earth. In 1997, more than a decade into a formally democratic regime, the

³ The notion of participatory governance refers to the conceptualization on empowered deliberative democracy proposed by Archong Fung and Erik Olin Wright (2001). In concrete terms, it alludes to experiences of governance that *"have the potential to be radically democratic in their reliance upon the participation and capacities of ordinary people; deliberative because they institute reason-based decision-making; and empowered since they attempt to tie action to discussion"* (:7).

combined income of the richest 1 percent of Brazil' population totaled 13.7 percent of the national income, a percentage equivalent to that of the poorest 50 percent (Rocha, 2000). In the late 1980s, when the PT assumed local office, even though the standards in Porto Alegre were still higher than in the rest of the country, the tendencies tended to mirror the inequality and social exclusion common in other Brazilian cities. After more than a decade of progressive rule Porto Alegre has consolidated its position as Brazil's most livable state capital.

Regarding education, even before the improvements achieved by the municipality during the 1990s, Porto Alegre's indicators were above Brazilian and Latin American averages. In 1991, according to data from the national census, the literacy rate was 95.8 percent. At the same time, the rate for the whole of Brazil was 79.6 percent; for the South-East region (states of Rio Grande do Sul, Parana and Santa Catarina) was 86.9 percent; and for Rio Grande do Sul was 89.9 percent (IBGE, 2001). Porto Alegre's high educational profile can be better appreciated in the low percentage of adults without any kind of formal schooling (3.6 percent) and the remarkably high percentage – first world standards – of adults with eight or more years of education (almost 55 percent), according to data from 1996 (IBGE, 1997). As I will argue further, these exceptional levels of education should be expressly considered if planning to replicate a model of participatory governance that relies on the massive distribution of complex written information as a precondition for rational and democratic deliberation.

In general, the living conditions in this city compare favorably with the rest of Brazil. In 1997 – halfway in the participatory process of Porto Alegre – almost 52 million Brazilians were statistically poor, equivalent to 34.1 percent of the total population. In Porto Alegre, the poor amounted to 448.000, representing 14.4 percent of the local population and 0.9 percent of the total Brazilian poor. In the same year the capital of Rio Grande do Sul registered the lowest indexes of poverty among all Brazilian capitals, both in absolute values and in the participation of the poor in the composition of the local population.⁴ The contrast is much clear when the city is compared with North-Eastern metropolis such as Recife and Fortaleza, where the poor make up 57.8 percent and 48.6 percent of the respective populations (Rocha, 2000).

The experience of participatory governance developed at the same time that the process of regional and national economic restructuring deepened in the city. Beyond the many and diverse interpretations about the causes and effects of the neoliberal restructuring in Brazil and other Latin American countries, some economic and social changes are clear after three decades of free-market policies.⁵ Like most cities across Latin America, during the 1980s Porto Alegre suffered the so-called *década perdida* (lost decade), when as a result of the national and regional economic recession the local population experienced a sharp loss of income. In Porto Alegre, one of the key manifestations of the restructuring has been the de-industrialization of the local economy, starting in the 1970s. Among other indicators, the percentage of workers on Porto Alegre with monthly incomes below two minimum salaries grew in the 1980s from 17 percent to 27 percent (PMPA, 1995:10).

The falling income of workers, the lack of sound housing policies for the poor and the rise of speculative urban voids increased the difficulties for accessing proper housing in the city. In the mid-1980s, about 42 percent of the total urban area was in the hands of large real estate and construction companies. The 100 largest landlords concentrated 48 percent of the undeveloped urban land (Oliveira e Barcellos, 1989). Consequently, the number of people forced to live in squatter settlements and irregular neighborhoods (*vilas*) had increased dramatically, as table 1 shows.

⁴ The Brazilian Bureau of Statistics and Geography (IBGE) calculates the 'poverty line' (*linha de pobreza*) according to a series of measures in 23 sub-areas across Brazil. The calculations are based on the local values of a basic consumption basket for low-income families.

⁵ For a comprehensive account of the negative social results of market economics in Latin America during the 1980s see Green (1995). For a more analytical and plural perspective about the impact and prospects of neoliberalism see Sader and Gentili (1999).

Table 1 around here

The political context

Brazil's political history since WWII has evolved around three distinct political regimes: (1) the Post-Vargas democratic regime of 1946-1964,⁶ (2) the military dictatorship of 1964-1985, and (3) the democratic 'New Republic' that began in 1985. During these three regimes, Brazil has experienced dramatic social, economic and political changes. A recent study on the evolution of politics in post-authoritarian Brazil summarized these transformations. The first democratic period, initiated in 1946, was implanted in a nation that was predominantly rural, where a majority of workers labored in agriculture, in which only a quarter of the citizens could vote, which depended on one product – coffee – for more than half of its export earnings, and where television was accessible only to the wealthiest of families in large cities. The current democratic regime, initiated in 1985, evolves in a country that is nearly 80 percent urbanized, where more than half of the labor force belongs to the service sector, with a highly diversified economy, where three-fifths of the population is legally able to vote, and in which more households have televisions than have refrigerators (Power and Roberts, 2000).

Likewise, the history of local politics in Porto Alegre during the past five decades can be also summarized around three broad intervals: (1) the period of *Trabalhista* (Labor) hegemony, between the fall of Vargas and the military coup of 1964; (2) the authoritarian period, covering the years of military dictatorship between 1964 and 1976; and (3) the transitional and post-authoritarian period, since 1976 onward. A particular feature of Porto Alegre throughout this time has been the leaning of the local electorate towards left-of-center options – from populist to anti-dictatorial and openly leftist parties.

Between 1947 and 1964, even when the mayor belonged to the opposition, the Labor Party was the major force in the Municipal Chamber. The coup of 1964 interrupted the Labor hegemony in the city. In 1966, the military implanted a bipartisan system through the creation of ARENA - Aliança Renovadora Nacional (National Renovation Alliance) and the MDB - Movimento Democrático Brasileiro (Brazilian Democratic Movement). This binary model endured until the partial elections of 1976 – with the military only allowing the election of members of the Municipal Chamber, all the state capitals defined as areas of 'national security concerns', and mayors being appointed by higher authorities.⁷ The direct election of the mayor was reinstated in 1985, but the complete renewal of the Municipal Chamber only took place in 1988. By the mid-1980s, politics in Brazil and in Porto Alegre had been liberalized: communist parties were already legal and, resembling the times of *Trabalhista* hegemony, the first elected post-authoritarian mayor of Porto Alegre was the candidate of the new Labor Party, the PDT - Partido Democrático Trabalhista (Democratic Labor Party).

The following four elections – in 1988, 1992, 1996 and 2000 – constituted a turning point in Portoalegrense politics. For the first time after 1945 one party has been re-elected to the municipal government, and not only once but thrice. In 1998, when seven different candidates disputed the

⁶ Getulio Vargas was one of Latin America's most important leaders of the 20th century. He was President of Brazil for 18 years (1930-1945 and 1951-1954), and is recognized by researchers and ordinary Brazilians as the mentor of industrialization and the 'founding father' of social policies. His legacy is still a essential component of local and national politics. For a detailed analysis of his personality and political background, see Levine (1988).

⁷ This restriction lasted until the inauguration of the 'New Republic', in May 1985, when the Brazilian Congress passed an amendment that legalized clandestine political parties, conceded voting rights to the illiterate and allowed direct elections in state capitals and other municipalities previously considered 'areas of national security'.

mayor's seat, the Petista candidate won with 41 percent of the votes.⁸ In 1992, under the new two-rounds system, the PT won again, obtaining 41 percent of the votes in the first round and 55 percent in the second round. In 1996, the PT celebrated an undisputed victory in the first round, with 54 percent of the votes. In the last 20th century elections, in the year 2000, the left retained the mayorship with 49 percent of the ballots in the first round and 64 percent in the second round.

Chart 1 presents the evolution of the major political forces during the first round of the past five mayoral elections. The chart shows the clear Petista hegemony and the parallel decline of center and 'catch-all' parties (the PDT and the PMDB), as well as the rise since 1996 of the PSDB - Partido da Social Democracia Brasileira (President Fernando Henrique Cardoso's Brazilian Social Democratic Party).

Chart 1 around here

In terms of civil society organization, the history of grassroots activism in Porto Alegre began well before the electoral success of the left. The first urban conflicts developed in the first two decades of the past century, coinciding with the rise of a modern urban-industrial society. Throughout the first half of the 20th century, urban issues were part of the political platform of the labor movement. Elizabeth Menegat (1995 and 1998) refers to strikes and massive demonstrations organized by unions and other working class organizations as early as the 1910s. During the second half of the past century, the predominant form of community organization in Porto Alegre, like in other Brazilian cities, has been the *Associações de Bairro* (Neighborhood Associations). In Porto Alegre, the first of such kind of organizations was founded in 1945. Alongside the early demands for lower urban prices, these associations demanded the regularization of land tenure, housing, basic infrastructure and the extension of urban and services.

In 1964, the moves toward greater political autonomy and incidence of urban organizations were abruptly halted by the military coup. With the suppression of political rights throughout Brazil, the sequence of dictatorial governments that governed the country, the state and the city until 1986 tried to establish a new political order based on the ideas of 'national security' and 'development'. However, after the partial elections of the mid-1970s, when the military regime suffered its first electoral defeat, the municipal government was forced to develop a new urban agenda – which included ambitious housing and urban development programs – as well as the establishment of some kind of decentralization with neighborhood assemblies and the creation of a special municipal unit in charge of strengthening the relationships with (in fact, the political control of) community organizations.

Between 1978 and 1979 about half of the registered substandard housing settlements (61 out of 128) were involved in some kind of mobilization for better infrastructure or urban services (Guareschi, 1980). In the early 1980s, the *moradores'* struggles had evolved into new forms of community-organizations, principally in the areas with higher concentration of irregular settlements. These were the so-called *Articulações Regionais* (Regional Coordinations), *Uniões de Vilas* (Slum Dwellers' Unions), and *Conselhos Populares* (Popular Councils). These coordinations, networks and councils, built upon the social and cultural identity of the dwellers, were the geopolitical base on which the decentralized process of participatory budgeting emerged and developed (Fedozzi, 2000).

Even years before the electoral success of the left, the city's urban movements were already demanding the democratization of the local government, and particularly of the municipal budget. In

⁸ To be precise, ever since the electoral success of 1988 the PT has governed the city as the leading force of the Frente Popular (Popular Front), a broad leftist coalition that has included the PSB - Partido Socialista Brasileiro (Brazilian Socialist Party), the PPS - Partido Popular Socialista (Popular Socialist Party), the PCB - Partido Comunista Brasileiro (Brazilian Communist Party) and the PCdoB - Partido Comunista del Brasil (Communist Party of Brazil) as minor and changing political partners.

1985, during the founding congress of the UAMPA - União das Associações de Moradores de Porto Alegre (Union of Dwellers' Associations), 300 delegates from across the city and especially from the low-income *vilas* presented a draft proposal for participatory budgeting (Menegat, 1998). The congress itself was a major attempt toward the development of a new kind of grassroots coordination that would go beyond isolated urban struggles and focus on concrete proposals for the democratization of municipal management.

The participatory budgeting system

The triumph of the left in the elections of 1988 pushed a sudden and radical transformation in local politics. Parties and social movements were swayed at once to the revision of previous discourses and current strategies and programs. Notwithstanding clear and strong ideological motivations, and due to the absence of clear-cut proposals for the transformation of local politics and local governance, the construction of the self-labeled *Administração Popular* (popular administration) was subject to constant adjustments throughout its evolution. As Luciano Fedozzi (2000) has argued, rather than a ready-made formula deriving from the PT's political program or the social platform presented by the city's urban movements, the PB is the result of a complex set of subjective and objective factors that characterized the sociopolitical reality of Porto Alegre at the end of the 1980s and beginning of the 1990s.

At the start of the leftist administration, the government had to face at the same time the citizens' high expectations and very problematic financial prospects. At the national level, the economy was passing through a period of hyperinflation that in 1989 reached the record values of 1,783 percent in the country and 1,774 percent in Porto Alegre. At the local level, the economic situation was similarly bad. The new government had inherited from the previous authorities a legacy of administrative confusion and financial insecurity. The revenues anticipated for the first year were the lowest in twenty years. Municipal taxes had not been updated in line with inflation, and the sweeping lack of financial information and administrative records completed a panorama of total chaos (Cassel and Verle, 1994). The political context of that time was neither the most favorable for innovation. The municipal government had to overcome the outright and coordinated hostility of opposition parties, the media and the major economic powers of the city. The government could not even count with broad and secure political support from the grassroots, since it had collected only a third of the votes in the municipal elections.

Faced with the panorama, the new administration did not have many choices. One of the first moves was the promotion of a citywide discussion about the short and middle term implications of the financial and managerial problems faced by the government. The municipality organized a series of open assemblies aimed at informing the citizenry about the shortcomings of the municipal budget and consulting about the paths to follow. This was the rather unplanned genesis of the process of participatory budgeting.

After consultations with representatives of neighborhood organizations the city was divided in 16 budgetary regions. During the discussion of the budget for 1991, the municipality and the community representatives also agreed for the first time on an objective methodology for the distribution of resources among the regions. After several adjustments processed during the past decade, the PB is currently (budgetary cycle 2002) based on three objective criteria that guide the deliberation and decision making processes for the allocation of scarce resources. These criteria, outlined in table 2, enable the unbiased distribution of municipal investment across the sixteen regions, according to incontrovertible mathematical indexes.

Table 2 around here

A numerical scale based on these three criteria leads to the precise annual allocation of resources according to investment priorities chosen by the population and the objective needs of each region.

As table 2 shows, the three criteria have different weight over the allocation of resources, being the regional choice of priorities the most influential, and the population of the region the less relevant.⁹ In short, the process follows these steps:

1. Each region defines three priorities out of 13 thematic options: basic sewerage, housing, street pavement, urban transport, health, social welfare, education, green spaces, recreation and sports, street lightning, local economic development, culture and environmental upgrading.
2. Each of the four regional priorities is appraised according to a fixed numerical scale: from four points given to the first priority to one point given to the fourth priority.
3. The sum of all the priorities chosen by the 16 regions defines the three citywide priorities for investment in public works and services in the municipal budget of the coming year.
4. The allocation of resources for public works and services in each region is decided according to numerical coefficients (percentages and the equivalent monetary value from the total budget earmarked for each of the thirteen thematic areas) resulting from calculations based on the three objective criteria.¹⁰

The regions can receive resources for other priorities different than the three defined for the overall yearly budget. However, the municipal investment plan will consider firstly the demands presented by the regions that have chosen the three citywide priorities among their first four options. The remaining funds can be then used for other priorities and regions, but only after the technical feasibility of the works or services required and the real need for such improvements in the region have been proven. The municipal government reserves its right to present the so-called institutional demands (*demandas institucionais*), consisting of citywide and long-term plans for urban development. In the case of resources provided by external sources (multilateral development banks or other private or public institutions), the utilization of such funds for investments required by the regions or thematic conferences is negotiated with each funding agency.

The amount of financial resources open for discussion is not small. As table 3 shows, the municipal budget proposed for the year 2001 was equivalent to more than US\$600 million, of which almost US\$90 million -- allocated for investments -- fell within the direct scope of citizens' deliberation.¹¹

Table 3 around here

Besides the division in regions, those individuals and organizations interested in deliberation on investments needed across the city can participate since 1994 in the *Plenárias Temáticas* (thematic conferences). Organized in parallel to the regional assemblies, which are mostly focused on concrete demands for urban infrastructure for each neighborhood, the thematic conferences discuss proposals concerning the development of the city as a whole. These spaces are more appropriate for the participation of environmental activists, trade unionists, cultural and professional associations, women and youth groups, and business associations, and other groups not

⁹ The number of points, as well as the relative weight and internal composition of each criterion, are adjusted periodically according to the overall development of the PB process and the changes experienced by the regions.

¹⁰ For a more detailed explanation of this system, including examples of budgetary allocations to regions and thematic areas in previous years, see Santos (1998).

¹¹ Besides the mandatory transfers from the federal and state governments regulated by the national legislation, and despite the leftist ideological profile of the municipal government, Porto Alegre has become one of the most successful Brazilian cities in getting development aid and credit from mainstream agencies. Between 1993 and 2000, SECAR, the municipal secretariat in charge of external resources and international cooperation, secured over \$465 million in funds for municipal investment, of which almost \$300 million corresponded to credits from national and international financial institutions. The two main creditors were the Inter-American Development Bank (IADB) with \$103 million, and the regional Fund for the Development of the River Plate Basin (FONPLATA) with \$31 million (Paim Fernandes, 2000).

organized on a territorial basis. The thematic and the regional assemblies are included in the same deliberative calendar, and both kind of meetings elect representatives to the core bodies of the PB.

As diagram 1 shows, the structure of the PB in Porto Alegre is organized around three interrelated but autonomous pillars: a) the governmental space, b) the PB deliberative space, and c) the civil society space.

Diagram 1 around here

The governmental space

Despite several failed attempts by representatives of the opposition in the Municipal Chamber, who proposed the formalization of the PB within the official institutional structure of the local government, both the municipal executive and the urban social movement have defended the autonomy of the process vis-à-vis the state. Since the early moments, they have argued that the institutionalization of the process would mean returning to clientelistic practices common in local politics before 1989, and the subordination of citizens' participation to the biased personal interests of a few politicians.¹²

At present, practically every municipal office is somehow related to the PB, with an extensive network of 'community advisors' acting as a permanent link between civil society organizations and municipal agencies. However, there are some municipal structures specifically responsible of technical and logistical support for the process of participatory governance:

- **CRC - Coordenação de Relações com a Comunidade** (Community Relations Commission) - The CRC is the municipal office that links the governmental structure and the community-based organizations, and is in charge of the managerial coordination of the PB. It works in close coordination with the GAPLAN, the CROPs and the CARs.
- **GAPLAN - Gabinete de Planejamento** (Planning Cabinet) - This is the municipal office that coordinates most of the technical work behind the PB deliberation, such as the economic appraisal of the regional and thematic demands and the 'translation' of the PB proposals into the language and format of municipal financial planning.
- **CROPs / CTs - Coordenador Regional do OP / Coordenador Temático** (Regional and Thematic PB Coordinators) - The CROPs and the CTs are municipal staff, responsible for providing guidance and political support to the PB deliberation, one for each one of the 16 regions and six thematic conferences. They are usually Petista cadres with strong roots in the urban social movement.
- **CARs - Centros Administrativos Regionais** (Regional Administrative Centers) - The CARs are decentralized municipal offices in charge of providing basic administrative support to the PB and the everyday relationship with the population for the implementation of municipal services. There are eight CARs distributed across the city.

The PB autonomous deliberative space

Until 2001 the process of deliberation was organized around a long and relatively complex cycle composed of two *rodadas* (rounds) of regional and thematic assemblies and an intermediate round

¹² The consolidation of the participatory budgeting as an autonomous political process has undermined the power of the local legislators. However, despite some sporadic arguments between the Municipal Chamber – where the left is the largest minority, therefore always forced to negotiate with the opposition – and the executive and the PB Council (COP), the autonomous deliberative space and the official legislative body have reached a sort of peaceful compromise. Moreover, the final legal sanction of the municipal budget still remains a competence of the Municipal Chamber. In practice, beyond ideological differences and at least at the discursive level, every political party supports the PB. For an specific study on the relationship between the PB and the Municipal Chamber see Ribeiro Dias (2000).

of meetings at the neighborhood level. After analyzing different proposals for the simplification of the process submitted by grassroots organizations, municipal staff and Brazilian and foreign researchers, since 2002 most of the deliberation will take place between the second week of April and the last week of May, followed by an expectedly massive municipal conference in July, open to anybody interested in the process. The rest of the year, as diagram 2 shows, is dedicated to deliberation and planning within more restricted spaces. At present, the basic institutions of the PB are the following:

Diagram 2 around here

- **COP - Conselho do Orçamento Participativo** (Participatory Budgeting Council) - The COP is the central body of the PB process, but is not part of the municipal institutional structure. It is composed of *Conselheiros* (councilors) elected by the regions and the thematic conferences (two from each region and thematic conference, plus their respective surrogates), a representative of the Union of Neighborhood Associations of Porto Alegre (UAMPA), a representative of the Municipal Workers' Union (SIMPA), and two representatives of the municipal government (without voting rights). The COP deliberates, proposes and controls the implementation of the budgetary proposal for the city. It is also responsible for the annual revision of the PB Internal Rules.
- **Fórum de Delegados** (Fora of Delegates) - The *Foros* are the regular meetings of the regional or thematic Delegates. The Delegates are elected by the population during the regional and thematic assemblies held between May and July, according to the criterion of one Delegate for every ten participants in each regional assembly or thematic conference. The Fora support the work of the COP, lead the debates at the neighborhood level, and supervise the execution of the municipal budget.
- **Plenárias Temáticas** (Thematic Conferences) - These are the deliberative spaces for the discussion and definition of actions, policies and works related to specific thematic areas, covering the city as a whole. Currently there are six thematic conferences: (1) transit and public transport, (2) culture, (3) economic development and taxation, (4) education and leisure, (5) urban and social development, and (6) health and social welfare.
- **Assembléia Municipal** (Municipal Assembly) - This is expected to become the new symbolic landmark of the PB, organized once a year in July. During the conference – open to every resident and organization of the city – the new *Conselheiros* will take office and the regional and thematic delegates will formally present to the municipal government the detailed list of priorities for public works and services.

The PB has historically been the backbone of the experience of Porto Alegre, but the process of participatory governance goes well beyond. There are other instances of citizens' participation in municipal planning and management that complement the objectives and structure of the PB, such as the *Congresso da Cidade*¹³ (Congress of the City) and more than a dozen advisory councils enabling direct participation of the population in the design and monitoring of practically every municipal policy.

The civil society autonomous space

Is the experience of Porto Alegre a process that truly transcends the realm of the state? Researchers and political activist have engaged in a lengthy theoretical debate with concrete empirical implications over the identity, scope and future development of this experience. The current *Prefeito* (mayor) of the city, Tarso Genro (1999) has characterized the PB, from a

¹³ The *Congresso da Cidade* was a participatory process that run almost in parallel with the PB every two or three years, aimed at discussing the long-term development of the city as a whole, beyond the time and space limits of the annual budgetary cycles. In 2002 the Municipal Assembly will coincide with the 4th Congress of the City.

Habermasian perspective, as a *esfera pública não-estatal* (non-state public sphere', meaning a new interface between the state and society that combines the 'direct action' of the citizens – organized around a growing network of multiple local organizations – with the already existing public institutions. Other analysts have disputed this approach. For instance, Luciano Fedozzi – a university professor and former municipal staff who designed much of the original structure of the PB – prefers to define the PB as a *esfera pública de co-gestão* (co-management public sphere), where the “rules concerning participation and distribution of resources are a shared responsibility between the communities and the Municipal Executive” (2001:2; my translation).

Beyond the theoretical debate, it is clear that the experience of Porto Alegre is grounded on a closely knitted civil society. According to a longitudinal survey held in 1995, more than 75 percent of the participants in PB assemblies belonged to some kind of civic organization, while the equivalent value for 1998 was 67 percent (CIDADE, 1999). The Neighborhood Associations are the most frequent groups: 50 percent in 1995 and 41 percent in 1998. The same survey (in 1998) showed a low participation in political parties¹⁴ and a not surprising low participation in trade unions, 6 percent and 5 percent respectively, while religious and cultural associations registered 9 percent.

After mapping urban conflicts that had developed in previous decades, Fedozzi stated that there is a clear relationship “between the movements that emerged in the 1970s and the construction of the PB in the 1980s and 1990s, because the regions with higher mobilization had a fundamental role in its construction” (2000:31; my translation). The same author adds that it was not by chance that the regions with higher levels of community-based organization were the ones prioritized for the allocation of municipal resources in 1991, the year when the objective criteria for participatory budget allocation were first implemented.

As I already hinted – and according to my own qualitative research – the social profile of the participants in the thematic conferences tends to include other sectors that are less inclined to participate in the regional assemblies, such as liberal arts professional and business associations. One of the main differences with other participatory processes that have developed in Brazil and abroad is that in Porto Alegre the PB has not relied only on organized social sectors. The PB has even ‘subsidized’ civil society, with increasing participation of the previously non-organized population and the expansion of the urban social movement *after* the implementation of participatory governance in the city (Baiochi, 2001a).

The expansion of community-based organization is coherent with other data that demonstrates the engagement of the poor as committed citizens, or, as Marquetti has called them, ‘the new owners of power’ (2001:5). The survey conducted by CIDADE and the municipal government in 1998 highlighted the over-representation of the poor in the PB process. As chart 2 shows, the percentage of PB participants with a family income below four minimum salaries (57 percent) is much higher than the equivalent value for the total population of the city (32 percent). The popular identity is even clearer when the percentages of urban population and PB participants earning less than two minimum salaries are considered: 12 percent and 31 percent, respectively. This high participation of the very poor seems to contradict a previous observation by Rebeca Abers, who argued that the participants in this process were “*the poor not so poor*” (1998 and 2000), while warning that such a situation could lead to an uneven distribution of resources at the expense of the extremely poor and unorganized segments of society.

Chart 2 also shows that the delegates and members of the PB Council tend to have levels of income closer to the ‘middle-class’ profile of the total population of the city.

Chart 2 around here

¹⁴ This low percentage does not imply weak affiliation with leftist parties and the PT in particular, which in terms of organizational culture and self-perceived identity tends to look more like a social movement than like the rigid and vertically structured parties of the old left.

The differences between the average identity of the PB participants and the overall standards of the city are also observable with reference to levels of education. As chart 3 shows, the public of the PB registers lower years of schooling. The alleged 'poor not so poor' identity of the PB participants, however, seems to be supported by the relatively high educational level of the members of the PB council, which in 1998 registered a 56.5 percent with at least eight years of formal education (Marquetti, 2001).

Chart 3 around here

Some results of more than a decade of participatory governance

Despite the relatively advanced profile of Porto Alegre in social and political terms even *before* 1989, after thirteen years of participatory local politics the city exhibits significant improvements in important social indicators. Living conditions for the poorest citizens have improved, in spite of the deterioration of the national economy, which has aggravated poverty, unemployment and social exclusion across Brazilian cities. Other researchers have already acknowledged the significance of participatory governance in Porto Alegre in terms of enhanced social equality and improved livelihood of the urban poor. Boaventura de Souza Santos (1998) has referred to the PB as an example of 'redistributive democracy' and Zander Navarro (1998) defined the same process as 'affirmative democracy'. Both of them pointed at the higher engagement of the poor in terms of citizenship and access to basic rights.

The impact of participatory governance can be first appreciated in the expansion of basic municipal services. Table 4 shows the clear improvements in garbage collection, street lightning and pavement processed since the start of the process in 1990 and in comparison to 1985, before the onset of the progressive government.

Table 4 around here

Besides basic services, the PB has broadened the reach of social policies as well. Even considering the not-so-bad situation found in the late 1980s (for Latin American and Brazilian standards) the improvements are apparent. In 1999, practically all Portoalegrenses (99 percent of the municipal population) had access to the treated water network, in comparison to 94.7 percent in 1989. Between 1989 and 1998 around 96.000 connections were added to the water network, and around 130.000 to the sewage network (Dutra, 2000).

Since 1989 onward, the bulk of the municipal investments in public goods and services have been focused in the poorest areas of the city. A detailed analysis of the municipal budget after 1989 shows a negative correlation between the average income of each PB region and the volume of investment per capita, indicating that the PB has functioned as "*a powerful instrument of redistribution of wealth*" (Marquetti, 2001:10). This emphasis on social policies distinguishes the PT administration from previous local authorities, as the data presented in table 5 shows: over 40 percent of the total production of social housing during the second half of the 20th century corresponds to the period of leftist municipal government

Table 5 around here

As health indicators are concerned, the evolution observed in Porto Alegre follows the national pattern of overall improvement across the country during the past two decades. However, the progress achieved in this city seems to be much clearer than the betterment registered at the national level. One of the most basic indicators, infant mortality, shows that while in 1997 this index had fallen to 15.9 in Rio Grande do Sul and to 15.6 in Porto Alegre, the equivalent registered rates for the South East region and the whole of Brazil were 25.2 and 37.7, respectively (de Castro Aerts

et al, 2000). In 1999, Porto Alegre became the Brazilian state capital with the lowest infant mortality rate: 12.2 percent (Barcelos, 2000). These improvements could be explained in relation to the positive impact of participatory and efficient municipal policies during the past decade, but it should be noted that even before the start of the participatory process Porto Alegre already exhibited health indicators above the national and regional averages. In 1985, the infant mortality rate in this city was 25.9 percent, while the equivalent indexes for Brazil and the South East region were 63.0 percent and 43.0 percent, respectively (de Castro Aerts et al, 2000).

Regarding education, in 1999 the city registered the lowest index of school desertion among all the Brazilian state capitals: Porto Alegre reduced primary school evasion to 0.97 percent, while the national index for that year was 11 percent (PMPA, 2000). Similar improvements can be traced in practically all the areas of municipal authority, including culture, human rights and children and women welfare. Not surprisingly, during the past decade Porto Alegre has won multiple national and international awards. At the Brazilian level, the municipality was granted in 1999 e 2000 the *Prefeito Criança* prize, a competition between 2.500 cities organized by a Brazilian Fundação Abrinq foundation with support from UNICEF, recognizing exemplary practices of social policies focused on children and teenagers.

Besides being a showcase of participatory governance, the municipality of Porto Alegre is concerned with long-term economic development in the challenging context of globalization. The city was the first Brazilian metropolis that built an *infovia*.¹⁵ This initiative was led and largely financed by the municipal government as a way to attract new investments to the city, while promoting academic exchange, social development and a more direct relation between the authorities and the population through the use of Internet (Santanna, 2000).

Last but not least, participatory governance seems to have been an antidote against the Latin American populist tradition of unaccountable promises of services in exchange for political support. Every year the municipal government organizes an open forum to present a detailed balance of the investment committed the year before – as a direct product of the PB process – and the advances effectively achieved, open to public and unhindered scrutiny. The time series of works decided in the framework of participatory budgeting exhibits an impressive degree of both efficiency and accountability.

Table 6 around here

Sustainability and replicability of the experience of Porto Alegre

Sustainability challenges

Constant institutional adjustment has been an unavoidable condition to assure the sustainability of participatory governance in Porto Alegre. In June 2000 the municipality invited Brazilian and foreign researchers to an international seminar aimed at debating without any kind of censorship the past, the present and the future of participatory budgeting in the city. The discussion was based on a self-critical text prepared by a working committee conformed by municipal staff (PMPA, 2001) and comments presented by the invited researchers. The hot spots identified by the local government for discussion with the research community were the following.

- 1. Quantity versus quality.** How to increase the number of participants in the PB assemblies without falling into a rather acritical and unorganized style of participation? Should the PB add new thematic conferences in order to allow the participation of specific social sectors? How to

¹⁵ The *infovia* is a citywide network of optical fiber built in the late 1990s, able to carry at the maximum speed large volumes of data, sounds and images.

improve the training of delegates? How to ameliorate the work done by the PB regional coordinators?

2. **Solidarity versus competition.** The PB seems to contribute to the generation of a 'culture of solidarity' that contradicts the cultural patterns of neoliberal politics hegemonic in Brazil. However, in practice, since the participating groups have to decide priorities for investment faced with limited resources, in certain moments competition prevails over solidarity within the PB. How to conciliate conflicting interests in the deliberative process of the PB?
3. **Accessible language versus complex contents.** By definition, the PB is a process open to everybody, not only to those 'initiated' in this kind of deliberation. However, the technical complexity of the issues discussed in the open assemblies – ranging from budgetary provisions to the provision of social services and urban infrastructure – prevents the active participation of individuals and groups lacking sufficient education or experience. How to advance towards a communications policy that facilitate horizontal deliberation without affecting the quality of the discussion?
4. **Self-organization versus governmental guidance.** The relationship between the municipal government and the participatory social structure of the PB remains ambiguous. The government is responsible for giving satisfaction to the social demands emerging from the PB, but it is also the agency in charge of the organization and political guidance – including the administration, communications and logistical support to the deliberative cycle. How to secure the political and organizational autonomy of the process? How to avoid 'hollowing out' the urban social movement, which tends to center almost exclusively on the PB?
5. **Universality versus diversity.** Most of the discussion within the PB focuses on urban infrastructure. The introduction of the thematic conferences contributed to the consideration of other problems, such as the needs of children and the disabled. However, the specific demands of sectors such as the elderly, the youth, women and ethnic minorities remain behind in the list of priorities decided during the PB process. How to achieve a greater consideration of the sectors currently underrepresented? How to promote a broader participation of the middle classes?
6. **The social structure of participation versus the structure of the state.** The PB was introduced in 1989, but the municipal structure of Porto Alegre developed over many decades of local government without any kind of citizens' participation. How can the 'old' municipal structure absorb a new and dynamic process such as the PB? Is it a necessary a more radical reform of the municipal structure? Has the PB reached its limits within the existing municipal framework?

Based on my research in Porto Alegre, and agreeing with similar observations presented by other researchers, I find the previous list of challenges highly relevant, as it summarizes most of the key areas to work on towards enhancing participatory democracy in the city. The emphasis given to the 'participatory' dimension of this experience relates to the fast changing meanings of 'participation' and 'citizenship' in the contemporary Brazilian society, as the result of broader societal changes around the world. The decision of not participating in PB assemblies and related activities does not necessary implies apathy of *alienation*, as it was commonly explained by the old left. The portion of citizens that participate in the PB process is impressive, but still relatively small when compared with the total municipal population. The growing electoral support for the local government, after more than a decade of participatory politics, shows that the majority of the city has opted

deliberately and consciously for participating in the electoral cycle of municipal democracy and not in the deliberative stages.¹⁶

As a way to augment the engagement of citizens that would prefer to have other not-so-public forms of participation, the municipal government has implemented a series of measures aimed at individuals instead of organized communities. One idea discussed during the seminar with the researchers was the organization of referenda as a means to add legitimacy to the PB process, which was highly criticized by most local and foreign researchers.¹⁷ Another option, that has been already implemented, was the utilization of Internet for citizens' deliberation in the framework of the PB. These alternatives could contribute to a higher participation of individuals that do not have the time or the material or ideological drive to participate in public meetings, as well as an option for diversifying the profile of PB participants, but they risk losing the critical 'popular' and truly 'dialogical' identity, which can only be achieved in public meetings. In practice, this move does not seem to work: between March 15 and May 15 of 2002 the PB site received 5.096 visits, but only 166 included concrete proposals or demands for public works or services (PMPA, 2002).

Another challenge not addressed in previous theoretical debates has been the tension between the technical staff of the municipal government and the grassroots and community representatives. Local researchers have indicated the approval of Porto Alegre's II Master Plan of Urban and Environmental Development (II PDDUA) as a concrete example of the resistance of municipal *tecnicos* to popular organization (Fedozzi, 2001). The neighboring case of Montevideo (Chavez, 2002), another left-wing administration equally successful in terms of administrative efficiency and improvement of public services but with declining levels of citizens' participation, could be the mirror on which Porto Alegre could appraise this difficult balance between technical-based 'good governance' and the original participatory profile of both municipal experiences.

A totally different set of challenges refers to the managerial side of government. The present Municipal Secretary of Finances (a social researcher himself) has warned about the need for new methods and processes of management, aimed at reaffirming "*a strong and regulating state, which should be present in the organization and improvement of urban life, while at the same time being efficient, cheap, and able to optimize the available public resources*" (Utzig, 2001:12; my translation). This is an essential question for the 'new left' worldwide, and for the ruling party in Porto Alegre in particular. In this sense, the actions suggested are the development of a new administrative culture based on the rationalization and qualification of the municipal structure and processes, including the training of staff and significant new investments in information technology. According to Utzig, this restructuring should be largely based on ideological conviction, considering the fact that practically all the top- and middle-range municipal officials are *cargos de confiança*, meaning staff appointed according to political criteria. This commitment would imply a higher level of professionalism, the recreation of the original 'climate of passion' and the 'will to innovate', and a radical offensive against 'bureaucratizing tendencies' within the local government.

Replicability challenges

¹⁶ The 'limited' number of citizens taking active part in the PB process could mean that the majority of the citizens are just satisfied with the current direction of governance in Porto Alegre. After all, politicians and political structures are there to reduce the need for citizens to take part themselves, as it has been argued by some theorists concerned about the so-called 'free rider issue' (Grofman, 1993). Even though I would disagree with such simplistic explanation, and despite the fact that the identity of the 'politicians' and 'political structures' of Porto Alegre do not match the characteristics usually identified by rational choice theorists, I would agree with the underlying assumption that this is not necessarily a problem to solve, but a basic fact of modern democracy. In highly complex urban societies not all the citizens – including those most 'progressive' – will be inclined to take active part in the deliberative side of local democracy.

¹⁷ In brief, the arguments against the referenda referred to the possibility of using a circumstantial electoral majority to overrule a truly popular decision based on in-depth deliberation across the city. The American researchers, in particular, pointed at the example of California, where in the 1990s the mass media allegedly manipulated public opinion for the approval of socially and politically regressive state legislation. This would be a real threat in Porto Alegre, where a highly conservative and powerful media group controls the main TV station and the main newspaper of the city.

Throughout the text I pointed at several specific characteristics of Porto Alegre that should be considered if attempting to replicate this experience in other contexts. Since the beginning of the process, there were favorable local conditions, such as a homogenous demographic profile and social structure, high levels of education, and a tradition of left-of-center municipal government and urban social movements. It is not just a matter of applying a 'new' set of public policy managerial techniques. Among other factors that should be considered, the following are the most crucial ones.

Political will: This is the most basic factor. Without a clear commitment from the part of the local government to share power with the communities, creating and/or strengthening institutional spaces for democratic and participatory deliberation, the process will not take off. In the late 1980s, the political tradition of Brazil was as authoritarian, corrupt and non-participatory as in many countries of the Global South at the present time. However, the situation in Porto Alegre was fairly different, and since the beginning – coherently with its ideological profile – the Workers' Party identified democratic citizens' participation as the main banner, as well as the way to resist the constant and strong opposition from other political forces.

It seems highly unlikely that parties with a long history of clientelism, authoritarianism, with a conservative ideology, or too confident on pure market forces, could support a truly participatory and democratic process once in government. In many Latin American, Asian and African countries, the ideological and organizational coherence of parties is rather weak, and therefore they could hardly provide the kind of political endorsement as such offered enthusiastically by the PT in Porto Alegre

Political and financial decentralization: Throughout Latin America, institutional reforms in the 1980s granted local governments more authority and new opportunities for broadening citizens' participation. In 1985 Brazil reintroduced direct municipal elections, and in 1988 a constitutional reform transferred to the municipal governments resources and fiscal independence in a scale without precedents in any other Latin American country (Abers, 2000). After such reform, Brazilian municipalities nearly doubled their share of tax revenues (Montero, 2000), and in the concrete case of Porto Alegre current revenues increased by 22 percent already in the first year (Abers, 2000). Therefore, the new PT administration benefited from higher political autonomy and availability of financial resources without the need for complex negotiations or conflict with other layers of government (Samuels, 2000). This is a situation not easily replicable in many other national contexts. Even in other Latin American countries that passed similar institutional reforms, municipalities are often forced to complex negotiations with the national government, subjected to too-rigid rules for financial administration and local investment, or bypassed by other public agencies that operate in the municipal jurisdiction without any coordination with local authorities.

At the beginning of the participatory process, in 1989, the municipal income of Porto Alegre was approximately \$200 million. After a series of thorough administrative and financial reforms, in 1998 it had increased to more than \$500 million (Utzig, 1999), equivalent to \$380 per capita.¹⁸ In comparison, the income per capita of eight municipalities of Guatemala where I conducted research about the replicability of the PP, was only \$21 (Chavez, 2001).

Municipal capacity: The experience of Porto Alegre suggests a co-relation between the extent of the municipal jurisdiction and budget – and consequently the local government's capacity to respond to social demands – and the nature and depth of citizens' participation. As other researchers have already observed, before 1989, despite clear shortcomings, "*Porto Alegre and Montevideo had long stories of reasonably effective urban planning*" (Goldfrank, 2001:12). Furthermore, after 1989 the municipal government largely relied on the personal and professional commitment of the upper- and middle-range political, technical and administrative staff, based on the ideological identification with the participatory project. The PB structure includes two specific

¹⁸ This figure does not include the transfers corresponding to the National Health System (*Sistema Unico de Salud*), distributed by the federal government to the municipalities since 1996 onwards. When this contribution is added, the total municipal resources for 1998 are equivalent to \$727 million.

units dedicated to support citizens' participation – the CRC and the GAPLAN – and a broad network of regional and thematic coordinators and community advisors.

In Porto Alegre, the expansion of citizens' participation took place in parallel to an increase in the productivity of the municipal administration. The leftist government opened a new channel for the discussion of the municipal labor policy, with the creation of a tripartite commission composed of representatives of the PB Council, the municipal workers' union (SIMPA) and the Executive. With permanent monitoring by this commission, the growth rate of the labor force decreased from 4.5 percent per year for the period 1988-1994, to 0.9 percent between 1994 and 1999, with improvements in both quantity and quality of services provided (Marquetti, 2001).

Such combination of a tradition of municipal planning, political commitment and efficient institutional and administrative restructuring would not be easy to replicate in many other Brazilian, Latin American and Southern municipalities, where the most common combination is a total disregard for long-term planning, lack of interest in technical or administrative work (the so-called 'public servant mentality') and stagnation of the municipal institutional structure.

Autonomous community organization: The PB institutional structure is based on the autonomous organization of the urban population in regional or thematic associations. Such structure is in charge of: (a) establishing the rules that guide the implementation, development and reform of the participatory budgeting process; (b) convoking the interested population; and (c) enabling negotiations amongst diverse community-based organizations and the resolution of disputes within regions or thematic conferences. Much of that well-organized social tissue pre-existed the launch of the participatory process in 1989, and as Baiochi has observed, the PB has 'subsidized' civil society, offering a new space for the participation of the previously non-organized population and promoting the creation or expansion of community-based organizations as the process evolved.

Hence, even though the pre-existence of a broad and strong social movement would facilitate the development of a participatory process, the lack or weakness of urban civic organization would not be an impediment for the development of participatory governance in other national contexts.

Communication and information policies: One of the basic factors that explain the success of Porto Alegre has been a highly effective communicational strategy. Other Brazilian cities tried to develop similar processes, but none of them has achieved a comparable level of international recognition. Brasilia, the national capital, was governed by the PT between 1995 and 1998, implementing a budgetary process as participatory as the one developed in Porto Alegre. Nevertheless, since the municipal government was not interested (or able) in publicizing the process, the participatory process was mostly unacknowledged by the majority of the population – those not participating in the open assemblies – and after one term in office the left lost the municipal elections. On the contrary, the PB has been an omnipresent idea in Porto Alegre, with multiple references to it in attractive and colorful adds in the back of local buses, parks and other open spaces, despite the opposition – or, in more precise terms, the blatant indifference – of the mainstream press and electronic media.

Furthermore, the municipal government of Porto Alegre publishes every year a detailed narrative and financial report about the works completed (or not, with the correspondent explanation) during the previous year and the forecast of revenues and expenditures for the current year. Even most of the political opposition recognizes such information as complete and reliable. At the beginning of the PB cycle, every year, the participants receive a thick booklet with a lot of financial and technical information, to be 'digested' during the deliberative process. This kind of disclosure information requires two factors not always found in other cities of the Global South: an accountable local government and a high literacy level.

Outside Porto Alegre, in more heterogeneous societies, appropriate communication and information policies would be even more critical. In multicultural and multiethnic societies, and in

those with a lower educational level, opting for 'alternative' forms of communication, not so much based on written information, would be advisable.

Social capital? As I already observed above, some researchers argue that the replicability of Porto Alegre is conditioned by the existence of a social and cultural tissue similar to the one that existed in this city in 1989. Other authors challenge the analysis about the supposedly strong nature of the urban social movement of Porto Alegre before 1989 and argue that the PB itself has contributed to the generation of new, more and stronger civic organizations in the poorer neighborhoods of the city (Baiochi, 2001a and 2001b). Others have clearly stated that the entire debate about social capital as a condition for replicability of the experience of Porto Alegre is meaningless. Zander Navarro, for instance, has concluded that:

"The pre-existing material conditions, such as a solid tradition of civic association and/or social and cultural features favoring innovative experiments, do contribute to create a favorable context, but do not constitute an iron law for participatory initiatives (...). What seems to be more important (...) are the actions and strategies run by the state. Empirical evidence has demonstrated that a combination of solid public institutions and organized associations constitute the most powerful experience for development" (1998:56; my translation).

I tend to agree with Navarro, but having in mind the observations presented by Alejandro Portes and Patricia Landolt (2000) about the potential and the limitations of the notion of social capital in impoverished societies. These authors are pessimistic about the success of progressive political or economic initiatives where social capital is weak and where the available material resources are limited. Social capital can be a powerful force for the promotion of collective projects, but social capital means the ability to manage resources through social networks, not the resources themselves.

The poor as citizens

In this same volume, Bert Helmsing and Frits Will argue that mainstream poverty reduction strategies (PRSs) have failed in recognizing the poor – the alleged beneficiaries – as the main actors of the play. The poor might be called to participate in the design and implementation at the project level, but are rarely integrated into the broader policy and strategic making process. As an alternative, these authors propose what they call *the citizen approach*, meaning the explicit recognition of the poor as capable and entitled to participate in the more fundamental political discussion, at the same level of state officials and other policymakers.

The case of Porto Alegre, despite its limitations and beyond the usual and acritical fascination for such an innovative experience, is a real-world example of this new theoretical proposition. In Porto Alegre, the poor do not only participate in the deliberation and implementation of solutions to concrete and immediate neighborhood or sectoral problems. Considering not only the participatory budgeting process, but the broader experience of participatory governance attempted in this city, the poor take active part in the design and execution of all the stages of planning and management, including setting autonomously the rules of the deliberative process itself, as a space outside the local legal and procedural framework.

Unlike other participatory process structured around complex and highly institutionalized regulations, the PB is not included in the legal setting of the municipal government of Porto Alegre. Instead of being originated in a new or previously ignored set of official rules, the civic organizations of Porto Alegre agree with the local government about the need of keeping the participatory process away from the rigid, easy to manipulate, and authoritarian legislation still hegemonic across all the levels of the Brazilian state. There is not even a perceived need for a 'progressive regulation' – which already exist, as a *regimento interno* (internal regulations) written by the participants themselves. The continuity of the process is not dependent on political stability: even in

the highly unlikely event of a radical change in the ideological profile of the municipal government in coming elections, the extent and depth achieved by the PB amongst local civic organizations, after more than decade of progressive rule, would make it practically immune to the vicissitudes of local politics. As one of my interviewees (a radical PT activist) told me in Porto Alegre, *"if the left losses the election and the new government decides to get rid of the PB, I'd support that change, because that would mean that everything we did so far was a failure, but I don't think so"*.

Such kind of reasoning is not just an isolated example of naive leftist ideology. Multiple local and international researchers have already referred to the PB as a 'school of citizenship', meaning *"the search for a new form of community life, able to overcome individualism and satisfy through collective action needs for which the public power is responsible"* (Schmidt, 2001:1). The replicability of this experience outside Porto Alegre, however, should not be taken for granted.

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