

TOWARDS A MORE EQUAL CITY

Porto Alegre: Participatory Budgeting and the Challenge of Sustaining Transformative Change

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EXECUTIVE SUMMARY

Highlights

Porto Alegre pioneered the Participatory Budget (PB) in the 1990s, which contributed to the popularity of the Workers' Party (Partido dos Trabalhadores; PT) and served as a model throughout Brazil and the world, with over 2,700 governments implementing some version of it.¹

In Porto Alegre, the PB was successful as a model for mobilizing communities, including the poor, improving access to small-scale infrastructure and services, and transforming citizenship.

Over time, city leaders' political support of the PB has declined, and Porto Alegre's current leadership has suspended the process, calling into question its long-term influence.


For participatory budgeting to continue to support transformative urban change, it must be well-structured to ensure participation from a wide range of actors across society, have adequate financial resources, be rooted in institutions that are responsive to changing political realities, and be accompanied by a commitment to implement the proposals the process generates.



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Figure 1 | **City of Porto Alegre at a glance**



Type of jurisdiction		Municipality
Population in	1950 ^a	394,151
	2000 ^b	1,360,033
	2016 ^c	1,479,277
Total land area (in km ²) ^d		496,682
GDP per capita, Porto Alegre (US\$) ^e		\$20,053
Human Development Index, Porto Alegre ^f		0.81
Human Development Index, Brazil ^g		0.75
Gini coefficient, Porto Alegre ^h		0.60
Population living below the poverty line (%) ⁱ		0.99

Population living in informal dwellings (%) ^j	13.68
Access to electricity (% households) ^k	99.19
Access to piped water on premises (% households) ^l	99.35
Access to flush toilet (% households) ^m	94.26
Trips by mode (%) ⁿ	
Private cars and two-wheelers	25
Public transport	43
Informal transport	0
Walking and cycling	29
Other	3
Average trip length (km) ^p	13.6
Average prices of urban services (US\$):	
Electricity (per kWh) ^q	\$0.18
Water (per m ³) ^r	\$1.01
Sewage treatment (per m ³) ^s	\$1.81
Public transport ride (bus, rail; per trip) ^t	\$1.32; \$1.00
Average price of gasoline (price per liter, US\$) ^u	\$1.24
Primary decision-making level for cities:	
Mayor's Office and Municipal Secretariats	
Type of city leader, term years, and term limits:	
Mayor, 4 years, limited to 2 consecutive terms	

Notes: All prices are reported in US\$ using market exchange rates corresponding with the source's year.

Sources: Authors' compilation from various sources, including a. IBGE (Instituto Brasileiro de Geografia e Estatística), 2010; b. IBGE, 2010; c. FEE (Fundação de Economia e Estatística), 2016; d. IBGE, 2017; e. FEE, 2015; f. deepAsk, 2010; g. UNDP, 2016; h. Atlas do Desenvolvimento Humano no Brasil, 2017; i. Martins and Wink, 2010; j. Observa POA, 2017a; k-m. Observa POA, 2017a; o. EPTC (Empresa Pública de Transporte e Circulação), 2004; p. Alelo, 2016; q. Based on authors' personal correspondence with the CEEE-RS State Electricity Company in Porto Alegre, November, 2017; r-s. Prefeitura de Porto Alegre, 2017b; t. LeisMunicipais, 2018; Trensurb, 2018; u. Data provided by WRI Brasil staff.

Summary

Like other cities in Brazil, Porto Alegre expanded rapidly between 1950 and 1990. The city was unable to keep up with the demand for public services amid the inflows of migrants. As a result, *vilas* (the term used in southern Brazil for poor settlements with irregular land tenure) expanded in peripheral areas, in contrast to the wealthier urban core. Clientelist political relations perpetuated urban inequality.

In the 1990s, under mayors from the new Workers' Party (PT), the city developed the Participatory Budget (PB) to address political, economic, and social exclusion. The city's leaders defined their participatory approach in line with their democratic socialist ideals, creating opportunities to combine finance, governance, and planning processes to improve access to urban services for under-served and poor communities.

The paper examines transformative change through the lens of participatory budgeting. Based on our theory of transformative change, it identifies triggers; the roles of enabling and inhibiting factors such as governance, finance, and planning; and to what extent transformative change is institutionalized. This paper analyzes existing research, government data, and key informant interviews with representatives from government, civil society, and academia. The research focuses on whether and how transformative change has taken place in Porto Alegre, Brazil, between 1990 and the present.

Especially in its first decade, the PB triggered transformative change in Porto Alegre by addressing social, economic, and political exclusion and promoting creative, bottom-up inputs into financial allocation decisions.² Organized to ensure representation by geography, and later by theme, citizen inputs were used to decide priorities for public investments in

their neighborhoods to improve their lives. Six key outcomes have been identified in the PB experience in Porto Alegre:

- Including the poor in decision-making
- Breaking down clientelist relations
- Redistributing urban infrastructure and service provision
- Building and democratizing civil society
- Developing administrative capacities
- Promoting radical democracy

This study finds that while the early stages of implementing the participatory budget did promote the first five outcomes, two interacting problems undermined the transformative change process: political commitment to the policy declined over time; and although effective for involving citizens in small-scale, community-based decision-making, the policy lacked an effective mechanism for incorporating citizens—especially the under-served—in long-term city planning. These limitations shed light on the fact that even the most successful efforts to promote inclusion can lose transformative power over time if political support for maintaining and deepening that inclusive process falters.

We conclude that political commitment to the PB was key to its success; the program faced challenges when commitment faltered and the PB fell out of political favor. This led to fewer resources allocated through open assemblies with citizens, which threatened the progress made in the 1990s on improved equity in urban infrastructure and service provision. In addition, while the PB model itself worked well for small-scale, neighborhood-level infrastructure, it has been less effective with larger-scale projects, calling into question its applicability for serving larger-scale needs.

This case highlights the importance of political commitment, adequate financial resources, and well-structured participatory arrangements in tackling issues of exclusion and moving towards a more equal city. Transformative change requires sustained efforts on the political, economic, and social fronts in order to avoid permanent reversals and to truly move towards a more equal city.

About This Paper

This case study is part of the larger World Resources Report (WRR), *Towards a More Equal City*, which considers sustainability to be composed of three interrelated issues: equity, the economy, and the environment. The WRR uses equitable access to urban services as an entry point for examining whether meeting the needs of the under-served can improve economic productivity

and environmental sustainability for the city. The case studies examine transformative urban change defined as that which affects multiple sectors and institutional practices, continues across more than one political administration, and is sustained for more than 10 years, resulting in more equitable access to core services—a more equal city. The goal of the WRR is to inform urban change agents—government officials, policymakers, civil society organizations and citizens, and the private sector—about how transformative change happens, the various forms it takes, and how they can support transformation towards more equal cities.

Box 1 | Abbreviations

CIDADE	Centro de Assessoria e Estudos Urbanos (Urban Studies and Advice Center)
CRC	Coordenadoria de Relações Comunitárias (Community Relations Department)
EPTC	Empresa Pública de Transporte e Circulação (Public Company for Transport and Circulation)
FEE	Fundação de Economia e Estatística (Foundation for Economics and Statistics)
FIFA	Fédération Internationale de Football Association (International Federation of Association Football)
GAPLAN	Gabinete do Planejamento (Planning Office)
GPO	Gabinete de Programação Orçamentária (Cabinet of Budgetary Planning)
GSL	Governança Solidária Local (Local Solidarity Governance Secretariat)
IBGE	Instituto Brasileiro de Geografia e Estatística (Brazilian Institute for Geography and Statistics)
NGO	nongovernmental organization
Observa POA	Observatory of the City of Porto Alegre
PAC	Programa de Aceleração do Crescimento (Growth Acceleration Program)
PB	Participatory Budget
PDT	Partido Democrático Trabalhista
PT	Partido dos Trabalhadores (Workers' Party)
PPS	Partido Popular Socialista
SMPEO	Secretaria Municipal de Planejamento e Orçamento (Municipal Secretariat of Strategic Planning and Budgeting)
UNDP	United Nations Development Programme
WRR	World Resources Report

1. INTRODUCTION

“When you take power from the City Chamber and the technocracy, and take the debate directly to the population, the priority . . . is always going to be what makes most sense for those people. It is their livelihood.”³

—Raul Pont, Mayor of Porto Alegre (1997–2000)

In the 1990s, Porto Alegre gained international recognition for its innovative experiment called the Participatory Budget (PB). Porto Alegre’s PB started by involving residents in decisions about community-level infrastructure and evolved into a complex system of organized public debate about city spending. Its popularity helped guarantee the repeated reelection of the Workers’ Party (Partido dos Trabalhadores; PT) to the mayor’s office. The policy was replicated throughout Brazil, and eventually throughout the world. By 2013, 2,700 governments worldwide had implemented some version of the PB.⁴

But the impact, symbolism, and influence of the PB has been contested from the start. The policy community praised it for promoting transparency, accountability, inclusion, and empowerment. For intellectuals and activists on the left, however, it was much more than a good administrative practice: It proposed a radical concept of democracy that gave priority to the organized voice of the poor. Not surprisingly, the first vision would be easier to put into practice than the second. Budgetary governance systems became more inclusive as the poor were given a voice, but the political system as a whole remained untransformed.

The PT held Porto Alegre’s mayor’s office from 1989 to 2004. The two non-PT mayors who followed between 2005 and 2016 maintained the PB but gave it less priority than their predecessors. In March 2017, a new mayor announced the PB’s suspension for a two-year period,⁵ which means the Porto Alegre budgeting model might not continue at all.

This case study seeks to understand what makes such transformative and radical ideas take root and what the limits are to their institutionalization over the long term. The paper proposes that the success of the PB did not result so much from its formal institutional design as from the government’s political commitment to create an arena in which poor people can make decisions about city spending. Maintaining the latter turned out to be difficult to sustain over time. Nonetheless, the case offers crucial lessons for other cities starting their own PB experiments as a means to distribute more equal access to core public services.

This paper is part of the World Resources Report (WRR) *Towards a More Equal City*, which examines if equitable access to core urban public services can achieve a more economically productive and environmentally sustainable city. The first set of research papers examines this question from the perspective of a core urban service, like housing, energy, water, sanitation, and transportation. A second set of papers examines this question from the perspective of a pressing thematic issue, such as the informal economy and urban expansion. This paper is part of a third set, a series of city-level case studies that examine how and why cities transform (or do not transform) to become more equal.

The WRR defines transformative urban change as that which affects multiple sectors and institutional practices, continues across more than one political administration, and is sustained for more than 10 years.⁶ Experience suggests that when cities solve a seminal problem that impacts many people’s lives, it creates momentum for change that has the potential to positively affect other spheres, creating a broader, virtuous cycle.⁷ A seminal problem is one that is sufficiently large and complex that its negative effects are felt by large segments of the urban population. Each case study examines how attempted approaches to addressing these problems may have triggered broader cross-sectoral, institutional, citywide transformation. The case studies examine how transformative urban change may or may not have happened. It is important to note that the case studies are not “best practices.” Every case of transformative urban change has progressive and regressive elements, and every city experiences difficulties, conflicts, setbacks, and false starts. This case study explores these questions with respect to the PB in Porto Alegre.

The research involved an extensive review of the academic and technical literature on urban policy in Porto Alegre, with a focus on the PB and competing urban programs. We also analyzed government data and conducted 19 in-depth semi-structured interviews with key informants from different government administrations, civil society, and academia. The purpose of these interviews was to collect expert knowledge about the case, especially for the more recent period when fewer studies were undertaken. Interviews were conducted in March 2017 and selected through the snowball sampling method, with an explicit effort to identify interviewees with different perspectives.

One limitation of this research is the relative lack of systematic research on the PB after 2004, when the PT left office. The relative unavailability of data on city finances and spending made it difficult to obtain precise budget data, especially

regarding actual expenditures. We took the lack of transparency on these issues as itself a sign of the PB program's fragility.

It should also be noted that the PB has become highly contentious among local political actors and other observers, so that evaluations diverge dramatically. Given our time and resource limitations, we were unable to reach clear causal conclusions for many of these contentious issues. It was possible, however, to determine that the PB was once a powerful tool for empowering poor residents, promoting access to core services, and moving Porto Alegre to become a more equal city, and that its declining influence was a result not just of technical limitations but also of the difficulty involved in mobilizing and sustaining political support around its principles.

2. THE CHALLENGE IN PORTO ALEGRE

This section provides context for Porto Alegre—the challenges facing the city, and how and why the PB emerged as a solution to improve the government's responsiveness to the under-served.

Key Problems

As elsewhere in Brazil, Porto Alegre's population soared between 1950 and 1990 (see Figure 1), and the city's various administrations struggled to keep up with the provision of services and housing.⁸ Porto Alegre's wealthy inner core became surrounded by poor neighborhoods and *vilas*, the term used in Porto Alegre for informal settlements (known as *favelas* elsewhere in Brazil), where residents lack land tenure, adequate housing, and core public infrastructure and services.⁹ In 1991, 20.5 percent of the city's families lived in *vilas*, a figure similar to other big cities in southern and southeastern Brazil, though lower than the much poorer Northeast.¹⁰ As elsewhere, urban infrastructure, stable housing and land tenure conditions, and service provision were distributed unequally throughout Porto Alegre. For example, in 1991, in the city's central budget region, less than 2 percent of the population lived in *vilas*, while in the northeast region, 73 percent of the population lived in this kind of settlement, and many other budget regions had rates of above 40 percent.¹¹ A key problem for urban transformation would thus be creating a fairer distribution of core urban services and infrastructure so the poor population could live in a healthier, safer, and more accessible environment.

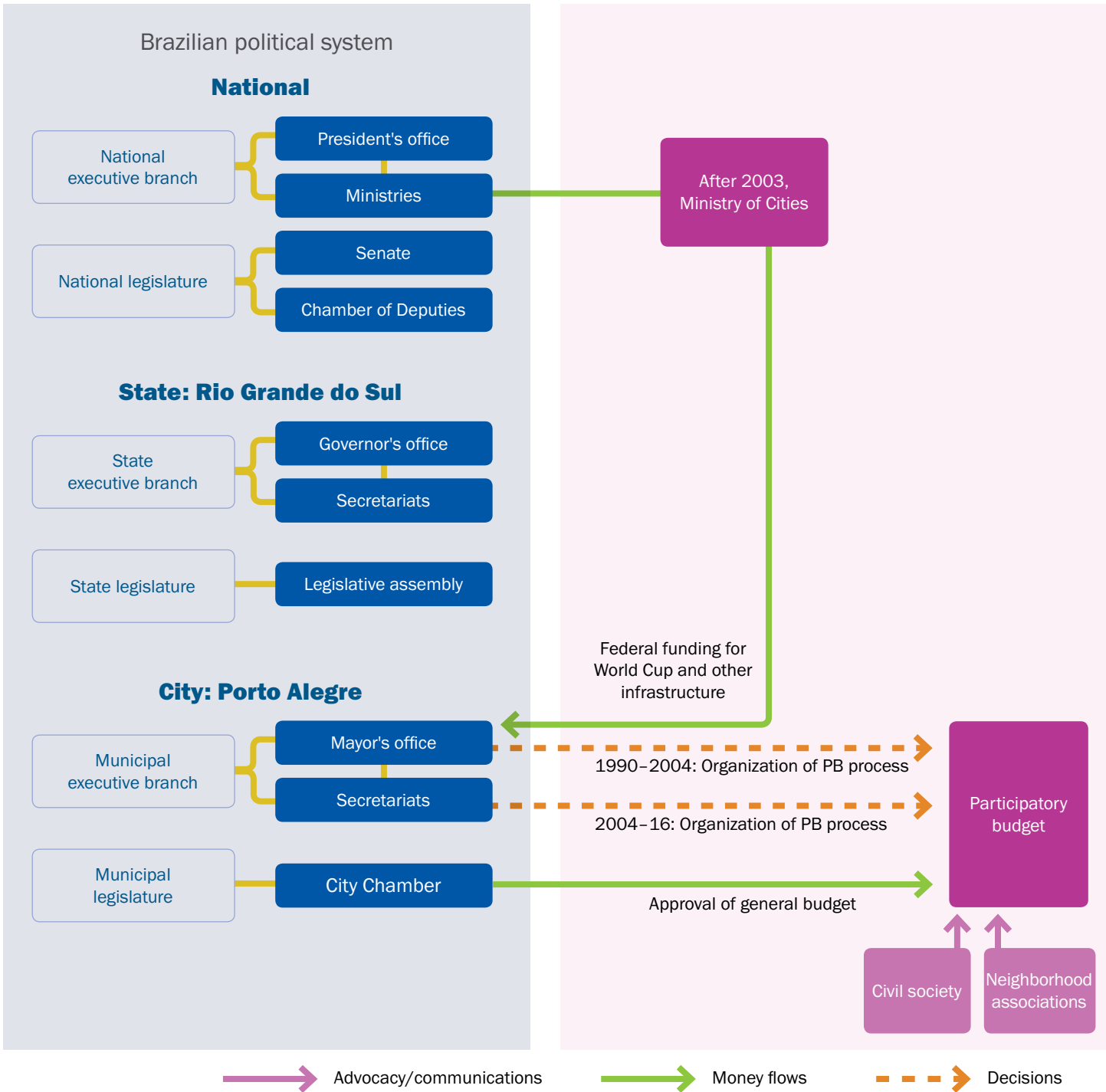
Scholars of Brazilian urban politics have shown that clientelist political machines—coalitions of groups with vested political interests—governing Brazilian cities have perpetuated inequality.¹² In clientelist systems, decisions are made behind closed doors through the exchange of favors among actors with unequal power. By reproducing relations of dependence and discouraging collaboration, clientelism maintains and promotes unequal conditions.¹³ In big cities, close ties with large construction companies (which often finance campaigns) lead officials to favor the construction of overpriced public works rather than less lucrative, small-scale community infrastructure on which poor people depend. Due to the illicit nature of some of these relationships, minimal data and research exist on corruption in public sector contracts. However, the ongoing massive corruption scandal taking place in Brazil from 2014 through this writing (in 2018) has begun to touch on major public works, suggesting that the common process through which public works end up costing much more than expected may often result from corruption.¹⁴

In many Brazilian cities, neighborhood associations operate as part of patronage relationships, through which their leaders rally votes for local politicians in exchange for personal benefits and the promise of core public services and infrastructure upon election. The system not only keeps poor communities dependent on well-connected leadership but also fails to guarantee the distribution of services and infrastructure to their part of town.¹⁵

The Proposed Solution

The PB emerged as a possible solution to urban inequality in Porto Alegre out of key political processes that occurred over the 1980s, during Brazil's transition from authoritarian rule. During most of the military period (1964–85), the government appointed state capital mayors. Direct elections for those mayoral positions returned in 1985. In 1988, a new federal constitution guaranteed extensive political and social rights to citizens and granted municipal governments greater fiscal autonomy. The PT, created in 1980, sought to distinguish itself from the mainstream Left by emphasizing its radical commitment to democracy and reflecting a much broader social base of labor unions and social movements, including urban social movements that rejected clientelism. In the 1988 municipal elections, the party won or led winning coalitions in 36 cities, including São Paulo and Porto Alegre.¹⁶

Figure 2 | Landscape of urban change agents in Porto Alegre



Source: Authors.

Notes: The Municipal Budget Council has two members for each region and theme. The Investment Plan is separate and not approved by the city assembly but must be compatible with the city budget.

Porto Alegre's PB grew out of the local PT's effort to deal with the ordinary task of governing while attempting to implement its democratic socialist ideals. In 1989, when it took office in Porto Alegre, the party lacked a clearly defined model of what a PT government would look like, beyond the general idea that it should fulfill two ideals: radically democratized public decision-making and inverting priorities towards the poor.¹⁷ In its first year in office, the administration of Mayor Olivio Dutra searched for a feasible way to fulfill these goals.¹⁸

The PB combined citizen participation with increased investment in small-scale infrastructure in poor neighborhoods. In doing so, it not only addressed the distribution of urban services but also challenged clientelist decision-making. The government thus proposed a radical change in how decisions would be made and who would benefit from them. Figure 2 lays out the broad map of urban change agents within which the PB has worked and evolved.

3. THE PARTICIPATORY BUDGET AS A TRANSFORMATIVE PRACTICE

This section provides details on how the PB worked in Porto Alegre, how it evolved over time, and how it served as a trigger for the city's broader transformation. It also provides a timeline to help the reader situate relevant policies and government leaders over the last few decades.

How Does Participatory Budgeting Work?

During the first PT administration (1989–92), the government established the PB's basic structure, which evolved over time (see Figure 3). In 1990, the coordination of the city budget—previously under the auspices of the Secretariat for Planning—was moved to the mayor's office, where the planning office Gabinete do Planejamento (GAPLAN) organized the general budget process and a Community Relations Department (Coordenadoria de Relações Comunitárias; CRC) organized the PB. The PB initially deliberated about the portion of the budget not already committed to personnel and operating expenditures. Over time, its responsibilities expanded.

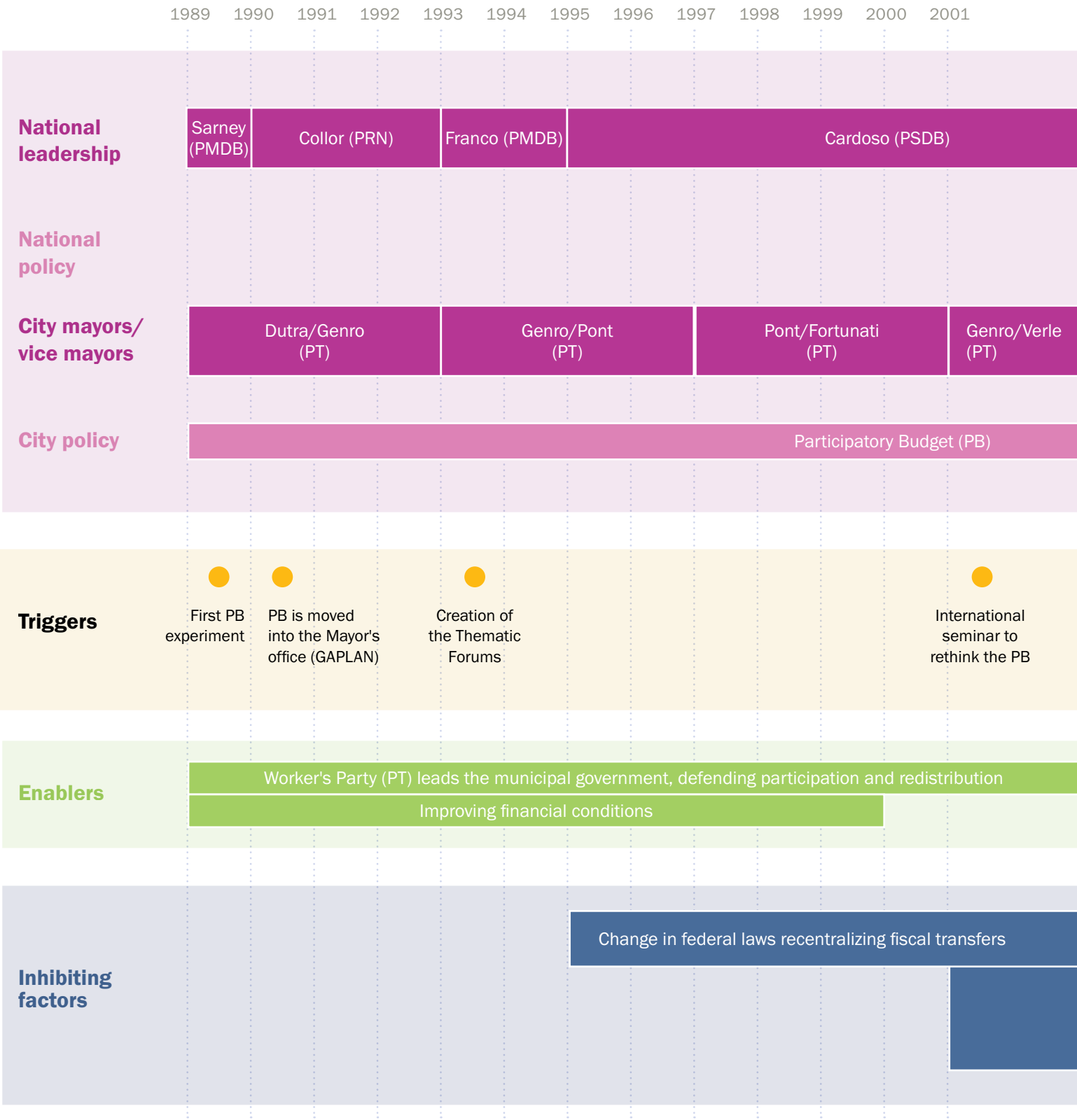
In its initial form, the PB was organized around 16 (later 17) budget “regions” that were made up of groups of neighborhoods. Participants were initially asked to discuss their priorities for small-scale capital expenditures such as paving streets, adding sewer and water lines, and building or renovating schools and health posts. This regional process is represented on the left side of Figure 4.¹⁹

The PB cycle broadly functioned according to the following sequence. At the beginning of each year, in each budget region, a series of open assemblies would be held in each neighborhood, as well as at the regional level (the order and content of these assemblies changed several times). At neighborhood assemblies, community organizers worked with participants to identify proposals for capital investment. At the regional assemblies, the government presented the previous year's accomplishments, and participants elected delegates (proportional to the number of people present) to the region's PB Regional Delegate Forum. This forum would meet regularly for several months to decide which neighborhoods' proposals should be given priority. The result was an ordered list of projects for each investment category (for example, pavement, sanitation, and health care).

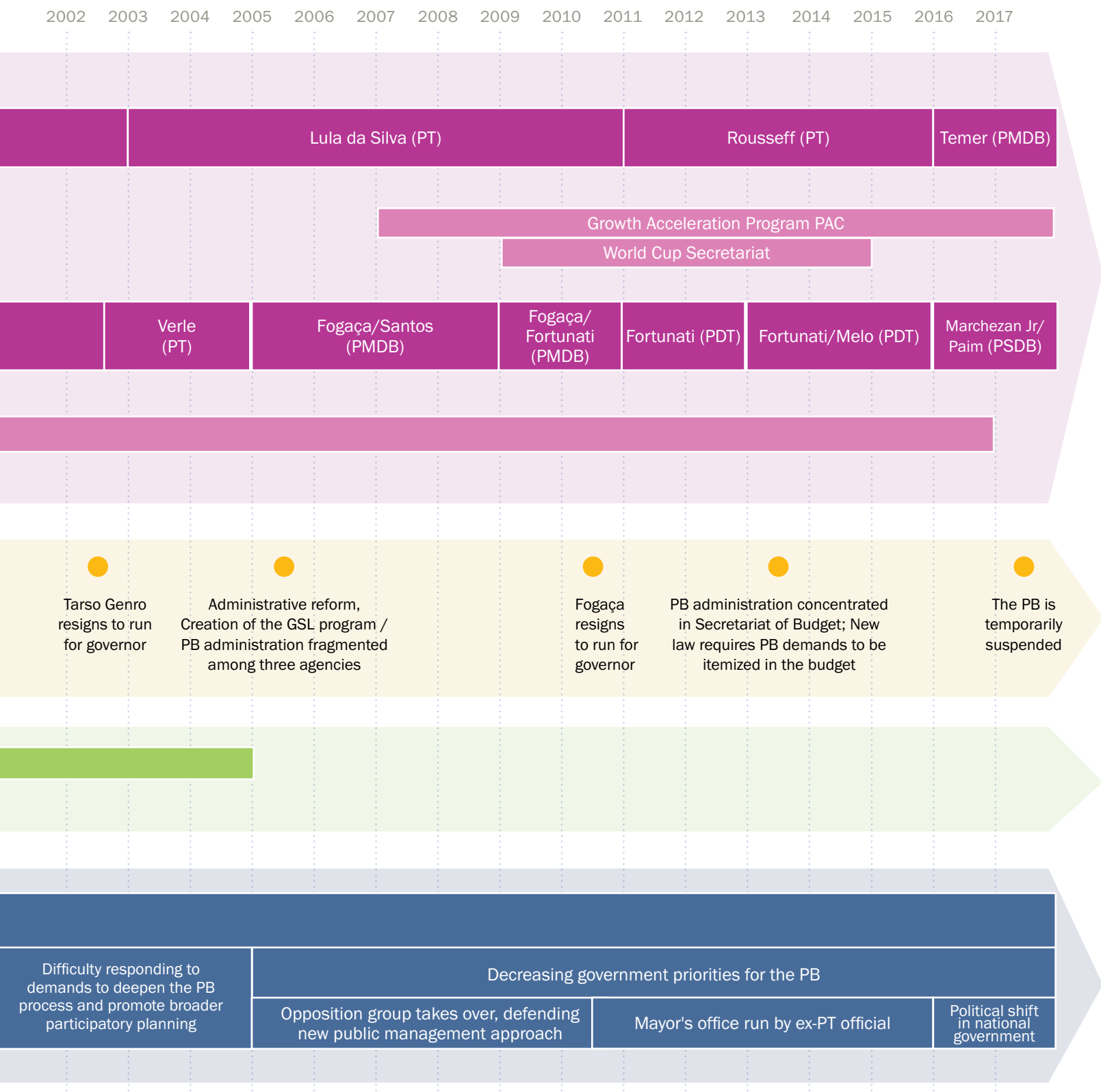
At regional assemblies, participants also elected two members to the Municipal Budget Council, a deliberative body with a one-year mandate and seats only for civil society representatives who oversaw the entire process. This council approved the general distribution of capital funds among government departments and criteria for distributing those funds among budget regions (and later among themes). Combining these two decisions, it then established which projects each department would implement, rigorously following the ordered lists defined by the Regional Delegate Forums. This list of projects was published in the Investment Plan for capital spending in the following year. This document needed to be consistent with the budget law submitted to and approved by the city assembly each year but was much more detailed, listing each capital project by region or theme, along with its expected cost. While the approval of the general budget was required by law, the Investment Plan was a non-legally binding expression of the government's commitment to participants for how capital funds would be spent.

Decision-making did not always go smoothly. Within budget regions, conflicts often arose between members of different communities, who disagreed about priorities. To deal with this, the Municipal Budget Council proposed that Regional Delegate Forums define distributional criteria before examining proposals, a process that involved intense debate and reflection. These debates helped build solidarity and civic consciousness.²⁰ However, technical problems also occurred and many projects were delayed.

Figure 3 | Timeline of Porto Alegre



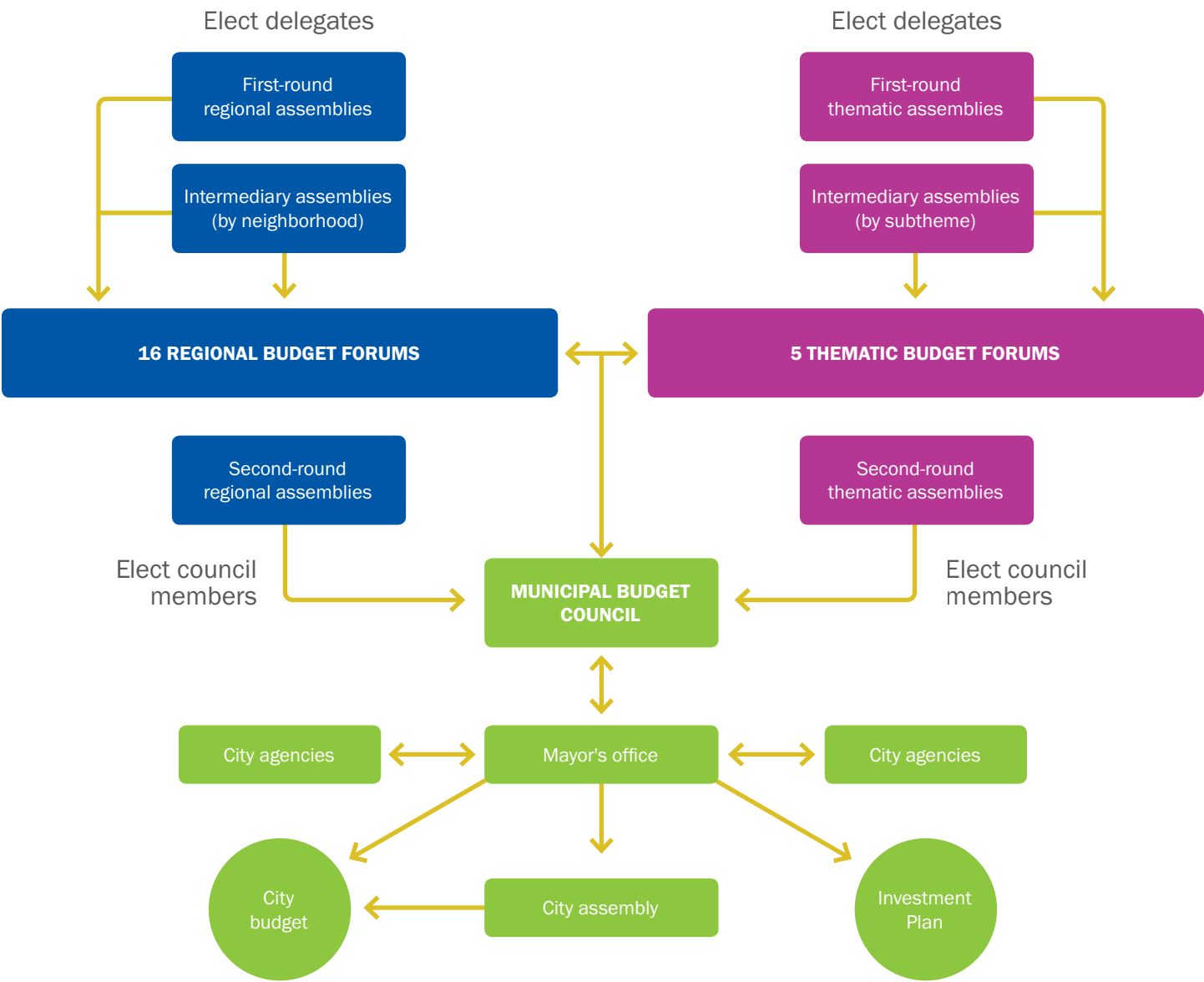
Source: Authors.



This system evolved and changed over time. Porto Alegre’s second PT mayor, Tarso Genro, sought to expand participation through the creation in 1994 of “thematic forums” that ran parallel to the regional process, as shown on the right side of Figure 4.²¹ The thematic forums were created to discuss larger-scale expenditures in areas such as transportation, education, and economic development.²² Just as in the regions, two sets

of assemblies and smaller and lower-level meetings would be held over the first few months of each year, electing delegates to Thematic Budget Forums and members to the Municipal Budget Council. The regional forums also gained new responsibilities. They began to discuss the provision of some community services, such as social assistance and childcare, in addition to infrastructure.

Figure 4 | **The participatory budgeting process**



Notes: The Municipal Budget Council has two members for each region and theme. Until 2013, the Investment Plan was separate and not approved by the city assembly but had to be compatible with the city budget. A new law requires the budget to itemize investments. After 2005, a new PB region was created, so now there are 17 regional budget forums.
Source: Abers, 2000.

With the inclusion of members from the thematic assemblies, the Municipal Budget Council grew in size and slowly gained power over the city budget. Although its initial job was to determine how funding for capital investment should be distributed among regions, it eventually also examined and approved the annual budget law proposed by the executive branch and presented it to the City Chamber (*Câmara de Vereadores*), looking not just at capital expenditures but also at personnel and maintenance. The budget law did not include the details of the Investment Plan but allocated capital expenditures by agency as per the expected costs of each agency's projects.²³ Although the capacity for the Budget Council's members to truly analyze every aspect of the budget was limited by its own small numbers, technical capacities, and time, when it demanded more information or challenged government proposals, the government respected its authority.²⁴

Participatory Budgeting as a Trigger

Porto Alegre's PB was seen as catalyzing urban transformation so successfully that it has been the subject of dozens of national and international studies for audiences around the world.²⁵ We can cite six types of impacts that have been identified in this broad literature.

Including the poor in decision-making. Studies conducted over the 1990s and early 2000s showed that PB participants were poorer and less educated than the average Porto Alegre resident. Data from 1998 show the average income of regional assembly participants was lower than that of the city population. While only 11.4 percent of the city's population earned less than twice the minimum wage, 30.3 percent of regional and thematic assembly participants earned that little.²⁶ Other data corroborate this finding. A 1995 study, for example, found that 26.6 percent of PB participants were non-white, compared to 15 percent of the total population of Porto Alegre.²⁷ The thematic assemblies attracted a more affluent population, pushing up these averages: According to 1995 data, 54 percent of the thematic participants earned more than five times the minimum wage, a figure that was similar to Porto Alegre's general population (53 percent in 1991).²⁸ In contrast, although most participants were poor, analysts have noted that the very poor participated proportionally less in the assemblies, likely due to their lack of access to minimal levels of information and resources, especially time, that would facilitate participation.²⁹

Early studies showed that women participated in relative parity to men at lower levels of the decision-making process but had more difficulty participating in elected forums, such as the Regional Delegate Forum or the Municipal Budget Council.³⁰ This changed over time: By 2005, a majority of respondents at regional and thematic assemblies who reported that they had been elected at least once to the Council or to a forum were women. This change is at least partly the result of rules that were imposed after 2003 requiring that women make up half the candidates on electoral slates for the forums and the Council.³¹

Breaking down clientelist relations. By making budget negotiations public, the PB represented a profound challenge to clientelist relations, which are only sustainable if conducted in private.³² By negotiating the budget directly with the community, the process also marginalized the members of the City Chamber, who traditionally mediated between communities and the executive branch and historically served as key players in clientelist relations. Chamber representatives (*vereadores*) often played an informal but central role in the budget process by operating patronage ties with neighborhood association leaders responsible for mobilizing the vote for their parties. This system broke down with the institution of the PB. In sum, the PB reduced backdoor decision-making processes and promoted transparency.

Redistributing urban infrastructure and service provision. Various studies have shown that the PB increased distribution of municipally provided infrastructure and services to historically under-served neighborhoods. This was partly a result of an overall increase in spending on infrastructure after 1989. The city government paved 300 km of roads in Porto Alegre between 1988 and 2002.³³ Sewer connections increased from 46 percent of households in 1989 to 85 percent in 2002.³⁴ Between 1989 and 1996, Porto Alegre also built 900 km of sewage lines and storm drains, compared to 1,100 km that had been built by all previous governments.³⁵ In addition, it has been shown that the increase in government infrastructure investment benefited poor communities most. Between 1992 and 2000, per capita city spending clearly favored the poorest regions.³⁶

Building and democratizing civil society. As it became the "only game in town" for groups interested in gaining access to public investment, the PB's participatory decision-making structure encouraged new forms of civil society organizing. Although compared to other Brazilian cities Porto Alegre had a strong tradition of citizens joining associations, many groups were

clientelist, dominated by a few leaders with little substantial participation.³⁷ Two studies of four different regions of the city showed how the budget process stimulated not just mobilization but the democratization of neighborhood associations.³⁸ Leaders either had to begin mobilizing their community or were replaced by new actors willing to work with larger numbers. Available data show a rapid growth of the number of neighborhood associations in the city after the PB was in place: While 300 associations existed in 1988, by 2000, there were 600.³⁹ The qualitative evidence suggests that this boom was a direct result of the increased incentives for organizing created by the budget process.

Developing administrative capacities. Before the PB, the mayor's office had little information about how each government department used its annual allocation. However, as participants began to keep tabs on the government to make sure their proposals were implemented, the budget office began to build better mechanisms for controlling the progress of PB projects inside the implementing agencies.⁴⁰ This resulted in the city's first centralized information system to accompany budget spending. Such internal information gathering and monitoring made it easier for the mayor's office to implement its plans. The budget process thus made administration work better.

Promoting radical democracy. For many analysts—especially democratic theorists—the PB was much more than a model of good governance: It was a step towards creating a radical democracy, which different authors defined in different ways. For Baierle, the PB represented a new “ethical-political principle” through which social movements became protagonists in governing.⁴¹ For Avritzer, the PB was an example of emergent “participatory publics” in Latin America that challenged traditional elite-based models of governing.⁴² Sousa Santos makes a similar claim: the PB is an example of “democratizing democracy.”⁴³ For Fung and Wright, the PB was an example of what they called “empowered participatory democracy.”⁴⁴ For Gret and Sintomer, the PB “created a fourth power—that of the citizenry.”⁴⁵

Many of those interviewed likewise suggested that the program's radical nature resulted from devolving the power to plan for the city to ordinary people, who had different priorities than the powerful interests that had historically governed Porto Alegre. Under the PB, a different kind of city would be built.

4. INHIBITING TRANSFORMATIVE CHANGE: POLITICAL CHANGE AND FISCAL PROBLEMS

In 2001, as Genro began a second term, the mayor's staff invited scholars from around the world and Porto Alegre to meet to discuss possibilities for further innovation. The meeting's position paper, titled “Breaking with Our Own Limits,” posed a series of problems: the difficulty of linking the PB system to other participatory spaces responsible for broader policy oversight, such as the health council; the need to increase the number of participants; and weaknesses in participant-training efforts and in operational support for the process.

The resulting document provides a fascinating window into the problems the program faced at the beginning of what would turn out to be the PT's final term in office.⁴⁶ For example, local nongovernmental organization (NGO) activist Sérgio Baierle argued that the lack of connection between the PB and other participatory spaces reflected the PB's incapacity to go beyond micro-, demand-based participation to link with long-term planning.⁴⁷ More broadly, Baierle, along with other participants in the event, suggested that the government needed to deepen the decision-making process and find new ways to get the population involved:

It is incomprehensible that even today, with more than a decade of the PB, the population still does not have access to a detailed map, describing, region by region, theme by theme, the city's needs and conquests, so that it can understand the road traveled and the possibilities for the future of municipal public investment, with indicators of results and complete information about budget execution.⁴⁸

The contributions suggest that by the beginning of the fourth PT term, the budget process had reached a threshold. It had been extremely successful at mobilizing popular demands around discrete, small-scale infrastructure about which neighborhood residents could more or less agree.

Discussions about how to distribute funds for services such as childcare raised new challenges, especially to the extent that community service providers competed with each other for government contracts. Discussions about larger-scale infrastructure had been taking place through the thematic

assemblies since 1993.⁴⁹ But thematic decisions had to compete with decisions made at the regional assemblies, which mobilized larger numbers, from more needy communities, with more members on the Council. For example, during the third PT administration, budget participants decided that the *Terceira Perimetral*, a major road connecting regions of the city, would have to be paid for with external funding (a loan from the Inter-American Development Bank) so as not to compete with other projects for municipal funds.⁵⁰

However, the effort to reformulate the PB did not move forward, and no major innovations in the PB occurred during the PT's fourth term. One explanation for the paralysis has to do with leadership. A year after that seminar, Genro resigned to run for governor, and his vice mayor, João Verle, took over. Genro had been a major force in helping conceive of and improve the PB during his first term (1993–97), but he was not available to carry through such a reform a second time.

The fourth PT administration also faced fiscal problems. Increased fiscal transfers from national and state governments defined by the 1988 constitution and tax recuperation efforts had increased city revenues in the PT's first term. After 1995, however, federal laws recentralizing fiscal transfers led to a sharp decrease.⁵¹ Junge notes the government that succeeded that administration in 2004 discovered, upon taking office in 2005, a backlog of loan payments, which may help explain the increasing difficulty in implementing the projects listed in the Investment Plans.⁵²

5. URBAN TRANSFORMATION IN PORTO ALEGRE SINCE 2005: RETREAT, REGRESSION, OR EVOLUTION?

The PB faced fiscal, political, and logistics challenges as it matured. The next section addresses several stages of this evolution.

From Participation to Partnership

In 2004, the PT lost the mayor's office to José Fogaça of the Partido Popular Socialista (PPS), a party with origins in Brazil's Communist Party but which by then had little connection to socialist ideals. During his campaign, he promised to give the business community a greater role in

urban development.⁵³ However, unlike previous opposition candidates who criticized the popular PB, Fogaça declared that he would not only keep the policy onboard but also improve it. This promise was crucial for getting elected.⁵⁴

Fogaça brought with him a very different governing proposal than that defended by the PT. It was based on "New Public Management" principles and converged around a policy called "Solidarity Local Governance" (*Governança Solidária Local*; GSL). Between 2005 and 2008, he enacted an administrative reform seeking to improve government performance. GSL aimed to improve social service provision in poor communities by working with local civil society and business groups. Behind this proposal was the idea that the government could not resolve the needs of poor communities on its own: It needed the help of those communities themselves, as well as the private sector.⁵⁵ Rather than seeking to dismantle the PB, it would "generate a new budget, by connecting government and community resources."⁵⁶ According to César Busatto, the first secretary of political coordination and local governance hired by Fogaça to institute the program, GSL would help attend to popular demands under conditions of diminished fiscal resources, creating a "network of coresponsibility" by drawing on inputs such as materials resources from small businesses and knowledge from the university.⁵⁷

GSL involved the creation of partnerships in each of the PB regions to promote childcare centers, reading campaigns, anti-hunger efforts, community kitchens, urbanization efforts, and community-based economic activities of various kinds. By 2008, 43 projects had been implemented, between 2 and 5 projects for each budget region.⁵⁸

The resettlement of the *Chocolatão vila* from the city center to a formal settlement about 10 km away was cited by proponents as the program's premier project. According to a public employee who helped organize the process, the resettlement of 700 residents—mostly trash pickers—occurred quickly and effectively because of strong partnerships with local NGOs and businesses.⁵⁹ One NGO helped create a community library and hired a social educator from among the settlement residents. A steel factory built a triage unit for recycling where residents could set up a cooperative. A local high school donated building materials.⁶⁰ According to proponents, the community participated intensely in this program.⁶¹ Critics, in contrast, questioned the quality of that participation. One interviewee referred to the resettlement project as "participatory exclusion. You are invited to discuss how much you want to move away."⁶²

One study of a community recycling center illustrates how the GSL approach affected the organizing process begun years before through the PB.⁶³ The center formed in the early 2000s with the help of a local NGO “whose base was PB veterans.”⁶⁴ This scholar—who in the early 2000s conducted ethnographic research in the same neighborhood, Beira Rio, and returned in 2008—describes how, after 2005, community politics changed dramatically.⁶⁵ During the 1990s and early 2000s, the PB Forum had been the hub of community organization in the region. In 2008, many of the leaders who had participated in that forum were still involved in the budget process.⁶⁶ Nonetheless, an entirely different climate existed, one in which community members seemed to be competing with each other for access to increasingly scarce funds. If before, funding had gone to infrastructure, it now went directly to community-based service providers:

Despite continuity of formal functioning, however, the PB’s status as a deliberative, participatory public had been seriously undermined, in large part because of the emergence of new institutions and groups—municipal councils, private business coalitions, and NGOs—that communicate directly with their communities and target populations rather than using the [Regional PB Forum] as the central hub.⁶⁷

It is far from clear whether such changes resulted from the institution of the GSL approach. Even one of the most devastating critics of the GSL, Sérgio Baierle, argues that community groups began to conflict over government funding in the 1990s, when community organizations began to provide some of the services approved through the PB (such as childcare).⁶⁸ Discord arose not just through changing policy models but also out of “an organic maturing process.”⁶⁹ Over time, some participants’ activism became connected less to public deliberations and more to “acquiring marketable training through involvement in projects and programs.”⁷⁰ This transition may have taken place with or without the emergence of GSL, but certainly the program’s emphasis on implementation by community organizations rather than by government changed how neighborhood organizations related to the government and each other.

Tension between Big Infrastructure and Meeting the Needs of the Urban Under-served

Fogaça was reelected in 2008 but left office in 2010 to run for governor. His vice mayor, José Fortunati, took over and then won reelection in 2012. Fortunati brought with him yet another style of governing. He had been one of the founding members of the PT in Porto Alegre in the 1980s and had been vice mayor under Raul Pont (1997–2000). However, he left the PT in 2002 to join the center-left Partido Democrático Trabalhista (PDT).

Although Fortunati’s administration gave more priority to the PB than the Fogaça government, infrastructure policy after 2010 would be marked by large-scale public works projects built in preparation for the 2014 World Cup soccer matches and funded by the federal government. As in other Brazilian cities, the World Cup caused a huge influx of federal monies for urban infrastructure, eclipsing most cities’ capital expenditure capacities. In Porto Alegre this seems to have meant eclipsing the PB as well.

In 2007, the federal government (headed by the PT), announced the Growth Acceleration Program (*Programa de Aceleração do Crescimento*), a huge initiative that sought to promote economic growth by investing in the nation’s infrastructure.⁷¹ In 2010, the government created a special funding line to help cities prepare for the World Cup.⁷² A year before, the International Federation of Association Football (*Fédération Internationale de Football Association*) had announced that Porto Alegre would be one of the host cities for the 2014 matches, initiating a flurry of construction. Porto Alegre embarked on 18 major infrastructure projects, mostly urban mobility initiatives, as well as the construction of 2 stadiums and 2 waterfront development projects.⁷³

One of these projects involved widening a road through the Vila Tronco neighborhood, located in the Cruzeiro area. According to former mayor Fortunati, the project required the relocation of 1,550 families, as well as major drainage improvements and the creation of a bus corridor.⁷⁴ He told us that the resettlement project and other efforts took place with substantial citizen participation and were geared towards improving social conditions for the poor.⁷⁵ However, an academic study criticizes the Vila Tronco project for removing families from a relatively well-located region in the city’s center to its periphery.⁷⁶

Indeed, many analysts argue that in general, the World Cup projects offered few improvements for the livelihoods of the poor and under-served.⁷⁷ Mobility projects ended up giving priority to cars, and only added marginally to the public transportation system. Most decision-making around these projects failed to involve public deliberations (although there was “massive support from the population” for stadium construction).⁷⁸ Interestingly, the Porto Alegre stadium was the only one built with private sector money. Ironically, the same party that had promoted participation when in local office was now in the federal government and providing major federal funding for urban infrastructure, with no significant requirements that decisions be made with citizen participation.⁷⁹

The Changing Role of the Participatory Budget: 2005–16

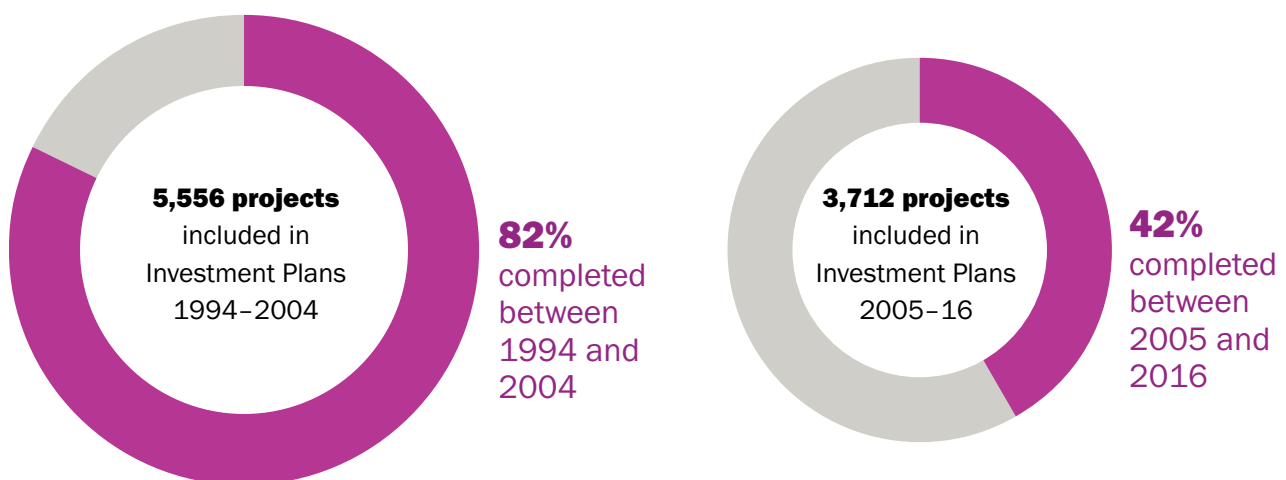
While the PB continued to operate, the Fogaça and Fortunati administrations clearly gave more priority to other approaches to urban infrastructure and service provision. GSL worked with under-served neighborhoods but emphasized community groups’ participation in project implementation and funding, rather than in decision-making about what should be done with government money. The World Cup projects were much larger-

scale public works, largely financed through federal funding. According to Fortunati, they were discussed in the budget forums and by the Municipal Budget Council⁸⁰ but did not result from a “bottom-up” planning effort typical of the earlier period. Proponents of the two post-2005 administrations argue that these changes responded precisely to the limitations of the PB model, such as the backlog of projects and the need to build larger infrastructure.

Although the PB took place annually between 2005 and 2016, there is considerable evidence that these administrations gave it less priority. Most of the people interviewed, except for those directly connected to the government administrations themselves, associated these changes with a diminished focus on the needs of the urban under-served and poor communities.

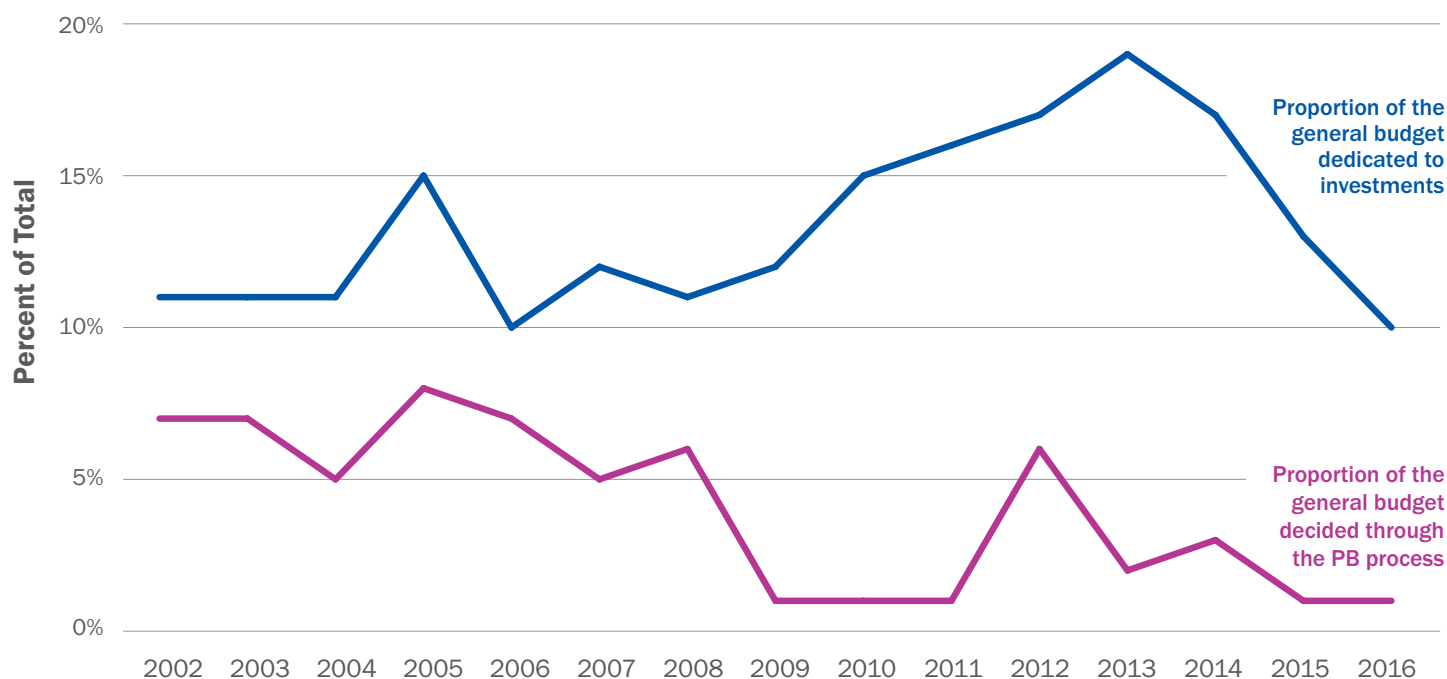
The primary evidence that the PB lost priority after 2005 comes from the budget data. As Figure 5 demonstrates, although various analysts criticize the fourth PT administration for being increasingly unable to complete proposals chosen through the PB, more than 80 percent of projects included in the annual Investment Plans published during the PT period had been completed by the end of 2004, when that party left office.⁸¹ In contrast, almost 60 percent of projects included in the Investment Plans approved between 2005 and 2016 were still pending in early 2017.

Figure 5 | **Participatory Budget project execution before and after 2005**



Source: Municipal Secretariat of Strategic Planning and Budgeting (*Secretaria Municipal de Planejamento e Orçamento*), 2017.

Figure 6 | **Expected spending on total investments and on investments listed in Participatory Budget Investment Plans in relation to the total budget (millions of reais) (2002–16)**



Sources: SMPEO, 2017; Prefeitura de Porto Alegre, 2018; Observa POA, 2017b.

Figure 6 indicates that the portion of the general budget that the government committed to spend through the PB—calculated as the total estimated cost of projects included in the Investment Plans defined through the PB divided by the total city budget—also fell dramatically over the course of the period, even as the total budget increased.⁸² Marquetti’s 2003 data show that under the PT administrations, the percentage of the entire municipal budget reserved for the PB was around 15 percent between 1991 and 1994.⁸³ Between 1995 and 2000, that portion ranged at around 8 or 9 percent, with the exception of one year when it was only 5 percent, as seen in Figure 6. During that period, the revenues reserved for the PB essentially corresponded to the difference between expected overall revenues and planned expenditures in personnel and maintenance, understood to be fixed costs that could not be changed from year to year.

Figure 6 shows that these numbers declined slightly between 2005 and 2008 and considerably after 2009.⁸⁴ Capital spending as a whole, however, increased over the period, both absolutely and as a portion of the city revenues. This means that the PB represented an increasingly smaller fraction of the capital budget. It should be noted that the apparent leap in 2012 in the proportion of the general budget decided through the PB was actually a sort of double accounting, since in that year, the Investment Plan (which lists PB decisions) included a large number of proposals that had been approved in previous years but had not yet been implemented.

Under the Fogaça administration, the PB competed with GSL for funding, at least according to some observers. A staffer to a City Chamber member declared that the GSL program led the government to give priority to projects for which they could find partners, rather than to programs the communities preferred.⁸⁵

Under the Fortunati administrations, the World Cup projects eclipsed the PB. The distance between the amount included in PB Investment Plans and investment spending as a whole only increased after 2008, and PB spending was often smaller than amounts received through federal loans for infrastructure. For example, the 2013 budget declared a loan of 403 million reais (US\$187 million) from the Federal Government World Cup Infrastructure Program (PAC-Copa), while only 174 million reais (\$80.7 million) were included in that year's Investment Plan.⁸⁶

A second factor that attests to the PB's lower priority status after 2005 is the lack of public transparency regarding how much of the budget was decided through the PB and how many of those decisions had been implemented. During the final years of the PT government, with the advent of the Internet, the government began to create an online system through which users could gain access to the Investment Plans and follow the execution of PB projects in real time. The government also signed a partnership with the URB-AL program of the European Union, creating the Observatory of the City of Porto Alegre (Observa POA), which was intended to become a detailed independent source of information about the city and its demands, needs, and investments. However, the observatory did not develop as planned. One university professor hired to conduct studies and participate on its advisory board said that it never became a truly independent body that could conduct systematic evaluations of the administration or the PB.⁸⁷ One former municipal official noted that coordination problems inside the government diminished the flow of information about the budget to the observatory.⁸⁸ In the end, Observa POA was unable to publish extensive studies about budget spending or detailed, real-time analyses of the evolution of local needs and investments. Data about budget execution became difficult to access.

A third sign of diminished priority is that after 2005, the administration moved PB management out of the central mayor's office. If the PB operated as the flagship program for the municipal administration between 1989 and 2004, under Fogaça, the policy became one of 21 priority programs.⁸⁹ Organizational changes further fragmented the PB decision-making process. Fogaça's administration divided responsibilities among three agencies: the Budgetary Programming Cabinet (Gabinete de Programação Orçamentária; GPO) (basically a restructured GAPLAN) now shared responsibili-

ties with two agencies outside the mayor's office. These three bodies had difficulty coordinating activities between 2005 and 2008, a factor that seems to have affected not only the implementation of the PB but also of the government's new flagship program, the GSL.⁹⁰

When Fortunati took office, his government made changes that proponents argued would reverse these tendencies. A key move was the passage of a law guaranteeing that the Investment Plans developed through the PB would also be approved by the City Chamber. In the past, the Chamber had only to approve general budget numbers. For one official, the fact that the itemized budget was now voted into law helped guarantee that government agencies would keep tabs on the execution of the PB projects.⁹¹ However, these operational changes did not result in significant increases in spending on the PB or in speedier implementation of PB projects, as seen in Figures 5 and 6. Nor were the budget transparency problems that had plagued the PB since the early 2000s resolved. As one interviewee noted,

Today, the PB is in a state of total degeneration in terms of accountability. What little existed on the Internet is suppressed. The PT administration had begun a transparency process, with data on the Internet, but later this was suppressed with no explanation. One of the principal limits of the PB over the course of its long history has been. . . this regression in terms of transparency and accountability.⁹²

A Weakening of the Urban Transformation Process?

Substantial evidence presented in this paper suggests that after 2005, the PB lost priority status in Porto Alegre, even though it continued to be implemented with fewer resources. As the PB lost its importance, fewer and fewer studies have been conducted on the use of this policy in the city, making it difficult to compare the impacts of the weaker version of the policy with the original version. This paper has shed light on a number of processes in the city that can be organized in terms of the PB's six positive impacts at its prime.

Including the poor and under-served in decision-making. Surveys conducted between 1993 and 2009 suggest that the majority of PB participants continue to be poorer and less educated than the population as a whole.⁹³ This information is not available

for the period after 2009, but we do know that the numbers of participants at the assemblies has remained relatively stable.⁹⁴ Thus, despite the diminished role of the PB as a portion of the city budget and despite lower rates of budget implementation, the process mobilized poor people to participate at assemblies. The problems in the PB seem to have to do less with participation in quantitative terms and rather than with its qualitative aspects.

Breaking down clientelist relations and deal-making. If one of the key impacts of the PB was to diminish clientelism, several interviews and studies suggested that patronage relations were on the rise in the 2000s. The increasing involvement of the City Chamber in the PB after the Fortunati administration's requirement that it approve an itemized budget plan may have paradoxically further undermined the spirit of the PB by making the Municipal Budget Council more dependent on the Chamber's support. This furthered the distance between those active in grassroots participation and the budget process, reintroducing patronage relationships.

The strongly bottom-up participatory process had broken down, with scholars positing two causes for this changing relationship between participants and their representatives in the decision-making process.⁹⁵ First, the removal of term limits for the Municipal Budget Councilors diminished renewal of their ranks and may have distanced them from those who elected them in the budget assemblies each year. Second, the profile of PB participants changed over time. In 2009, the majority of those who participated in the assemblies did not belong to any kind of civic association for the first time since studies had been conducted on the PB. This seems a sign that the community was less politicized and hence less able or willing to hold its representatives accountable. One scholar of the PB presented an even more somber analysis in an interview, saying, "The participatory budget has been captured by community oligarchies in direct alliance with members of the City Chamber and the municipal executive."⁹⁶

Redistributing urban services and infrastructure. Although no studies have replicated Marquetti's 2003 study of the PB's redistributive effects during the 1990s, various analysts have suggested that the increase in large-scale investments, especially the World Cup projects, were geared less towards the needs of the poor and under-served and more towards the interests of the automobile-driving middle class.⁹⁷

Government representatives argue that these projects were necessary for city development and were conceived to bring benefits to poor neighborhoods.⁹⁸ Yet the federal agency promoting them failed to require any substantial citizen participation in decision-making.

Democratizing and mobilizing civil society. Over time, neighborhood politics changed as civil society organizations initially mobilized through the PB matured. Some of these groups moved from making demands on the state to becoming service providers. These changes had some negative impacts on community politics, moving from the "deliberative" space of the PB to debates around which groups would receive funding to implement services. For some analysts, these changes reflect co-optation and increasing dependence on the state, but others wonder if they are a natural process of associational evolution.⁹⁹

Increasing administrative capacities. The study showed substantial evidence that if the PB promoted administrative capacity, the lack of coordinating capacities that characterized the government during some periods undermined that policy's implementation. In particular, the fragmented decision-making among agencies between 2005 and 2009 seems to have contributed to the difficulties in organizing the budget process.

Promoting radical democracy. Those who hoped the PB was a harbinger of radical democracy may have overestimated the model as well as underestimated additional enablers needed to support its introduction and maintenance. At the regional level, this clearly resulted in a distribution of public services that benefited the poor and under-served. Getting ordinary people involved in broader discussions seems to be much more difficult, not least because of profound disagreements about what strategies are best for the poor. Neither the Porto Alegre PT nor any other governing party in that city has been able to perform a grander political transformation involving larger infrastructure projects. This reminds us that democratization, like transformation, is likely a moving target: Although the PB certainly produced a profound change in political relations in Porto Alegre, advances were not necessarily permanent and progress was far from linear. Moreover, when participatory processes are built on less participatory political structures, deeper democratization will not advance.¹⁰⁰

6. CONCLUSIONS AND RECOMMENDATIONS

In the 1990s, Porto Alegre's participatory budgeting program made the city internationally famous. By some accounts, the policy was an example of good governance and transparency. Others regarded it as an experiment in radical democracy. This study has shown that at its height, the program had positive impacts in six respects:

1. It included the urban under-served in decision-making (although the very poor participated less, and women's participation was weaker than that of men, until the establishment of a quota system).
2. It transformed clientelist decision-making by subjecting budget decisions to public deliberation.
3. It redistributed urban infrastructure and services to under-served neighborhoods by calibrating the distribution of funds based on both the needs of each region of the city and the participation of residents, and by encouraging the participation of poor neighborhoods.
4. It promoted the democratization of neighborhood associations and the creation of new ones, since only associations that could mobilize large numbers could obtain infrastructure and services.
5. It developed administrative capacity, since the budget process obliged city agencies to coordinate activities, supply information to central offices and to the Municipal Budget Council, and be open to more extensive monitoring.
6. For some proponents, the policy did much more: it promoted a radical form of democracy by handing over decision-making to the poor and governing the city according to their priorities.

Starting in the early 2000s, in the PT's third administration, the PB model began to show its limits. Although the program initially transformed the governing process—by reorganizing priorities around the demands of the poor—the government had difficulty taking the program to a deeper level, one in which participants would more effectively engage in long-term planning. Contention particularly arose around big infrastructure projects. For some, big investments that were fundamental for city development had been abandoned because

the PB focused on small community infrastructure instead. For others, the government's insistence on implementing big infrastructure showed a lack of emphasis on the needs of the under-served because these projects primarily benefited car transportation and business development.

The government that took over in 2005 understood that although the PT had become less popular, the PB had not. Fogaça's administration promised not to eliminate the PB but rather to improve it through the GSL approach. Most observers recognize that although many projects were implemented under its guise, GSL did not develop into an exemplary practice of urban service provision. At the same time, under Fogaça, the PB lost footing, as an increasing proportion of PB-approved projects went unimplemented.

In 2010, a new government took office that sought to revamp the PB in various ways, formalizing PB decisions by having them approved through the city legislature. At the same time, the World Cup provided an opportunity to implement a large-scale infrastructure program for the first time in decades. Although proponents argued that those projects were necessary for the city economy, for the most part they failed to prioritize the needs of the urban under-served.

Comparing the post-2005 governments to pre-2005 ones, we can confirm an idea that has been well established by the comparative literature on participatory budgeting. In one classic analysis comparing cases of the PB throughout Brazil, it has been argued that three factors combined to differentiate cases in which the PB was able to promote democratization of decision-making.¹⁰¹ First, the history of civic organizing in Porto Alegre guaranteed a strong starting point for the PB. Porto Alegre was notable for the fact that some parts of the city had progressive traditions and strong neighborhood organizing. Second, the PB's institutional design varied dramatically. Porto Alegre was notable for creating the country's most comprehensive PB, in which the entirety of the capital budget was defined through public deliberation and in which the Municipal Budget Council had the chance to analyze and discuss the remainder of the budget as well. Third, the administration's commitment to participatory budgeting—that is, its political will—mattered greatly. Porto Alegre was once again notable for having placed the PB at the center of its policy priorities. Making participation the hallmark of the administration served as an incentive not only for the government to invest in the quality of the participatory process but also to implement the decisions

made in the budget assemblies. This case study reaffirms the importance of the third factor: While organizational history and the design of the model changed little after 2005, the government's commitment to the PB declined, strongly diminishing its effectiveness as a vehicle for urban transformation.

In retrospect, this study comes to three conclusions. First, by involving the poor in deciding how to distribute small-scale community infrastructure throughout the city, the PB had transformative effects. It democratized decision-making, promoted more equitable distribution of small infrastructure, and mobilized civil society in poor neighborhoods. The centrality of the PB as the government's top priority program guaranteed that it was well funded and systematically implemented in the 1990s. Second, city government commitment to the PB declined over time, resulting in reduced funds allocated through open assemblies with citizens and ultimately undermining its transformative effects. Third, although this declining commitment may have been partially the result of the changing political ideology of city leadership, it was also a result of the limits of the PB itself: The model worked much better for making decisions about small-scale infrastructure. Porto Alegre has yet to come up with a model for how to effectively include the poor in decision-making about larger-scale projects. Getting there, however, is unlikely to occur without strong political commitment to the original ideals of the PB project, which understood that a better city could be built not just by

redistributing public money towards poor communities but also by involving them in decision-making about issues that most affected their lives.

Building on these conclusions, four recommendations from the Porto Alegre experience can be provided to those seeking to implement participatory budgeting for urban transformation. The first is that participation must be well-structured and include capacity building, so as to ensure active and informed participation by diverse segments of the population. This can help offset the risk of capture or nonrepresentation in decision-making. The second is that adequate financial resources must be committed for success. Inadequate resources over time do not just doom the participatory budgeting effort; they can also raise doubts about participation and democracy more generally. The third recommendation is that when participatory activities are undertaken, the underlying institutional and political structure should also change. Participation cannot just sit on top of older, less participatory structures, and the political commitment launching the PB process must ensure that additional attention and political capital are spent on adjusting underlying structures if these efforts are to last. Finally, those undertaking participatory budgeting, or processes of any type, should expect change over time and design for it. While this is difficult within any political situation, the dynamism of reality means that flexibility needs to be built into the system. Transformative processes must themselves transform over time if they are to be long lasting.

APPENDIX A. DESCRIPTION OF INTERVIEWEES

INTERVIEW NUMBER	DATE	POSITION
1	March 6, 2017	Newton Burmeister, Municipal Planning Secretary (1993–2000)
2	March 6, 2017	University professor
3	March 7, 2017	University professor, city council member, municipal official
4	March 7, 2017	Raul Pont, Mayor of Porto Alegre (1997–2000); vice mayor (1993–96)
5	March 7, 2017	NGO staff member
6	March 8, 2017	Municipal official (2010–13)
7	March 8, 2017	César Busatto, Secretary of Political Coordination and Local Governance (2005–08; 2010–16)
8	March 9, 2017	University professor
9	March 10, 2017	Municipal official (2011–17)
10	March 10, 2017	Community activist, PB delegate
11	March 10, 2017	Community activist
12	March 11, 2017	Municipal Budget Councilor (1991–92); neighborhood activist
13	March 13, 2017	José Fortunati, Mayor (2010–16); vice mayor (1997–2000; 2008–10)
14	March 13, 2017	Journalist
15	March 13, 2017	Neighborhood activist
16	March 14, 2017	Municipal official (2007–17)
17	March 14, 2017	Municipal official (2004–16)
18	March 14, 2017	NGO director
19	March 15, 2017	Public official

Note: Only high-level public officials are identified.

ENDNOTES

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8. IBGE, 2010.
9. Pasternak, 2006.
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13. Bahia, 2003; Piattoni, 2001.
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15. Bahia, 2003; Diniz, 1982; Gay, 1990.
16. Abers, 2000: 52.
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20. Abers, 1998.
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24. Abers, 2000; Sousa Santos, 2002.
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29. Fedozzi and Martins, 2015.
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35. Sousa Santos, 1998: 478; cited by Wood and Murray, 2007.
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 37. Avritzer, 2003.
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 39. Baiocchi, 2005.
 40. Abers, 2000.
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 42. Avritzer, 2003.
 43. Sousa Santos, 1998; Sousa Santos, 2002.
 44. Fung and Wright, 2003.
 45. Gret and Sintomer, 2005: 130.
 46. Verle and Brunet, 2002.
 47. Baierle, 2002.
 48. Baierle, 2002: 153.
 49. Abers, 2000: 83–88.
 50. Interview 4.
 51. Marquetti, 2003.
 52. Junge, 2012.
 53. Junge, 2012.
 54. Rennó and Souza, 2012.
 55. Garcia, 2008: 6.
 56. Garcia, 2008: 7.
 57. Interview 7.
 58. Garcia, 2008: 13–14.
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 60. Interview 16.
 61. Cahill et al., 2013.
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 63. Junge, 2012.
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 67. Junge, 2012: 413.
 68. Baierle, 2009.
 69. Junge, 2012: 419–20.
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 81. SMPEO, 2017.
 82. SMPEO, 2017; Prefeitura de Porto Alegre, 2018; Observa POA, 2017b.
 83. Marquetti, 2003.
 84. SMPEO, 2017; Prefeitura de Porto Alegre, 2018; Observa POA, 2017b.
 85. Interview 10.
 86. Observa POA, 2017b; Prefeitura de Porto Alegre, 2018. For US\$ figures, the IMF average exchange rate for 2013 of 2.155 was used for calculations.
 87. Interview 8.
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 89. Interviews 10 and 17.
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