

# **Institutional Analysis: Participatory Budgeting in Porto Alegre, Brazil**

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## **1 Part I: Static Analysis – Collective Action**

This case was originally researched and compiled for the SES Library by Matt Cohen in 2013 for the Arizona State University course SOS 591: Applied Robustness Analysis in Social Ecological Systems.

The resource appropriated is the city's municipal budget, which governs the management of the urban civic commons (Gidwani and Baviskar, 2011). Local laws enable a participatory process in which citizens influence budget allocations through collaborative deliberation. Citizens holding neighborhood-scale interests deliberate on allocations of the city-wide budget, a finite resource.

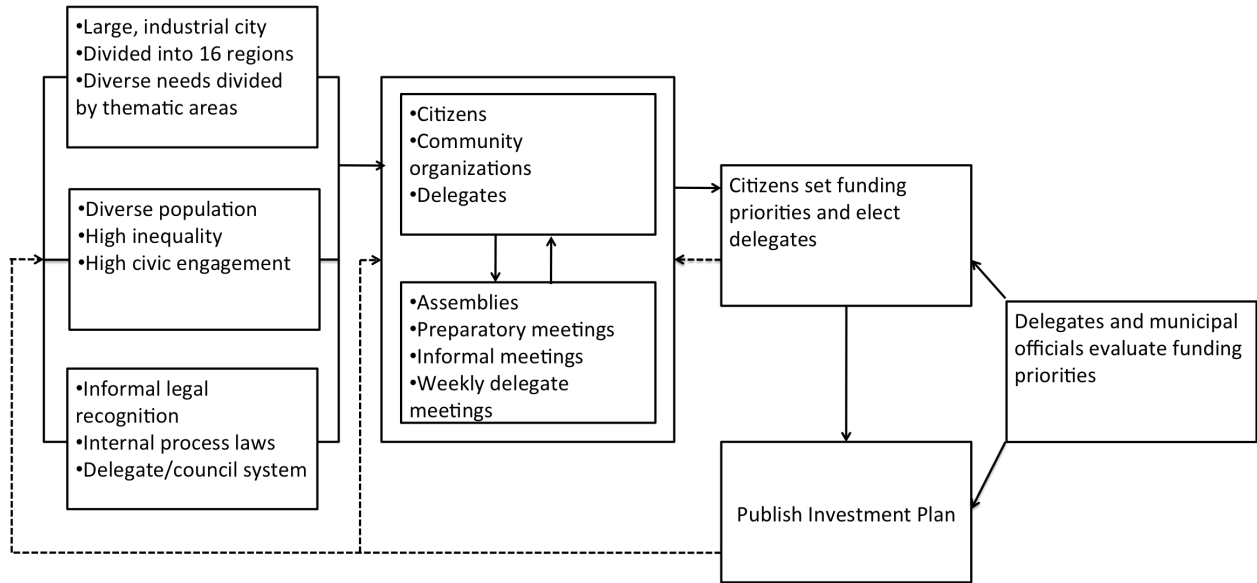
### **1.1 The Commons Dilemma**

Porto Alegre is the capitol of the Brazilian state of Rio Grande do Sul. Located near Brazil's southeastern coast, Porto Alegre is home to more than 1.4 million residents (UN Data, 2013). Porto Alegre is Brazil's largest industrial city and is a regional metropolis. As in all Brazilian capitals, Porto Alegre features severe socioeconomic inequalities, housing crises, high unemployment, and myriad more development challenges (de Sousa Santos, 1998).

Citizens of Porto Alegre influence the allocation of a portion of the city's municipal budget through a system of collaborative deliberation known as participatory budgeting (PB). PB presents an option for collective action in which citizens deliberate through a democratic process to identify municipal funding priorities and redistribute urban resources to vulnerable populations (de Sousa Santos, 1998). Ostensibly, the commons dilemma would be the under- or misallocation of budgetary resources needed to support the urban civic commons: "the air we breathe, public parks and public spaces, public transportation, public sanitation systems, public schools, public waterways...municipal garbage...streets...sites of commerce (Gidwani and Baviskar, 2011: 43)."

Figure 1 presents the institutional analysis of Porto Alegre's PB process through the lens of the Institutional Analysis and Development (IAD) Framework. The diagram depicts the Porto Alegre PB system in terms of the city's biophysical context, the attributes of the community, the rules in use that govern PB, the action situation in which PB occurs, and the outcomes of the decision-making process. The following sections will describe each box of the diagram.

**FIGURE 1: INSTITUTIONAL ANALYSIS OF PARTICIPATORY BUDGETING IN PORTO ALEGRE, BRAZIL**



*Adapted from Ostrom, 2005*

### 1.2 Biophysical Context (IAD)

Porto Alegre is the capital of the Brazilian state of Rio Grande do Sul. Located near Brazil’s southeastern coast, Porto Alegre is home to more than 1.4 million residents (UN Data, 2013). Porto Alegre is Brazil’s largest industrial city and is a regional metropolis (de Sousa Santos, 1998). To carry out participatory budgeting, Porto Alegre is divided into sixteen geographic regions and community needs are organized into five thematic areas.

### 1.3 Attributes of the Community (IAD)

Porto Alegre is home to a diverse, heterogeneous population that experiences enormous disparities in wealth, status, and power (de Sousa Santos, 1998; Souza, 2001).

Despite high levels of inequality and marginalization, Porto Alegre’s population has historically been civically active. Much of Porto Alegre’s population has been involved in “unions and such community movements as neighborhood and street associations, soccer clubs, cooperations, mothers clubs, cultural groups (de Sousa Santos, 1998).” Porto Alegre’s population is more civically active than in other Brazilian cities. More than 39% of people belong to civic associations, more than 92% admit to following current events, and over 76% say they research voting information (Souza, 2001). All of these statistics are well above Brazil’s national averages.

## 1.4 Rules in Use (IAD)

The rules in use help manage Porto Alegre's urban civic commons dilemma. Informal rules internal to the PB process guide the function of this participatory system.

- *Position Rules:* Citizens participate directly in preparatory meetings. Citizen-elected delegates represent citizen interests at general assemblies and official budget meetings. The executive branch of the municipal government guides the process, and the legislative branch approves the final budget.
- *Boundary Rules:* Participation is limited to Porto Alegre citizens and community organizations. Most traditionally underrepresented populations participate, but the very poor often do not join the process.
- *Choice Rules:* Citizens choose to participate and prioritize needs for investment. Citizens elect delegates to represent them in formally drafting an Investment Plan.
- *Information Rules:* Information is formally shared throughout the process. The final Investment Plan is published and distributed throughout the city.
- *Scope Rules:* PB directly influences ten percent and indirectly influences ninety percent of the municipal budget.

## 1.5 Collective Action Summary

Participatory budgeting is designed to provide citizens a voice in decisions regarding urban resource allocation. PB redistributes resources to vulnerable communities and helps manage the commons dilemma of under- or misallocating municipal budget funds. A well functioning public process would, ostensibly, support the management of the urban civic commons.

## 2 Part II: Dynamic Analysis – Robustness

After sixteen years in power, the Workers Party lost the mayoral election in 2004 (Novy and Leubolt, 2005). The new government maintained participatory budgeting, but it also introduced new policy-making mechanisms. As a result, PB was no longer the central focus of urban governance in Porto Alegre. This led to a decrease in attendance of PB engagements by government officials. Decreased government participation has led to less technical assistance and reduced accountability in PB. Also, the period following the end of the Workers Party control saw an increase in allocated investments that were not implemented by the new government (Leubolt et al., 2008).

In 2010, a member of the Democratic Labour Party was elected mayor. The Democratic Labour Party worked with the Worker's Party in supporting Participatory Budgeting in the 1990s (Wampler, 2010). It

is unclear how this election has impacted the implementation of PB in the last few years. It is clear, however, that PB is vulnerable to shifts in political power at the municipal level.

## 2.1 Shocks, Capacities, Vulnerabilities

Participatory budgeting is vulnerable under certain circumstances. Key fragilities include:

- *Tensions between executive and legislative powers.* PB relies on a strong mayor system and typically solidifies executive powers at the municipal level (Cabannes, 2004). In Porto Alegre, the executive branch, by empowering citizens to provide input into the budget process, essentially revoked the legislative body's budgetary powers (de Sousa Santos, 1998). In some settings, this arrangement could cause tensions between branches of municipal government with consequences to the efficiency and equity of PB implementation.
- *Over-institutionalization and co-optation.* As is the case in Porto Alegre, PB is typically an informal social movement that is supported by the municipal government but not codified by local law. This arrangement ostensibly protects PB from "instrumentalization" and co-optation (Cabannes, 2004).
- *Generic adoption of participatory budgeting.* Some international agencies are interested in standardizing PB, but doing so would be damaging to the process because each PB case is unique to the community within which it is applied. There is concern that large-scale, top-down adaptations of PB would turn the process into "copy and paste" programs that don't translate well (Cabannes, 2004).
- *Budget proportions.* It is unclear if PB should be limited to allocating resources to special issues or if it should allow full control of public resources. In some cases, less than one percent of a municipal budget may be open for PB, while in other cases the entire budget is publicly debated (Cabannes, 2004). Balancing process equity and technical demands of running a city is a complex matter.
- *Balance between direct and indirect participation.* In the case of Porto Alegre, as in many cases of PB, citizens participate directly in some aspects of budget deliberation but elect delegates to represent them in deciding upon the majority of budget allocations. When designing and managing PB, it is important to balance forms of participation in a way that yields a fair system (de Sousa Santos, 1998).
- *Institutional transformation.* Cabannes (2004) asserts that "transformations within municipal administrations have not kept pace with the process of PB (38)." PB shifts the power between executive and legislative branches, and it builds citizen power in decision making; however, the basic structures of local government remain unchanged. Also, PB typically focuses on short-

term, neighborhood-scale projects, which must be integrated into longer-term city-wide plans (Cabannes, 2004).

- *Vertical dependence.* Significant portions of municipal budgets are dependent on funds distributed by federal governments. National-level fiscal crises could threaten budget processes at the local level (de Sousa Santos, 1998).
- *Shifts in political power.* In Porto Alegre, PB was a pet project of a specific political party and support for PB waned when that party lost control of the municipal government (Leubolt et al., 2008). While scholars assert that PB should not be over-institutionalized through municipal law, some measures must be taken to ensure its success over time and under the guidance of different political interests.

## 2.2 Robustness Summary

Participatory budgeting is a robust system when a municipalities controlling party favors the collaborative process. Participatory budgeting is vulnerable to short- to medium-term shifts in political power at the municipal level. Tensions between branches of municipal government is another internal factor that may weaken PB. Key external impacts include national financial health and interference from international organizations. To build robustness into participatory budgeting, municipal officials may need to find a way to codify the practice into local law without over-institutionalizing and instrumentalizing PB.

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