Sustainability From Below: Participatory Budgeting in Porto Alegre

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Abstract

This paper analyses participatory budgeting in Porto Alegre in the light of contemporary theories of "Environmental Justice", "Right to the City" and "Deliberative Democracy". It examines the democratic and deliberative nature of the participatory process as well its environmental outcomes. While participatory budgeting has been widely studied and recognised internationally it has rarely been assessed in its ability to bring about sustainable urban development. This analysis will demonstrate that it is the deliberative nature of the participatory process that has allowed participatory budgeting in Porto Alegre to have a positive impact on the urban environment. In doing so this thesis will validate the significance of this democratic mode of decision making in the face of the various environmental and social challenges of our time.

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Acronyms and Abbreviations

COP: Conselho do Orçamento Participativo (Participatory Budgeting Council)

CBO: Community Based Organization

CRC: Coordenação de Relações com as Comunidades (Community Relations Coordination)

DMAE: Departamento Municipal de Agua e Esgotos (Municipal Department of Water and Sewage)

DEMHAB: Departamento Municipal de Habitação (Municipal Department of Housing)

DEP: Departamento de Esgotos Pluviais (Municipal Department of Public Drainage)

DIP: Divisão de Iluminação Pública (Public Lighting Division)

DMLU: Departamento Municipal de Limpeza Urbana (Municipal Department of Urban Sanitation)

EPTC: Empresa Pública de Transporte e Circulação (Public Company of Transport and Circulation),

FASC: Fundação de Assistência Social e Cidadania (Foundation for Social and Citizen Assistance)

GAPLAN: Gabinete de Planejamento (Departments of Planning and Budgeting)

GPO: Gabinete de Programação Orcamentária (Office of Budget Programming)

HDI: Human Development Index

IADB: Inter-American Development Bank

IBGE: Instituto Brasileiro de Geografia e Estatistica (Brazilian Institute of Geography and Statistics)

IPCC: Inter-Governmental Panel on Climate Change

PIS: Plano de Investimentos e Serviços, (Investment and Services Plan)

PMPA: Prefeitura Municipal de Porto Alegre (Municipal Government of Porto Alegre)

ObservaPoA: Observatbrio de Porto Alegre (Statistical Observatory o f Porto Alegre)

OP/PB: Orçamento Participativo /Participatory Budgeting.

PT: Partido dos Trabalhadores (Workers' Party)

Regimento Interno: Internal rules of the Participatory Budget process.

Seacis: Secretaria Especial de Acessibilidade e Inclusão Social (Municipal Secretariat of Accessibility and Social Inclusión).

SIMPA: Porto Alegre Municpal Employees Union

SMAM: Secretaria Municipal do Meio Ambiente (Municipal Secretariat of the Environment)

SMC: Secretaria Municipal da Cultura (Municipal Secretariat of Culture)

SME: Secretaria Municipal de Esportes, Recreação e Lazer (Municipal Secretariat of Sport and Leisure)

SMED: Secretaria Municipal de Educação (Municipal Secretariat of Education)

SMGL: Secretaria Municipal de Coordenação Política e Governança Local (Municipal Secretariat of Political Coordination and Local Governance)

SMIC: Secretaria Municipal da Produção Indústria e Comércio (Municipal Secretariat of Industrial Production and Commerce)

SMJ: Secretaria Municipal da Juventude (Municipal Secretariat of Youth)

SMOV: Secretaria Municipal de Obras e Viação (Municipal Secretariat o f Works and Roadways)

SMS: Secretaria Municipal de Saude (Municipal Secretariat of Health)

SMT: Secretaria Municipal de Transporte (Municipal Secretariat of Transport)

SMTUR: Secretaria Municipal de Turismo (Municipal Secretariat of Tourism)

UAMPA: Union of Neighbourhood Associations of Porto Alegre

UFRGS: Universidade Federal do Rio Grande do Sul (Federal University of Rio Grande do Sul)

UNDP: United Nation Development Program

WB: World Bank

Introduction

As the 21st century begins, our world is facing crucial challenges. Years of economic expansion and profit accumulation have weakened the environmental and social fabrics of our societies. Decades of neoliberal deregulation, privatisation and trade liberalisation have further intensified the effects of a free market that is leaving both people and the environment behind. In these conditions, citizens are becoming increasingly frustrated towards a system that is no longer capable of securing its economic and environmental stability and which is unable to provide a dignifying life to all its citizens. Most importantly, people are dissatisfied with a system they can no longer control and that no longer represents them. Citizens around the world are seeking a more meaningful democracy that gives them the power to shape their societies and their own lives. Waves of protest have thus exploded around the world in a coordinated symphony of pro-democracy demonstrations. Radical youth have joined to average citizens and expulsed homeowners in their outcry against a system that has failed both humans and the planet. Occupy in the capitals of the world, 15-M Indignados in Spain, Arab revolutionaries in the middle-east and Quebec students of the "maple spring". They, and countless others, form a unanimous outcry of people demanding more democracy and a greater control over their own societies. This new democratic and environmental movement is being influenced by various contemporary political theories including the "right to the city", "environmental justice" and "deliberative democracy".

Both 15-M indignados and Occupy movements have expressed the desire for a more direct and local form of governance through participatory budgeting (Molina 2011). This radical model of democracy allows citizen to take direct control of their communities, bringing about change and development "from below". While participatory budgeting can take many different forms and shapes, its main structure consists of local popular assemblies where citizens can freely and equally deliberate on the use of the city's budget as well as on other major planning priorities.

In this dissertation I will examine the process and outcomes of participatory budgeting and analyse whether it is capable of contributing towards the more sustainable

form of development that our world so urgently needs. To do so, I will focus my research on the case of Porto Alegre, Brazil and my theoretical lens will be based on the ideologies mentioned above; particularly deliberative democracy. This thesis will fill in a large research gap on the topic as most attention is placed on the PB process and how democratic it is; but very little has been written on its environmental outcomes. This research will thus contribute to the debate on deliberative democracy and it's potentials to bring about a more sustainable form of development. Through my analysis I will demonstrate how the environmental outcomes of a democratic process are dependent on the quality of deliberation that occurs.

In the first chapter I will analyse the democratic and environmental problems of our system and introduce PB in the light of contemporary environmental and democratic theories. Chapter 2 will analyse the process of PB to determine to what extent it is deliberative and democratic. Chapter 3 will evaluate the environmental outcomes of PB to investigate its potential for sustainable development. Finally chapter 4 will analyse the challenges and implications of PB, and show the importance of this form of radical democracy in the face of the democratic and environmental crisis of our time.

Chapter 1: Participatory Budgeting: from Representative to Deliberative Democracy

1.1 Environmental Crisis: Capitalism and Climate Change

Growth, profit and consumption are the driving forces of our society in its continuous expansion and domination over nature. As ecosystems are being destroyed and natural resources are dangerously running out, this capitalist mode of production is bringing about an irreversible environmental collapse. The world's temperature has already increased by about one degree Celsius and if we continue polluting in the same manner, it will rise by 5 degrees before the end of the century (HDR 2007-8). This represents the change in temperature that occurred during the last Ice Age. In less than 30 years we could already bring an increase of 2 degrees which, according to scientists at the IPCC, would already cause unprecedented and irreversible climatic disasters (IPCC 2007). We must thus make drastic changes to our way of life and our entire socio-economic system or humanity might not see the end of this century.

The devastating effects of climate change, resource depletion and environmental destruction can already be witnessed. Our actions have caused a weakening and failure of ecosystem services on which we all depend such as the purification of air and water, waste treatment, protection from disasters, climate regulation and the provision of food and natural resources. All these goods and services have an invaluable worth and are essential for life on this planet (MEA, 2005). By their wreckage, natural disasters have become more common and stronger than ever before. Devastating floods, mud slides, hurricanes, tsunamis and cyclones have struck with unparalleled frequency and intensity over the past years (Brown, 2011). This decade was also the warmest in recorded history causing droughts, heat waves, wildfires and dangerously melting the arctic ice (NCDC, 2010). These events have brought a downturn in agricultural production that is causing food riots around the globe and this is further intensified by industrial framing which is dangerously eroding our soils (Brown, 2011). The use of renewable resources beyond replenishment rate and the alarming depletion of non-renewable resources is another worry. Our technological dependence on oil

could make its exhaustion a particularly devastating scenario and many scientists believe we have already passed peak oil (EWG, 2008).

All these problems will affect everyone on this planet but no one will suffer, and is already suffering, from this as much as the poor (Satterthwaite, 2007). It is hence necessary for cities to prevent and adapt to all these difficulties and especially in the case of informal settlements that have the lowest resilience to climate change. The challenge of urban environmental management in the 21st century is thus a vital one. We have to create resilient cities that provide with basic infrastructures and services while reducing their impact on human and ecological health. This is particularly important now that cities house over 50% of the global population, consume 75% of the world's resources and produce 80% of CO2 emissions (Keivani 2010).

The question that I pose is why are we unable to deal with the environmental problems that our system generates? A new body of environmental literature has come to see the democratic deficit of capitalist democracies as the root cause of this problem (Dryzek 2000, Smith 2003). In fact, the political institutions of the 21st century seem to be incapable of dealing with the environmental challenge our world faces.

1.2: Democratic Crisis

1.2.1 TheDemocratic Deficit: Capitalism and Inequality

> "A great achievement of modern representative democracy was to bring the idea that people should be treated as having equal importance in the processes of collective decision-making to bear on the political institutions of a modern state. One implication—formal political equality—is that suffrage rights, for example, should not depend on property qualifications, gender, race, or social status. But even with these conditions in place, social and economic inequalities shape opportunities for political influence within systems of competitive representation". (Cohen and Fung 2004, p25)

The quote above points out to the single most important problem with our democracies: the fact that the political equality on which they are based is being jeopardised by large and increasing economic inequalities. This allows elites and corporations to have a disproportionate power upon our governments (Pimbert, 2001). There are various reasons

for this. First of all, states are increasingly constrained by the competitive nature of the global economy. To maintain economic growth in a globalised world where capital flows without borders and with little moral concerns; states are forced to focus on economic policy in order to maintain investments and reduce capital flight (Mason 1999). This unforgiving context pushes states to adopt strategies that favour corporations but that are environmentally and socially destructive such as deregulation, liberalisation, lowering labour costs and cutting social services to provide generous business subsidies (Downey and Strife 2010). Ecological aspects are thus left in the background and only dealt with in periods of prosperity, if at all. The few environmental policies that have been adopted are limited to those that are able to ally economic growth to environmental protection. However, these result in very superficial environmental changes (Dryzek 2000).

Another major reason why our democracies have become more receptive to corporate and business interests is that their disproportionate economic power has allowed private interests to dominate government concerns. Downey and Strife have shown how inequality has provided "elites with the means to create and control organizational, institutional, and network-based mechanisms through which they are able to monopolize decision making power" (2010, p161). Those mechanisms include lobbying, campaign support and think tanks. The disproportionate influence on state decisions has allowed economic elites to promote further deregulation, privatisation and liberalisation. This strategy has been applied internationally so that the global markets remains as open as possible and corporations can expand to every corner of the world. Various international treaties and international institutions such as NAFTA, the WTO, the World Bank and the IMF have thus imposed neoliberal reforms across the globe. This allows corporations to expand their profits and exploit every available natural resource at the expense of people and the environment (Downey and Strife 2010).

1.2.2 Knowledge, Disinformation and Consumerism

The economic inequalities of our system have also translated in an unequal control over the information that reaches citizens. Indeed, through their economic power, elites have gained a disproportionate control over our media and our education system (Plumwood 1996). This has seriously affected the visibility of many political and environmental voices. Indeed, our system privileges some experts more than others (such as economists over environmentalists and anthropologists) as well as some ideologies more than others (such as

neoliberals over socialists and ecologists) (Smith 2000). In this context radical environmental and social discourses rarely make it to the general public. Democracies thus lack the plurality of voices that could bring about a more reasoned and equal debate. This severely affects the ability of citizens to obtain the knowledge and analytical skills needed in order to make informed and reflexive political choices. This has serious repercussions on the kinds of leaders that get to power and the kind of environmental and social policies that are adopted. Additionally, this has resulted in a cultural hegemony of mass consumption. We are brought to value of lives based on our material processions; yet our finite natural world cannot provide for every one's greed (Meadows and al.1992).

1.2.3 Liberal Democracies and Flawed Representation

Another major problem with our democracies is that citizens currently have very few means to influence major political and governmental decisions. Our political power resides almost entirely in our votes. However there are very limited means by which people can channel their demands and their concerns in between election periods (Fung and Wright 2003). While civil society organisations might bring about some issues to the government and mobilize people through protest and petitions; the government is in no way obliged to comply with their demands (Fung and Cohen 2004). It is thus clear that we need other institutionalised methods for people to participate in politics and allow citizens to have a stronger voice.

Additionally, voting is a very restricted mechanism to articulate the plurality of popular opinions. Many don't feel that any party clearly represents their ideology or are forced to vote for a party that they don't fully agree with because the electoral system is dominated by a few large ones (Fung and Wright 2003). This form of strategic voting is most common is countries that don't have proportional representation. However, even if parties were voted in a more proportional and representative manner, it still leaves people with a rather limited form of political influence. Indeed, representation does not provide with direct citizen participation and people remain governed by a small minority of political elites that are far removed from their constituents. In that sense liberal democracies works "for" rather than "with" citizens (Smith 2003).

We have seen how modern democracies have serious problems of inequality and participation that have prevented them from dealing with the social and environmental externalities generated by the free market. In many ways modern democracies have been

transformed into plutocracies: rule by the wealthy. This has led to the rise of social movements that are increasingly dissatisfied with a system that they cannot control and that is unable to adapt to the challenges of the 21st century. In the face of this crisis many scholars have started to pay a greater attention to the issue of political participation. In the next section I will present the most prominent theories of citizen participation and environmental democracy.

1.3 Discourses for Greater Participation

1.3.1 Right to the City

One of the most renowned supporters of greater citizen control over the management and planning of our cities is David Harvey that has revitalised Henry Lefebvre's idea of "right to the city". The basis of "the right to the city" is that human beings are extensively shaped by their surrounding environment; cities hence have a major impact on who we are. Yet as our cities are controlled by economic elites, we have become alienated from the right to shape our own lives (Lefebvre 1968). Additionally, since urbanisation is intrinsically linked to the surplus value that capitalism generates, the control over the process of urbanisation allows the control over surplus value that fuels our system and permits the continuous accumulation of capital (Harvey 2008). The "right to the city" is thus the right to regain control over the creation and accumulation of capital by managing the process of urbanisation and how it affects each citizen. By controlling the future of their city citizens gain the ability to control their own life and become true agents of change rather than simple spectators.

1.3.2 Envrionmental Justice

Environmental justice theories have recently gained greater international attention and are also concerned with the issue of participation (Scholsberg 2007). Environmental Justice goes beyond traditional notions of justice as human rights by building up on them and adding environmental concerns (Agyeman 2005). It thus shows the links between the exploitation of nature and that of people. While the major focus of most environmental justice scholars is the distribution of social and environmental goods and bads, it also acknowledges that a greater participation in the process of distribution is necessary for it to be fair (Scholsberg 2007). Environmental justice hence has a procedural aspect that advocates a greater involvement of citizens in the decisions that will affect them and their

environments. Overall environmental justice promotes the equal capabilities for all people to obtain and manage the social and environmental goods and services they need without preventing the ability of future generation to meet and manage their own.

Beyond these theories praising the value and importance of participation, another body of radical democratic and environmental literature has recently evolved. Combining controversial ideas in political and ecological theory, the concept of environmental and deliberative democracies is starting to grain international attention. This theory not only criticise the limits and failures of capitalist democracies to bring about environmentally and socially just outcomes but is also mostly concerned with practical and tangible solutions. It thus lays out institutions and principles to create better democracies that are both greener and more participatory. In the next section I will take a closer look at this theoretical approach that promotes radical democratic experiments such as participatory budgeting to solve our social, environmental and political problems.

1.3.3 Deliberative Democracy and Environmentalism

> "We can, I believe, best explore the prospects for an effective green democracy by working with a political model whose essence is authentic communication rather than say, preference aggregation, representation or partisan competition. […] It is, more importantly a question of some political forms being better able to enter into fruitful engagement with natural systems than others, and so more effectively cope with the ecological challenge" (Dryzek, 1996 p13)

There are many expressions of deliberative democracy and environmentalism. Dryzek calls it *Discursive Democracy (2000)*, Mason names it *Environmental Democracy (1999)* while Fung and Wright call it *Empowered Participatory Governance* (2003). In this section I will lay out the basic principles and characteristics that these theories have in common to give a general picture of what a green deliberative democracy is about.

Deliberative democracy is concerned with the issue of participation and promotes direct popular involvement in decision making. To do so it examines realistic and practical forms of popular participation such as citizen forums, deliberative polls, referendums and most importantly: participatory budgeting. Deliberative theory tries to determine how these participatory methods can be more democratic and how they can bring about the best social

and environmental outcomes. The main argument is that participatory democracy is enhanced and reinforced by the process of deliberation. But what does deliberation mean?

At its core deliberation it is the idea that people can change position over the course of a reasoned and informed debate amongst free and equal citizens (Dryzek 2000). In contrast to the current mode of decision making where self-interested individuals entrenched in their own ideologies compete against one another for influence and power; deliberation proposes a model where people cooperate in a respective and thoughtful manner in an attempt to reach a common agreement with the sincere concern for the common good (Smith 2003). Fung and Wright distinguish between adversarial and collaborative decision-making to show the difference between a deliberative form of collective agreement and the political confrontation so common to modern democracies:

"In adversarial decision-making, interest groups seek to maximize their interests by winning important government decisions over administrative and legal programs and rules, typically through some kind of bargaining process. In collaborative decision-making, by contrast, the central effort is to solve problems rather than to win victories, to discover the broadest commonality of interests rather than to mobilize maximum support for given interests" (Fung and Wright 2003p261).

There are various benefits to a deliberative process. First of all it grants legitimacy to the outcome. As Manin puts it: "the source of legitimacy is not the predetermined will of individuals, but rather the process of its formation that is deliberation itself" (quoted in Smith 2003).

Deliberation also results in more efficient and insightful decisions. In fact, deliberation increases the amount of people involved, the number of views heard and this enhances the information flows. By making those affected actively participate in decision-making process, outcomes gain an insight unattainable to decisions taken by distant bureaucrats or elites who are rarely affected nor accountable (Smith 2003). Allowing for participation of more diverging ideas and a wider range of disciplines that would otherwise be left out also increases the quality of the debate. Deliberation scholars argue in combining expert scientific knowledge in equal grounds with local popular knowledge to bring about the most optimal solutions that will account both for local needs and scientific insight (Fung and Cohen 2004). Additionally, the process of deliberation, collaboration and collective

thinking produces better ideas as it can extend the breadth of our imagination and unleash our full collective creative potential.

Yet deliberation is certainly not an easy process. How can people let go of their differences and cooperate for the common good? Dryzek and Smith believe that deliberation requires an "enlarged mentality" in order to work. Similarly Mason believes that a green democracy needs "green citizens". The idea is that people have to look at problems beyond their individual perspective and with a greater outlook at the plurality of other's opinions, views and values. It is building a judgement based on reason, understanding and objectivity as well as a thoughtful consideration for the common good. An enlarged mentally also entails an level of environmental awareness where people can let go of their anthropocentric views and understand themselves as being part of nature rather than above it.

This change in conscience from an ego-centric perspective towards a holistic understanding of the world seems to be slightly idealistic. Yet scholars have found that the actual process of deliberation and problem-solving discussion brings about more environmental and long term thinking and a greater commitment to the common good amongst participants. They have also found that people do change their minds after deliberating rather than remaining entrenched in their individual and ideological positions (Smith 2003). The contact and discussion between people of various different views and the interaction with a plurality of ideas, including environmental ones, influences people to adopt both a greener and a more collaborative perspective. Deliberation can thus produce a change in world views and generate the mentality necessary for its success. Participatory deliberative democracy can hence act as a certain form of citizenship school where people rethinking and re-conceptualise their relation to others and to the non-human world. Participation and active involvement in decision making would thus contribute towards a greener and more humane society as people gain a civic and ecological consciousness.

We have seen how participation and deliberation have various benefits, politically, socially and environmentally. However they are all dependent on the specific type of deliberation that takes place. One big question for all deliberative democracy academics is thus what are the practical means and institutions that can bring about the best form of deliberation. Various scholars see PB as one of the most successful forms of deliberative democracy (Fung and Wright 2003, Baiocchi 2003). As Fung puts it: "Participatory budgeting is perhaps the most widespread and authoritative institutionalization of

participatory democratic ideas anywhere in the world" (2011). Even large organisations such as the Word Bank (WDR 2004) have started to promote PB and in 1996 the UN named it one of the best 40 practices at the Istanbul Habitat Conference (Wampler 2012). Recent social movements like Occupy and the 15-M have also demanded PB as a more meaningful form of democracy (Molina 2011). However not all PB's are equal and according to the type of PB very different benefits and challenges are posed. In this paper, I look at the PB in Porto Alegre, arguably the most successful and amongst the most democratic forms of PB that exists (Cabannes 2004b). By looking at this case I attempt to test deliberative democracy's prescriptions for collaborative participation and whether it can lead to environmentally just outcomes. To do so, I will first analyse the process of participatory budgeting in Porto Alegre to understand to what extent it is democratic and fits with the ideas of deliberative democracy. Secondly, I will examine the environmental outcomes that this process has generated to understand the extent to which this experience in deliberative democracy can bring about a more sustainable form of development. I will then evaluate the process and outcomes of PB in the light on the theories we have seen above. Through this analysis I will demonstrate that the environmental outcomes of a participatory democratic process are dependent on the quality of deliberation that occurs.

Chapter 2: Porto Alegre's Experiment with Participatory Budgeting: Deliberative Democracy in Action

"It is not the suits who come here and tell us what to do. It is us. I am a humble person. I have participated since the beginning. And like me, there are many more poor people like me who are there with me, debating or helping in whatever way possible. And so I think the OP is enriching in this way, because it makes people talk, even the poorest one. It has not let the suits take over" (testimony of an activist participating in the PB of Porto Alegre. Quoted in Baiocchi 2003 p.54)

Following the return to democracy in 1988, Porto Alegre began a process of political and social transformation as the *Partido dos Trabalhadores* (PT) was voted in office for the first time. The PT was a relatively small and radical democratic socialist party that took office at a time where many strong social movements were advocating for direct citizen participation. Additionally, the PT had to adapt to the many democratic changes brought about by the 1988 constitution. The new constitution increased decentralisation which gave large powers to municipal governments including the ability to increase taxes, control the provision of social services and it changed the allocation of the national budget so more funds were channelled to municipal governments. It also mandated mechanisms of greater citizen participation but did not stipulate exactly what they should be. In this context, the PT decided to respond to both civil society's demand for participation and the new constitutional opportunities with one of the most radical experiments of local democracy in the world: participatory budgeting. The PB has changed substantively over time as it has a malleable and flexible structure that can be continuously revised. In the next section, I will provide an

Porto Alegre in numbers:

Population (2010):	1.409.350
Growth (1991-2000)	8,7%
GDP (2003):	R$14,655,093
GDP per capita (2003):	R$10,437
Municipal budget (2006):	R$7,330,270
Life expectancy (2000):	71,5 years
Literacy rate ages 15+ (2000):	96.6%
HDI (2000):	0.865
Gini Index (2000):	0.61
Indigence (2000):	4.28%
Poverty (2000):	11.33%

Source: WB 2008 p11 and *Observapoa n.a.*

overview of its basic characteristics and procedures as they were before the PT left office in 2004. Since the deliberative nature of PB has changed substantively after 2004 and these changes have been poorly studied, I will focus my political analysis on the period beforehand. I will then evaluate this process based on 7 indicators developed by Cabannes for the assessment of participatory budgeting practices (2004b). The breadth of the indicators will permit to simply and clearly examine the democratic and deliberative nature of the PB experiment in Porto Alegre.

2.1 Porto Alegre's Participatory Budgeting

To implement the participatory budget in a city as large as Porto Alegre (with over 1,4 million inhabitants), the municipality was subdivided into 16 more manageable districts Additionally since 1994, 5 city-wide sectoral assemblies were introduced to deal with more wide-scale municipal themes (see Appendix 1). The participatory process is structured through a yearly cycle with 3 main phases.

The first phase lasts from March to June. There are three main purpose of this phase. First of all citizens review and monitor the implementation of the past PIS. The PIS is the yearly budgeting plan that contains all the projects and investments decided in the last PB cycle. Second, citizens elect delegates and councillors that will be responsible for the next phase of PB. Thirdly, each district ranks a list of thematic priorities in order of necessity (for a list of thematic priorities see appendix 2). A lot of communication, deliberation and collaboration occurs between civil society groups at this point in order to assess the necessities of each municipality and carefully and fairly chose priorities that will benefit society as a whole (for a more detailed account of how

phase one works see appendix 3).

The second phase of PB starts in June and is based on representative rather than direct democracy. Two major organs are responsible for this part of process: sectoral and district forums of delegates and the Participatory Budgeting Council (COP). The forums of delegates are assisted by the municipal government to review the prioritization of works and services requested under each theme and assess their urgency and feasibility. Delegates visit sites and neighborhoods to evaluate their needs and coordinate their demands. Through the entire budgeting process delegates maintain a continued oversight, coordinate with the COP and keep citizens informed. After the forum submits a final list of projects and priorities the government prepares cost estimates for every demand.

The other main organ responsible for the second phase of the budgetary process is the COP. The COP is the main institution in charge of creating the PIS for the whole city. For this purpose the city grants councillors full access to various resources and technical training. After the investment budget estimate is disclosed by the government Councillors coordinate with district and thematic forums to harmonise citizen's demands and create the PIS. They have to reconcile the thematic priorities and investment projects voted previously with resources available and with the distribution criteria in order to choose each individual project (see appendix 4). This is a long and difficult process that requires deliberation and cooperation between councillors, delegates, government workers and civil society in order to make sure that the limited resources are distributed fairly and for the benefit of the city as a whole. By December, the PIS is completed and it is submitted to the City Council (municipal legislative) and to the mayor for final approval.

The third and final phase of the PB process is dedicated to the implementation and monitoring of the PIS as well as the revision of PB procedures. Once the Mayor and the City Council approve the PIS, the municipal government starts public works in January. In the meantime, the COP, in collaboration with the forum of delegates, review and change PB guidelines and regulations to improve the process. The monitoring and evaluation of project completion is also carried out by the COP and the forum of delegates until the next council and the next forums are voted. Additionally, every citizen can monitor project implementation through the published PIS booklet and the preparatory meetings in March.

Participatory Budget Cycle:

First Phase, direct democracy		Second Phase, representative democracy.		Third Phase, mix
March - April	**April - June**	**June-December**	**July- December**	**December- March**
Preparatory Meetings	**District and Sectoral Plenaries and Interim meetings**	**Forum of Delegates:**	**Participatory Budget Council (COP)**	**Approval, implementation and monitoring of PIS**
• Review implementation of previous year's PIS. • Mayor attends with staff and responds questions. • Review and discuss OP guidelines and regulations including technical criteria and rules for distribution of investments. • Define number of delegates to be elected to district forums (based on attendance).	Interim meetings organized informally by civil society : • Elect delegates. • Delegates then learn about technical issues involved in demanding projects to help citizens chose projects and rank priorities • Discuss concrete projects and priorities Second plenaries in June where: • Vote on ranking of thematic priorities and specific projects • Elect councilors.	• Delegates visit sites and neighborhoods to assess needs and coordinate demands • Review the prioritization of works and services requested under each theme and their feasibility. • Receive training and technical assistance by various organs of municipal government. • Work closely with various departments of municipal government and with COP. • Continued oversight and communication with citizens through the entire process.	• Investment budget and estimate of project costs calculated by government. • Coordinate with district and thematic forums and with the city administration. • Reconcile priorities and demands voted previously with resources available and with distribution criteria to chose individual projects. • Based on this Council creates and submit next years PIS to the City Council (legislative) and Mayor for final approval.	• Mayor and City Council approve the PIS. • Municipal government starts implementing PIS in january. • Council reviews and changes OP guidelines and regulations to improve the process. • Changes reviewed and discussed by forum of delegates. Monitoring and evaluation: • Continued oversight of projects and investments by COP and forum of delegates until next council and next forums voted. • Evaluation by every citizen through published PIS booklet and preparatory meetings in march.
CITIZENS		**DELEGATES**	**COUNCILORS**	**COUNCILORS, CITIZENS AND DELEGATES**

The following table resumes the participatory budgeting cycle:

Source: Adapted from IADB 2005 p18

2.2 Assessing PB with 7 comprehensive variables

I will now analyse the PB using the seven dimensions developed by Cabannes (2004b). Through this analysis I will be able to evaluate the democratic and deliberative nature of the process.

1. **Direct democracy versus community-based representative democracy.**

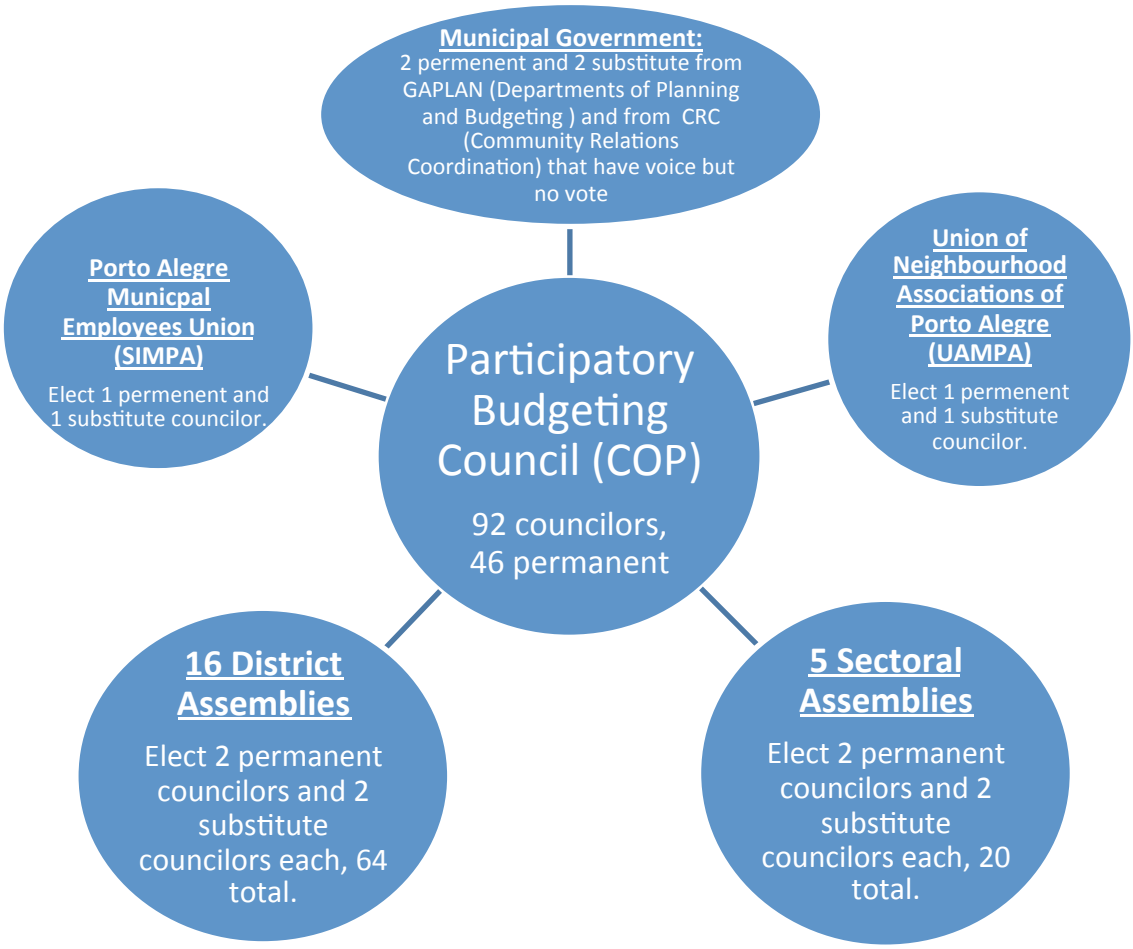
PB has levels of both direct and representative democracy. In the first phase, citizens participate directly in the decision making process by proposing projects and ranking priorities. However phase 2, is a representative process directed by elected delegates and councillors. Yet they perform a different form of representation than the typical one we see in liberal democracies. In fact, they are in constant communication, collaboration and deliberation with civil society though the entire process and do not represent a small minority of elites. An analysis of the profile of delegates and councillors shows a good representation of the most marginalised groups in society (see appendix 5 and 6). Hence, even if some decision making power is handed on to representatives, the deliberative nature of their interactions with civil society makes PB considerably more democratic than traditional representative institutions.

2. City-based participatory democracy versus community-based participatory democracy.

The PB process in Porto Alegre has a good balance between city-based and community-based participation thanks to district and sectoral assemblies that permit people to be engaged in city-wide themes or on local needs. Additionally the COP is able to balance municipal and district priorities and have a vision that is both fit for each region and good for city as a whole. However, some studies have pointed out a general lack of coordination with other participatory bodies such as the Municipal Councils, the Urban Fora and the City Congress (WB 2008). This creates conflict of interests as various institutions have similar roles but lack a comprehensive framework of collaboration to work together.

3. What body is in charge of the participatory decision making.

The COP is the most powerful and important body in charge of the largest section of decision making. The various members that constitute it, coming from civil society, sectoral and district assemblies as well as municipal government representatives allow for an informed and comprehensive collaboration to occur. The following diagram representing the council and all its constituents demonstrates its diversity and its democratic nature with the large majority of its members being directly elected by citizens or civil society representatives.



Additionally, the municipal government grants the COP a wide range of resources such as telephones, computers, technical training and assistance in order to bring about the best possible outcomes and ensure the quality of the deliberative process. The continuous collaboration and negotiation of the COP with civil society, delegates and the municipal government also make it a remarkably democratic institution with a particularly deliberative form of decision making.

4. Who makes the final budget decision.

While the mayor and city council give the final budget approval their power is very limited as they can only make minor revisions and have historically done very few changes to the PIS. Members of the municipal legislative are even reluctant to make changes as it might weaken their electoral support. The final budgeting decision hence remains essentially in the hands of the COP and hence, of the people.

5. How much of the total budget is controlled by the participatory bodies.

Citizens have control over 100% of the capital investment budget; these are the funds remaining after all maintenance and administrative costs. Capital investments have greatly increased after the implementation of the PB risnig from 2% of total expenditures in 1989 to an average of 10% from 1990 to 2000 (see appendix 7). In addition to the large budget controlled through PB, many resources are spent on process itself. Various different cultural and recreational entertainments are proposed to stimulate involvement and attendance during the festive first phase of plenary assemblies. An activity bus is also provided so that parents can come with their children, reducing the opportunity costs of participation. Furthermore technical training and assistance is given to delegates and councillors and city employees facilitate assemblies with computers, projectors and microphones. Even the transport costs of delegates are covered by the municipal government so they can travel and deliberate with each neighbourhood about their various demands.

6. Social control and inspection of works once the budget has been approved.

Monitoring and evaluation is a central component of the PB process and there is a comprehensive level of municipal transparency to allow it. As we have seen in phase 3 there are various mechanisms for the continuous monitoring and evaluation of projects. Not only are the council and forum of delegates in charge or supervising and observing the completion of projects but the transparency of the process permits every citizen to account for the budget through the printed PIS, the PB website (*observapoa*) and the discussions in preparatory meetings. Through these methods municipal corruption, patronage and clientelism have virtually disappeared (Avritzer 2006). Citizens now don't rely on politicians or political interventions to obtain public goods and can count almost entirely on the PB. However, the monitoring process is limited by three major factors. First, studies have shown that people have a very limited knowledge of the PB process and of the municipal budget (WB 2008). This seriously affects their ability to properly monitor what is being done (See appendix 8). Secondly, while information is widely available for people to consult, it is often too technical to be understood or hard to find on the complex municipal website that is not updated regularly. Finally, there is a monitoring gap in the PB as there are no clear mechanisms for

citizens to evaluate the design and technical implementation of projects once they have been approved.

7. **The degree of formalization and institutionalization.**

One of the most important characteristic of the PB is its ability to continuously evolve and be improved by citizens. In fact, the *reglamento interno* stipulating the rules and procedures is revised and amended every year by citizens in phase 3. This institutional flexibility is a great strength that allows the process to become more and more democratic and to adapt to changing socio-economic conditions. However it is also a weakness as it permits the process to be weakened or coopted by a less supportive government. A certain level of grounded institutionalisation would thus be beneficial for the PB.

2.3 Analysing the PB process

While we have analyzed some limitations in terms of monitoring, information, institutionalization and cooperation with other participatory institutions; the PB remains a remarkably deliberative process. In fact, we saw how citizens, delegates and councillors are in constant communication and negotiation with one another and collaborate for the benefit of society as a whole. PB in Porto Alegre is hence very different from the confrontation and entrenched party politics that occurs in liberal democracies and prevents the patronage and corruption that is so common in LDCs'. Through PB, people gain a greater control over their community, a sense of belonging in their society and the ability to shape the future of their city. Porto Alegre's PB is thus an outstanding example of deliberative democracy and has effectively allowed citizens to reclaim their "right to the city".

Chapter 3: Assessing Environmental Outcomes

> "Participatory Budgets are surging as an innovative practice of urban management with an excellent potential to develop principles of good local governance. […] It rationalises public spending, increases revenues, redistributes investments away from a bipolar organisation of rich and poor neighbourhoods and creates urban plans with a more dynamic view of local structures where the matrix of necessities imposes itself over demagogy, social exclusion and the wills of a dominant class." (Translated from Molina 2011, p279-80)

From what we saw in the previous chapter it is clear that PB is a successful deliberative process. What we will attempt to discover next is to what extent this deliberative process is capable of bringing about responsible environmental outcomes. To do so I will examine the district priorities ranked through PB, how they were implemented and how they have affected urban environmental conditions. While my political analysis was based on the years before 2004, I will be looking at the environmental outcomes for a longer span of time as they take longer to change and to evaluate.

The table below shows the ranking of thematic priorities since 1992:

Table 1: Porto Alegre: Participatory Budgeting Thematic Priorities

Year	1st Priority	2nd Priority	3rd Priority	4rth Priority
2012	Housing	Education	Health	Social Assistance
2011	Housing	Social Assistance	Education	Paving
2010	Housing	Education	Social Assistance	Health
2009	Housing	Education	Social Assistance	Paving
2008	Housing	Education	Social Assistance	Health
2007	Housing	Education	Social Assistance	Paving
2006	Housing	Education	Health	Social Assistance
2005	Housing	Education	Paving	Social Assistance

2004	Housing	Social Assistance	Education	
2003	Housing	Education	Paving	
2002	Housing	Education	Paving	
2001	Paving	Housing	Basic Sanitation	
2000	Housing Policy	Paving	Health	
1999	Basic Sanitation	Paving	Housing Policy	
1998	Paving	Housing Policy	Basic Sanitation	
1997	Housing Policy	Paving	Basic Sanitation	
1996	Paving	Basic Sanitation	Land Use Regulation	
1995	Paving	Land Use Regulation	Basic Sanitation	
1994	Land Use Regulation	Paving	Basic Sanitation	
1993	Basic Sanitation	Paving	Land Use Regulation	
1992	Basic Sanitation	Education	Paving	

Source: IADB 2005 and PMPA 2003-2012.

Basic sanitation (including water access and sewer connections), paving and housing have occupied a predominant position in people's demands. The importance of these priorities demonstrates how the most pressing needs of people are to ameliorate the build environment as it reduces health risks and improves dignity of life in the most fundamental manner. Since water is most expensive to the poor access to running water brings a significant addition to available income for other resources and reduces the danger of contracting diseases (Satterthwaite, 2007). Paving is also essential as it guarantees access to waste collection, drainage and street lighting; greatly enhancing health conditions, mobility, security and human dignity (Menegat 2002). Sanitation and sewer connections also bring about similar benefits in terms of healthy and dignifying living conditions. The high ranking of all these priorities shows the extent to which people value the importance of living in a safe and healthy environment.

While basic sanitation systematically ranks highly from 1992 to 2001, it disappears from then onwards. This can be explained by the fact that by 2000 the sewage network reached over 80% of households and there was a quasi-universal access to running water (see table 5).

Similarly, paving ceases to occupy the first and second priority as a large bulk of the street paving demands begin to be fulfilled. Yet it still occupies an important position ranking 3rd in 2005 and 4th in 2007, 2009 and 2011. By 2010, approximately 88% of households had paved streets; there is thus still a need for this essential infrastructure and we can expect it to continue ranking highly until there is a quasi-universal access.

After basic urban environmental concerns were resolved, we can see a shift in priorities towards more social aspects such as health and education. Yet housing remains consistently the most highly ranked demand showing the large problem with "favelas" in Brazil and the difficult process of accommodating a growing population. As table 2 shows, 22,1% of inhabitants still live in irregular settlements. Favelas are hence the most enduring and widespread concern in Porto Alegre and this poses a grave problem to the city's environmental conditions and it's resilience to climate change.

Table 2: Irregular Settlements in Porto Alegre:

	1965	1975	1981	1987	1995	2000
Number of settlements	56	124	145	183	215	-
Population	65.595	105.833	171.419	326.608	196.007	290.394
Percentage of city population	8,1	9,5	15,2	24,7	15,5	22,1

Source: Baiocchi 2005 p6

We have seen how people have clearly demanded investments in the build environment but have they actually obtained the priorities they have asked through PB. This is what I will be analysing next. Table 3 confirms that the priorities of citizens for basic sanitation, paving and housing were translated in investments in the corresponding municipal departments. In fact, SMOV, responsible for street paving, obtained the majority of total OP demands with 26,2%, followed by DMAE, responsible for water and sanitation, with 17,5% and in third place DEMHAB, responsible for housing, with 12,7%. Additionally,

SMAM (municipal environment ministry) occupies the 7th place with 4,6% of total demands showing that citizens have also attached a significant importance to ecological concerns.

Table 3: OP demands per municipal department, 1990-2007

Administrative Unit	Frequency	% of total OP demands
SMOV	1,566	26.20%
DMAE	1,043	17.50%
DEMHAB	760	12.70%
SMT	548	9.20%
DEP	423	7.10%
SMED	313	5.20%
SMAM	273	4.60%
SMS	231	3.90%
FASC	229	3.80%
SMIC	206	3.40%
SMC	135	2.30%
SME	97	1.60%
DMLU	47	0.80%
SPM	32	0.50%
GP	17	0.30%
SMA	18	0.30%
SGM	9	0.20%
SMF	14	0.20%
SMDHSU	3	0.10%
PREVIMPA	3	0.10%
PROCEMPA	3	0.10%
PGM	2	0.00%
SECAR	2	0.00%
GAPLAN	2	0.00%
Total	**5,976**	**100.00%**

Source: WB 2008

Now let's examine the percentage of projects completed to understand weather these investments were actually carried out. Between 1990 and 1999 about 90% of investment demands were met by the municipal government (see table 4). However, there was an economic downturn in 2000 that has caused this figure to continuously drop since then. By 2004, in the last year that the PT held office, 77% of demands were completed. When the PT

left power these figures further deteriorated to less than 10% in 2006. Yet we have to take this number with a grain of salt. Indeed, the new party in power focused on completing the 600 projects that the PB had left unfinished before starting new ones. Hence, this does not mean that there was a reduction in expenses in the PB but rather a change of priorities towards finishing past demands before completing new ones. Another cause of this decline is that the government has continuously miss-estimated the costs of projects as well as the investment budget that will be available. These budget discrepancies have made it hard for the PIS to be implemented and the PT has historically had to finance some investments through loans (WB 2008).

Table 4: Percentage of investment projects completed in Porto Alegre 1990-2006

1990-1999	2000	2001	2002	2003	2004	2005	2006
90%	90%	80%	77%	68%	77%	28%*	8%*

Sources: Marquetti and al 2012 and WB 2008
*2005 and 2006 figures are estimates based on figures in W.B. 2008.

3.1 Urban Environmental Management through PB

Finally let's examine the impact of all the investments we saw above. The table below shows the change in various socioeconomic indicators:

Table 5: Evolution of social and environmental indicators in Porto Alegre.

	1989	1991	1997	2000	2010
Households with Water connection		97,61%		98,13%	99,35%
Unaccounted-for-Water		50,37%		34,73%	25,39%
Households with sewage connection	46%			84%	87,7%
Proportion of treated waste water	2%		15%	27%	
Households with access to Solid Waste Collection		96,99%		99,37%	99,72%
Waste generation per capita				0,72 tons	0,76 tons

Green Areas (m2 per resident)	12,5		13,4	14,1	
Households with paved streets					88%
Households with sidewalks					77,1%
Households with street lighting					94%
HDI		0,824		0,865	
Life Expectancy at birth		69,87 years		71,48 years	
Under 5 child mortality		23,40	18,70	17,30	11,85
Under 1 infant mortality		14,10	15,68	14,84	10,48
Sources: UNDP 2008, Observapoa n.a, IBGE 2010, Menegat 2002, Hall and al. 2002, DMLU n.a, DMAE.					

As table 5 clearly indicates, PB has had a remarkably positive impact on various environmental factors. Households with water connection increased from 97,61% in 19991 to 99,35% in 2010. In the same period, the proportion of unaccounted-for water was reduced by half from 50,37% to 25,9% while the price of water has remained one of the most affordable in Brazil (Hall and al. 2002).

In terms of sanitation, the sewer network almost doubled its coverage from 46% in 1989 to 87,7% in 2010. Additionally, the percentage of treated water has augmented from 2% to 27% and there are plans to increase this figure to 77% in the near future (ibid). The treatment of liquid waste has allowed a process of cleaning the shores of the Lake Guaíba and the restoration of major beaches such as the Belém Novo and Lami that have recently become safe to bathe in (ibid).

The SMOV has also brought about significant improvements in street paving as approximately 30km of roads with street lighting, drainage and sewage were built every year (Menegat 2002). Currently 88% percent of households have paved roads and 94% have street lighting. Additionally, Porto Alegre's public transit system is considered to be a model in Brazil gaining the title of "best company of urban transport of the country" in 1999, 2000 and 2001 (PMPA n.d.). Yet, it is facing some major problems as transit tickets are amongst the most expensive in the country and the increased motorisation of Porto Alegre has brought people to use private vehicles instead. While the city grew by 3,63% from 2000 to 2010, the number of passengers in public transport has declined by 1,5% and the fleet of private vehicles increased by 31.2% (ANTP 2011, EPTC 2011, IBGE 2010). This has caused Porto Alegre to have the second most polluted air amongst Brazilian capitals behind Sao

Paulo (ClickRBS, 2008). There is thus a clear necessity to promote and facilitate the use of public transport as well as other alternative forms of transportation.

The waste management system of Porto Alegre has also greatly benefited from PB even though the DMLU has not received a substantial percentage of investments. Collaboration with local citizens and informal waste collectors through the PB has allowed the creation of an acclaimed system of integrated solid waste management (Dias and Alves 2008). In the early 1990's informal waste collectors organised in associations and were incorporated in the recycling and composting system of the DMLU. They obtained access to machinery, water, electricity and facilities to sort the solid waste and sell it directly to recycling firms. After household separation of waste, the 29 trucks of the DMLU collect it from practically every household in the city (see table 5). From collection around 20% of the waste is recycled and the rest is either composted into fertilizer, turned into food for pig farming or sent to a modern sanitary landfill. It is an award winning system which is 50% self-sufficient and one of the most affordable in the entire country costing just US$42 per ton (Bortoleto and Hanaki 2007).

The green areas in the city have also continued to expand under the PB increasing from 12,5m2 per resident in 1989 to 14,1m2 in 2000 (see table 5). Presently, Porto Alegre is one of the greenest cities in Brazil. There are more than one million trees just in public streets, this represents a forest of 20km2 and over 160 different species of tree were identified in the city (Menegat 2002). Furthermore, 1,3 million m2 of public spaces were arborized from 1989 to 2000 (PMPA).

With respect to housing, there are clearly still some efforts to do as almost one fourth of the population still resides in informal settlements. However the large quantity of investments in the sector has resulted in better outcomes than any previous government. In fact, 28.862 families obtained housing assistance from DEMHAB in between 1992 and 1995 compared to only 1.714 from 1986 to 1988 (Baiocchi 2003).

We have seen how these investments in basic services have translated in much healthier environmental conditions for all residents. This has contributed to the reduction of child mortality by half from 1991 to 2010 as well as an increase in life expectancy from 69,87 to 71,48 years (see table 5). The HDI has also improved from 0,824 to 0,865 the highest amongst state capitals in Brazil.

3.2 Analysing PB's contribution to Urban Sustainability

As we have seen, PB has brought about a great number of environmental benefits in the areas of sanitation, water, waste management, green areas and paving. What is most impressive is not only the improvement in all these environmental statistics but also the fact they have occurred while the population growth rate approximated 6,165% per year from 1991 to 2010 (IBGE 2010). PB was thus able to extend the coverage of many basic services while accommodating for the needs of newcomers. Another remarkable achievement is that the treatment of solid and liquid waste was significantly improved during the same period hence reconciling the "brown and green agendas" of urban sustainability. Additionally, studies by Marquetti have shown that the majority of those investments were carried out in the most deprived neighbourhoods; validating the important redistributive potential of PB (2002, 2012). While, some issues remain problematic such as housing, transport and air pollution; Porto Alegre was still able to develop in a more environmentally responsible way than most third world cities. PB has thus demonstrated that a participatory and deliberative mode of decision making can bring about sustainable development.

Chapter 4: Implications and Challenges

> "No environmental management plan will be effective without the participation of citizens, and the more information about the environment that is available to them, the more meaningful public participation will be. A commitment to sustainable development entails adopting participatory mechanisms that reach and involve a wide range of social groups. Devising strategies for a common future does not mean just setting out recommendations for better approaches on paper but also achieving real changes in practice." (Menegat 2002p.205)

In the last two chapters I analysed the process and outcomes of participatory budgeting in Porto Alegre. From this examination I can conclude that PB has brought about various benefits both in terms of a deliberative democratic process and positive environmental outcomes. In this chapter I will further analyse PB in the light of the theories of deliberative democracy, right to the city and environmental justice we saw in chapter one. I will also pose the major challenges and limitation that it faces. In doing so I will demonstrate how the success of PB outcomes are dependent on the quality of deliberation that occurs. Finally, I will show the implications of this radical model of democracy in our ability to deal with the challenges of the 21st century.

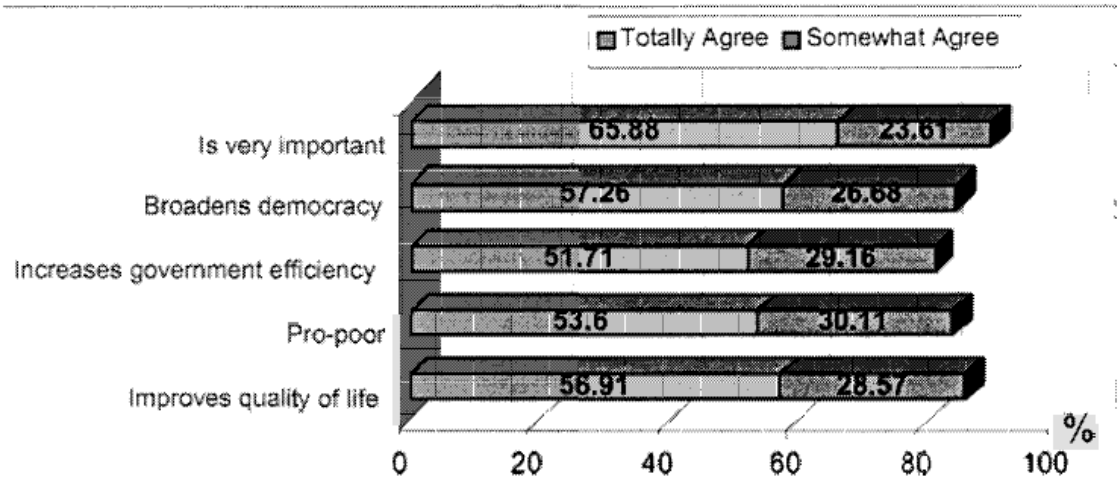
4.1 The Benefits of a Radically Democratic Experiment

PB has allowed poor people to substantively increase their quality of life without having to wait for the goodwill of an elected government. This has not only benefited the city as a whole but most importantly the situation of the worst off citizens of Porto Alegre. In that sense PB has created a better distribution of environmental "goods and bads" binging about a greater level of environmental justice in the city. Furthermore, PB was able to reconcile the "brown and green agendas" of urban sustainability. This demonstrates the efficiency and environmental responsibility that a deliberative process can ensure.

Thanks to all these benefits, PB has enjoyed a great level of legitimacy. As the figure bellow shows, a majority of citizens have a favourable opinion of it. Additionally, the transparency and accountability of the process has been able to decreased local corruption, patronage and clientelism while improving relations between citizens and their government

(Hilmer 2010). By being able to control the use of their taxes people become more open to pay them as well as more respectful of public goods that communities appropriate as their own.

Survey of Public perception of PB in Porto Alegre by percentage of population, 2006:



Soucre: World Bank 2008, p37

PB has benefited from the wide information-base and local knowledge of each citizen. The plurality of voices that participate have allowed for a process of deliberative and creative problem solving. In contrast to entrenched individual positions and ideologies typical of current politics, PB has fostered collective agreement and general concern for common good. In those ways PB has increased the efficiency of public services through a better knowledge of needs and necessities of the population and a collective desire to design solutions for the benefit of society as a whole.

PB is thus an excellent method of fairly and efficiently distributing limited resources to make sure they attend to the most important needs of residents and to those that need it the most. It is particularly useful in developing countries where basic needs are not met and the lack of sufficient funds necessitates a prioritisation in building infrastructures and providing services.

The participatory structure of governance in Porto Alegre has allowed most public services to remain in government hands rather than being privatised during the recent wave of neoliberalism. In fact, PB prevented the usual capture of social services for the interest of

those in power as people actively participated in their development and evaluation. PB has thus shown that we can build a system where there is none of the inefficiency typical of public services and none of the inequality and injustice typical of privatised services.

PB has acted as a form of citizenship school. As citizens participate they become more civically minded and interact with members of civil society organisations who encourage them to engage with various different social and environmental causes (Gret and Sintomer 2005). Since the PB started civil society membership has significantly increased and many new associations were initiated (Baiocchi 2003, 2005). The PB has hence created a new wave of militant citizens and community leaders. Additionally, in the same way that civil society is reinforced by the PB, the quality of the PB process is equally strengthened by an active civil society (ibid). This mutually beneficial relationship improves the quality of democracy benefiting both participatory institutions and community organisations. PB thus creates a self-reinforcing loop of participation, civic engagement and democracy.

Another way that PB has been a citizenship school is by creating a wider social and environmental conscience. As people talk and discuss about their problems with others they gain a broader understanding of their city which takes other's views and ideas into account (Abers 2000). They also get in touch with environmental groups and ecological issues that allow them to realise the importance of preserving and protecting the non-human world. PB thus takes people out of their ego-centric and anthropo-centric perspective to gain a more solidary and ecological understanding of the world (Hilmer 2010). PB has hence stimulated the creation of an "enlarged mentality" and a "green citizenship" that we saw in chapter one as necessary for any deliberative process to thrive. In that manner PB generates the proper deliberative conditions for its own success.

Furthermore, PB has a uniquely malleable structure to the extent that it allows citizens to continuously adjust it to changing socio-economic circumstances and to their evolving aspirations. As we have seen capitalism has failed in its inability to adapt to the social and environmental challenged of the 21st century. In contrast to this structural rigidity PB is a resilient institution that continuously challenges and redefines itself democratically.

Finally, PB has helped move the balance of power away from the economy and the state, and brought it towards civil society and people. In contrast to the environmental exploitation and social domination characteristic of capitalist relations of power, PB has empowered people to take an active role in shaping the future of their city and improving the

quality of their lives. By empowering citizens PB has thus mitigated some of the negative social and environmental externalities of the capitalist market system while enabling people reclaim their right to the city.

4.2 The Challenges Ahead

PB does not in and of itself guarantee better social and environmental outcomes. It is the quality of the PB process that enables citizens to participate equally and deliberatively that can bring about positive outcomes. In that sense, the more deliberative and democratic the nature of the PB process, the greater the social and environmental outcomes that will result.

Through chapters two and three I have examined the procedural challenges that remain in Porto Alegre and how they have limited the positive impacts of PB. They include:

- The low participation of middle and upper classes.
- The limited scope of PB to only budgetary matters.
- The monitoring gap in terms of project design, development and implementation.
- The lack of institutionalisation and cooperation with other participatory bodies.
- The lack popular of knowledge about the functioning of PB and of the municipal budget as a whole.
- The government's inaccurate estimate of project costs and of the next municipal budget.
- The limited internal transparency of the process (for a more detailed account of these challenges and recommendations to deal with them see Appendix 9 and 10).

4.3 Participatory Budgeting in the context of a Globalised Capitalist System

Beyond these organisational and procedural challenges PB also faces major obstacles due to the nature of the capitalist system in which it operates. The inequality, exploitation and cultural hegemony of neoliberal capitalism have remained in parallel to the democratic and inclusive system of PB and this has prevented it from bringing about the full extent of its benefits. Porto Alegre still has a dual economic structure with a minority of privileged people

living in conditions of wealth comparable to those in the north while the rest of the population remains in poverty. Porto Alegre's Gini coefficient has actually increased from 0,59 in 1991 to 0,61 in 2000. Poverty and extreme poverty levels have also slightly increased during this same period (see table below). Furthermore, we have seen how informal settlements have kept growing with 1/4th of the population still living in favelas. While PB has been able to bring major improvements to the living conditions of the poor, the general socio economic structure has remained exploitative and exclusionary. This shows the limitations of local participatory democracy in the context of a globalised capitalist system. While PB represents a large step towards a better and more inclusive future for all, as long as the general socio-economic conditions remain the same, more wide-ranging social change will be limited.

Evolution of socio-economic indicators in Porto Alegre 1991-2000.		
	1991	**2000**
Poverty	11,02%	11,33%
Extreme poverty	3,23%	4,28%
GINI index	0,59	0,61
Source: UNDP, 2008.		

The environmental impacts of PB have also been limited by the nature of the environmental problems we face. Indeed, no matter what positive environmental outcomes were brought about through PB, the environmental crisis that we face necessitates a change in our way of life beyond sustainable urban environmental management. We need to radically change our exploitative production structure and our cultural habits of mass consumption. We have to stop valuing our lives through material processions but rather through more significant non-material aspirations. This change in lifestyle necessitates commitment, education and participation (Menegat 2002). Indeed, if people participate with knowledge about the environment and its limits they can voluntarily decide to change the lifestyle that our planet cannot sustain. This decision cannot be imposed. It must be collective, informed and genuine for it to turn out positively and direct democracy could thus the best mechanism we have to peacefully bring about this radical change. PB has already started this process by creating an "enlarged mentality" and strengthening the ability of civil society to mobilise people on ecological and social issues. By politicising people, and raising awareness about social, economic and environmental problems beyond the local context, PB had engaged people to take action against more wide-ranging issues such as climate change,

deforestation and inequality. PB can thus be a catalyst that mobilises people towards broader social, economic and environmental change.

4.4: Is Participatory Budgeting a universally "exportable" model?

We have seen how successful this experience was in generating socially and environmentally just outcomes and in granting people their right to the city. There is much to learn from this participatory model especially in the face of the democratic and environmental crisis that we face. PB could potentially be exported anywhere in the world and allow people to generate democratic solutions to the social and ecological challenges of the 21st century. This is why various social movements have being demanding the implementation of PB in their communities and why so many organisations are promoting it internationally. Yet the 250 experiences of PB that were created around the globe by 2004 have had mixed results (Cabannes,2004b). This poses the question of how replicable this model really is. Three main considerations have to be kept in mind when trying to export this radical political experiment.

First, Porto Alegre had a committed government willing to give away substantial amounts of power to people and dedicate a large amount of resources to this process. As we examined above, deliberation is expensive and time consuming, the support of the municipal state is thus vital to provide with the various resources needed to ensure the success of PB. All these measures create the conditions for an effective deliberation by informing citizens, generating a collaborative mentality and giving incentives for people to participate.

Second, Porto Alegre has a strong and autonomous civil society (Fedozzi 2007). This is vital for the quality of deliberation and the active participation of citizens. As we saw in chapter 2, people need to be mobilised and organised actively through the entire PB process and the government cannot do this by itself. The extensive coordination required between various CBO's, NGO's, citizens, delegates, councillors and the municipal government is very hard to bring about. A powerful civil society is hence vital for the positive and active deliberation between all these groups and for the success of the PB (Fung 2011).

Third, any PB should be based on a careful consideration of local conditions and even the creation of PB institutions has to be a participatory and deliberative process involveing local people. Indeed, a structure designed for the gaucho population of Rio Grande Do Sul, could fail somewhere else if is it not adapted to the social context on which

it is applied. The malleable structure of PB that can be changed every year by the citizens allows it to be more easily adaptable to any local circumstances. As years go by, the process can evolve and become better suited for the needs and aspirations of the local population. Ensuring this institutional flexibility is thus vital for the resilience and adaptability of PB.

From these 3 points two things stands out clearly: the exportability and success of PB is dependent on the ability to generate conditions for a positive deliberation and on the flexibility of the PB structure. In fact, the government and civil society influence the quality of the deliberation that occurs and this will determine the quality of the outcomes. This demonstrates the extent to which sustainability is a product of democracy, participation and deliberation; attainable only in a system that allows for its continuous reinvention.

Conclusion

We have seen the major benefits and challenges of PB and its potentials and limitations to bring about sustainable change. We have seen how the deliberative nature of the PB process enabled it to bring about socially and environmentally just outcomes as well as granting people their "right to the city". We have seen how the evolving structure of PB allows it to continuously reinvent itself democratically based on changing circumstances. All these factors make PB a remarkably successful system that can create transformative change in a sustainable manner. Thanks to it, Porto Alegre became a counter hegemonic global city showing the world that another form of globalisation is possible.

Societies face, at various points in time, many challenges and crises. It the way those crises are resolved that will shape the path of the future. We have seen how democracy and participation has been lacking in the ways by which we have faced the social and environmental challenges of the 21st century. In contrast to this, PB provides with an institutional channel for people to participate, deliberate and think collectively about creative solutions to these same problems. In can thus build better, more resilient and legitimate responses to the challenges our world is currently facing. In those ways PB has demonstrated that deliberation and democracy can bring about the more sustainable form of development our world so urgently needs.

Nonetheless, PB is limited for various reasons. People are only able to control part of tax revenue and the national and municipal government maintains power over many other aspects of citizen's lives. It is thus clear that PB is only a first step towards a better society. The success of this experience is a proof that people can efficiently govern their own lives and that more rather than less participation is the key to a more successful society. PB is not only a good first step; it is actually one of the most important ones in the creation of a participatory democracy. Indeed, control over the budget grants citizens an amount of power that no other participatory experience can provide. By managing investments people control the distribution of capital, shifting the social balance of power away from the hands of economic elites and towards the hands of the people. In addition to this, PB strengthens civil society and generates an "enlarged mentality" that forges the path towards further transformative change.

Appendix

1) Sectoral Assemblies

These are the 5 sectoral assemblies and their sub-themes. (source: *Regimento Interno* 2011/12 and Menegat 2002).

TRANSPORT and TRAFIC MANAGEMENT
A) Road Paving
B) Road Extension
C) Mobility Program and Organization of Urban Space
D) Qualification and Safe Stop Terminal
E) Road Safety

ECONOMIC DEVELOPMENT, TOURISM AND TAXATION
A) Generation of Work and Income – support for grassroots initiatives
B) Support to Rural Areas
C) Support for business projects
D) Tourism

EDUCATION, CULTURE AND LEISURE
Education:
A) Youth and Adult
B) Early Childhood Education
C) Primary School
D) Special Education

Sports and Leisure:
A) Sport equipment
B) Reform and Expansion of Community Centers
C) Equipment for Leisure and Recreation

HOUSING, CITY PLANING, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT
A) Housing
B) Sanitation
C) Environment
D) Urbanism and urban design
E) Environmental sanitation (waste management)

HEALTH AND SOCIAL WELFARE
Health:
A) Construction and expansion of specialized health network
B) Reform, expansion and construction of health posts
C) Expansion of basic health network
D) Youth
E) Urban mobility and accessibility

Welfare:
A) Care for children and adolescents
B) Assistance for Families
C) Assistance for adults
D) Elderly Care and Shelter
E) Assistance to the Disabled;
F) Reform Expansion and / or construction of social assistance units (centers, shelters, hostels, etc.).
G) Youth
H) Urban Mobility and Accessibility

2) District Thematic Priorities

These are the 17 major topics that constitute the district thematic priorities of the Participatory Budget in 2011-12. Citizens establish a priority order for annual investments between these themes and classify concrete investment demands in accordance with them. The municipal branch in charge of each priority is noted in parenthesis. Note that these themes are subject to change every year (translated from the *Regimento Interno* 2011/12):

BASIC SANITATION (DEMAE)
A) Water Network
B) Sewer

DRAINAGE AND SANITATION (DEP)
A) Rain Drainage (micro and macro drainage)
B) Streams and waterways (drainage and dredging)
C) Environmental Education Program ("The Stream is not a ditch")

HOUSING (DEMHAB)
A) Regularization of land tenure and housing.
B) Housing Construction
C) Mutual Aid Program

PAVING (SMOV)
A) Road construction and paving (including the opening of streets and sidewalks, stairs, walkways and bridges).

EDUCATION (SMED)
A) Early Childhood Education - 0 to 6 years
B) Primary School
C) Youth and Adult Education (EJA Program and Project MOVE)
D) Special Education - Adapting Physical Space for attendance of people with special educational needs

WELFARE (FASC)
A) Care for children and adolescents
B) Assistance to Families
C) Assistance to adults
D) Elderly Care
E) Assistance to the Disabled;
F) Reform Expansion and / or construction of social assistance units (centers, shelters)
G) Construction, reform and expansion of community spaces used for social programs.

HEALTH (SMS)
A) Reform, expansion and construction of health units;
B) Expansion of the basic health services;
C) Equipment and material for health units

ACCESSIBILITY AND MOBILITY (Seacis)
A) Accessibility

B) Urban Design
C) Transport
D) Communication
E) Social Inclusion

YOUTH (SMJ)
A) Demands that include programs of SMJ (Municipal Secretariat of Youth)
B) Events
C) Generation of Work and Income
D) Communication

TRANSPORTATION AND MOBILITY (SMT and EPTC)
A) Bearings, transportation and escape area for loading and unloading of passengers
B) Shelters and signalling equipment,
C) Universal accessibility.

RECREATIONAL AREAS (SMAM)
A) Construction or renovation of squares and parks
B) Children play grounds.

SPORT AND LEISURE (SME)
A) Football fields in municipal areas;
B) Sports equipment in municipal areas;
C) Leisure equipment in municipal recreation areas;
D) Reform and expansion of Community Centers.

LIGHTING (DIP)
A)Construction and maintaining of lighting in public places.
Building new lights on streets, avenues, squares, parks, pedestrian walkways, staircases etc…

ECONOMIC DEVELOPMENT, TOURISM AND TAXATION (SMIC)
A) Supply and rural areas;
B) Programme of work and income - support for economic initiatives;
C) Support for business projects;

TOURISM (SMTUR)
D) Design, reform, expansion or construction of tourist infrastructure and facilities
E) Support for touristic products and services.

CULTURE (SMC)
A) Cultural equipment,
B) Activities for the decentralization of culture.
C) Cultural events and initiatives.

ENVIRONMENTAL SANITATION (DMLU)
A) Assistance in neighbourhoods -
B) Recycling collection;
C) Program for Composting Organic Waste
D) Reform of Sorting Unit

3) Phase 1 of the Participatory Budgeting process

The first phase lasts from March to June and has two main rounds of deliberation as well as intermediary meetings in between (Abers 2000).

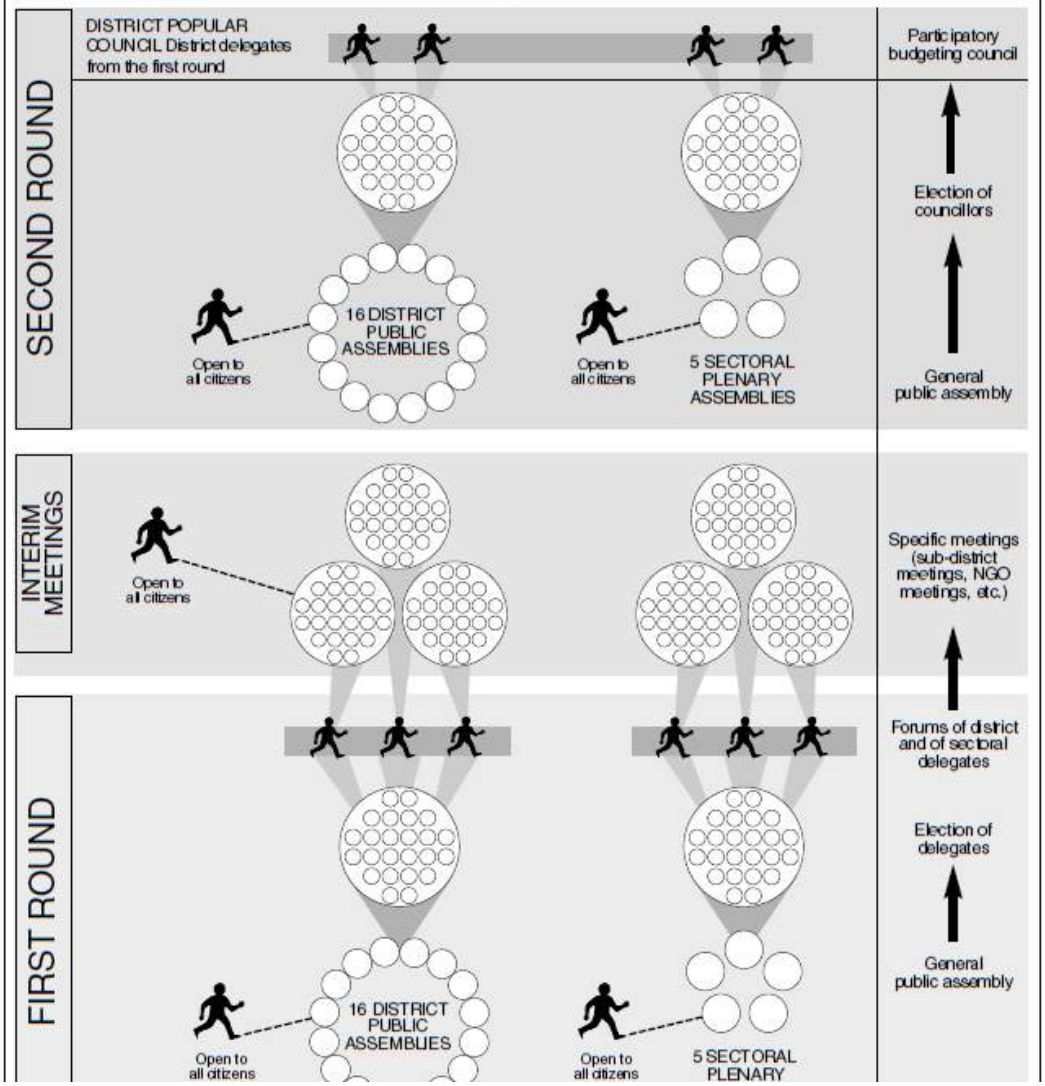
The first round goes on from March to April with large district and sectoral preparatory meetings that are open to all citizens. There are 2 main purposes for these large plenary assemblies. First, citizens are brought to review and monitor the implementation of the previous year's Investment and Services Plan (PIS). The mayor attends each assembly with his staff and responds to people's questions and concerns. The second purpose is to determine the number of delegates that will be elected as representatives for later rounds of deliberation. The number of delegates is determined by the amount of people that attend these assemblies based on a system of diminishing returns. This round thus tends to attract the most people and can have thousands of people in a single assembly. To accommodate all these people and encourage participation, the government provides with some recreational activities and a day care center for children (Gret and Sintomer 2005).

After this first round intermediary meetings go on from April to May. These consist of small community discussions organised independently by civil society at the micro-local level (neighbourhoods, streets and apartment buildings). They first elect delegates based on the number determined in preparatory meetings (Wampler 2007). Delegates are a backbone of active citizens that constitute an important part of the PB process. They create a link between government and citizens and receive training by various municipal agencies on the technical issues involved in demanding projects as well as on community organization. They plan and organize various local meetings with civil society and citizens to discuss concrete projects and investments that need doing as well as the ranking of the 17 thematic priorities. These priorities are ranked in order or necessity and they will determine the overall allocation of funds in each district and in the city as a whole (Marquetti 2002). It is hence a crucial task that involves much deliberation and collaboration amongst community members that have to decide what type of projects are most needed in their neighborhoods (Souza 2007). The role of delegates here is essential as they communicate and collaborate between various civil-society organizations such as NGO's and neighborhood associations to obtain the priority of outcomes that will most benefit society as a whole (Baiocchi 2005).

The second round of plenary assemblies, open to all citizens, begins in June. In these large sectoral and district assemblies citizens vote on the final ranking of thematic priorities and on specific investment projects. In this round, councilors are also elected amongst the delegates and will be responsible for the next phase of the PB process (Avritzer 2006).

The diagram bellow recapitulates this first phase:

Figure 3: **Stages and functions of the district and sectoral assemblies within the participatory budgeting process**



Source: Menegat 2002, p191

4) The PB Distribution Criteria

TOTAL POPULATION OF DISTRICT: Weight 2

Up to 30,999	Note 1
From 31,001 to 69,999	Note 2
From 61,000 to 119,999	Note 3
Above 120,00	Note 4

LACK OF SERVICE OR INFRASTRUCTURE: Weight 4

0.01% to 20.99% deficiency	Note 1
21% to 40.99% deficiency	Note 2
41% to 60.99% deficiency	Note 3
61% to 79.99% deficiency	Note 4
Above 80% deficiency	Note 5

PRIORITY THEME OF THE DISTRICT: Weight 4

Fifth Priority	Note 1
Fourth priority	Note 2
Third priority	Note 3
Second priority	Note 4
First priority	Note 5

For example, if a district of 40.000 inhabitants wants a water connection project as 3rd priority and has a deficiency level of 25% in access to the water grid. The number of points will be calculated as following: 3rd priority gives a note of 3 multiplied by 5 for the weight of that criteria gives 15 points. The deficiency criteria will be at 2 times the criteria's weight of 4 so 8 points while the population criteria will be at 2 times the criteria's weight of 2 so 4 points. Adding the points for each criteria thus gives us a total of 27 points in favour of the water connection project in that district. Depending on the total number of points given to other projects in other regions, this project could end up in the next years PIS. Note that the distribution criteria is subject to change every year and that this is the criteria that was used in the 2002 budgeting cycle. The main objective of these criteria is to make sure that the most deprived districts are prioritised in the obtention of public services. Marquetti has shown that while populated districts tend to be slightly discriminated by this system (even if they are relatively poor) this structure has generally ensured that investments reach the most needed citizens. These criteria thus represent one of the most important mechanisms for the fair redistribution of resources and have greatly improved of the living conditions of the most deprived areas of Porto Alegre (2002).

Source: Menegat 2002 and Marquetti 2002.

5) Number of participants in the Participatory Budgeting process

Participants in the PT Process in Porto Alegre															
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
628	3,086	6,168	6,975	8,011	8,495	7,653	11,075	11,790	14,776	14,408	16,612	17.241	14.985	13.337	14.372

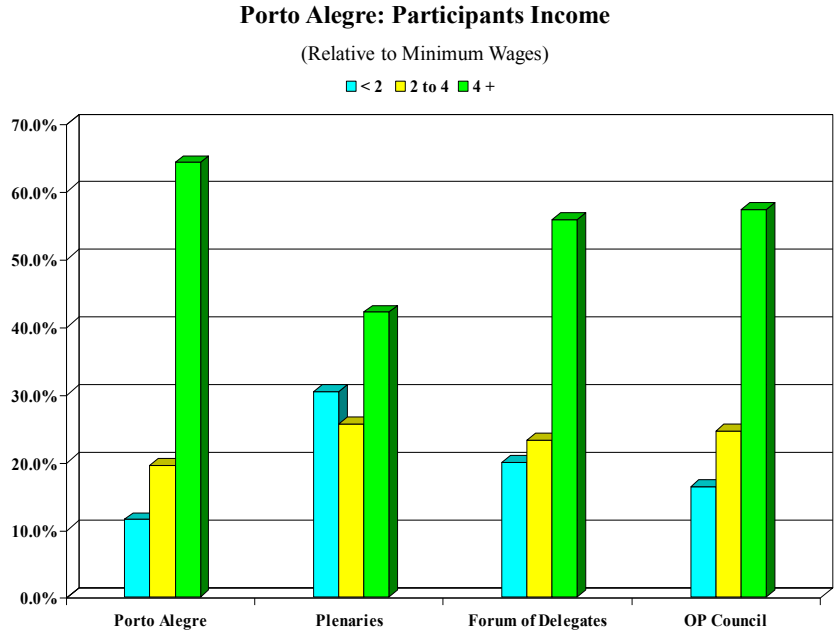
Source: Fedozzi, 2007, p23

As we can see from these figures the number of participants in the PB process has continually increased but remains around 1% of the total population. It is important to note that those numbers only represent people that attended district and sectoral plenary assemblies yet during local intermediary neighbourhood meetings of phase one many more are involved indirectly. About 19.8 percent of Porto Alegre residents have thus participated in the PB process at some point in time by 2006 (WB 2008). Another important point to keep in mind is that those that participate are generally the most militant and active of all citizens who are already involved in various civil society organisations (Baiocchi 2005). In fact, 2/3rd of participants are members of a least one organisation, 1/5th are members of at least two and 1/5th are the leaders of their association. As we go up the ranks to delegates and councillors the militant origin of participants is even more apparent with 90% being members of at least one association and half of them association leaders (Gret and Sintomer 2005, p83). The engaged and activist origin of participants make them great contributors to the OP process as they have a large baggage of organisational experience, local knowledge and social capital.

6) Socio-Economic status and gender of participants

Profile of participants in PB, 2000				
	City Average	All Participants	Delegates	Councilors
Women	55,4%	56,4%	55%	27%
Low income	11,4%	30,3%	23,7%	21,4%
Black	15,4%	28,1%	21%	22%
Low education	15,8%	60.3%	39%	36%

Source: Baiocchi 2005, p15



Source: IADB 2005, p31

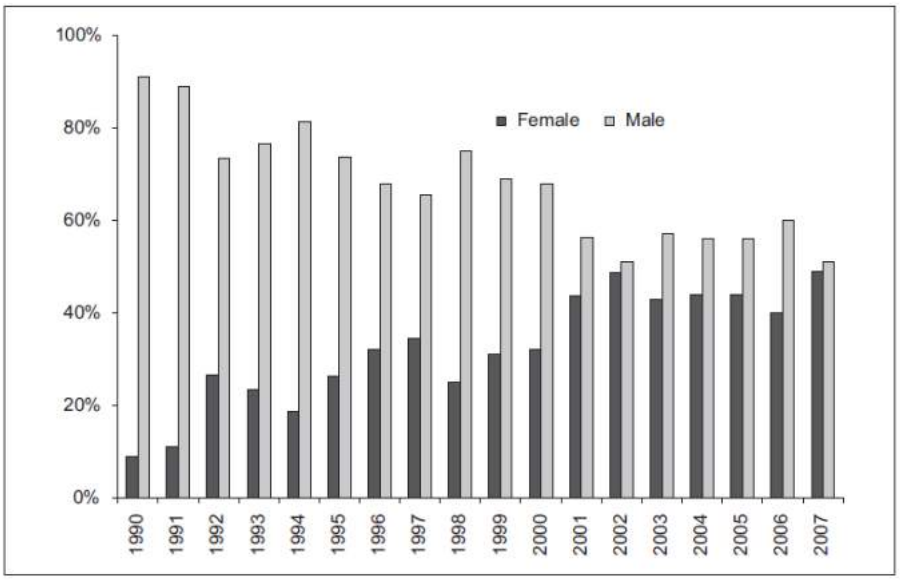
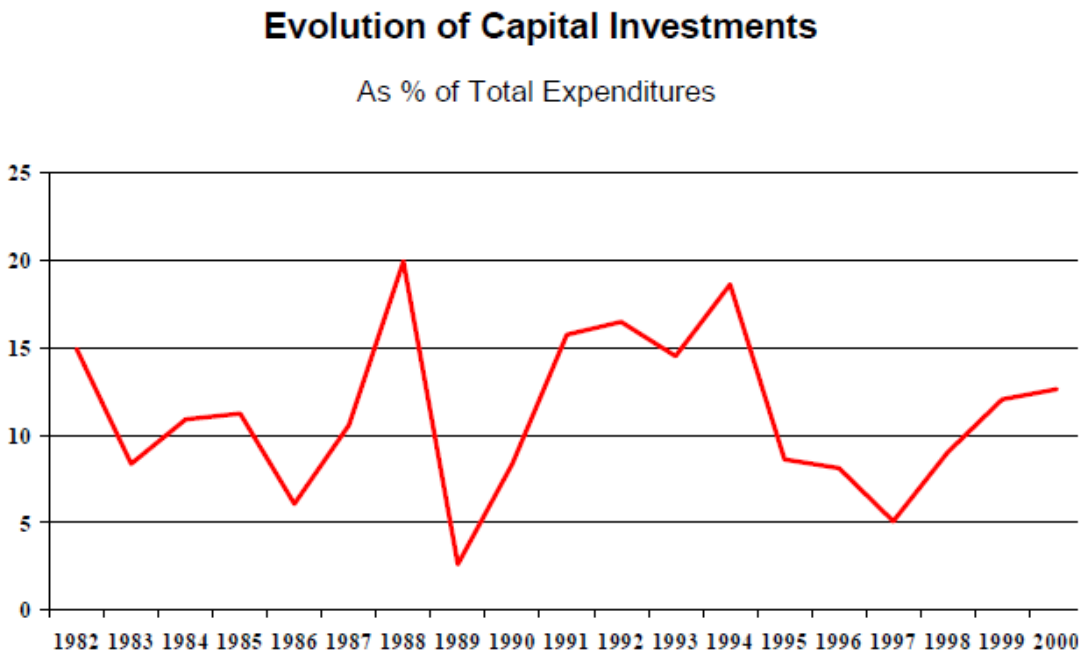


Figure 1. Composition of the PB Council by gender, 1990-2007 (%)
Source: CIDADE (2009a).

Source: Marquetti, Schonerwald da Silva and Campbell, 2012, p71

These table and graphs clearly show that PB participants are generally from disadvantaged sectors of the population (poor, low education and black) and that there is a good measure of gender party that has continually increased with time. This is a significant improvement compared to traditional democratic institutions. For instance the proportion of women in the city council of Porto Alegre has never gone above ten percent (Baiocchi 2003). Also, while councillors and delegates have a higher economic and educational level than other participants they are still less educated, poorer and more often black than the average citizen of Porto Alegre. Yet there are still some limits to participation as the middle class and entrepreneurs are less well represented. This is mostly due to the fact that participatory budgeting is generally concerned with the provision of basic services and infrastructure for the poor and lacks power in more wide-ranging policy and planning issues that could other social groups (WB 2008).

7) Capital Investments in Porto Alegre



Source: IADB 2005, p13

As this graph shows capital investments have considerably increased after the implementation of PB in 1989. Additionally, the municipal government was able to implement tax increases and tax collection rates have risen as people became more willing to pay them once they have a greater control over their use. Municipal workers also had their salaries frozen as they became accountable to citizens' through the PB process (Gret and Sintomer 2005). All of this has increased the percentage of budget that can be allocated for capital investments (IADB 2005).

8) Citizen Information about the Participatory Budgeting process and the municipal budget in Porto Alegre

Table 1: How Porto Alegre citizens rate their knowledge of the municipal budget:

	General Sample	Control group	OP participants	Non-participants
Well informed	5%	9%	8%	4%
More or less informed	29%	34%	39%	27%
Without much information	65%	57%	53%	69%
No answer	1%	-	-	1%

Source: 2006 public opinion survey in WB 2008, p69

Table 2: Knowledge of PB process according to number of years participating:

Knowledge of OP rules and working criteria		Duration of OP participation			
		1 year	2 to 4 years	5 to 7 years	8 years or more
Most of the rules	n	22	98	94	153
	%	**11.1**	**25.9**	**47.7**	**64.0**
Only some	n	66	144	60	58
	%	**33.2**	**38.0**	**30.5**	**24.3**
Few	n	46	81	30	23
	%	**23.1**	**21.4**	**15.2**	**9.6**
Doesn't know	n	65	56	13	5
	%	**32.7**	**14.8**	**6.6**	**2.1**
Total	n	199	379	197	239
	%	**100**	**100**	**100**	**100**

Source: World Bank 2008, p34

As table one shows, while PB participants have a better knowledge of the municipal budget than non-participants, the overall amount of people that consider themselves well informed is very low (5%). Combined with those more or less informed, a total of only 34% of participants have a minimum amount of knowledge on the budget. This seriously limits the capacity for people to actively monitor and evaluate government actions.

With respect to the PB process table 2 shows that for those that participate the first time the process is not very clear with 55,8% that know few or none of the rules. This concern is confirmed in a study conducted by *ObservaPoA* that found that in 2009, after two decades of PB, only 19,4% of participants knew all or most of the rules (ObservaPoA 2009). Yet table 2 shows how, with time, this problem diminishes as those that have participated 8 years or more have a much more comprehensive knowledge of the process. However this creates an inequality between participants limiting the internal accountability of councillors and delegates who are generally better informed than others (WB, 2008). It also prevents people from participating in a more reasoned and comprehensive manner which can result in communication problems, organisational conflicts and sub-optimal outcomes.

9) Major institutional and procedural challenges for PB in Porto Alegre

The first challenge we saw in chapter 2 is **the underrepresentation of some sectors of society in the participatory process such as the middle class, entrepreneurs and the very poor** (see appendix 6). One of the reasons for this is that PB is overwhelmingly concerned with local investments for poor neighbourhoods and much less on more general and important policy issues that affect other social classes. Sectoral assemblies were created to deal with this problem and give a wider focus to the PB. Yet they have failed to attract the further commitment of other social groups as they still only deal with budgetary investments rather than having a more wide scale power on local policies and regulations. For the poorest sectors of society, the opportunity cost of participation remains high and forms the biggest barrier to their implication. In fact, lost working hours are not always easy to catch up and transport costs cause a strain on households with very limited budgets. The underrepresentation of middle and upper classes and of the very poor restricts the plurality of voices that contribute to the deliberative process. This could result in sub-optimal outcomes that don't reflect the needs and aspirations of each social group. Additionally, it reduces the legitimacy of the process in the eyes of those that do not participate.

As chapter 2 mentions, **all participants lack enough knowledge and information both about the municipal budget and the PB process** (see appendix 8). While there is a lot of transparency the information is either hard to obtain (complicated internet links, limited amount of printed documents) inaccessible (broken internet links and missing webpages), or too technical to be understood and analysed by the average citizen.

A **lack of internal transparency reinforces this information problem** as there is not enough formal, transparent and regular communication between councillors, delegates and citizens. Thus, people don't always know what it going on and how the PB is being carried out. This created a situation where delegates and councillors tend to be elected over and over again as they are only ones with proper knowledge of how the PB works.

In chapter 3 we saw how the **government often produces inaccurate estimates both of project costs and of the municipal budget.** This leads to the creation of PIS's based on weak fiscal data bringing about financial deficits and causing postponing of investment demands. The reduced implementation of projects can lead to frustration from the part of citizens that expected their demands to be completed. This seriously affects the credibility of PB and can undermine the legitimacy of the entire process.

A major challenge we saw in chapter 2 is the **lack of coordination and cooperation between the PB and other participatory bodies** such as the Municipal Councils, the Urban Fora and the City Congress. This brings about conflicts as various bodies are in charge of similar roles but lack proper collaboration to work together.

Another problem we examined in chapter 2 is the **lack of proper binding institutionalisation** that allows PB to be weakened by an unsupportive government. A

proper institutionalisation is thus necessary to prevent the PB from being co-opted by misguided interests or debilitated by political changes.

A final challenge we mentioned in chapter two is the **monitoring gap in terms of project design, development and implementation.** In fact the PB does not allow citizens to review if approved projects are being completed in a socially and environmentally responsible manner. In fact, monitoring should not be limited to weather projects were completed but also how they were designed and executed.

10) Dealing with the procedural challenges of PB in Porto Alegre

Information, technical training and education:

The most important challenge that PB faces is to inform citizens better both on the PB process and the budget itself. This can be achieved through various means. The **media could be used to diffuse information and educate people** on what is going on in plenary assemblies, PB forums and the COP. This can be done through various different sorts of radio and TV shows as well as promotional campaigns. **Government communication should also be reinforced with better and easily accessible information.** The official website should be clearer and updated more regularly and local information kiosks could be created for people to obtain direct information. **Additional more and better statistics should be available for citizens to monitor the progress and impacts of PB as well as the necessities and problems of each district.** The Urban Life Quality Index developed by Inês Pedrosa and used in Belo Horizonte could be a useful statistical tool for Porto Alegre (WB 2008). With the above recommendations, every citizen can be better informed about local conditions, the PB process and what the government is doing. This will not only reinforce the quality of the PB process and of the deliberation that goes on but also increase the ability of citizens to monitor and evaluate what is being done.

More technical training could also be provided for each level of participation and for each stage of the PB cycle. A comprehensive and accessible training program could be built in partnership with local universities and think tanks. In that way citizens will gain the proper skills to understand complicated fiscal issues and will be able to better collaborate towards the resolution of collective problems.

Schools can also play an important role by creating early experiences in deliberation and teaching the youth how to interact with the PB and other participatory institutions. Furthermore an early civic education including environmental awareness could reinforce the "enlarged mentality" necessary for effective deliberation.

Incentives to participate:

To deal with the challenge of participation, three major strategies could be used**. First of all, plenary assemblies could be more engaging by providing with additional cultural and recreational events such as concerts, attractions, churrascos and other activities that can turn this process into a jovial social event as well as a political one.** This would not only bring more people to participate but also attract the youth that remain underrepresented (*ObservaPoA*, 2009). A second mechanism would be to **decrease the opportunity cost of participation by paying transport tickets to the worst off citizens and providing food and child care at every level of the process.** This is particularly important for poorest sectors of the population for which the time lost and the money spent on transport and food is a serious limitation. Finally, to increase the participation of middle and upper classes, **methods of e-democracy such as online voting and streaming meetings online could be advantageous.** This would prevent them from spending too much time in the process and having to move to assemblies in neighbourhoods where they do not feel at ease.

Structural changes:

The major obstacle to the deepening of the PT experience is that is remains purely focused on capital investments, rather than having a more wide ranging scope. **Increasing the responsibility of PB to more long term planning, policy making, city regulation as well as a control over the entire budget, including fiscal policies, could expand many of the benefits we saw earlier.** A broader scope would also allow people to face larger social and environmental challenges such as inequality and climate change. **Moreover, the monitoring and evaluation process should also be extended to other areas.** The entire city budget should be up for debate as well as the delivery of public services and the design and implementation of development projects. This will enhance the efficiency of government actions and increase its legitimacy by becoming even more transparent and accountable. It is important to note that increasing the power of citizens would have to be combined with the training and education discussed earlier so people can be equipped to deal with these additional responsibilities.

The above recommendations could be reinforced in two different ways. The First would be to combine all different participatory institutions of Porto Alegre into one centralised organ of direct democracy. This would be the central institution for citizen participation with various different sections including fiscal planning, sectoral planning, monitoring, long term plans, PIS, city policy, environmental regulation etc… This would simplify participation for every citizen, extend popular power to new arenas and eliminate the current conflict of roles and interests between different participatory bodies.

A second method would be to create a simple and easy to understand overreaching framework for participatory institutions and to integrate new ones in areas where participation is still lacking. This would clarify functions, remove overlapping roles and increase the collaboration between different participatory organs.

Finally it is important to formally institutionalise the PB into municipal or state-legislation. This has to be done with enough flexibility for the process to remain resilient towards differing socio-economic conditions and with enough legal bases to prevent the PB from being weakened and coopted by unsupportive governments. In that way the PB would truly become a permanent body of citizen participation and empowerment guaranteed by law.

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