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Vitalizing democracy through participation

Recife, Brazil: Participatory Budgeting

- Case Study -

Nina Best
Sarah Brabender
Alexander Koop
Prof. Peter Spink
Prof. Marco Teixeira

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Contact:

Sarah Brabender
Project Manager
Reinhard Mohn Prize 2011
Bertelsmann Stiftung
Phone +49 5241 81-81281
Fax +49 5241 81-681281
sarah.brabender@bertelsmann-stiftung.de
www.bertelsmann-stiftung.de

Alexander Koop
Project Manager
Reinhard Mohn Prize 2011
Bertelsmann Stiftung
Phone +49 5241 81-81377
Fax +49 5241 81-681377
alexander.koop@bertelsmann-stiftung.de
www.bertelsmann-stiftung.de

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1. Executive Summary

Recife marks a new generation of municipal budget experiences in which participation extends from decision-making through to the practical side of budget implementation. Likewise, specific territory-based actions and improvements are complemented by thematic discussions on municipal-wide issues, and investments in information technology are used to ensure the involvement of as many residents as possible.

Citizen-based community committees directly oversee the public works procurement processes and monitor progress on a weekly basis. Public works contractors are required to hire local community members and train their staffs in community relations. Open-access thematic forums discuss the implications of social investments in the municipality as well as the use of federal- and state-level project funds in terms of their impacts on a number of factors, including gender, diversity, youth, environment and ethnicity. Children in over 200 municipal schools are also involved with proposals for their schools and the city. Mobile voting booths and the Internet are used to extend access to those unable to attend meetings. Nearly 20 percent of the adult population was involved in some way in the 2009 budget process, which is constantly being improved through annual reviews. The impact has been significant in terms of influencing the direction of public expenditure (some €220 million over 10 years) as well as broadening and deepening everyday democratic processes.

2. General Background

Country Background

Brazil is the largest country in Latin America and the fifth-largest in the world in terms of both area and population (185 million inhabitants). Initially a Portuguese colony following its occupation in 1500, it later became the capital of the Kingdom of Portugal for a brief period. In 1822, it became independent from Portugal and transitioned from being an empire to a republic in 1889.

Brazil is a democratic federal republic in which the president is both head of state and the executive head of the federal government. Brazil's political model has an elected executive (e.g., president, governor and mayor) for a four-year period, with the possibility of re-election for a second term, and a separately elected legislative with no restrictions on re-election. In practice the executive tends to be stronger than the legislative and takes the initiative on proposing budgets and laws. Independent accounting tribunals with quasi-legal powers oversee public sector accounts and produce reports that need to be approved by the legislative, but their past history indicates less independence than their design would suggest. Partly as a result, accountability, transparency and social control have been important issues for civil society mobilization.

Brazil has a bicameral legislature at the national level and single assemblies at the state and municipal levels. For much of its political life, national and state governments have dominated, and municipalities have been highly dependent and only rarely political actors in their own right. Brazil's current constitution, dating from 1988, was strongly influenced by social movements and brought a formal and final end to the consequences of some 20 years of military rule. Municipalities were given increased powers and became an integral part of the federal pact. There are currently 26

states, a federal district and 5,564 municipalities. Municipalities are territorial and can vary considerably in size.

Brazil's economy is the largest in South America. It benefits from abundant natural resources and well-developed agriculture, mining, manufacturing and service sectors. As one of the few Latin American countries to achieve industrial import substitution (along with Argentina and Mexico) and a relatively independent economy, Brazil has enjoyed an increase in commodity exports in recent years. On the down side, Brazil is currently ranked among the 10 most unequal countries in the world and holds only 75th place on the UNDP's Human Development Index¹ ranking.

City Background

The northeastern city of Recife (the Portuguese word for "reef") was one of the country's first coastal ports and, for a brief period in the 17th century, was under the domination of the Dutch Prince Maurice of Nassau. As the capital of the State of Pernambuco, it has played a key political and economical role in regional and national politics and is a leading center of intellectual activity. With a current population of just over 1,536,000 inhabitants, it is part—along with 13 other municipalities—of a metropolitan region of some 3,680,000 inhabitants.

Recife is often described as the "Venice of Brazil" owing to the many waterways cutting through the city, though the comparison stops there. Low-lying flood plains and river banks were the only places Recife's poorer population could find to build their own homes, which were often built up on stilts on shaky platforms without any water, electricity or sewage services. Recife has a strong history of social mobilization and, owing to its intellectual tradition, it has also been a home for progressive thinkers, such as the educator Paulo Freire. Today, active social movements and NGOs have stimulated important breakthroughs in urban planning that have enabled poorer communities to remain on the land they have traditionally occupied while also taking part in urban-renewal programs. This is perhaps one of Recife's key demographical features: the juxtaposition of different types of housing and very different social classes and some extreme differences in HDI all within the same area. Poverty is a big issue; some 38 percent of the population has an income level below the minimum wage, and some 40 percent of the population lives in the nearly 500 "spontaneously occupied" areas that account for 53 percent of the territory. With these extremes, building bridges between the city government and its highly diverse population proves to be highly challenging.

3. Background and Purpose of the Program

Experiences with public consultation are not new to Recife. As long ago as 1940, citizens' committees were set up at the neighborhood level to discuss public policies. In the period preceding the military coup of 1964, Recife was also a hotspot for social action and discussion. As the transition to civil rule and democracy got underway (1978–82), the then-appointed mayor² introduced a series of community-based service centers with links to community associations.

¹ The United Nations Development Program's Human Development Index (HDI) takes into consideration per capita GDP, general illiteracy, school enrollment rates and life expectancy.

² Direct democratic elections for the municipal executive of capital cities would only take place beginning in 1985. Before this, mayors were appointed by state governors, who, in turn, were federally appointed.

In the events preceding the 1988 constitution, expectations and demands for practical change were high. In many parts of the country, progressive governments were elected at the municipal level but found themselves without the financial resources needed to meet these demands. Faithful to election platforms of openness, the incoming administrations decided to discuss priorities directly with local residents and initiated the process currently known as “participatory budgeting” (PB).

In Recife, a first attempt at participation was made in 1993 under the title of “City Hall in the Neighborhood.” The focus was on priorities in planning, but little progress was made, and the initiative lost steam in the following mandate. Among the reasons for this were conflicts between the legislative and the executive over the loss of legislative power, problems of institutionalization and the fact that no serious attempts were made to monitor the practical and financial aspects of planned actions.

In the run-up to the 2000 elections, there was much debate about the importance of effective participation. The winning candidate proposed a “new participatory budget” as a central aspect of a new democratic management approach. He and his team saw the PB as going beyond a choice of investments, and they wanted to encourage much broader local civic participation involving codetermination and the effective social control over investments and the public budget.

4. Structure, Process and Activities

Brazilian budget laws require the executive branch to present the budget proposal to the legislative for approval each year, but how the executive chooses to develop the budget is open. This is the starting point for PB initiatives as a whole, with the executive sharing the discussion of priorities with the population. Recife’s PB has three components that interweave throughout the budget cycle: the Regional PB, the Thematic PB and the Child PB.

The first two components began with the new government in 2001, followed by the third in 2002. As its name suggests, the Regional PB has a specifically territorial focus and is concerned with allocating public resources for infrastructure and public works projects in the areas of road paving, sewage, housing, etc. The Thematic PB takes a citywide approach to discussing public policy initiatives related to key issue areas and sectors. The first of these were social services, culture, urban development, economic development, education, women and health, but they later went on to include more sensitive questions in the areas of equality and human rights. In some cases, such as Brazil’s universal health-care system, these are also connected to other participatory management structures. In the Child PB, the city’s schoolchildren discuss the needs of their schools as well as those of their city and communities. (Following the electoral model, participation in the Regional and Thematic PBs is open to all residents over 16 years of age).

Regional and Thematic PB

The budget cycle takes just under 12 months and culminates with the municipal legislative assembly’s approval of the budget matrix proposal. The Regional PB is the forum for deciding on all infrastructure investments, which currently account for roughly 10 percent of total municipal expenditures. The City of Recife has been divided into six political administrative regions (PARs),

each of which is subdivided into three microregions. It is within these 18 microregions, with their different territorial features, that the plenary sessions take place and PB decisions are implemented.

The Thematic PB plenary sessions take place halfway through the cycle. There are 15 plenary sessions covering culture, education, social assistance, male afro-descendents, women afro-descendents, human rights, women, economic development, tourism, environment, youth, elderly persons, disabled persons, LGBT³ and health. The Thematic PB relates to the city as a whole, and meetings are held in places with easy general access. Their role is to discuss and develop policy initiatives on a citywide basis. While the Regional PB places emphasis on local residents and neighborhood relationships, the Thematic PB enables the participation of issue-based organizations, movements and minority groups, who are usually not as involved in the traditional PB process and have consequently only recently been contemplated in the public policy process.

The discussions and decisions of the Thematic PB affect the overall budget in several ways. Firstly, in terms of direct investment: Of the overall annual investment budget of some €170 million, at least €13.7 million is allocated directly through the Thematic PB. Secondly, the Thematic PB plays a crucial role in mainstreaming key social concerns and in giving legitimacy and visibility to minority groups. Thirdly, in addition to the municipality's own direct investments, there are also other sources of funding from state and federal governments, which totaled €100 million in the 2010 budget plan. An increasingly significant proportion of these funds are provided for priority program areas that also address thematic concerns.

The process is made up of seven phases:

1. *Informational meetings*: These are held each year between January and March to explain how the PB works and encourage participation. Meetings take place in communities after being either directly requested by residents or called by public-sector employees working at the street level in these communities. The PB coordinators may be invited to take part in these meetings to explain how the PB works. Meetings vary in size from 20 to 200 people. The 2010 cycle mobilized approximately 8,000 people.
2. *Registering Demands for the Regional PB Process*: The second phase, which usually takes place between April and May, sees groups of a minimum of 10 citizens submit demands. Each group can only submit up to two territory-based demands that need to be in different areas of public concern (e.g., education and paving, housing and sewage, economic development and health, etc.). These are then examined and approved by PB coordinators for financial, technical and institutional feasibility. In 2010, approximately 600 demands were registered, most of which were validated and then put up for voting.
3. *Regional Plenary Sessions*: The first cycle of regional plenary sessions is held in June and July. These take place at the microregional level and may vary in number depending on the size, organization and geographical extension of each microregion. Residents can only register and vote (using their national identification numbers) in one microregion; although this is usually their own, it is still open. Each of the 18 microregions will vote for what

³ LGBT is an acronym that stands for Lesbians, Gays, Bisexuals, Transvestites, Transexuals and Transgender. The term intends to represent the sexual orientation of all minorities as well as manifestations of gender identities that diverge from those assigned by birth.

residents consider the 10 most important projects or actions in a process that results in 180 total demands. Once the top 10 demands for each microregion are known, the electronic ballot voting begins. Two electronic voting booths are provided to each micro-region, and residents who were not able to participate in the first round of voting are invited to vote for one of the 10 priorities from their microregion, thereby establishing a hierarchy of urgency and importance. Electronic booth voting began three years ago and is part of the evolution and extension of the traditional PB program toward the Internet. Internet voting is also available, but only after the thematic plenary sessions have been held. In 2009, some 44,000 people participated in the microregion plenary voting process at one of the 72 plenary meetings, and nearly 7,000 participated in the thematic forums. In contrast, 32,500 voted using the electronic booths, and 42,000 used the Internet (1,000 for thematic issues). Preliminary figures for 2010 indicate that there has been an increase in the two remote-access methods, which underlines the importance of maintaining a broad spectrum of ways in which people can access the municipal debate. Participants in the microregion sessions will also elect delegates for the subsequent regional assemblies on the basis of one delegate for every 10 participants in attendance. The more people in attendance, the more delegates there will be.

Thematic Plenary Sessions: These usually take place toward the end of July and have a slightly different cycle, which begins in meetings and discussions held in the second half of the previous year. The previous year's delegates meet to draw up the six most important priority issues for each thematic area, which are then presented for discussion and voting at the plenary sessions. Three priorities are chosen, and new delegates are elected (again, one delegate for every 10 participants) to carry the work through into the next year.

4. *The Delegate Forums:* In August, once the voting is over, the Thematic and Regional PB forums are initiated. These forums are made up of all elected delegates and will meet once a month. The regional forums will elect two representatives per microregion to serve as "forum coordinators" and two others to serve as overall "PB councilors." The forum coordinators of all the microregions are joined by a member of the municipal administration who will be responsible for serving as a intermediary for and in discussions with the executive, which includes inviting secretariat and departmental heads to forum meetings, when necessary. The forums monitor and follow up on the investments and deliberations undertaken in the PB program, not only for the cycle in which the delegates are elected, but also for decisions voted on in previous cycles. They also provide an important and decisive channel between the population and the local government, going beyond PB monitoring to raise demands regarding matters such as public service delivery and maintenance of public spaces. In a similar way, the Thematic PB forums also have their own forum coordinators and PB councilors.
5. *The City Participatory Budgeting Council:* This council is the keystone of the whole PB structure. It is composed of two representatives from each microregional and thematic PB forum as well as one representative from each of the advisory municipal co-management councils for public policy issues mandated by the constitution. The council is responsible for discussing and developing the budget matrix proposal that will incorporate the different priorities presented throughout the PB process. The delegates are provided with training in

public finance and budget legislation so that they can effectively manage the budget process. They have the liberty and authority to request and inspect any official documents and to summon city managers for questioning and consultation.

6. *Voting the Budget Matrix Proposal:* The fifth phase, which takes place in August and September, sees the budget matrix proposal gradually take shape in the different meetings and plenary sessions. It is also worked on by the PB Council, which is responsible for this task, though it maintains constant contact with the regions and thematic assemblies through the delegates as well as with the various municipal secretariats, especially the Finance Secretariat. Once ready, the budget matrix proposal is voted on by the PB Council.
7. *Convincing of the Municipal Legislative Representatives:* Phase six generally takes place each year during October and November. Between five and seven PB councilors are selected to present the proposal to the municipal legislative council and to convince the legislators that the proposal represents the will of the people. Although this is the formal moment in the cycle when the legislative “receives” the budget, it is not the first time that they will have seen its content. Rather, many councilors take an active role in the budget cycle process, discussing key issues of either territorial or thematic concern. The legislative council has yet to reject or adjust any PB proposals, including ones that were large or extensive in scope.
8. *Deliberation on the Investment Plan:* The seventh and final phase of the PB cycle takes place in December. Once the general budget matrix has been approved and the 10 demands have been ranked in each microregion, the regional forums begin discussing the details of the specific projects as well as reallocation issues. Each infrastructure development priority to be voted on will have its own project. When the project is presented to the community, local residents are allowed to participate in an open discussion of the project and to suggest what they consider to be necessary changes. During this meeting, a monitoring commission is elected to follow-up on the implementation of each project or activity.

Child PB

The Child PB follows a similar logic but with a two-year cycle linked to the school calendar. In 2010, the Child PB entered its fifth cycle. All 223 municipal elementary and primary schools—educating some 89,000 children from five to 15 years of age—are involved.

At the beginning of each cycle, school directors are informed about how the Child PB will take place, and a coordinator (a teacher or specialist advisor) is elected in each school to supervise the PB process. In the second phase, school directors discuss with their teaching staff how to implement the Child PB as well as any necessary adaptations for their school. The students join the process in the third phase. Two delegates are elected from a list of current class representatives to represent the school in outside meetings. Through a pedagogical classroom approach, students use drawings and/or text to identify the needs and wishes for both the school and the city. These wishes and demands are compiled and discussed within the school, and then concrete proposals are developed. It is only after this phase that students can vote for their favorite projects. Students vote on three priorities for the school and three for the city. The school

coordinators will deliver the priorities they have voted on to the city hall, where municipal authorities then group them together and feed them fed back to the student delegates at special regional plenary sessions. In turn, the student delegates discuss the priorities of their schools and present them to the mayor as well as electing the members of the student PB council. These councilors will visit all PB project sites and meet with delegates from the regular PB processes and the city legislature. After checking the technical, financial and institutional feasibility of the Child PB proposals, the proposals made for the city that had not already been picked up in the adult PB process are added to the list. Proposals for the individual schools are implemented as soon as funding is available.

Monitoring The Public Works Process

The idea for having the Regional Level Commissions for Inspecting, Supervising and Monitoring Public Works and Programs was part of the original budget decree that also went on to provide for corresponding microregional commissions, staffed by residents of the area in which the project was being implemented, at the level of each individual program or project. Members of project-monitoring committees need not be PB delegates, but they must live in the same area as the public works project being undertaken. This requirement has turned out to be a key step forward in the PB process because it has brought residents into the public arena from neighborhoods where the municipal government had never been seen before to inspect and manage public works project that were oftentimes literally on their doorsteps. While commissions at the regional level have access to the public procurement process, the local commissions have direct access to the implementation itself through regular and often weekly meetings between members of the commission, municipal representatives and the contracting firms. Whenever possible, contractors are required to employ local labor and to train their own staffs in community relations. The effects on reducing corruption, avoiding the distribution of contracts to cronies and putting a stop to any funny business (e.g., changing timetables, making up difficulties so as to claim extra payments, using substandard materials and cutting corners) has been immediate. (The engineers from the contracted firms soon learned that people in poverty-stricken environments often know much more about building than might be otherwise imagined; after all, many of them have built their homes with their own hands!)

Costs

The PB program costs the municipality roughly €385,000 a year, much of which is spent on communication, electronic voting systems and support for meetings. Although the budget team in the mayor's office is small, it is supported by a number of street-level public-service workers in different policy areas. In 2010, some 70 additional staff members were involved, and there were also 80 volunteers to assist in the backstage organization of forums, plenary sessions and other meetings (e.g., helping with registration and voting, checking identities and organizing documents and refreshments, when necessary). This is a small number when you take into consideration the fact that the number of formal and informal gatherings, plenary sessions and commission and committee meetings run into the hundreds. PB delegates and members of the monitoring committees do not receive any kind of payment for their work.

5. Impact/Outcome

Impact on Political Decisions and Achievements

Between 2001 (when the PB began) and 2010, some €220 million was spent on projects and improvements decided upon directly through the PB process. This does not include either the federal- and state-level cooperation agreements or international donor funds used to implement projects or campaigns that had been previously voted on. Since projects and public works have different implementation cycles, values will overlap from one year to the next. For example, in the middle of 2010, some 3,000 different public works and some 77 programs and projects were being implemented at a total budget cost of €110 million.

In most cases, the types of urban infrastructure projects undertaken are ones that outside observers would also categorize as addressing key needs. The amounts invested in projects closely mirror the preferences of voters, whether they involve local or major drainage activities, paving or improving roads, housing, making hillsides secure against slippage, sewage and basic sanitation, health, education, sports, economic development or social services. This relationship shows that the PB program has become a significant feature of democratic life in Recife. What's more, the open budget process and widespread civic engagement have also led to a better distribution of public funds. Indeed, there has been a significantly greater number of public works projects completed in the lower HDI areas than in the higher ones (there is almost a straight-line correlation in terms of funds deployed), and the investment budget as a whole is contributing to reversing past trends of unequal territorial degradation and unequal opportunities for improvement.

Generating effective impacts on quality of life is a long process and involves not just the investment budget, but many other budget-based activities as well. Here, too, the fact that the budget process not only deals with investment projects, but also discusses thematic issues and brings these into the general process of building the budget is helping link previously unconnected actions and generate greater impacts. Drainage, paving and the elimination of hillside slippage helps with sanitation, which reduces health risks while simultaneously improving the flow of people and services. This, in turn, makes it easier for social services and family health programs to move around the community and visit the people they serve on a regular basis. Undoing the complexity of social exclusion involves realizing that exclusion is both a social and a material process. The PB program has changed the way in which municipal employees—and especially those in street-level jobs—relate to the population, and it provides a natural introduction for discussing what is taking place and following up on local campaigns. It is not surprising that social workers and other local development workers can be found supporting all sorts of PB activities on top of performing their everyday tasks.

Number of Participants, Representativeness and Inclusion

The extensiveness of the participatory process can be seen from the final numbers of the 2009 cycle. Attendance at meetings rose in the early years to remain relatively stable (at around 45,000 participants) for the territory-based events, but it has continued to increase for the thematic meetings. In 2009, the use of the Internet (42,000 participants) and the electronic voting booths (32,500 participants) has shown how important it is to invest in diversifying the ways in which people can connect to the ongoing debate. Participants are drawn from all walks of life and from all parts of the municipality. The juxtaposition of forums based on territorial and thematic issues builds

a matrix of concerns and—what is equally important—strengthens awareness about some of the different and less visible groups in the city. Given the urgency of their demands, working-class residents living in low HDI areas are predominantly represented throughout the PB process. However, a growing number of middle- and upper-middle-class citizens are getting involved and participating in the PB process in order to champion needed improvements in their areas, too. The inclusion of the Thematic PB provides for the direct participation of organized groups, associations and NGOs that normally work on citywide issues within an advocacy framework. This is different than the Regional PB process, with its individual participation, but it provides an important balance. Similarly, the Thematic PB forums have given members of minority groups a chance to make their issues more visible.

In 2009, the total number of territory-based delegates was 2,035 (an average of some 113 delegates per microregion), and there were 446 thematic delegates (approximately 50 per forum). Considering the total population of 1,560,000, the result is a 1-to-600 ratio of delegates to inhabitants. The number of delegates and their intense connections with local issues also explains why the PB process has been viewed positively by the city legislature, whose maximum number of members is fixed by the federal constitution at 55, which returns a 1-to-28,400 ratio of councilors to inhabitants.

Impact on Democratic Capacities

Many PB cycles in Brazil and elsewhere start with municipal authorities setting the amount available for the budget cycle (which is often only part of the investment budget). Likewise, municipal authorities are often more concerned with voting on general issues before specific projects (e.g., whether education should be given higher priority than health or housing). When the two come together—whether intentionally or not—the effect is one of setting limits on participation. However, in Recife, the opposite approach has been taken and, in doing so, the city has gone on to create a very practical and highly effective process that is both community-based and bottom-up. At the territorial- (i.e., street-) and community-level meetings, people put forward their views on the concrete actions they believe are needed, and they debate how these issues should be prioritized. In thematic discussions, people also voice their specific and general concerns (as do children within their schools). When it comes time to vote, votes are simultaneously cast for both specific actions and general priorities. In terms of financing, the government has pursued a similar line. All projects are welcomed and, in the second phase of the budget process—when the PB delegates and PB councilors work together with the municipal staff to build the budget matrix—the orientation is to finance as much as possible through the investment budget and to seek additional funds for the other projects elsewhere (i.e., either from other parts of the municipal budget, from state or federal sources of government funding, or from international organizations for specific campaigns or projects).

Since 2009, coordinating the PB process has fallen within the responsibilities of the Secretariat of Planning and Management, which places the participatory process within the heart of the municipal bureaucracy. As a result, PB coordinators are responsible for coordinating and aligning all PB-related activities with those undertaken by other secretariats in order to ensure that additional resources from the municipal budget are aggregated into the PB process and that participation is at the core of all government initiatives. The result is that the city's residents are involved to a much greater extent than they are in more traditional participative processes. In the initial phases

of the budget cycle—when regional and thematic forums are discussing issues and projects, voting on priorities and choosing delegates—the budget agenda is being built, as it were, from the ground up. In the latter phases—when the budget council takes over to craft the budget and transform the agenda of priorities, actions, themes and plans into the budget matrix—the process can be described as one of the codetermination and democratic management of city affairs. Mobilization continues into the final phase, when the investment plans return to the microregions and the hard work of monitoring public works begins and will continue until the projects have been completed.

As citizens have become more aware of the participatory process and assumed more ownership of it, their rates of participation in both the regional and thematic plenary sessions have grown. This can be seen, for example, by the larger number of attendees and the increase in the number of elected delegates. In addition, through the Child PB, schoolchildren are also being given a voice and an opportunity to express the needs of their own schools in addition to those of their city and communities. This program fosters the development of responsive, critical, engaged and participative young citizens.

As has been described by observers, the budget process has become a new meeting ground on which civil society, municipal authorities and the city's legislative branch are learning how to work together and assume collective responsibility for the future of the city. This not only broadens democracy; it also deepens democracy in daily life.

6. Evaluation of the project

Although the experience in Recife is seen as providing a leading example of how to foster increased civic participation and deepen democracy, there are also some concerns that naturally need to be mentioned.

One of these has to do with the complexity of the budget process in Brazil, where the budget laws *authorize* but do not *determine* expenditures. Citizens are deciding on projects, action and priorities, which are brought together in the budget matrix. The municipal authorities are committed to implementing the projects and actions but, as has been mentioned, some of these may require additional funds or be linked to inter-governmental transfers, while others may need to wait for their moment in the processing and purchasing queue for public works. The result is that citizens may experience severe delays in seeing their top priority implemented. This situation has improved, and the implementation period is now down from six years to three, but there is still a need to improve communication about the purchasing status of each project. Once the project implementation begins, the local follow-up and monitoring commissions guarantee the flow of information; but, until then, keeping people informed about what is happening with the project or campaign they are most concerned with is a challenge that still needs to be met. This can be seen by the fact that many projects are voted on as top priorities year after year.

Second, the role of the NGOs has changed considerably for the PB processes before and after 2001. Before 2001, they played a key role in ensuring that certain local issues were addressed, and they served as a bridge between municipal authorities and communities. Since 2001, they have pursued a more direct democracy approach and reduced their direct involvement. Although

not as facilitators, they continue to be active in the Thematic PB forums as representatives, and they continue to play a key role in ensuring government transparency and accountability.

Continuity and Visions for the Future

Opening up the black box of public finance is not easy, and it will be a while before effective horizontal debate and social control become widespread practices. Nevertheless, the roots are firmly established and continuity is promising, as can be seen not only from the numbers, but also from the fact that today's younger generations of schoolchildren are learning how to meet the challenges of tomorrow.

Public acceptance of the PB process can be seen not only by its growth, but also by the facts that the mayor was re-elected to a second term (2005–2008) and that his successor in office (2009–2012) was the former secretary in charge of the PB program and had made continuity and the deepening of the PB program a key part of his electoral platform.

As of 2006, organizational and institutional decisions concerning the PB process were handed over to the PB program itself. Each year, the elected delegates decide on the norms that will apply to the new annual cycle based on experiences from the previous year and on proposals approved by votes in the regional forums. An example of this was the introduction of the requirement that construction companies employ local labor whenever possible and that they increase the competence of their employees in community relations. Procedures were also adopted to increase the presence of PB delegates throughout the procurement process, including within the formal public-sector procurement commissions that are set up in accordance with federal laws.

These adaptations have proved important for the continuity and growing legitimacy of the PB program. Other innovations that have resulted from lessons learned in practice have included broadening access to enable citizens to propose items even when they are unable to attend meetings. In fact, this has proved so successful that it has become the first step in the budget cycle. Electronic voting booths and the Internet have also turned out to be increasingly popular, and making better use of the Internet to reach groups or individuals that would otherwise not necessarily take part in the PB process has been a means of making it more accessible in the city, although there is still a long way to go.

7. Transferability to the German Context

In more general terms, you could say that the idea of having citizens participate in making budget-related decisions is transferable to the German context. However, in doing so, you also have to pay attention to the fact that there is no *single* participatory budget in today's Germany. Instead, you can see two trends: On the one hand, there are the participatory budgets that fall under the general umbrella of austerity proposals related to the ongoing municipal-budget crisis. On the other hand, there are certain practices that try to take citizens' proposals into account when trying to improve service provision and infrastructure. In the latter case, the most important variable is the specific part of the city inviting citizens to play a role in determining its policies. Examples drawn from Latin America are particularly well-suited to this kind of participatory budgeting. However, given the very tight budgets of most German municipalities, it would be particularly challenging to

find ways to fund such citizen-suggested programs. With money so tight, it often happens that there is no funding left over in municipal budgets to implement the suggestions, which creates a situation that threatens to diminish the credibility of participatory budgeting over the long term. What's more, it must also be noted that participatory budgeting and social urban development currently have only the most tenuous of ties.

Recife's PB program is firmly based in the meetings held within the individual regions of the city. At these meetings, delegates are elected to make sure that the citizens' proposals receive financing. This is a key element of the process because, unlike in many of the other PB programs in Latin America, the budget available to the citizens is not determined in advance. If this method were to be transferred to Germany, it would undoubtedly be a sensitive issue because part of the reality of civic participation and participatory budgeting in today's Germany is that tight municipal budgets have meant that no money is left over to implement citizen proposals. Thus, the danger arises that people will have to put their hopes in finding outside sources of support and, in the end, many proposals will fall to the wayside because it is ultimately impossible to find funding for them. However, in Recife, efforts are made to avoid this scenario. Already at the stage of formulating a budget, municipal authorities check to see whether there is a realistic chance of finding funding from domestic or international programs, and they discuss these issues with the PB delegates and PB councilors. It is only after these have given their approval that the projects are worked into the budget matrix. It is then the PB councilors that present the projects and their financing to the municipal legislative council, which has yet to reject or adjust any PB proposal.

The Thematic PB forums discuss projects that were important for the city as a whole rather than for individual parts of the city and that consequently require higher expenditures. This aspect is significant when considering the further development of PB programs in Germany. Although domestic PB processes usually concern the implementation of smaller measures, there is also interest in having citizen codetermination in the more central issues of municipal politics. Unlike the case in Belo Horizonte, in Recife, it is the citizens, rather than municipal authorities, who propose these projects. And another aspect of Recife's PB process deserving attention is how it makes provisions for participation by children and youths. Germany already has some methods for getting children and youths involved in codetermination, such as youth parliaments and events held in the context of neighborhood- or city-planning procedures. There have also been experiments with having children and youths involved in PB processes, but these were usually just one-time attempts. Recife's PB process shows that having children take part in budgeting decisions can become a routine matter and that it is worth the effort to further develop this approach, both for this issue and in terms of improving political education.

When it comes to the issue of transferring Recife's PB method to Germany, one must also point out that the method's efficacy depends on its ability to mobilize the citizenry. Unlike the PB processes in Germany, the one in Recife sees poorer segments of the population making up the majority of participants. It is the participation of these socioeconomic groups that sees to it that the method has social effects, despite the fact that the PB program does not have specific criteria for providing support for disadvantaged neighborhoods. Recife's ability to mobilize local civil society actors also leads to a situation in which the PB delegates really are able to arrive at financing decisions on citizen proposals with the municipal administration and the municipal legislative

council. With the PB processes in Germany, citizens do not enjoy this kind of influence. Other ways must be found (e.g., clear regulations) for securing this degree of influence for citizens.

Recife's PB model is also transferable to Germany in the sense that it does not violate any federal laws. One requirement, however, would be having the municipal council determine the criteria for dividing up PB-related resources. In our opinion, it would also be legally possible in Germany to have a council of delegates like the one in Recife to assist in the citizenry's self-organization and serve as a permanent liaison to the municipal administration. In Germany, legal preconditions were first have to be met before a system could be developed that allowed delegate councils to negotiate with municipal authorities and municipal legislative councils on the financing of citizen proposals as part of PB processes.