

## **The Diffusion of Brazil's Participatory Budgeting: Should "Best Practices" be Promoted?**

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**Abstract:** The "third wave" of democratization has been accompanied by the spread of new institutions that allow citizens to deliberate and decide policy outcomes. Leading international organizations, such as the World Bank and the United Nations, have disseminated "best practice" programs identified with "good government" policy reform efforts. One of the most well-known programs, Participatory Budgeting (PB), was first adopted by Brazil's Workers' Party (PT) in 1989 as a means to promote social justice, accountability, and transparency. There has been widespread adoption of PB in Brazil, led by the PT. Yet, by 2001, nearly half of PB programs had been adopted by non-PT governments. What explains why municipal governments in Brazil, especially non-PT governments, would adopt PB programs? This article estimates the probability that a municipality would adopt PB using logistic regression analysis to test a model that included electoral, economic, regional, and policy network variables. This article concludes by briefly analyzing whether governments that adopt PB are able to produce policy outcomes similar to the initial results that inspired the "best practice" label. This introduces the question: When should best practice programs be promoted for possible adoption?

**Key words:** diffusion, Participatory Democracy, Brazil, best practices, policy entrepreneurs

*Adopting Innovative Policies: Brazil's Participatory Budgeting*

Innovative policies spread across countries, regions, and the globe at the behest of nongovernmental organizations (NGOs), international funding institutions, political parties, civil society activists, and entrepreneurial politicians. The expansion in the number of democratic regimes over the past thirty years has been accompanied by the adoption of policy-making institutions that provide citizens with direct access to decision-making venues. Even though considerable effort has been made to promote the adoption of best practice policies that give citizens a direct voice in policy-making, we continue to lack systematic analysis that explains why and when governments in newly democratic and developing countries are likely to adopt best practice policies. What accounts for the diffusion of best practices in new democracies? Is it the growth of policy networks supported by national and international NGOs that promotes the adoption of new policies? Or is it the political strategies of politicians and political parties as they seek to promote innovative policies that appeal to voters? The first section of the paper addresses these issues.

Governments often adopt best practice policies based on the purported successes of the founding cases, and yet we continue to lack a basic understanding of whether the adopted policies produce results similar to the initial set of cases. How does the presence of policy *entrepreneurs*, *advocates*, or *pro forma adopters* affect the likelihood that a government will produce an outcome similar to the best practice policy? The second section of the paper addresses this question. Although best practices are routinely promoted, often through policy networks and electoral pressures, there is insufficient

evidence to show whether the promotion of innovative programs produces the desired goals.

Policy entrepreneurs expend considerable time, energy, and resources to initiate policies; they also work to ensure successful policy outcomes because their political careers are closely associated with the new policy. Policy advocates give only moderate levels of support to the new policy because government officials have fewer potential political gains; they don't give enough support to produce the robust results associated with the initial best practice cases. Finally, pro forma adopters dedicate only minimal levels of time, energy, and resources that are necessary to make the innovative policy successful; these governments comprised officials who are jumping on a policy bandwagon or have been induced to implement the policy by their political party.

Brazil's Participatory Budgeting (PB) program is a widely adopted participatory institution that was initiated by municipal governments and civil society activists in the hopes of creating public, open, and transparent budgetary processes that would allow citizens to be directly involved in selecting specific policy outcomes (Abers 2000; Baiocchi 2005; Avritzer 2002). Brazil's transition to democracy during the 1980s was accompanied by the decentralization of authority and resources to states and municipalities, which granted mayoral administrations the flexibility to experiment with new institutional types (Montero and Samuels 2004). This was a clear "window of opportunity" as groups that had long been excluded from political power were able to win elections in some of Brazil's largest municipalities, such as São Paulo, Belo Horizonte, Recife, and Porto Alegre (Kingdon 1995; Baumgartner and Jones 1993).

PB was founded by a Workers' Party (PT) government in the southern Brazilian city of Porto Alegre in 1989, and it has been adopted by a wide range of municipal governments. Over 300 Brazilian municipalities adopted PB between 1989 and 2004, and cities in at least 30 other countries also have adopted PB (Wampler and Avritzer 2005; Cabannes n.d.). Initially, PB was closely associated with the PT municipal governments. PT leaders heavily promoted it, evidenced by the fact that 100% of PT governments in large municipalities (defined as more than 100,000 residents) adopted PB between 1989 and 2004. Yet the story of adoption is much more complicated, as Figure 1, below, shows. By 2001 nearly two-thirds of new adoptions of PB were in municipalities *not* controlled by the PT. What explains why the PT's political rivals would adopt a program that is closely associated with the rival PT?

Figure 1 about here

The paper begins with a brief introduction of the basic components of PB, highlighting its role as an innovative policy-making institution. This is followed by a brief overview of the diffusion debates. The first empirical section explains the adoption of PB by Brazilian municipalities between 1989 and 1996. The second empirical section develops a model that is tested with logistic regression to show which factors most strongly affect the likelihood that a municipal government would adopt PB during the 1997–2000 and 2001–2004 mayoral terms. The final part of the paper introduces two new categories: policy advocates and pro forma adopters, which broaden the debate on policy entrepreneurs. The evidence included in this final section draws from a study conducted

in 2003–2004 in eight Brazilian municipalities to demonstrate that adoption of innovative policies doesn't necessarily produce similar results. The evidence presented is preliminary but suggests that the widespread promotion of "best practices" is not necessarily a good idea.

### **What Is Participatory Budgeting?**

Brazil's federal system provides municipalities with nearly fifteen percent of all public spending, which helps to explain why social movements, NGOs, neighborhood associations, and politicians focused so much attention on budgets at the municipal level (Montero 2000; Montero and Samuels 2004; Wampler 2007). Brazilian mayors enjoy considerable autonomy, which allows them to initiate new programs with only minimal interference from municipal legislative chambers (Wampler 2007).

Participatory Budgeting is a yearlong decision-making process in which citizens negotiate among themselves and with government officials in organized meetings over the allocation of new capital investment spending on projects, such as health care clinics, schools, and street paving (Abers 2000; Baiocchi 2005; Nylen 2003; Wampler and Avritzer 2004).<sup>1</sup> It is an innovative program because PB's rules promote social justice by guaranteeing more resources for poorer neighborhoods, encourage participation by distributing resources within each of the municipality's regions based on the mobilization of community members, and establish new accountability mechanisms to shine light on obscure budgetary procedures. In the more successful cases, citizens have authority to make important policy decisions, which has the potential to alter the basic decision-making process in Brazilian politics (Abers 2000; Wampler 2007). PB programs combine

elements of direct democracy (i.e., direct mobilization of citizens in decision-making venues) and representative democracy (i.e., election of representatives).

PB was initially part of a broader transformative political project that the Workers' Party (PT) leadership believed would create new types of citizens and transform state-society relations by delegating authority to citizens (Genro 1995; Avritzer 2002). It is beyond the scope of this paper to review the full range of impacts that PB has had on governments, citizens, and state-society relations, but most scholarly analyses suggest that the pioneering case of Porto Alegre has helped to foster deliberation, social justice, and social capital (Abers 2000; Avritzer 2002; Baiocchi 2005). Comparative research has confirmed that the noteworthy successes of Porto Alegre have not necessarily been matched elsewhere (Nylen 2003; Wampler and Avritzer 2004; Wampler 2007). Although the broader transformations hoped for and advocated by the PT and its civil society allies have not yet materialized, PB has been recognized as a policy that induces municipal governments to overhaul their standard policy-making processes. PB has become part of a package of reforms associated with "good government" practices (Hunter 2004; Guidry 2003; Wampler and Avritzer 2005). Participatory Budgeting received international attention when the United Nations named it one of the best 40 practices at the 1996 Istanbul Habitat Conference.

### **Diffusion Debate**

Diffusion is the uncoordinated but interconnected adoption of similar programs by governments (Elkins 2003). "Policy diffusion can be described by a logistic growth curve, or an S-shaped curve. Policy adoption is slow at first, then very rapid, then slow

again as the saturation point is reached.” (Baumgartner and Jones, 1993: 17). Even though there is now a broad and well-developed literature on the diffusion of institutions among U.S. states or nation-states, we know very little about the processes that might lead to diffusion among subnational units in new democracies in Latin America, Eastern Europe, Asia, and Africa (Berry 1994; Walker 1969; Berry and Berry 1990; Collier and Messick 1975; Hiskey and Canache 2005).

In the U.S.-based subnational diffusion debates, scholars use two basic types of arguments to explain policy adoption. First, internal determinants, such as wealth, election outcomes, and government spending, are posited to influence adoption of a given program since municipalities with similar characteristics will adopt similar policies (Walker 1969; Mintrom 1997). Politicians initiate policies that appeal to their core supporters or to a key voting bloc. In Brazil, wealthier municipalities, for example, have larger middle classes and are more likely to support “good government” efforts because of the emphasis on transparency, access, and openness, which are designed to rein in rampant corruption. Policy entrepreneurs are more likely to be elected in municipalities that have larger numbers of activists who are interested in change (*mudança*) as well as a broader middle class that is interested in “good government.”

Second, policy networks also help to account for the likelihood that governments will look beyond their borders for new ideas (Berry and Berry 1990). Politicians and civil society organizations seek out policy networks to gain information about innovations occurring outside their local area (Weyland 2004). The diffusion of a policy via policy networks is more likely to produce policy advocates and pro forma adopters than policy entrepreneurs for two reasons. First, an adopted policy will not likely produce the same

political benefits for the adopting government officials on state, national, and international levels that it produced for the policy entrepreneurs because the local parties and politicians are copying successful policies, which means that their personal political gain will not likely be as strong. Second, the political and social context in which the policy is being implemented may be sufficiently different from the initial experience that the government finds an unreceptive audience among citizens or its base of support. Citizens who are active participants in PB programs may have little to gain from a PB program, which will result in an ambivalent attitude toward the new policy.

A third explanation for policy adoption, which links the two previous explanations, is the active promotion of a specific policy by a political party, international organization, or NGO. Rather than the uncoordinated spread of a policy, there is a specific actor who is strongly promoting adoption. In the case of political parties, the leadership may advocate for the adoption of a particular policy or institutional redesign to promote the party's electoral chances or to brand the party as reformers. Party officials work with policy networks to promote policies among political allies to broaden their appeal. Brazil has a multiparty system in which at least five parties are capable of winning elections in a significant number of large, urban municipalities. Policy networks in Brazil are not controlled by any single party, but are most heavily influenced by two parties (PT and PSDB) that have most aggressively pursued reform strategies.

### **Explaining Adoption**

What explains the diffusion of policy innovations among Brazil's large municipalities?



## Elections

Brazil reinstated direct election of mayors in state capitals and large municipalities in 1985 after a twenty-one year hiatus due to the presence of a military government. Elections, of course, provide incentives for mayors to adopt policies that appeal to citizens in order to capture the votes of important constituent groups. During the 1980s and 1990s, municipal elections in Brazil provided strong incentives for mayors and mayoral candidates to situate themselves as reformers because of the perception that the military government had misused its authority by allowing for the centralization of authority, permitting widespread corruption, and isolating the state from citizens' demands. The PT, more than any other party, sought to brand itself as a party that would introduce transformative projects that would place power directly in the hands of citizens. We should expect, first and foremost, that PT mayors would adopt PB because this helps to associate them with Porto Alegre's successful PB program.

Elections for municipal legislators are another mechanism that can help to promote new forms of accountability. Leftist legislators are more likely than conservative or centrist legislators to support the adoption of PB in PT-held municipalities because the political left used grassroots mobilizing and participatory institutions as a way to build its support. PB's core ideas coincide with the basic set of ideas associated with Brazil's political left. However, when there isn't a PT mayor, how does the presence of leftist municipal legislators affect the likelihood that PB will be adopted? It is reasonable to assert that an increase in the number of leftist legislators will make it more likely that non-PT governments will adopt PB to take away a future campaign issue from the PT and its allies on the left. As the voting support increases for leftist candidates, non-PT mayors

will try to place themselves closer to the median voter and adopt a policy program associated with the PT. Conversely, it is also plausible that as support for leftist legislators increases, there will also be less inclination for non-PT governments to adopt PB because the non-PT government would not want to be associated with an issue that the PT “owns.”

### Policy networks

The PT, its civil society affiliates, and other NGOs that focused on government reform, direct citizen participation, and poverty alleviation promoted PB throughout the 1990s. When governments participate in policy networks, it is more likely that they will be willing to adopt an innovative policy program than governments that are isolated from the policy networks. Mayors seek to gather information about what will help them govern more effectively as well as what may help them during future elections. Policy and scholarly attention primarily focused on Porto Alegre and, to a lesser degree, Belo Horizonte, two state capitals in which the governing party was able to successfully elect its successors while also implementing successful PB programs. PB was therefore an attractive policy alternative to mayors involved in “good government” policy networks because it offered an opportunity to produce better policy outcomes as well as help candidates in their reelection bids.

### Internal Determinants

As has been well documented in the democratization debates, increases in wealth are strongly associated with demands by citizens to have a larger role in selecting leaders and influencing how public goods are distributed. PB is an institution that has the potential to deepen democracy by increasing citizens’ voice and vote in public policy

debates, which suggests that there may be a connection between increasing wealth and demands for greater citizen participation in state affairs. PB programs were first implemented in wealthier municipalities that had higher standards of living. The primary reason is that the PT's base of support was in cities that had large numbers of unionized employees and large middle classes, two groups that supported the PT's efforts to redesign Brazil's policy-making processes.

PB allows citizens to directly decide where to spend a portion of the municipal budget's new capital investment funds, so it is plausible that low levels of new capital investment spending by incumbent governments will lead citizens to vote for a political party that is dedicated to cleaning up government through a policy program like PB. Quite simply, as per capita investment spending decreases, there is an increasing likelihood that voters and opposition politicians will promote an innovative policy program that is expressly intended to raise the level of resources that can be spent on the municipality's new capital investment funds.

### Regional Determinants

Brazil is divided into five distinct regions. The South and Southeast have large industrial centers and diversified agricultural production. The Northeast is dominated by mono-agriculture, little industry, and intense poverty. The Central West is an area of great agricultural expansion with a dozen large municipalities, and the North is dominated by the Amazon River basin with only a handful of large cities. PB was initiated in the southern city of Porto Alegre, where it became tightly associated with the PT. The pattern of adoption is likely different in the South than in the rest of the country because non-PT governments in the South are less likely to adopt PB because of its close

association with the PT and the southern city of Porto Alegre; Governments in the South were unwilling to adopt a participatory program that was the primary “brand” of the PT in the South. Non-PT governments outside of the South are more likely to adopt PB because these mayors have a greater potential to personally accrue political benefits than a non-PT mayor from the South would have. Mayors in the South would more likely be viewed as copying from the PT rather than crafting their own policy agendas.

### **Case Selection**

PB programs have been implemented in cities with populations ranging from 4,000 to 10 million residents. Comparing PB within the universe of all of Brazil's 5,500 municipalities would not only be a quixotic data collection enterprise but would not likely provide the basis for any meaningful explanation because of the vast regional, economic, political, and social differences among these municipalities. For example, the average Human Development Index (HDI) score for all Brazilian municipalities is .699, but it is .783 for municipalities with more than 100,000 residents and .696 for municipalities with less than 100,000 residents.

To establish a solid methodological grounding for this study and to create the opportunity for gaining some theoretical insights, only municipalities with more than 100,000 residents (2000 Brazilian Census) are included. Of the 225 municipalities with more than 100,000 residents, 27 municipalities adopted PB between 1989 and 1996, and 90 adopted PB at some point between 1997 and 2004. One hundred eight municipalities, just under half, never adopted PB. In 2004, there were 103 cases of PB in municipalities

with more than 100,000 inhabitants, which meant that 25 percent of Brazil's population lived in a municipality that used PB as part of its policy-making process.

*Explaining Adoption during the First Wave: 1989–1996*

PB's birthplace is commonly recognized as being in the southern capital city of Porto Alegre, where the PT was elected to the mayor's office in 1988. The PT government worked closely with local civil society organizations (CSOs) to develop the basic set of rules to create a participatory institution that would come to be known as PB (Abers 2000; Avritzer 2002; Fedozzi 1998). The PT leadership in Porto Alegre exhibited many of the classic characteristics of policy entrepreneurs—political outsiders who used their surprise electoral victory to experiment with new policies and to build a solid base of constituents (Abers 2000; Fedozzi 1998).

The PT's electoral victories in 1988 and 1992 came in large, wealthy municipalities that had higher HDI scores than comparable municipalities. The higher standard of living reflects the presence of larger middle classes and labor unions, both of which supported the PT as the party sought to establish a "PT way of governing" that would transform Brazilian politics and society. During the late 1980s and early 1990s, the PT mainly attracted unionized workers, CSO activists and their followers, and the ideologically driven sectors of the middle class (Keck 1992; Samuels 2004). Although the PT positioned itself as the party that would transform the lives of Brazil's excluded and disenfranchised, its principal base of support initially came from union and middle-class sectors who were far better off than the majority of their fellow citizens.

During the 1989–1992 period, the PT governed nine of ten municipalities that adopted PB. All ten municipalities were in the industrial South and Southeast region of the country. The only non-PT adopting government (Vila Velha) was located adjunct to a capital city (Victoria) that was governed by the PT and adopted PB.

During the 1993–1996 period, the PT governed 12 of 17 municipalities that adopted PB (66%). For the entire 1989–1996 period, the PT governed 21 of the 27 municipalities that adopted PB (78%). Clearly, the PT was at the center of efforts to promote the adoption of PB. All PT governments in large municipalities (more than 100,000 residents) adopted PB between 1989 and 2004. PT officials in Porto Alegre and in São Paulo disseminated information on this program, especially after Porto Alegre was perceived to be a success (Villas Boas 2004; Assis 1998; Soler 1998; Fedozzi 1999).

Within Brazil's multiparty system, the PT stands out as a disciplined party that initiated multiple policy innovations, including Participatory Budgeting, school fellowships (*Bolsa Escola*), and a minimum living wage program (*renda minima*) (Hunter 2004; Guidry 2003; Sugiyama 2006). PT governments during this period were willing to experiment with new institutional designs that challenged existing state-society relationships through the reorganization of political institutions. Three factors best account for why the PT adopted PB: a strong civil society base, internal party cohesion, and the presence of policy entrepreneurs who sought to create innovative policies that not only were distinct from their rivals' policies but also emphasized direct citizen participation, social justice, and transparency (Wampler and Avritzer 2005).

The uncoordinated spread of PB was already under way during the 1993–1996 period. The adoption of PB in these five non-PT-governed municipalities is best

explained by the growth of policy networks. Two NGOs, FASE and Instituto Polis, began disseminating information about PB's rules to non-PT governments (Villas Boas and Telles 1995; Villas Boas 2004; Grazia 2003). Two of the six non-PT cases were in state capitals (Recife and Salvador), both of which had FASE affiliates located in them. These affiliates were directly involved in the dissemination of information (Fedozzi 1999; Grazia 2003; Soler 1998). In Recife, for example, Salvador Soler was in charge of implementing PB and heard about the program from colleagues at FASE. He then traveled to Porto Alegre to learn firsthand how it functioned (Soler 1998). Two of the other five cases of PB were in mid-sized municipalities that were closely connected to the a capital city that had PB.

There is an important regional dimension to adoption. Four of the five non-PT adopting municipalities were outside of the South, where PB was most closely associated with the PT in pioneering case of Porto Alegre. Reformist governments in the South appear to have been unwilling to adopt a policy initiative that was tightly associated with their political rivals (PT). The one case of adoption in the South by a non-PT government was in Lages, a mid-sized city in the southern state of Santa Catarina. It is the exception that proves the rule because municipal governments in Lages developed participatory programs while the country was still under military rule (Pires 2002). Politicians could formally adopt PB without fear of ceding political ground to the PT because they could trace the roots of participatory experiences to a time prior to the presence of PT in the municipality.

In sum, the initial adoption of PB was most strongly associated with the PT, but the story quickly becomes more complicated because two-thirds of municipal

governments that adopted PB during the 1997–2000 (68%) and 2001–2004 (64%) periods were from parties other than the PT (See Figure 1). What explains why parties other than the PT would adopt PB? What explains the spread of PB outside of PT-governed cities?

#### *Second Wave of Adoption: 1997–2004*

The number of municipalities that adopted new PB programs increased to 41 in 1997 and to 67 in 2004.<sup>2</sup> The political and social characteristics of the municipalities that adopted PB shifted significantly from the initial 1989–1996 period, thereby requiring a necessary change in methodology. Among the 41 new cases in 1997, just 13 were adopted by the PT and 28 were adopted by political parties other than the PT. To explain adoption, a model is developed that includes electoral, internal determinants, policy network, and regional variables.

A logistic regression model is used to test four dependent variables. Dummy variables are created for the 1997–2000 and for the 2001–2004 mayoral administration periods based on whether the municipality did or did not adopt PB (Yes or No). All municipalities that had PB during the previous administrative period are excluded (e.g., for the 1997–2000 period, all municipalities that had PB between 1993 and 1996 are excluded). For each period, there are two tests. The first test includes all municipalities. The second test *excludes* all PT municipalities to better explain why non-PT governments are adopting a policy program that was initially very strongly identified with the PT.

First, a dummy variable, *PT Mayor*, was created for both the 1996 and 2000 elections based on whether the elected mayor was from the PT. If this variable is



positively signed and statistically significant, it will show that the adoption of PB continued to be strongly associated with PT-governed municipalities. A second electoral variable is the percentage of seats held by the political left in the municipality's legislature (*Camara de Vereadores*). If this variable is positively signed and statistically significant, it will show that PB continued to be adopted mainly in municipalities where the political left had a solid base of support when compared with other municipalities.

The third variable included is the Human Development Index (HDI), which is generated by the United Nations to measure the mean standard of living in a given location. HDI includes per capita income, adult literacy, and longevity. In Brazil this data is produced on the municipal-level, and higher scores are associated with higher standards of living.<sup>3</sup> If this variable is positively signed and statistically significant, it will show that PB continued to be adopted by wealthier municipalities.

The fourth variable is the per capita budget spent on new capital investment funds, because this type of spending is the focus of most PB programs. We use per capita new capital investment spending in the election year prior to the adopting municipal government's entrance into office (1996 and 2000). If this variable is negatively signed and statistically significant, it will show that PB was adopted by governments in environments in which the outgoing government dedicated fewer resources to new capital investments than comparable municipalities.

A fifth variable measures a municipality's connection to "good government" policy networks, a dummy variable that was created based on the inclusion of the municipality in the "Innovations in Government" project sponsored by the Getulio Vargas Foundation and the Ford Foundation.<sup>4</sup> This program, initiated in 1996 and

modeled after Harvard University's "Innovation Project," offers cash rewards and considerable prestige to 10 semifinalist and winning municipalities. Municipalities must enter their own programs into the competition, suggesting that governmental officials seek recognition for what they consider to be their "innovative" programs. If this variable is positively signed and statistically significant, it will show that PB was adopted by governments whose mayors were looking beyond their local environments for solutions to intense governance problems.

The final variable is a dummy variable that distinguishes between the southern region and the rest of the country. A descriptive analysis suggests that a different adoption process occurs in the South than in the rest of the country. In the South, between 1997 and 2004, nearly 90 percent of municipalities that adopted PB were governed by the PT (88%). In the rest of the country, between 1997 and 2004, only one-third of adopters (35%) outside of the South were from the PT, thereby suggesting a significantly different dynamic at work in the South than in the rest of the country.

These six variables cover a broad range of potential explanations, from internal determinants to diffusion to party politics. This model should help us to better explain why over half of Brazil's large municipalities adopted PB by 2004.

#### *1997–2000: 41 new cases of PB*

Of the six variables included in the model, four are statistically significant and help to estimate the likelihood that a municipality would adopt PB (see table 1 below). Perhaps most surprising, the PT itself is not statistically significant. Given that 78% of the municipalities that adopted PB during the 1989–1996 period were governed by the PT, what changed? 1996 was, quite simply, a very bad electoral year for the PT. The

party only elected 12 new mayors in large municipalities. Since the presence of a PT mayor doesn't explain the outcomes, what does?

Table 1 about here

First, although the PT fared poorly in mayoral races, the party and its leftist allies made gains in the municipal legislatures.<sup>5</sup> The results show that in municipalities with higher percentages of legislative seats held by leftists, there was an increased likelihood of policy adoption. This gives credence to the claim that parties other than the PT are willing to adopt to respond to citizens' demands for PB's core organizing tenets (transparency, social justice, and participation). It is also likely that non-PT mayors adopted PB to neutralize an issue that was "owned" by the PT. PB was strongly associated with Brazil's political Left in the mid-1990s, so non-PT mayors adopted PB to reach out to their constituents who might be interested in the policy reforms introduced by the PT. This indicates that elections serve as accountability mechanisms because mayors adopted PB due to the increased electoral successes of the Left.

Second, a municipality's connection to a "good government" policy network also helps to account for the adoption of PB during the 1997–2000 period. Mayors appear to have looked beyond their municipalities or neighboring municipalities for information about how to reform policy-making processes.<sup>6</sup> Mayors were willing to draw from other experiences to improve their governing, to respond better to their citizens' demands, and to better position themselves to run for reelection.

The adoption of PB played out differently in the South than it did in the rest of the country. In the South nearly 90 percent of the municipalities that adopted PB were governed by the PT. In the Southeast and the Northeast, only 28 percent of the municipalities that adopted were governed by the PT. Therefore, within the South, the close association between the PT and PB meant that other parties were *unwilling* to adopt it. In the industrial Southeast and in the poor Northeast, political parties were willing to adopt PB because their constituents didn't necessarily make a close association between PB and the PT. Non-PT governments were not conceding ground to the PT, but instead were merely taking advantage of a program that was believed to generate positive policy and electoral outcomes.

Finally, as the level of per capita municipal investment spending decreased during the election year, there was a slightly greater likelihood that an incoming government would adopt PB. The results are not terribly strong, but they do indicate that incumbents are more likely to adopt PB when the previous government dedicated very low levels of resources to new capital investment spending. Of course, it is entirely possible that governments that spent low levels of resources on a per capita basis lost the election because they were unable to distribute "pork" to important groups. However, it is significant that poorly performing governments were replaced by governments that were willing to adopt an innovative policy program that focused on being more transparent, cleaning up government, and giving decision-making authority over new capital investment resources to citizens.

Interestingly and importantly, HDI is not statistically significant. During the 1997–2000 period, there was an average .737 HDI score for municipalities with PB and

an average .716 HDI score for municipalities without PB. In comparison, during the 1989–1993 period, there was an average .788 HDI score for municipalities with PB and an average .715 HDI score for municipalities without PB. This suggests that there was a “leveling” process occurring, because PB moved beyond its initial circle of wealthy municipalities.

#### *Excluding the PT: 29 New Cases*

When we exclude PT-governed municipalities from the model, 29 cases remain for the 1997–2000 period. Only 12 PT-governed cases were excluded, which explains why there are virtually no differences between columns one and two. Again, it is the participation of a municipal government in a national policy network and the growing electoral strength of leftists in the municipal legislature that best explains the adoption of PB. The analysis in the previous section, therefore, still best explains the adoption of PB among all municipalities.

#### *2001–2004: 67 New Cases*

For the 2001–2004 period, the election of a PT mayor in the 2000 election best explains why a municipality would adopt PB. This contrasts sharply with the 1997–2000 period when the presence of a PT mayor was not statistically significant. The obvious explanation is that the PT had much better electoral success in large, urban municipalities in 2000 than in 1996. This translates into a greater number of PB cases in large municipalities. PB was adopted by all newly elected PT governments in municipalities with more than 100,000 residents.

Interestingly, as the percentage of leftist municipal legislators decreases, there is an increasing likelihood that PB would be adopted. Why might this be? First, the PT's electoral gains in the mayor's office did not necessarily translate into electoral pickups in the legislature. This indicates that the PT, as a party, was not necessarily expanding its local networks and bases of support. Rather, the PT managed to break through a previous electoral ceiling by inducing voters to support their mayoral candidates. A second explanation is that in municipalities not governed by the PT, there is an inverse relationship between adoption and the electoral successes of leftist candidates. Mayors appear to be more willing to adopt PB when the Left is weaker in their communities. These mayors are willing to adopt a policy program associated with the PT to (a) deprive the local Left from using the lack of PB as a political rallying cry and (b) reach out to the very bases that the PT traditionally draws from.

HDI is statistically significant for the 2001–2004 period, which means that adoption is again more likely in wealthier municipalities. In 2001, the PT was elected in wealthier municipalities, but non-PT governments were also more likely to adopt PB if they governed in wealthier municipalities. This suggests that middle-class voters might have been responding to the widely publicized belief that PB helped to promote transparency in government. Although participation in PB tends to be dominated by lower-class individuals, middle-class voters may have supported candidates who were willing to pledge themselves to a new way of conducting politics.

Finally, as the level of per capita municipal investment spending decreases during the election year, there is a greater likelihood that an incoming government will adopt PB. The results for the 2001–2004 period are stronger than the previous period, thereby

suggesting that a newly elected government that inherits a municipality with much lower levels of available investment spending would be more willing to adopt PB as a means to clean up the administration.

The participation of municipal governments in the innovation award program is no longer statistically significant, which suggests that information about PB had been sufficiently widely distributed so that a government did not have to be involved in a specific policy network to gather information about PB. The policy network had sufficiently inundated the policy environment with information about PB that a saturation limit had been met. PB had become, by 2001, part of a standardized package that reform-minded governments were willing to implement. This indicates that governments who adopt do not necessarily comprise policy entrepreneurs, but are more likely to be pro forma adopters. Since the positive effects associated with PB include higher participation by CSOs, more efficient use of public resources, and better control over the bureaucracy, governments are willing to adopt this policy because PB has the potential to enhance their reputations for providing clean and efficient services.

#### *Excluding the PT: 43 New Cases*

When municipalities governed by the PT are removed from the model, new capital investment spending and the percentage leftists in the city council members are statistically significant. A decrease in the share of the seats for leftist city council members leads to an increase in the likelihood that a municipality would adopt PB. This suggests that adoption is being driven by the centrist and conservative politicians' attempt to identify themselves with a policy long affiliated with leftist political parties but in a

context where they can take “ownership” of the policy. Centrist and conservative politicians are adopting PB when the competition from the Left is weaker, seeking to establish a reputation as “good government” reformists.

Finally, as the level of per capita investment spending decreases, there is an increase in the likelihood that a government would adopt PB. Again, incoming governments who inherit municipal governments in which per capita investment is low are more willing to adopt PB as a means to appeal to voters.

### *Synthesizing the Adoption Results*

During the 1989–1996 and 2001–2004 periods, the presence of the PT in the mayor’s office best explains the likelihood that a municipality would adopt PB. The PT promoted itself as a party of “good government” reformers and had sufficient internal party cohesion that resulted in all (100%) of the newly elected PT governments in large municipalities adopting PB. During the 1997–2000 period, it is not the presence of the PT, but rather the connection of non-PT governments to a “good government” policy network and a great percentage of leftists in the municipal legislature that best explain adoption. Non-PT mayors drew from policy networks to initiate innovative or best-practice policies that have the potential to improve their local governance and reelection chances. And during the 2001–2004 period, when PT-governed municipalities are removed from the model, two factors help explain outcomes: A decrease in the seats won by leftist city council candidates and a per capita decrease in the level of resources that the outgoing government spent on new capital investments during its final year in office. This suggests that centrist and conservative governments are willing to adopt PB when



the Left is weak and there is a basic failure of the preceding government to invest in public policy reform.

PB has spread across Brazil, but to what end? What is the impact of these programs? These important empirical questions are commonly asked because citizens, social scientists, and government officials want to know if the impacts of PB are similar to those of the most widely known cases (Porto Alegre, in particular). It is beyond the scope of this current article to provide an analysis of all adopting municipalities. The remainder of this article focuses on eight cases of PB to initiate a discussion regarding whether the promotion of best practices produces the desired effects.

### **Policy Entrepreneurs, Advocates, and Pro Forma Adopters**

Figure 1, above, shows that the adoption of PB in Brazil was still on the upward slope of the S-shaped diffusion curve as of 2004.<sup>7</sup> Baumgartner and Jones argue that policy diffusion is similar to a punctuated equilibrium model, in which there are bursts of policy change driven by the opening of policy windows in which policy entrepreneurs promote the adoption of new policies (Baumgartner and Jones 1993, p. 29). Kingdon describes policy entrepreneurs as being “willing to invest their resources—time, energy, reputation, money—to promote a position in return for anticipated future gain in the form of material, purposive, solidary benefits.” (Kingdon 1995, p. 179). Policy entrepreneurs are often the initial force behind the adoption of a new policy, for political, personal, and governance reasons (Mintrom 1997).

In addition to the policy entrepreneur, two additional leadership types help explain which types of policy outcomes will be achieved. Policy advocates are those

government officials who initiate a policy based on the purported successes of the policy but who only give *partial* support to the policy's central components. Advocates may introduce a policy in a hostile or indifferent political environment, a feature that they share in common with the entrepreneur, but policy advocates are unwilling to stake their political careers or prestige on the success of this one particular policy. Advocates give some political support to the new policy program, but their level of commitment is significantly weaker than the commitment demonstrated by the entrepreneurs. It is likely that the policy outcomes generated will be significantly weaker than the results posted in the initial set of best-practice cases.

Pro forma adopters are those government officials who initiate a policy based on the purported successes of the policy, but who only give *very weak* support to the policy's central components. Pro forma adopters are persuaded by their political allies (often from their own political party) that policy adoption would help their administration with governance and elections. Pro forma adopters also gather information from policy networks and may choose to adopt a policy based on the information obtained from the policy networks. However, pro forma adopters are unwilling to dedicate the necessary time, energy, or resources to make the new policy successful. The policy is added onto an existing political and policy agenda, which means that the government officials may not dedicate their best personnel to the policy program or won't provide the necessary funds.

Mayors, therefore, have different incentives to adopt innovative policies. Mayors who believe that they will gain support and prestige from the adoption of PB, will likely dedicate increased time, energy, resources and, importantly, political prestige to ensure that their actual, existing PB programs are somewhat similar to the purported processes

associated with Porto Alegre's PB program. As there are decreasing political payoffs for mayors, there will be a decreasing amount of support.

To demonstrate whether there is an association between the support provided by the mayor and the policy outcomes, I draw from a study of eight municipalities that adopted PB between 1989 and 2004 (Wampler 2007). Extensive field research on this participatory institution conducted by the author shows that two basic indicators are excellent proxies for capturing PB's impact. The first factor is the percentage of new capital investment spending that the government allows PB delegates to negotiate. This demonstrates the degree of political risk that mayors are willing to take when they consider delegating authority. Brazilian mayors have considerable discretion over budgetary matters, so an increase in the level of resources that PB delegates can negotiate is an indication of increased support for PB by the mayor. Second, the percentage of surveyed PB delegates who declared that they "always" or "almost always" have the authority to make policy decisions within PB illustrates the degree to which the most active participants (elected PB delegates) believe that PB is allowing them to be directly involved in shaping public policy outcomes.<sup>8</sup> This survey data helps us evaluate whether the most active participants in PB believe that they, as elected representatives, are able to exercise the authority that PB programs were designed to provide to them. I complement the survey and budgetary analysis with elite interviews, participant observations, publications (scholarly and government), and budgetary data to classify the government leaders as entrepreneurs, advocates, or pro forma adopters.

Figure 2, below, shows that there is a strong association between survey respondents' attitudes about their level of authority in PB and the resources delegated to

PB, which indicates that conceptualizing the governments as entrepreneurs, advocates, or pro forma adopters offers strong analytical leverage to understand the impact of policy diffusion. The presence of a policy entrepreneur in the mayor's office is strongly correlated with positive response rates from survey respondents. Political entrepreneurs have staked their political future on the flourishing of this one institutional type, which helps produce successful policy outcomes. At the other extreme, survey respondents in municipalities with pro forma adopter mayors have weak responses on authority-related questions, which suggests that their PB programs are not working as originally intended. The middle cases, led by policy advocates, show moderately positive results, with an average of 47 percent of the survey respondents stating that they "always" or "almost always" have the authority to make decisions.

Figure 2 about here

Policy entrepreneurs led two municipalities—Porto Alegre and Ipatinga. Porto Alegre was the birthplace of PB in 1989. From 1989 to 1996, Porto Alegre's PB was led by two mayors, Olivio Dutra and Tarso Genro, who built local, national, and international reputations based on the success of Porto Alegre's PB. The PT won four successive mayoral elections, with PB as the center of their governing program. Ipatinga initiated a scaled-back version of PB in 1990 and significantly overhauled it in 1996 in order to make it similar to Porto Alegre's pioneering model. The mayor who implemented PB in Ipatinga was elected three times as mayor and once to the federal congress. In Porto

Alegre and Ipatinga, the PT leaders built their political careers within the PT and in each respective municipality on the promotion of PB (Wampler 2007).

The percentage of new capital investment funds that the government allows citizens to decide is another way to show the degree to which governments delegated authority to citizens. The higher the percentage of resources delegated directly to citizens, the greater the decision-making authority. In Porto Alegre, 100% of new capital investment funds were decided by delegates (Wampler and Avritzer 2004; Wampler 2007). In Ipatinga, 50% of new capital investment funds were directly decided by citizens. In addition, the government annually sought state and federal funds to complement the new capital investment funds, which means that nearly 75% of new capital investment funds were decided in PB (Wampler 2007).

At the other extreme are Blumenau and Rio Claro, both of which initiated PB in 1997 and are classified as pro forma adopters. In Blumenau, a PT mayor was elected in 1996. The mayor was persuaded by members of the PT to adopt PB, but the government dedicated few resources and little energy to PB. In Rio Claro, the mayor was a reformist from the Green Party. He adopted PB but dedicated more of his time, energy, and resources to policies other than PB. The mayor appears to have adopted PB at the behest of civil society activists as well as to appeal to Rio Claro's middle class, which was interested in "good government" programs (Teixeira and Albuquerque 2005).

The level of new capital investment spending negotiated in PB corresponds closely with the survey respondents' belief that they have little authority. In Blumenau, the mayor allowed citizens to negotiate roughly 15% of new capital investment spending (Wampler 2007). In Rio Claro, the mayor allowed citizens to negotiate less than 5% of

new capital investment spending (Teixeira and Albuquerque 2005). These figures suggest that their respective mayors were not interested in taking the political risks necessary to create vibrant PB programs. The mayors in Blumenau and Rio Claro did not delegate much authority to citizens or work to ensure the success of PB because it was not vital to their political goals. Pro forma adopters are the most unwilling to devote the resources, time, energy, and political will to make PB programs successful. They adopt a best practice at the behest of their political party, or to appeal to specific groups of activists and/or voters, but the mayors were unwilling to delegate the necessary resources to produce results that resemble the most successful cases.

The leadership in the four remaining cases, Santo André, Belo Horizonte, Recife, and São Paulo, can be classified as policy advocates. Government leaders in each municipality were willing to experiment with a new institutional format that could potentially transform basic decision-making processes in each municipality. The mayors were unwilling to take the political risk of having citizens directly decide significant policy outcomes. Instead, citizens have fluctuating levels of authority based on unclear and ever-changing criteria. Although each municipality drew from the Porto Alegre experience, the mayoral administrations were unwilling to dedicate the necessary time, energy, and resources to the programs to make them successful.

The survey responses on authority are all moderately positive, with nearly 50% asserting that they “always” or “almost always” exercise decision-making authority in PB. Again, the respondents’ attitudes are strongly correlated with the percentage of resources that the government allows citizens to negotiate. In Belo Horizonte, citizens were initially given the right to negotiate over a third of the new capital investments

(1993/1994), but by 2003 this had decreased to just 17 percent of the new capital investments (Wampler 2007). In Recife, citizens were initially given the right to negotiate over just 10 percent of the new capital investments (1995/1996), a figure that decreased during the 1997–2000 period but rebounded to over 50% of the new capital investments by 2001 (Wampler 2007). In São Paulo, citizens were able to negotiate roughly 25 to 35 percent of new capital investments between 2001 and 2004 (Wampler 2007). In Santo André, elected PB delegates' control fluctuated between 20 and 50 percent of new capital investment spending, but the institutional rules were written in such a way that the government had a veto over all policy choices (Wampler 2007). Authority was only partially extended to citizens because mayors were unwilling to risk their political futures on one particular policy type.

In the four municipalities led by policy advocates, there were moderate levels of mayoral support for the delegation of authority, and citizens felt that they were able to make some important policy decisions. The evidence presented here is, of course, more preliminary than conclusive, but it suggests that the promotion of best practices may not produce the intended effects. Rather, it may be necessary for NGOs, political parties, and citizens to more carefully consider the type of governments that will be responsible for implementing the best-practice policies. The early adopters in Porto Alegre and Ipatinga created successful policies due, in large part, to the resources dedicated by government officials to support the creation of new policy-making processes. The implication is that institutions and individuals that advocate the adoption of best-practice policies must be more careful regarding when they promote the adoption of these policies.

## Conclusion

The article focused on two inter-related issues. First, how to best account for the spread of the Participatory Budgeting (PB) among Brazil's largest municipalities? PB spread from its beginnings in the southern Brazilian city of Porto Alegre to more than 250 municipalities across Brazil. Adoption of PB programs in Brazil was initially driven by the electoral success and the internal discipline of the Workers' Party (PT), which resulted in all PT-governed large municipalities adopting PB. PB was promoted by the PT and by civil society organizations directly affiliated with the PT (CUT and Instituto Cajamar) or by NGOs sympathetic to the PT (Instituto Polis, FASE). A second wave of adoption (1997-2004) was dominated by non-PT municipal governments that were seeking to gain governing and elections benefits from their association with a program that is known for its emphasis on social justice, transparency, and direct participation.

The active role of the PT in the promotion of PB links the two traditional explanations for the spread of policy programs at subnational levels: *Elections* as a means to induce governments to adopt innovative policies and the use of *policy networks* to spread information about successful policy programs. Therefore, elections serve as an accountability mechanism, spurring government to adopt "best practice" policy programs. Policy networks work within civil society and political society to provide information to activists, politicians, and elected officials about how these programs function. The spread of PB, therefore, indicates that Brazil is developing an electoral environment and policy arenas that promote the adoption of "best practice" policies.

The second issue that this article addresses is the range of outcomes produced by governments that adopt PB. Are the adopting cases cheap knock-offs? Or are they high-



quality replicas? The reason that this issue is important is because the World Bank and United Nations Habitat are now advocating the adoption of PB across the globe. While this advocacy is certainly understandable, and even commendable, it may not necessarily be prudent. Based on preliminary data, the policy outcomes produced by adopting cases appear to be sufficiently weaker than the initial set of cases (See figure 2). This suggests that a “one-size-fits-all” approach to institutional reform may be counter-productive. Because of the centrality of mayors to the PB process, two new categories, policy advocates and pro forma adopters, were developed to complement the more well-known concept of policy entrepreneur.

Policy entrepreneurs produced the most successful programs because these governments’ political futures were tightly associated with the success of this particular program. It is, of course, possible that the World Bank and United Nations Habitat will find entrepreneurial politicians who are willing to delegate sufficiently high levels of authority to citizens in other towns, cities, states and provinces. In newly adopting cases, however, it is more likely that these cases will be the exceptions rather than the norm because few elected politicians are willing to turn their newly won authority over to citizens. It is more likely that the vast majority of new cases will be adopted by policy advocates and pro forma adopters because politicians (especially elected officials) will not necessarily be willing to risk their political futures on the delegation of authority to citizens.

Policy advocates tend to support some aspects of PB, but not to the same degree as the entrepreneurs because they are unwilling to base their political futures on this particular policy program. Policy advocates are often reformers who are willing to

experiment with new policy formats, which means that there may be some positive effects generated by their PB programs. In these cases, PB may generate some new forms of state-society relations, but there is also the reproduction of traditional forms (i.e., clientelism, co-optation) that mark the politics of many developing world countries.

Pro forma adopters often establish PB programs that produce outcomes bearing scant resemblance to the most successful cases. In these cases, the adoption of PB programs may cause disillusionment among citizens and local policymakers who were “sold” on the benefits they would accrue if they adopted a “best practice” policy only to discover that weak outcomes were produced by the adoption of this best-practice policy. Pro forma adopters may be induced by their political party, by their CSO allies, or by an international organization to adopt PB, but if there is not a strong incentive for the government to delegate authority, it is more likely that cynicism, rather than empowerment, will be fostered.

These findings should give considerable pause to national and international NGOs that promote the widespread adoption of best practices. This is not to argue that the promotion of best practices should not continue. Rather we must greatly lower our expectations for the type of outcomes that will be produced as well as reconsider where these programs are being adopted. It may be worthwhile for NGOs and international funding agencies to invest more time in identifying which governments are likely to be policy advocates versus those more likely to be pro forma adopters. Based on the evidence presented here, it may be advantageous to promote best practice policies among governments likely to be policy advocates but to discourage adoption among pro forma adopters.

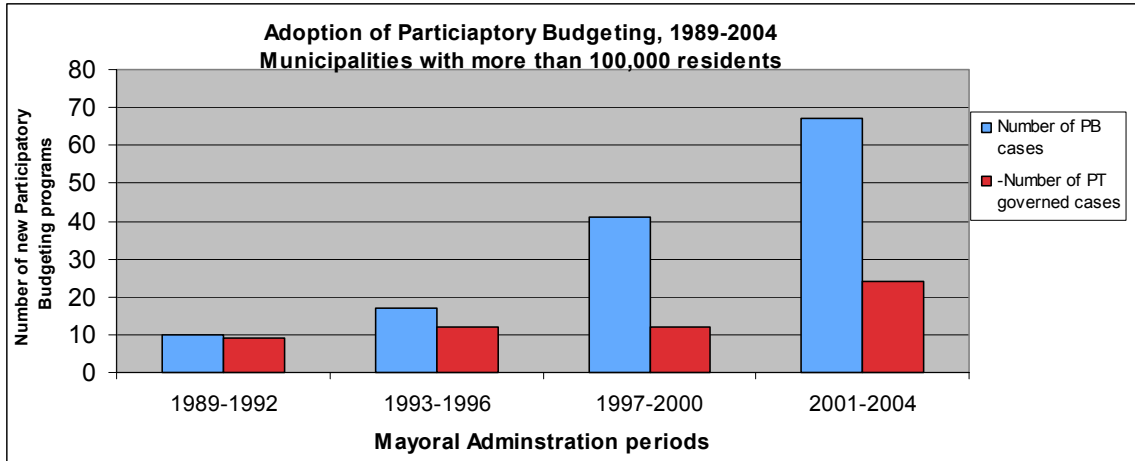


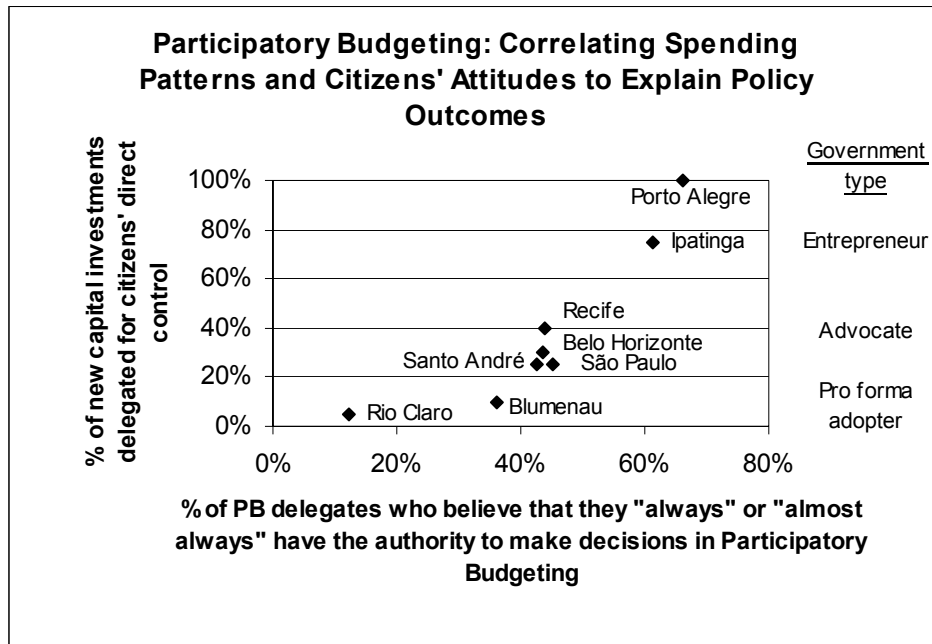
Table 1  
Adopting Participatory Budgeting, 1997–2000 and 2001–2004

	1997–2000 All cases	1997–2000 Excluding PT governments	2001–2004 All cases	2001–2004 Excluding PT governments
PT Mayor	11.59 (5184)		1.78*** (.408)	
% of Leftists in Municipal Legislature	5.21* (2.65)	5.21* (2.65)	-2.94# (1.70)	-.311# (1.79)
Human Development Index	9.56 (6.01)	9.56 (6.01)	8.75# (4.55)	6.98 (4.52)
“Good Government” Policy Network	.580* (.280)	.580* (.280)	.242 (.205)	.167 (.210)
Investment Spending	-.011# (.006)	-.011# (.006)	-.015* (.006)	-.014* (.006)
South	-.956# (.535)	-.956# (.535)	-.220 (.265)	-.112 (.270)
Constant	.931 (5184)	-10.66* (4.752)	-4.97 (3.49)	-5.28 (3.47)
Log Likelihood	-112.8	-112.8	-174.9	-162.5
N	200	187	173	148

#≤.1; \*≤.05; \*\*≤.01; \*\*\*≤.001

In OLS estimates of the same models, the tolerances for each predictor are greater than .10, indicating that multicollinearity is not a problem. Standard errors are in the parentheses.

Figure 2



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- Villas Boas, Renata; Former POLIS employee; May 6, 2004, São Paulo.

## Endnotes

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<sup>1</sup> For a more extensive description of the rules, please see <http://www.internationalbudget.org/resources/library/GPB.pdf>. Accessed on October 25, 2006.

<sup>2</sup> To identify which municipalities had PB during the 1997–2000 period, I drew from the book edited by Ana Clara Torres Ribeiro and Grazia de Grazia, who worked with the National Forum of Popular Participation. To identify municipalities with PB during the 2001–2004, two research assistants and I contacted municipalities with more than 100,000 residents. We combined our results with the results of a research team led by Leonardo Avritzer of the Federal University of Minas Gerais. During our investigations into the 2001–2004 period, we found PB programs that began prior to 2001 that had not been included in the Torres and Grazia study.

<sup>3</sup> See [www.undp.org.br](http://www.undp.org.br).

<sup>4</sup> See <http://inovando.fgvsp.br/>.

<sup>5</sup> The Workers' Party, the Communist Party of Brazil, the Brazilian Socialist Party, and the Green Party were considered leftist parties.

<sup>6</sup> Initial versions of this model included state and regional diffusion measures. The results were inconclusive, due in large part to the tremendous differences in the number of municipalities in each state (60 municipalities in the state of São Paulo and just one municipality in the state of Amazonas) and region (112 municipalities in the Southeast and just 15 municipalities in the North).

<sup>7</sup> During the 2005–2008 period, there are only 110 municipalities that haven't adopted PB, so it is likely that the down slope of the S-shaped curve will begin during this period because PB adoption has reached its saturation level.

<sup>8</sup> The survey was field-tested and designed with the help of Gustavo Venturi. The survey was conducted by the Instituto Ethos between November 25 and December 10, 2003. Survey methodology: This survey is a representative sample of PB delegates rather than a random survey of PB delegates. There were 695 total surveys completed out of 6500 possible participants. The distribution among the different municipalities was: Porto Alegre (60), Ipatinga (60), Belo Horizonte (60), Santo Andre (60), São Paulo (300), Recife (60), Blumenau (60), and Rio Claro (30). In all cities, with the exception of Santo Andre, the surveys were conducted via telephone. To generate an appropriate phone list of current delegates, the author contacted each municipal government to obtain the names and phone numbers of individuals who were serving as PB delegates in 2003. In the municipalities of São Paulo, Ipatinga, Blumenau, Rio Claro, and Recife, complete lists of all delegates were obtained. Individuals were then randomly selected. In Porto Alegre and Belo Horizonte, municipality management of names and phone numbers was decentralized at a submunicipal level. In Porto Alegre, we were able to obtain 50% of the appropriate numbers, from which we generated a random selection. In Belo Horizonte, we obtained less than 30% of potential names and phone numbers, from which we generated a random selection. In Santo Andre, surveys were conducted in person at PB neighborhood meetings.