

## Democratizing the Municipal Budget in Latin America: Citizen Participation in Brazil and Mexico

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### Abstract

Citizen participation in Latin America has largely been an exercise in clientelism and corporatism. Recently, more authentic forms of participation have emerged at the local level, often led by opposition parties, as part of a larger democratization agenda. The participatory budget, a pioneering effort to democratize the municipal budget by empowering citizens to make resource allocation decisions, was first attempted in Porto Alegre, Brazil in 1989. The program afforded unprecedented levels of participation to the socially marginalized and poor, garnering accolades from international organizations. Participatory budgeting was later adopted by the Mexican municipality of Santa Catarina. Unlike its Brazilian counterpart, the administration did not achieve the level and degree of citizen participation nor a significant redistribution of public resources. The author considers three key factors that account for the divergent outcomes: 1) party ideology and governance philosophy, 2) design and implementation of the program and 3) degree of financial decentralization from central government.

**Key words:** Latin America, participatory budgeting, decentralization, democratization.

### 1. Introduction

The *Priista* mayor's remark above typifies the mixture of skepticism and interest with which local leaders in Latin America regard citizen participation. It stems, in part, from uncertainty about the practicality and political advisability of incorporating citizens into decision-making processes routinely handled by elites. Scholarly accounts address the perils associated with state efforts to institutionalize citizen participation programs from the vantage point of public administration and bureaucracy. (King, Feltey and Susel, 1998; Stivers, 1990). Participatory mechanisms can alter power relations and result in a loss of control for the bureaucracy. The transaction costs associated with citizen participation can also dampen enthusiasm among political elites as they consider the increased staff time and communication that is necessary to incorporate citizen participation. If local governments decide to incorporate citizens, local leaders must still grapple with a set of practical questions regarding the nature and scope of their participation or "how widely to cast the net." (Cernea, 1987). Finally, governments must steer a course between cooptation and autonomous organization when deciding to incorporate citizen groups in decision-making processes or otherwise risk the loss of credibility in the eyes of citizens.

Despite the trepidation with which many officials approach citizen participation, there is an increasing recognition by local political elites in Latin American countries that some participatory component beyond electoral participation is necessary in order to be regarded as fully democratic (Grindle, 2000). In that vein, there has been rapid diffusion of participatory experiments in local government have occurred throughout the region from *comunas* and *corregimientos* in Colombia, *Sociedades de Fomento* in Argentina and citizen initiated ordinances in Venezuela (Nickson, 1995). In Mexico, the interest in participatory projects among local leaders was heightened during the days leading up to the historic elections of July 2000 when the National Action Party (PAN) wrested the presidency, and the control of many municipal administrations, from the PRI. A similar sense of hope and optimism, among the disenfranchised in Brazil, took place a decade earlier as the Worker's Party (PT) won the municipal presidency in the city of Porto Alegre and 35 other Brazilian municipalities in what many observers viewed as a protest vote against the Sarney administration (Power, 2000).

Ideologically diverse political parties at the helm of municipal governments throughout Latin America are experimenting with citizen participation programs during the current democratic transition (Abers, 2000; Cornelius et al, 1999; Merino, 1995; Nickson, 1995; Rodriguez and Ward, 1995). Sharing a common legacy of state-society relations marked by clientelism, these municipal administrations, often led by opposition parties, are opening new spaces to involve citizens in local government. Clientelism, as pervasive a phenomenon in Brazil as it is in Mexico, has been the predominant mode of allocating public resources (Hagopian, 1996; Roniger, 1990). Increasingly, the practice became identified with the social inequities facing both countries and served as a major impetus for opposition parties to oust authoritarian regimes. As Rodriguez (1995) notes, citizen participation in Mexican municipal government has largely been limited to regime supporting activities (voting for the PRI) and petitioning local officials for goods and services. Participation in Brazil has followed a similar pattern with the *coronel* or local political boss who brokers benefits with municipal and state government on behalf of political supporters (Grossi, 1989). In characterizing the changed local governance practices in Mexico during the democratic transition, Ward (1999) notes that while many municipalities still exhibit the clientelistic-political mode of governance, a competing model, routinized technocratic, is emerging among municipalities governed by opposition parties. The primary difference between the two models is that accountability in the former is directed upward towards superiors in the party upon whom promotion depends, while the latter is characterized by a downward accountability to citizens. The participatory budget falls under the routinized-technocratic approach that seeks to transform the "client" to that of a citizen who is deserving of equal treatment in the delivery of services. As Elizabeth Jelin (1995, 86) notes, one of the primary tasks during the democratic transition is that:

It implies the dismantling of antidemocratic forms of exercising power, whether authoritarian, corporative, or based on pure force. It also implies a change in the rules governing the distribution of power, the recognition of the enforcement of rights, and the legitimacy of social participants (1995, 89).

Public budgets can be understood as instruments to allocate resources, distribute power and, in the process, recognize certain social participants. The manner in which budgets are typically formulated tends to be a technical exercise engaged in by political elites. Even in long-standing democracies, the standard municipal budgetary process has seldom involved citizens in resource allocation decisions (Mikesell, 2003). This tendency is even more pronounced in Latin America where the strong mayor form of government in Mexican and Brazilian municipalities reinforces the centralism characteristic of those political systems. The mayor elaborates the budget and the municipal council often rubber stamps mayoral decisions (Nickson, 72). Legislative councils have not been the forums for debate and deliberation where budgetary proposals are scrutinized. The closed nature of the budgetary process impacts municipal expenditures along two dimensions. Firstly, local patron-client relations usually translate into favoritism in the awarding of government contracts and projects. Clientelism also extends to the intergovernmental sphere where local officials curry favor with officials at higher levels in order to obtain revenue transfers in return for political support. These practices displace budgetary funds from needed citizen services towards activities that perpetuate favoritism in the awarding of government contracts for those that have political ties to the municipal administration. It is also seen in the disproportionately high share of the budget that is devoted to employee salaries, a

long-standing practice in the region (Goldfrank, 2007). In contrast, the participatory budget advances the notion that ordinary citizens can not only participate directly in governmental processes without the need for mediation by powerful patrons, but are cast as the key decision makers over resource allocation, signaling a marked departure from favoritism as the dominant criteria. By involving citizens, the participatory budget purports to allocate decisions in a more democratic and more transparent fashion.

The pioneering effort to democratize the municipal budget occurred in Porto Alegre, a city of 1.3 million people, in southern Brazil. Since the participatory budget was first unveiled in 1989 by the newly elected Workers Party (PT), the city has afforded unprecedented levels of participation to its citizens in resource allocation decisions, especially socially marginalized groups, resulting in a more equitable distribution of public funds (Abers, 2000). In recognition of its efforts, the city has received numerous accolades from national and international organizations for improving the quality of life for its residents (World Bank, 1995). The degree of success achieved in Porto Alegre raises expectations about the possibilities for citizen participation in other Latin American municipalities. As testament to its popularity, a few hundred municipalities throughout Brazil have adopted the participatory budget in the hopes of achieving a more equitable distribution of resources. Worldwide, the methodology has diffused to developing countries with a few thousand municipalities adopting it by 2005 (Wampler 2007).

The Mexican municipal administration of Alejandro Paez de Aragon (1997-2000), adopted the approach after learning of its potential benefits at a World Bank conference for mayors in Toronto, Canada. While inspired by the Brazilian success story, the Santa Catarina experience differed greatly in many respects. The Mexican municipality did not achieve the widespread participation nor did it result in a significant reallocation of resources to the city's underserved neighborhoods as it had in Porto Alegre. This article will explore the Mexican experience in greater detail in an attempt to explain the divergent outcomes. Several factors appear to be important in explaining the variation between the two cases, these are: (1) party ideology and governance philosophy, (2) program design and implementation, and (3) the degree of financial decentralization from central government. The success of the Porto Alegre case has far reaching implications for other localities in Latin America given the widespread diffusion of the methodology via the World Bank and other donor organizations that require a participatory component from loan beneficiaries. Thus, a more complete understanding of the successes and failures drawn from the two cases will serve to elucidate this emerging trend in local government and to better understand the conditions under which participatory programs are most likely to flourish. After delineating some of the more prominent differences and similarities between the two cases, an in depth discussion of the *Decidamos Juntos* program in Santa Catarina will follow.<sup>1</sup>

## 2.0 Political Ideology and Governance Philosophy

In recent years, municipalities governed by political parties from across the ideological spectrum have experimented with a variety of participatory mechanisms to include citizens in decisionmaking. International organizations such as the World Bank have also promoted citizen participation among their repertoire of public sector reforms to encourage debtor nations to achieve greater efficiency and effectiveness in resource allocation (World Bank, 2007). Regardless of the underlying motivation to adopt such reform measures, the incorporation of citizen participation is now viewed as a vital component for a fully functioning and legitimate democracy. For the classical liberal democrat, participation is an opportunity to educate and socialize citizens about democratic behavior and norms

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<sup>1</sup> My research, carried out during 2000 in Santa Catarina, included the participant-observation method and entailed attendance at neighborhood and school meetings. I also interviewed key administration officials including the Mayor and program participants from each of the five sectors for the neighborhood and school programs. Finally, approximately 800 residents of the City of Santa Catarina were surveyed regarding *Decidamos Juntos* in late October 2000.

and to develop skills critical for self-government (Pateman, 1970). For the radical democrat, it holds the promise of a more equitable distribution of resources and social justice (Baierle, 1998). For the technocrat, citizen participation has an instrumental value in that it is regarded as one component of public sector reform that will enable local governments to provide services that are in line with citizen preferences in an effort to rationalize municipal service delivery. Thus, participatory mechanisms can be adopted to suit the different ideological goals and agendas of the political parties in power who employ them.

Ideology also shapes how political actors frame problems. For the (PT) Worker's Party, a democratic-socialist party in Brazil, the main problem that historically plagued municipal government under the old regime was the inequitable distribution of public resources. Public works projects in particular tended to be disproportionately allocated to middle and upper middle class neighborhoods (Goldfrank, 2007). Thus, they viewed their fundamental task as reformers as creating a more socially just government by moving towards a redistributive democracy (Sousa Santos, 1998). In contrast, the PAN, a conservative party predominantly drawn from the middle class and business interests in Mexico, viewed the problem as one of state paternalism and intervention in the economy. A paternalistic government that dealt with its citizens through clientelist and corporatist channels was largely to blame for an inefficient public sector and a citizenry that was accustomed to receiving benefits without taking part in their production. The participatory budget would become the principal means to foster responsibility among citizens and move them towards greater self-sufficiency as part of a neoliberal reform agenda that sought to reduce the size of the public sector.

## 2.1 Program Design and Implementation

In comparing the two cases of participatory budgeting, several notable differences in the design and implementation of the program emerge, which in turn affected the degree and level of participation. In Porto Alegre, citizen councils had total control over many of the decisions and execution of projects. Moreover, the scope of their decision-making authority extended to a large portion municipal budget whereas in Santa Catarina, citizens exercised decision making authority over approximately 10 percent of the budget. In analyzing degrees of citizen power, Arnstein's typology (Arnstein 1969, 217) is instructive. She conceptualizes the different forms of citizen participation as comprising rungs on a ladder ranging from nonparticipation to degrees of tokensim (informing, consultation and placation), to degrees of citizen power (partnership, delegation, and citizen control). The type of citizen participation organized by the municipal administration in Santa Catarina most resembled the "partnership" and "delegated power" variants in contrast to the "citizen control" model utilized in Porto Alegre where "have not" citizens obtain the majority of decision making seats (Abers, 217). For example, in Santa Catarina, the Mayor would preside over budget meetings along with several department heads. Thus, citizens, instead of taking complete control over projects, would collaborate with municipal officials who served in an advisory capacity by providing technical information. By casting municipal officials in the role of technical advisors to citizens, the methodology sought to change the dominant mode of interaction from paternalism and clientelism to one of collaboration. By decentralizing governance tasks in such a way, citizen councilors would be given a certain degree of discretion over resources and some latitude in the execution of public works projects. Yet, in contrast to the Porto Alegre experience, participants in Santa Catarina had less control and decision making authority and were subjected to numerous requirements to obtain clearance from city officials regarding the execution of projects.

In the Brazilian case, the PT's goal upon entering office in 1989 was to combat clientelism in the allocation of resources through a participatory policy that sought to empower the poor (Abers, 5). Not only did they design the participatory process with a bottom-up structure that encouraged the involvement of poor people, they also fostered a budget policy that would reduce the costs of collective action. The transaction costs of time and information often discourage citizen participation particularly among the lower socioeconomic strata. Participation and redistribution, the PT's central platform as an opposition party, became its governance practice once in office. In keeping with this philosophy, the administration sent community organizers into neighborhoods to appeal to them directly about the potential gains from collective action (Abers, 140). Once in office, the participatory

budget became the centerpiece of the PT administration. The structure of the *conselhos populares* or popular councils mirrored the design and operation of the PT's internal party organization from its days as an opposition party. "Nuclei" or small groups modeled along socialist lines were the basic building blocks of the organization found in neighborhoods, schools and workplaces. The organizational logic drew from the party's origin as an urban popular movement and the strategies and tactics it employed to challenge state policy (Baierle, 124). Once in office, the PT strove to maintain the social movement's dynamism. Avoiding the all too common practice of cooptation when states organize participation, the PT administration was especially cognizant of this danger and took great care to afford the councils a larger degree of autonomy in making budget decisions.

After several years, the PT arrived at a process that engendered a high degree of citizen participation and input on investment priorities. One of the methodologies it utilized was an equitable decision making criteria in order to harmonize the various investment needs among neighborhoods. First, general assemblies were convened in each of the 16 budget districts in order to allow residents to list their top five investment priorities for public infrastructure projects. By providing data about the city budget, these sessions were designed to be informative and also set the parameters for debate and discussion. Decisions made at the forums would be passed upward through the citizen-elected representatives to larger forums that represented neighborhoods districts in proportion to the number of representatives sent to assemblies (Abers, 1998). The primary task of the delegates was to negotiate and prioritize the infrastructure projects among the various districts. Finally, an overarching Municipal Budget Council, comprised of two elected representatives from each district, would apply a distribution formula to allocate funds among the districts in each category in order to prevent disputes over their fair share of the budget. The distribution formula took into account need as measured by how recently a region received an infrastructure project and population size.<sup>2</sup>

## 2.2 Financial Decentralization and Municipal Budgets

Financial decentralization was a key contextual factor that facilitated the adoption of the participatory budget in both countries. During the 1980s, both Mexico and Brazil amended their constitutions to provide for greater municipal autonomy. In Mexico, the Municipal Reform Act of 1983 provided for the legal recognition of municipal government, more fully delineated municipal responsibilities, and empowered them to levy taxes for basic service provision. The 1988 Brazilian Constitution provided for automatic federal revenue transfers to municipalities and also increased the number of local taxes that they could levy (Kingstone and Power, 2000). As Goldfrank (2007) notes, municipal revenues in Brazil grew 82% between the years 1988-1992. Prior to this time, municipalities in the federal states of Brazil and Mexico were little more than arms of the central government. The constitutional amendments, by empowering them financially, enabled both municipalities to achieve a measure of autonomy. However, in the case of Mexico, municipal finances were not bolstered by an automatic influx of federal revenue as was the case in Brazil. Instead, municipal autonomy in Mexico would mean empowering municipalities to generate their own sources of local revenue which municipalities have done to varying degrees. In Porto Alegre, the influx of federal revenues provided a degree of financial latitude and a funding source to implement the participatory budget without having to impose tax increases on citizens. In contrast, the municipal administration in Santa Catarina designed the program to require matching voluntary financial contribution from citizens in order to avoid a formal tax increase.

## 3.0 Adopting and Adapting the Participatory Budget to Santa Catarina

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<sup>2</sup> The formula to prioritize and weigh citizen demands in Porto Alegre is based on a Quality of Life Index which allocates points according to various criteria including income, education, physical infrastructure and social services provided. On a scale of 1 to 5, regions would be assigned points with a heavier weight given to those that had less than 20% access to services, more than 120,000 inhabitants and if the people ranked a particular service on the top of their list. See Abers, Rebecca Neara (2000) *Inventing Local Democracy Grassroots Politics in Brazil*. Boulder, CO: Lynne Rienner Publishers for a full discussion of the ranking system used in Porto Alegre.

Santa Catarina is an urban municipality of approximately 259,000 inhabitants in the metropolitan area of Monterrey in the northern state of Nuevo Leon (Census Data, INEGI, 2005). In January 2000, the municipal administration adopted the participatory budgeting program under the name of *Decidamos Juntos* or “Together We Decide” to involve citizens in resource allocation decisions regarding infrastructure. Home to many *maquiladoras*, the municipality had seen a rapid increase in population in recent years due to migration of Mexicans from economically depressed states placing pressure on the already strained capacity to deliver public services. Budgetary pressures prompted the mayor to consider two options: cutting back services or mobilizing additional resources.

The genesis of the *Decidamos Juntos* or Together We Decide program arose from citizen petitions to the mayor that revolved around two major complaints. First, the lack of basic infrastructure such as paved roads, lighting and water in *colonias* or neighborhoods and second, the deteriorating school infrastructure (Interview, Paez de Aragon). In response to constituent complaints regarding service delivery, Mayor Paez de Aragon proposed the participatory budget as a means to involve citizens in the mobilization and allocation of resources. The philosophical underpinning of the participatory budget was to rid municipal government of clientelism and corruption through citizen collaboration in public works projects. Fomenting a more involved citizenry who would assume personal responsibility for solving their problems was the ultimate aim of the conservative reformers, in contrast to the PT’s goal of empowering the poor.

Another major difference between the two cases of participatory budgeting was the timeframe for implementation. The PT administration held office consecutively for several years and thus had sufficient time to improve upon the process, achieve organizational learning, gain greater participation, and accomplish public works projects. In Santa Catarina, the experiment was constrained by the electoral timetable dictated by the Mexican Constitution which prohibited immediate reelection for municipal officials. The mayor in Santa Catarina had the remaining year of his *trienio* (three year term) to implement the participatory budget. Due to time constraints, many of the steps were shortened or eliminated altogether.

On January 20, 2000 neighborhood organizations and school councils in Santa Catarina convened their first meetings. After undergoing a four-day training session sponsored by the municipality, participants attended assemblies convened in each of the five sectors for the purpose of electing representatives to serve on the sector councils. On February 10, neighborhood and school councils began to solicit proposals for public works projects from their members. After analyzing the proposals for financial and technical feasibility, and as well as prioritizing projects by ranking them according to urgency and other criteria, the lists generated by these local committees were submitted to the municipal council for approval. The municipal council consisted of 9 administration officials and 15 citizens, 3 from each of the 5 sectors. The structure followed a similar organizational logic to that of Porto Alegre. Once the projects were approved, the neighborhood associations and school councils signed an agreement with the municipality to assume responsibility for the management of financial resources and the execution of the public works contracts. The initiation of public works projects could only begin after the school councils and neighborhood associations had deposited their matching voluntary financial contributions in the Municipal Treasury. The underlying rationale for the use of voluntary citizen financial contributions was to make citizens “co-responsible” for projects. The city developed a procedures manual to provide guidelines for the program as well as norms and procedures for decision-making, the conduct of council meetings, and the execution of projects. A recurring theme running throughout the manual is the discussion of citizen responsibility (Procedures Manual, *Decidamos Juntos* program, Municipality of Santa Catarina).

The primary organizational vehicles to carry out this program were school committees and neighborhood associations. Historically in Mexico, neighborhood associations have been the principal vehicle to organize citizen participation. For the sake of expediency, Santa Catarina made use of these existing “*juntas de mejoras*” or neighborhood improvement associations. Both in Mexico and Brazil, neighborhood associations were instruments of clientelism. As Abers points out, one of the major organization challenges in Porto Alegre was to convert these “clientelist” neighborhood organizations to ones that were “combative” and empowering of civic groups (1998, 158). Porto Alegre succeeded in this conversion process while in Santa Catarina no attempt was made to transform them into more autonomous organizations. In Mexico, neighborhood associations were the

officially sanctioned bodies through which citizens could assemble and petition the government. They exist in virtually every state and were instrumental in maintaining the PRI in power. Serving mainly as a conduit for complaints concerning service provision, they replicate the pervasive verticalism characteristic of the Mexican political system by hierarchically arranging the handling of citizen demands. In recent years, many citizens have withdrawn from these neighborhood associations and resorted to alternative forms of petitioning primarily because they have come to be regarded as “bureaucratized and coopted” (Alvarez and Soto, 2000). The functional division of responsibilities envisioned a bottom-up approach: neighborhood associations, sector councils, and the municipal council. For the school program, the same organizational logic was adhered to beginning with individual schools followed by a smaller subset of representatives who were elected to serve on sector councils, and finally, representation on the city-wide municipal council. Santa Catarina was divided into five sectors, according to the Urban Development Plan, with approximately 30 neighborhoods per sector of roughly equal population size. A high degree of cooperation between the sector councils and the individual neighborhood associations would be necessary to complete the projects. The neighborhood associations were responsible for soliciting input on investment priorities, collecting financial contributions, and executing projects. The following section will analyze in greater detail how the program functioned and the significant operational challenges it faced in attempting to incorporate citizen input into municipal budgets.

### 3.1 Obstacles to Implementation

One of the pioneering efforts to use the participatory planning methodology in Mexican local rural development, Cernea’s (1987) evaluation of the PIDER program offers several useful observations on participatory budgeting. The program encountered various obstacles to implementation that can be grouped into three major categories: institutional, cognitive, and cultural. Institutional dynamics refer to the relationship between citizens and administrators. Due to different role perceptions and the inevitable power struggles that are likely to result, the administrator-citizen dynamic is often a negative one. The attitude typically encountered among bureaucrats when faced with the prospect of having to administer citizen participation programs is one of resistance due to the prevailing belief that because citizens lack the requisite technical knowledge to debate service options and participation is costly as staff ends up doing additional work (Cernea, 1987). The availability of information bears directly on citizens’ ability to participate (March and Olsen, 1995). The state, with its monopoly on information, places citizens at a disadvantage unless a concerted effort is undertaken to reduce the costs for participants. If the transaction costs of collective action are too high, citizens are not likely to participate given the competing demands on their time. The dynamic often degenerates into an antagonistic relationship in which “administrators are territorial and parochial, they resist sharing information and rely on their technical and professional expertise to justify their role in the administrative processes” (Arnstein, 1969). In turn, this behavior engenders a reactive and judgmental response on the part of citizens who counter by obstructing the administration rather than working as partners or retreating entirely.

As Abers notes (2000, 74) the first year of the program failed to elicit much citizen participation in Porto Alegre. The administration soon realized that in order to overcome these barriers, it had to reduce transaction costs by providing information, training community organizers and sending them into neighborhoods, and converting neighborhood organizations into more autonomous entities.

The negative bureaucrat-citizen dynamic was evident in the case of *Decidamos Juntos*. In an interview with the Coordinator for Neighborhood Associations, a woman with a long track record of working with NGOs and autonomous civil organizations, she attributed the fundamental problem as rooted in the departure from the original program design and implementation (Interview, Guzman). For example, only a small number of citizen leaders appeared to have performed most of the work without consulting with their neighbors. In many cases, small committees replicated the bureaucratic decision-making style that the program was intended to combat. She also suggested that the government ought to have more confidence in neighborhood associations and create laws that permit them to manage municipal funds as nongovernmental organizations. She found bureaucratic resistance to be the major institutional obstacle that impeded a higher level of citizen participation.

Participants claimed that municipal administrators in Santa Catarina often sidestepped citizen involvement by doing the work themselves. On the other hand, some neighborhood organizations viewed the procedures as too bureaucratic and asked municipal authorities to handle the bidding processes for them. Attitudes of mutual suspicion were found on the part of both bureaucrats and citizens that impeded full cooperation.

It has been suggested in other studies of decentralization that citizen participation may also depend upon political culture (Inglehart, 1988). Prevailing attitudes of mistrust towards government as well as feelings of low political efficacy serve as a powerful cognitive barrier to participation. While institutional barriers are more readily changed through alteration of existing structures, cognitive barriers are much harder to remove. The now famous study on political culture by Almond and Verba (1963) noted that lack of outlets for participation aside from the tightly controlled channels associated with clientelism and corporatism have had a major cognitive effect on Mexicans by conditioning their thinking towards municipal government. Clientelism, coupled with a lack of outlets for participation, fostered a sense of dependency among citizens. The dominant cognitive orientation resulting from these structural aspects of the political system is one of low political efficacy coupled with a distrust of government.

In the case of Santa Catarina, the use of voluntary financial contributions to finance infrastructure improvements was an intentional effort on the part of municipal officials to foster responsibility in citizens. One of the objectives of the program was to reorient citizen beliefs about municipal finances. The mayor viewed the participatory program as an opportunity to educate citizens about the structure of municipal finances. He also believed that by contributing a portion of the funds, citizens would place a greater value on the projects and become involved in their upkeep and maintenance. The administration hoped that a byproduct of the program would be increased citizen confidence in government by creating greater transparency in the allocation of resources. In actual practice, the low levels of voluntary contributions would suggest that this cognitive barrier to participation was not overcome. The Porto Alegre experience also sought to reorient thinking about the structure of municipal budgets. For example, as part of the participatory budget process in Porto Alegre, the annual budget report would be presented before citizen assemblies enabling them to become more knowledgeable about municipal finances. Once citizens came to the realization that the lion's share of the municipal budget was used to finance municipal employee salaries, they began to call for a larger allocation of funds towards public works and capital improvements.

#### **4.0 Participatory Budgeting in Public Education**

Prior to the *Decidamos Juntos* program, numerous complaints by citizens and school officials centered on the inadequate resources for public schools. Despite the deconcentration of some federal activities through the establishment of field offices for education at the state level, the federal government was notoriously slow in responding to complaints due to the bureaucratic centralism characteristic of the Mexican federal government. Moreover, the Mexican constitution, while clear in assigning curriculum and teacher training to state governments, was still vague regarding responsibility for school construction and maintenance. The administrative centralization of primary and secondary education at the federal level was largely responsible for such delays in responding to local needs. Lack of attention to the deteriorating school infrastructure engendered ill will and mistrust between local school administrators and municipal officials.

During the *sexenio* of President Zedillo (1994-2000), certain aspects of public education were decentralized as part of an overall effort to improve the quality of education. In 1992, the Secretary of Education and all 31 state governments signed agreements covering three main areas: modernization of education programs, improving teacher performance, and the federalization of primary education (OCDE, 1998). In 1995, state governments became responsible for school construction, teacher training, and salaries. However, the jurisdictional responsibility for school maintenance still remained unclear. This ambiguity enabled all three levels of government to shirk the responsibility for school construction and maintenance. Finally, efforts to decentralize expenditures for school construction and infrastructure were carried out under the auspices of the federal agency CAPFCE. Federal funding became available to state governments via direct negotiation with CAPFCE. Availing itself



of this new source of federal funding for education, the Mayor of Santa Catarina applied for and obtained federal funds to finance school infrastructure repairs. The Mayor also added an additional participatory component requiring schools to match contributions by raising funds from families. The formula for funding projects was comprised of state and municipal sources (69%) with voluntary citizen contributions (31%). Viewing the role of government as “providing the institutional basis upon which citizens may develop their capabilities”, the matching voluntary contributions from citizens were designed to instill a sense of shared responsibility among citizens.

For functional and organizational purposes, Santa Catarina was divided into five sectors. Five representatives from each sector attended monthly meetings with officials. The composition of the school councils consisted of parents, teachers, and community representatives from each sector. Out of 148 schools, 105 participated in the *Decidamos Juntos* program benefiting a student population of 28,432. The total budget for school projects was 2, 857, 463 pesos of which 1,984,231 consisted of municipal funds while 873,233 came from citizen contributions. The criteria for allocating funds to each school was based on a formula that took into consideration the priority of the work, student population, degree of marginalization, estimated contributions from parents, and how recently the school underwent repairs.

Upon conclusion of *Decidamos Juntos*, program participants were interviewed to determine their attitudes and opinions towards the program, as well as their level of satisfaction with the projects. The principal recurring theme in their testimonies was the recognition that the underlying purpose of the program was an educational. Citizens interviewed saw the program in largely developmental and non-material terms. As one participant commented, the program served to help citizens “develop a sense of capability to make decisions for the good of the community, and to make us see that we form part of the municipality.” (Interview, Monsivais) Additional comments about the program objectives reaffirmed the educative goal of the participatory process as part of the intentional program design. For example, “having citizens participate actively (through their time and labor) as well as in financial terms will help end the cycle of paternalism in which people are accustomed to having everything given to them” (Interview, Hernandez). When asked about their level of satisfaction with the projects, the comments echoed the participatory budgeting philosophy as fostering a sense of self-responsibility among citizens. For example:

Parents and families were very content with the works completed and the manner in which they carried out the projects because by cooperating they put more enthusiasm into the projects. Here people are very accustomed to having things done for them. Now that the municipality provides a quantity of money and we also provide a sum of money, the people value things more (Interview, Monsivais).

The democratic nature of the decision making process, as well as the shared financial and programmatic responsibility between citizens and administrators, had a decided impact on participant attitudes in terms of their obligations as citizens and increased sense of political efficacy. Participants commented that the government kept its word in completing the projects and that there was a general transparency in the process itself. The net result was an increase in citizen confidence and trust in government among those citizens who participated. As a further show of support, school program participants asked the newly elected Mayor to continue the program during his administration. Though it appears to have had beneficial effects on the participants, it must be acknowledged that the problem of self-selection may serve to bias the results. It is difficult to discern the level of success in achieving participation since those citizens most motivated to participate are often involved with other community activities. In the case of Porto Alegre, formerly skeptical citizens, especially the poor and marginalized, became involved when they saw the potential benefits to be gained for their neighborhoods through collective action. The more limited evidence from the Santa Catarina case suggests the same type of demonstration effects had more limited influence on participation. As skeptical citizens viewed the completion of projects in schools and neighborhoods, they later joined the program. This suggests that had the program continued for several years, the degree of participation might have increased.

Only thirty out of 131 *colonias* participated *Decidamos Juntos*, benefiting 52,900 citizens or 21% of the total population. In contrast to the high level of participation in Porto Alegre, the participatory budget process in Santa Catarina’s neighborhoods had significantly lower participation than in

schools. Friction between sector leaders and neighborhood residents, as well as a lack of systematic dissemination of program information impeded a greater degree of participation of citizens in many neighborhoods.

In order to determine the extent to which the municipal administration reduced collective action costs associated with participation, residents of Santa Catarina were surveyed regarding their general awareness of and participation in the program. Since the principal organizational vehicles to carry out this program were the neighborhood organizations, respondents were asked if they could identify their neighborhood representatives. The majority of respondents (82%) were unaware of the program. This lack of information would suggest that the envisioned role of neighborhood leaders in disseminating information and obtaining neighborhood input on priority projects was not fulfilled. In open-ended survey questions, respondents frequently commented that there was inadequate dissemination of program information.<sup>3</sup>

While participation was articulated by governing elites as the major goal of *Decidamos Juntos*, the program lacked sufficient time, resources and elaboration of the participatory methodology necessary to achieve a higher level of citizen participation. In order to compensate for these deficiencies and pressured by municipal officials to adhere to a strict timetable, a small number of citizen leaders performed most of the tasks without consulting their neighbors. In many cases, time pressures resulted in decisions being made by small committees. Citizen leaders replicated the bureaucratic decision making style that *Decidamos Juntos* was intended to change.

In evaluating the outcomes of schools and neighborhoods, it is apparent that *Decidamos Juntos* was more successful in eliciting citizen participation in schools than in neighborhoods which may be attributed to existing levels of social capital and cohesion among the participants in the schools. Other contributing factors can be found in the different institutional dynamics among the municipal administration, school administrators, parents and teachers. The municipal administration did not subject schools to the same bureaucratic procedures as they did with neighborhood organizations. Additionally, there existed a certain amount of cohesion between parents, teachers and students in terms of their mutual goals and thus decisions were reached in a much less conflictual fashion. Conversely, diverse priorities among neighborhood participants regarding capital improvement projects caused a certain level of tension and conflict.

## Conclusion

Though the similarities are numerous, Porto Alegre and Santa Catarina differed in several important respects. The participatory budget in the Brazilian municipality was instituted by a leftist worker's party (PT) while in Santa Catarina, a conservative party of the right instituted the program. Political ideology played a major role in how citizen participation was conceptualized, how the program was designed, and the ultimate aims of citizen participation. In Porto Alegre, the scope of citizen participation was designed to reach into the ranks of the poor and the marginalized and had an outcome orientation that measured success in material gains for the poor. In keeping with their vision of radical democracy, the PT wanted to empower the poor by giving them control over budgetary decisions. The success of the participatory budget in Porto Alegre led to its adoption in eighty other municipalities in Brazil. Quality of life indicators showed a substantial improvement since the program was first implemented in 1989. Not only were public resources being targeted to needier neighborhoods, the democratic budgeting process had a favorable impact on the financial status of the municipality. Porto Alegre has maintained a budget surplus since 1989 and has garnered the distinction of having one of the healthiest in Brazil. The program demonstrated that citizen participation can result in more effective and responsible spending. Expenditures are more likely to be made on needed capital improvement projects such as road paving, water distribution systems, and street lighting. For the Mexican administration, their principal framework for viewing participation

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<sup>3</sup> Based on the survey responses, only one quarter of those surveyed had made a financial contribution for public works projects in their neighborhoods. The three major reasons why a majority had not contributed were 1) lack of solicitation, 2) lack of understanding about the purpose of the contribution and 3) lack of trust towards the municipal administration.

was informed by their philosophy of limited government, federalism and municipal autonomy. The latter entailed a market orientation towards collective action where participation was predicated upon financial contributions by citizens.

Despite the differences in the two cases, some generalizations can be drawn that are instructive concerning the use of participatory programs in local government. In operational terms, municipalities in Latin America encounter considerable institutional and operational obstacles that impede participation including a recalcitrant bureaucracy and distrustful citizenry. Bearing in mind the lessons from Porto Alegre and Santa Catarina, citizen participation is an iterative process that entails a considerable learning curve on the part of administrators and the accumulation of experience over time particularly in transitional democracies. Small projects with demonstration effects serve to show a level of commitment by government officials by engendering greater trust. Finally, both cases illustrate to varying degrees, that citizen participation programs, when crafted well, can break the cycle of paternalism and clientelism in order to achieve a more equitable distribution of resources when government is willing to cede control.

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