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***“The Difficult but Not Impossible Diffusion of Participatory Budgeting”
Benjamin Goldfrank
Whitehead School of Diplomacy and International Relations
Seton Hall University***

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Benjamin Goldfrank

Whitehead School of Diplomacy and International Relations

Seton Hall University

As Latin American leaders of both old and new democracies in the 1980s and 1990s began the transition away from the centralized and often authoritarian regimes of previous decades, the general notions that the region's governments required more citizen participation and greater decentralization found support from an uncommonly wide swath of the ideological spectrum. Mainstream international development organizations like the World Bank and the United Nations Development Program encouraged adoption of these policies as part of a larger reform of the state. They viewed decentralization and participation as methods of expanding and improving public services, which in turn would help governments gain legitimacy in the eyes of citizens and thus promote the stability of democracy. Social movements and political parties on the Left, meanwhile, pushed the two policies as part of a general call for deepening democracy. Parties like the Workers' Party (PT), the Broad Front (FA), and the Radical Cause (LCR) led the way in implementing new participation programs in cities such as Porto Alegre, Montevideo, and Caracas. Ultimately, it was the PT's participatory budgeting program in Porto Alegre that achieved the most acclaim, both from the Latin American Left, which has attempted to replicate the model in hundreds of cities throughout the region, and from international development organizations, which began to promote participatory budgeting not only in Latin America but throughout the world.

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In this paper, I reflect on my recent research (Goldfrank 2007a; 2007b) to ask the following two questions: What are the main lessons to be learned from the attempts to deepen democracy in Porto Alegre, Montevideo, and Caracas? And do those lessons help us understand the success or failure of participatory budgeting in other Latin American cities as it spreads?

Lessons Learned

The first and most promising lesson is that deepening democracy is possible. Under certain conditions, the combination of decentralization and participation can lead to more democratic city government, even in the relatively short term. Robert Putnam's (1993) pessimistic suggestion that making democracy work takes centuries seems exaggerated. Deepening democracy does not require an ancient stock of social capital. In fact, many supposed stumbling blocks to effective participation programs, such as social inequality, bureaucratic resistance, and party factionalism, can be overcome. As in Caracas and Montevideo, society in Porto Alegre is highly unequal and many municipal government employees opposed new channels of citizen participation. Factional rivalry plagued not only the FA and LCR, but the PT as well.¹ The success of Porto Alegre's participatory budgeting program despite these obstacles has thus justifiably raised the hopes of advocates of participatory democracy. It should also give pause to critics like Samuel Huntington and Fareed Zakaria, who argue that expanding direct citizen participation in government leads to "tyranny or chaos" (Zakaria 2003: 255).

Second, although deepening democracy is possible, not just any participation program guarantees it. For an effective program, one that will consistently attract a large number of citizens, the right institutional design is vital. Designs that focus narrowly, offer insufficient decision-making power, and are overly formal, privileging party officials and elected representatives rather than ordinary citizens, tend to discourage participation, as the cases of Caracas and Montevideo show. By contrast, the key features of the open design of participatory budgeting in Porto Alegre were its wide range of issues under debate, its informal structure that allowed all citizens access without favoring party loyalists, and its deliberative decision-making process that gave citizens a real taste of power. This lesson underscores and extends earlier arguments that

participatory budgeting's success in Porto Alegre is related to its ability to attract unorganized sectors of the population through its open format (Baiocchi 2004).

Third, even mayors with an ideological commitment to deepening democracy through designing open participation programs are constrained by national and local political contexts. Where resources and authority remain mostly centralized at the national level, as in Venezuela, the capacity of municipal reformers to design meaningful participatory institutions is severely undermined. Still, decentralization is not sufficient. In cities with strongly institutionalized parties, decentralization will likely result in elite capture and exclusionary politics; even where a new progressive party wins office, as in Montevideo, the old established parties can debilitate participatory reforms. In cities with weakly institutionalized parties, however, decentralization's democracy-enhancing benefits are more likely to filter through. Contrary to the frequently negative assessments of the democratic prospects of Brazil's weakly institutionalized parties and weakly institutionalized party system (Mainwaring 1999; Power 2000; Ames 2001), it was this political context that allowed the PT to establish a genuinely effective channel of citizen participation and indeed deepen democracy in Porto Alegre.

These findings echo some of the work on post-transition democracies that argues that overinstitutionalized party systems often prevent new ideas from being implemented (Von Mettenheim and Malloy 1998; O'Dwyer and Kovalčík 2007). They also help explain why other attempts by Left parties to implement participation programs in some Latin American cities have met with such difficulties. The participatory initiatives under the United Left in Lima in the mid-1980s, for example, were hampered both by the lack of decentralization in Peru and by the attacks from APRA, one of the country's oldest and strongest parties (Schönwälder 2002). And the original efforts to create new participation channels in Mexico City by the Party of the Democratic Revolution faced significant obstacles created by the very strongly institutionalized Party of the Institutionalized Revolution (Alvarado and Davis 2004).

Even in Brazil, the PT fared much better with participatory budgeting in Porto Alegre than in São Paulo, for example, partially because in the latter city the party faced fierce legislative and bureaucratic resistance from the political machines set up by traditional politicians Jânio Quadros, Orestes Quécia, and

Paulo Maluf (Keck 1992: 234-235; Couto 1995; Harnecker 1993: 18-21, 117-120, 125). Moreover, as dozens of countries especially in Asia, Africa, and Latin America continue to engage in experiments with decentralization that yield different outcomes (Manor 2006), this lesson regarding strongly institutionalized parties may help answer one of the major questions posed by scholars of decentralization: "why some subnational governments become successful innovators in democratic governance while others reinforce authoritarian patterns" (Selee and Tulchin 2004: 314).

A fourth lesson becomes clear when looking back from the present era, one in which the Left has risen to national power in Venezuela, Uruguay, and Brazil, and to prominence virtually throughout the region, and one in which the notions of participatory democracy and the practice of participatory budgeting have become widespread: attempts to open up government to foster citizen participation can have important political consequences whether they succeed or not. Take the case of LCR in Caracas, which had at least two major impacts on Venezuelan politics. On one hand, LCR's failure to make participation work in Caracas, and generally poor performance in this key city, prevented Mayor Aristóbulo Istúriz from winning re-election in 1995. Had Istúriz succeeded in implementing an effective participation program and won re-election, he and LCR would have been well-poised for the 1998 presidential race. Instead, their loss in Caracas contributed to the party's division in early 1997 and its inability to maintain its status as the leading contender to against the traditionally dominant parties. Rather than breaking the hold of Punto Fijo-era politicians on Venezuelan politics, LCR virtually disappeared, making space for Hugo Chávez.

On the other hand, Chávez became the leading proponent of participatory democracy in the region and LCR's parish government program became one of the main models for citizen participation in Venezuela's new "Bolivarian" Constitution. When LCR divided, Istúriz and other leaders founded the PPT and supported Chávez in the 1998 election, along with other political parties on the Left. The PPT received important positions in the Chávez administration, and after the PPT won nearly 10 percent of the seats in the Constituent Assembly, Istúriz was named the body's Second Vice President. It is not surprising that several of the participatory initiatives under Chávez were based on those promoted by Istúriz and LCR (López Maya 2008: 7). The most important of

these, until recently, were the Local Public Planning Councils. These Councils first appeared in the 1999 Constitution and were later legally mandated in all Venezuelan municipalities in 2002. They closely resemble the parish governments, especially as envisioned in the Municipal Ordinance of November 1995 (Concejo 1995). More recently, an internal struggle within the forces of Chavismo seems to have pushed the LCR/PPT version of participation aside, and the Local Public Planning Councils have been essentially superseded by a newer participatory endeavor, the Communal Councils.

The long-term political effects of the FA's participatory efforts in Montevideo are more straightforward. There, despite the fact that participation did not reach the levels achieved in Porto Alegre, the improvements in government responsiveness and transparency helped the FA attract more and more voters. Unlike LCR in Caracas, the FA was able to continue to win elections by expanding from its initial base of unionized workers and part of the middle class intelligentsia to capture poorer voters (Luna 2007: 4-8) and eventually win the presidency with Tabaré Vázquez, the FA's first mayor of Montevideo. Vázquez maintained the FA's participatory discourse during his three runs for the presidency in 1994, 1999, and the victorious 2004 campaign. In his inaugural speech in March 2005, he promised to "deepen, expand, and broaden democracy and citizen participation in the exercise of government" (Vázquez 2005). Indeed, the Vázquez administration has opened several new channels of participation in Uruguay. Furthermore, the FA's continued success in Montevideo's municipal government, along with the weakening of Uruguay's traditional parties – the Blancos and Colorados – has allowed recent FA mayors to experiment with new forms of participation. Although the rate of participation in the local councils and thematic commissions is still very low (Zibechi 2008), in 2005 Montevideo adopted its own version of "participatory budgeting" under Mayor Ricardo Ehrlich. This differs from Porto Alegre's in that it is more of an electoral process, but it may be breathing new life into the city's participatory institutions; nearly 75,000 Montevideanos voted in the 2007/2008 budget cycle (CIGU 2008: 4).

Finally, the political repercussions of the PT's participatory budgeting experiment in Porto Alegre have been numerous and varied. For the PT, participatory budgeting became one of its signature municipal programs, one

that it has adopted in more than one hundred cities throughout Brazil. It also helped launch former mayor Olívio Dutra to the governor's seat in Rio Grande do Sul, where he implemented a state-wide PB process, and even helped give Lula and the PT credibility in the 2002 national election, as they could point to Porto Alegre and other well-governed cities as evidence of their honesty and competence. Lula's platform in 2002 called for implementing some form of PB at the national level, but although his administration has essayed a number of new forms of participation, PB is not one of them. And while participatory budgeting helped the PT win several municipal elections in Porto Alegre, the party finally lost after 16 consecutive years in office in 2004. What happened?

While the PT remained the single most popular party, winning a plurality of the votes, it was defeated in the second round run-off by a coalition of twelve parties ranging from Center-Left to Right. The opposition ran a smart campaign, in which its leading mayoral candidate, ex-senator José Fogaça, accepted that the PT administrations had realized certain achievements. Specifically, Fogaça recognized the importance of participatory budgeting and repeatedly promised to maintain it under a non-PT government. Fogaça's slogan was to "keep what's working, change what's not." The opposition also capitalized on the notions of "ending one-party rule" and allowing "democratic alternation" after the PT's consecutive prior victories (Baiocchi 2006). At the same time, the PT suffered from leadership battles that hurt its standing with voters.

The key battle was between former mayors Dutra and Tarso Genro. After Dutra beat Genro to be the PT's gubernatorial candidate in a bitter 1998 primary, Genro decided to run for mayor of Porto Alegre in 2000 (which upset the then vice-mayor who had expected to head the ticket and ended up leaving the party). Genro promised in the 2000 campaign that he would serve his full four-year term. However, just fifteen months into his term, he again faced Dutra in the party's gubernatorial primary in 2002, and left the mayor's office to be the PT's (losing) candidate. Genro's broken promise was bad enough on its own for the PT's chances with Porto Alegre voters, but it also meant that his uncharismatic vice-mayor finished out the term. In addition, Dutra's term as state governor proved controversial, and Lula's first two years as president had been underwhelming; economic growth was slow and municipal tax revenues and federal transfers were reduced throughout Brazil (Teixeira and Albuquerque

2006: 218). With the threat of losing participatory budgeting removed by the opposition, the PT's internal problems, and the PT administration's weakening capacity for public investments, the party's hold on Porto Alegre slipped. Under the current coalition government, Fogaça kept his promise to maintain PB, but it has lost much of its former vitality as the municipal administration has downplayed its importance and participation rates have declined (CAMP 2007; Baierle 2008).

While participatory budgeting is in danger of "pasteurization" in Porto Alegre (Chavez 2008), its influence has continued, with thousands of other cities world-wide implementing PB in some form or another. Especially after the United Nations Habitat Conference in Istanbul awarded PB the title of "best practice" in urban government in 1996, observers from around the world arrived began arriving in Porto Alegre to study and advocate it. Since then, political parties and social movements on the Left as well as international development organizations have taken up PB, either adopting it or pushing for its adoption throughout Latin America and the world. With varying degrees of faithfulness to the Porto Alegre model, Left parties have now implemented PB in dozens of cities stretching from Mexico to Argentina, while international aid agencies have pushed PB on governments globally. At present, two countries in Latin America explicitly require PB. With encouragement from international donors in 2003 and 2007, respectively, Peru and the Dominican Republic passed national laws mandating PB in all local governments, which in the case of Peru includes municipal, district, and regional governments. Several other countries in the region also have laws requiring some form of citizen consultation and oversight in the municipal budget process, including Guatemala, Nicaragua, and Bolivia, though they do not all use the term participatory budgeting. Many cities in Africa, Asia, and Europe have adopted PB as well, and in 2007, the Labour Party government announced its intention that all local governments in Great Britain would use PB by 2012 (Communities 2008).

In the first decade of the 21st century, then, participatory democracy has become a key element in the national governments of the Latin American Left, and participatory budgeting, in particular, has spread to cities throughout the region, adopted by governments from Left to Right. Can the lessons from the

study of participation in Caracas, Montevideo, and Porto Alegre help us understand PB's successes and failures in these new contexts?

Replicating Participatory Budgeting: Porto Alegre is not Unique

Budget councilors in Porto Alegre told me that their success with participatory budgeting could be replicated in any city, with some qualifications: "All you need is an organized community and a politician with the will to do it. And of course money. You need money. It's not enough to have the will if you don't have money."² With PB becoming an international buzzword in recent years, it seems that many outsiders would agree that successful PB can be duplicated. On the other hand, some studies of participatory budgeting suggest that its emergence in Porto Alegre strongly reflects the unique histories of the city and the state of Rio Grande do Sul, arguing that the *gaúchos* had a more participatory, egalitarian culture dating back to and because of the wars of secession in the mid-19th century, the Brazilian South's lesser dependence on slavery, and the greater numbers of immigrants and small farmers (Avritzer 2006a: 624-625). Others have gone further, suggesting that successfully replicating PB in other cities would be exceedingly difficult. The fact that Left administrations independently and simultaneously implemented very similar participatory institutions elsewhere in Latin America, including in Montevideo and Caracas, however, indicates that PB-like institutions are more politically than culturally determined. But the other question still remains: can PB help deepen democracy outside its famed original home?

If successful PB is somehow culturally determined and Porto Alegre is unique, then the arguments above about the importance of national decentralization, weak opposition party institutionalization, and an open design for the participation program, would be invalidated. If PB can be successfully replicated in any and every city, my arguments would be invalidated as well. Unfortunately, because the diffusion of PB is fairly recent, research on PB outside of Brazil remains scarce, which makes testing the validity of these arguments difficult. However, comparisons of PB in other Latin American countries suggest that participatory budgeting is being successfully replicated and improving the quality of democracy in some cities but not others. They also suggest that while decentralization, opposition, and design matter, other factors – some of which my study of Caracas, Montevideo, and Porto Alegre controlled for – count as

well. Perhaps most significant is the ideology of the incumbent party. When parties in the Center or on the Right adopt PB, the design tends to differ from PB designed by parties on the Left, and the results for the quality of democracy tend to be less promising. In addition, while weak traditions of local social organization do not seem to prevent successful PB, particularly strong traditions of local organizing do seem to help overcome other obstacles.

Evidence for these claims comes from comparing locally implemented PB in Brazil to nationally mandated citizen participation in the municipal budget process in four other Latin American countries – Bolivia, Guatemala, Nicaragua, and Peru – during the early 2000s.³ By and large, while analyses of Brazilian PB portray many more cases of improvements in the quality of local democracy, observers of non-Brazilian experiences are less sanguine. Of course, not all cases of Brazilian PB have uniformly positive results (Baiocchi et al 2008, Wampler 2007a). Still, recent econometric analyses of Brazilian cities show that in those with PB, per capita social spending tends to be higher and more redistributive (Marquetti and Bêrni 2006) and access to public services like water and sewerage tends to increase while poverty tends to decrease, especially in cities where PB remains in place for a longer period (Banco Mundial 2008). Brazilian PB also often encourages solidarity among citizens, stimulating the adoption of pluralist rather than clientelist or personalist strategies for obtaining public services (Wampler 2007b). On the whole, the outcomes in Bolivia, Guatemala, Nicaragua, and Peru tend to be far less heartening. In these countries, the new participatory bodies have suffered from a number of ills. In many cases, mayors refused to implement the national laws, created phantom bodies, or only allowed participation of political allies; on the whole, citizen participation in local budgeting processes has been neither extensive nor sustained, and government responsiveness and transparency have not seen much improvement.⁴

The major reason that Brazilian PB has tended to be more successful than its counterparts in the Andes and Central America is that political actors with different ideologies designed and employed the new institutions. In Bolivia, Guatemala, Nicaragua, and Peru, radical democratic ideology was not a major motivation. Rather, international financial institutions hoping mostly to reduce corruption pressured Centrist or Rightist presidents to create and/or implement

laws requiring citizen participation in municipal budget processes, especially with the start of the Heavily Indebted Poor Countries relief initiative in 2000. While the names of the new participatory bodies varied, in each country national laws mandated the creation of local councils charged with contributing to municipal planning, budgeting, and oversight.⁵ A large majority of municipal governments in these countries were controlled by political parties in the center or on the right, with no tradition of promoting citizen participation. On the other hand, because Brazil does *not* have a national law requiring PB of all municipalities, the mayors who implement it there tend to be more committed to participatory democracy. In the 2001-2004 period, nearly half of the 170 Brazilian cities with PB were governed by the PT and many of the others were governed by other left-leaning parties (Avritzer 2006b: 40-41).

Thus, the institutional design of PB in Brazil generally contrasts with the designs in the other countries. Brazilian PB tends to follow Porto Alegre's open design, while PB elsewhere is regulated or restrictive. While PB in Brazil is usually much more deliberative, offering citizens the opportunity to debate and decide upon investment priorities in public assemblies, the participation laws in the other countries give mostly consultative powers to the local development councils. The structure of Brazilian PB is also less formal; it is open to individual participants regardless of their organizational affiliation. In the Andean and Central American cases, participation is often restricted to representatives of government-selected pre-existing civil society organizations. And in Guatemala, Nicaragua, and Peru, government officials receive half of the council seats or more. This would not have been the case in Peru had the strongest opposition party at that time – the Aprista Party – allowed the original Law of Participatory Budgeting to be passed with contesting it in congress. Instead, echoing the charges of the traditional parties in Venezuela and Uruguay, Aprista and other representatives argued that too much volunteer citizen participation would endanger representative democracy. They eventually succeeded in forcing President Alejandro Toledo's Peru Posible party to compromise and allow government officials 60 percent of the seats on the budget coordination councils. In Brazil, few cities beyond the lone case of Santo André use such a formalized structure for PB, and in Santo André, where government officials held half the

seats, PB's effects on the quality of democracy have been mixed at best (Wampler 2007a: Chapter 6).

Other advantages also aided the more generalized success of Brazilian PB. Brazil's greater degree of decentralization and greater wealth meant that its local governments benefitted from larger budgets, on average, compared to those in the other countries. Bolivia was nearly as administratively and fiscally decentralized as Brazil, but was (and still is) much poorer. Brazil, along with Peru, was also more politically decentralized, with elected officials at both the municipal and regional levels.⁶ By contrast, regional officials were appointed in Nicaragua, Guatemala, and Bolivia (until 2005), and often the national governments decentralized resources to the regional rather than municipal governments so as to privilege their allies and punish the opposition. Finally, because of their relatively recent civil wars, many communities in Nicaragua, Guatemala, and Peru remained polarized to different degrees, and local civil society organizations thus often had shorter-lived and weaker traditions of cooperation with one another and were sometimes wary of government-led collaborative initiatives. In Brazil, as well as in Bolivia, insurgencies and counter-insurgencies had been much less relevant and much further in the past, and they did not impose any additional stress on already existing class and ethnic divides among civil society organizations.

The preceding comparison might suggest that PB can only be successfully replicated in Brazil. However, despite the generally poor results of participatory budgeting institutions in the Andean and Central American contexts, several stories of deepening democracy exist, some of them relatively predictable and some quite surprising. In a comparison of fourteen studies of participatory budgeting in Bolivia, Guatemala, Nicaragua, and Peru, the most unexpected cases of genuinely effective PB that I found were in Huaccana and Limatambo, Peru, and Curahuara de Carangas, Bolivia (Goldfrank 2007b). All three are very poor, rural, and mostly indigenous small towns (with a population of around 10,000 inhabitants) with severe deficiencies in public services and scarce local resources. Furthermore, as an isolated area in the war-torn region of Apurímac, Huaccana had involuntarily served as a way station for Shining Path guerrillas as they retreated into the jungle and was later placed under military control during the 1990s. Limatambo had suffered from the civil war as well, and in addition

had long-standing, violent, and deep divisions between the majority Quechua-speakers and the richer minority Ladinos, or *mistis*, who had controlled politics for generations. And Curahuara de Carangas is one of the poorest towns of Bolivia's harsh highlands, with well over half the residents living in extreme poverty, and prior to the mid-1990s had never had a municipal government and had been ignored by regional governments. Though each town overcame these obstacles in different ways, they shared in common an indigenous mayor who could draw on prior local customs of participation and an institutional design that made PB more open than the national laws suggested.

As in the other more successful cases of Peruvian PB, in Huaccana, participatory budgeting started prior to the 2003 national law requiring it. The year before, the Catholic charity organization, CARE-Peru, chose Huaccana for a PB pilot project and the mayor agreed to implement it. Because political parties were largely absent, no strongly institutionalized opposition with clientelist ties to local social organizations existed, which facilitated the creation of a relatively open process. Even after the national law passed and a new mayor took office, Huaccana's PB remained more open than most of the other Peruvian cases. The new mayor did not follow the law's requirement that only legally-registered social organizations with at least three years of proven existence could participate, but continued to allow all citizens the right to voice and vote in sub-municipal public assemblies that established the community's investment priorities and elected representatives to the municipal assembly. In addition to the absence of opposition to PB, also helpful were the technical and financial aid provided by CARE-Peru, Oxfam, and the British Department for International Development (DFID), as well as the strong bonds among peasant communities created by collective land-holding. Overall, in the first two years of PB in Huaccana, about twenty percent of voting-age citizens participated (up from twelve percent in the first year), previously excluded sectors of civil society were included (including women's and peasant organizations) in the public policy process and began building networks of cooperation with other organizations and with government institutions, and local government spending became more equitable, as the poorest and most previously neglected zones in Huaccana received the most resources (Ventura 2004a).

Curahuara de Carangas provides a similar story, in that external aid helped overcome the lack of local resources, and the formalization of participation by national laws was circumvented thanks to local indigenous participatory traditions and the absence of strongly institutionalized political parties.⁷ Foreign aid (including HIPC II funds) made up over half of the municipal budget from 2001 to 2003, primarily from the German Agency for Technical Cooperation. Other international organizations provided economic and professional assistance as well. The Swiss trade union NGO, Swiss Workers Aid, played a leading role through its Program to Support Democracy, which provided information on the participation laws to the newly endowed municipal authorities. Curahuara de Carangas had been virtually untouched by the national government for decades, which meant that political parties had been mostly absent and that the town had been self-governed using the Aymara practice of reciprocal, rotating volunteer labor (*cargos*) through kinship-based communities (*ayllus*) on collectively-owned land. Unlike much of the rest of Bolivia, where political parties in power tried to structure the new budget oversight committees in their favor and those out of power tried to obstruct participation, in Curahuara de Carangas, all the municipal candidates signed an agreement to remain autonomous of their respective political parties and to avoid party interference in municipal affairs. Subsequently, citizens from each of the ten *ayllus* as well as the one existing neighborhood association participated in the election of members to the budget oversight committee as well as in workshops to decide upon the municipal government's annual budget and five-year development plan and in an annual municipal assembly that evaluates budget implementation. Because everyone in the town is a member of an *ayllu* (or, in the town seat, of the neighborhood association), no one is excluded.

As in Huaccana, Curahuara de Carangas has seen significant advances in the quality of local democracy since the adoption of PB reforms. While mayors in many other Bolivian towns have been censured for corruption and had their mandates revoked by the city council (Altman 2003), municipal government in Curahuara de Carangas has been characterized by a high degree of transparency and the continuity in office of the mayor. Local infrastructure has also improved considerably, especially with regard to schools, roads, and electricity, which was the primary demand of the participants in budget discussions. The participation

reforms also revitalized and helped change the nature of existing social organizations, particularly the *ayllus*. Perhaps most significantly, after a long tradition of political exclusion had reduced their interest in participating, women's involvement in the *ayllu* system (and in local government) increased and became more important. Female holders of the highest *cargo*, Mama t'alla, report that "now they are listened to and respected as traditional authorities within their *ayllus* and also by the municipal government."⁸ Moreover, the *ayllu* leaders decided to form a joint council through which they could collectively meet with officials of government and private institutions as well as with other regional indigenous organizations.

Whereas the success of PB in Huaccana and Curahuara de Carangas seems at least partly determined by the strong presence of international NGOs and the absence of an institutionalized opposition, the mayor of Limatambo faced the opposite situation.⁹ Yet Wilber Rozas, Limatambo's mayor for three consecutive terms from 1993 to 2002, still managed to invent and implement a sophisticated and open participatory budgeting process prior to Peru's national PB law. Drawing on Quechua customs of working for the community (*minka*) or the government (*mita*) and Limatambo's more recent history of peasant organizing, as well from his own experience as a rural development worker, Rozas created a Communal and Neighborhood Council with six delegates (three women and three men) elected in public assemblies in each of the 33 indigenous communities and the mostly Ladino city center. The new Communal and Neighborhood Council was charged with drawing up a municipal development plan, prioritizing annual investments, and overseeing government implementation.

Despite opposition from the traditionally most powerful political parties – APRA and Acción Popular – and the history of Ladino paternalistic and clientelistic control of the indigenous population, the new PB system stimulated widespread participation, with assemblies in each community to prioritize public works projects and elect delegates. Because indigenous communities are exempt from property taxes and the municipal government had a small budget, in order for public works projects to be feasible participation also included volunteer labor and resources such as wood, tools, and adobe. Following years of neglect, participatory budgeting in Limatambo succeeded in bringing much-needed

improvements to infrastructure in all 33 communities, including potable water, irrigation pipes, and reservoirs, as well as roads from each community to the town center as well linking the communities to one another. And after being excluded from politics and living under essentially feudal relations with Ladino landowners for centuries, the Quechua-speaking population of Limatambo became the primary decision-makers but without excluding the Ladinos, whom they specifically called on to participate in assemblies of the town center. Rozas, moreover, went on to be elected mayor of the Province of Anta (in which Limatambo is located), where he has adopted PB as well. When the new mayor of Limatambo – who had been elected after Rozas’ supporters split their vote among several indigenous candidates – tried to ignore the prior PB experience, the peasant organizations protested and tried to revoke his mandate, eventually forcing him to adapt the national law’s mandate for PB to the previous, more open design that allowed all citizens participation rights.

The other more well-regarded and well-known cases of PB in Peru, those of Ilo and Villa El Salvador, are less unexpected. After all, both were led by a political party on the left (the United Left), both had strong civil society support from either unions or popular associations, and both faced weak opposition. Villa El Salvador, one of the larger (over 300,000 residents) and poorer municipalities within metropolitan Lima, made up for its weaker resource base compared to the relatively developed port city of Ilo with the strong presence of national and international NGOs. By examining additional cases, it becomes clear that neither Porto Alegre nor Brazil is uniquely capable of successfully deepening democracy through participatory budgeting. Rather, the propitious conditions and design of PB in Porto Alegre can be found elsewhere, and even under adverse conditions, PB can occasionally succeed if participatory reformers find facilitating local or external resources. In the face of strongly institutionalized opposition, reformers may try invoking older community norms of participation, if available, and inviting rivals to participate (as Rozas did in Limatambo). In the face of centralized national government, reformers may call on donor organizations for technical and financial support. In either case, reformers should strive to ensure an open design of participatory budgeting.

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¹ Of course, exceptionally high levels of intra-party rivalry can be fatal, as Couto (1995: 153-155) argues for several of the PT's first experiences in local government.

² Interview with "Humberto," budget councilor from the Centro district (12/3/98).

³ For a fuller treatment of participatory budgeting in these four countries, see Goldfrank (2007b).

⁴ For Bolivia, see Altman (2003) and Krekeler et al. (2003); for Guatemala, Puente and Linares (2004) and World Bank Institute (2004a); for Nicaragua, Ortega (2003) and Pineda (2003); for Peru, Chirinos (2004) and López and Bravo (2004); and for a comparison, Goldfrank (2007b).

⁵ In Bolivia, the councils are called oversight committees; in Peru, coordination councils; and in Nicaragua and Guatemala, there are neighborhood or community development councils as well as municipal development councils.

⁶ Peru has three levels of subnational government: district, provincial, and regional.

⁷ This section is based on case studies by the World Bank Institute (2004b) and Hofmann (2002).

⁸ World Bank Institute (2004b: 14); see also Hofmann (2002: 16-17).

⁹ This section is based on case studies by Ventura (2004b) and Llona and Soria (2005).