

Belo Horizonte/MG

# Participatory Budgeting step-by- step guide

Comparison amongst brazilian cities that perform the program

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## **Consultancy work comission**

Prefeitura de Belo  
Horizonte  
MDP – ESA  
UFMG

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# SUMMARY

1	<b>INTRODUCTION</b> .....	2
2	<b>NORMATIVE GUIDELINE FOR PB</b> .....	3
3	<b>PARTICIPATION IN PB</b> .....	6
4	<b>RESOURCES ALLOCATION IN PB</b> .....	12
5	<b>MONITORING AND EVALUATION IN PB</b> .....	16
	<b>BIBLIOGRAPHY</b> .....	17

## **Consultancy Report**

## 1. INTRODUCTION

Participatory Budgeting has shown to be a relevant instrument for public planning and the democratization of governmental decision making processes. It is, nowadays, widely implemented in Brazilian cities. These cities express a great variety of practices, what makes necessary to know better the best practices in order to identify the reasons for the success of different PB cases. For achieving success in the distribution of public goods, it is necessary that the program itself counts with a previous, efficient, and effective institutional organization. In most of the cases, as seen in the others papers of this consultancy, PB covers almost the whole territory of any specific city, what demands, among other many factors, normativity, detailed and specific schedules, a constant monitoring of the process, and, not less important, adaptative capacity for any emerging problems.

There are some variables, i.e., some elements that do certainly contribute for the success of the program. In this stage of the work, we are going to see some of those elements in a comparative perspective, based on 5 successful Brazilian cases: Belo Horizonte/MG, Guarulhos/SP, Vitória/ES, Osasco/SP e Várzea Paulista/SP. These cities constitute an adequate *pool* of the variation of PB. Belo Horizonte has been performing PB since 1993, being already in the fifth popular administration. With similar characteristics, Osasco and Guarulhos are large cities, with an average of 900,000 inhabitants, important industrial and service poles of the metropolitan region of São Paulo. Várzea Paulista, on the other hand, is a typical country city, with no more than 100 thousand inhabitants, having a considerable smaller degree of industrialization, constitutive of the urban agglomeration of Jundiaí/SP. Vitória, although being a State capital and a city located in the Southeast region, shares some characteristics with the

Northeast region, such as aspects related to urbanization degree and an disorderly distribution of services and infra-structure for decades. We think that these cities give a picture of the best practices of PB existent in Brazil, so their experience may serve as basis for the implementation of the program in other situations, regarding specific adaptations for the respective local contexts.

## **2. NORMATIVE GUIDELINE FOR PB**

In Brazil, as already discussed, it is not common the existence of laws to regulate the existence of Participatory Budgeting. In 2 of the 5 cases analyzed, however, there has been found the existence of normative regulations. In Várzea Paulista, in this year, 2009, the Legislative approved a law regulating and instituting the program. In Osasco, on the other hand, PB has been implemented by a *Decreto-lei*. In these cases, it is possible to assure that the existence of the program does not depend entirely on the political will of the public manager. Another case that involves a law for the practice of PB is Vitória, even though the normative guidelines do not clearly state about the existence of the program, but on its location on a specific administrative place within the local bureaucracy.

In all cases, it exists a document that regulates the activities of the program, which is the Bylaws or internal constitution (regimento). The Bylaw is a juridical document that does not dispose on the mandatory implementation of PB, but on rules the discipline its functioning. It is not difficult, in this sense, to realize that, on one side, the importance of such document for a program as PB, and, on the other side, that, in fact, there is a general tendency regarding its adoption. Among the cases approached,

all of them adopt a Bylaw as a guide for regulation and guarantee of discipline in the performed activities.

Although there is a generalized tendency for the adoption of an internal constitution (*regimento*), there is the question of knowing which activities the *regimento* regulates. In other words, considering the importance of this document for the discipline of the activities to be performed, it is necessary to understand what activities are being referred. There are specific differences in this case. In Belo Horizonte PB, for instance, the internal constitution is adopted as a basis guide for action in each Regional Forum of the city. Hence, therefore, all regional meetings are always disciplined by rules. Besides this document, the municipal administration has published some primer books on Methodologies and Guidelines for the program, which are usually used as procedural orientation that guarantee a general understanding of the process. In the case of the city of Guarulhos, this document exists only of the PB Municipal Council, in order to regulate its basics elements, such as criteria for composition, operative rules, among others.

Hence, it is possible to highlight two important recommendations based on the best practices observed on the five cities with regards to rules and normative which regulate PB. In first place, it is worth elaborating a project and, later, to institute a law with clear dispositions on the existence of Participatory Budgeting, its periodicity, penalties for failures on rules, and criteria for its extinction. In this way, it may be assured the program will not end up even after the end of the mandate of specific governments. It is worth noting the case of the city of Vitória, for instance, in which, there is a law that established guidelines for the administrative allocation of the program and the government, in spite of the law, did not implement the program during its mandate. If the law have had established sanctions

on the discontinuity of the program, its extinction would at least have been object of public deliberation.

It is recommended, moreover, regarding this specific topic, that the law should dispose on the administrative allocation of PB. Brazilian cities are, in a general pattern, going through cycles of administrative and tributary modernization in order to rationalize the public administration. In this sense, there is a dynamic of specific attributions to Secretaries and institutional organisms that may have its working object changed. Beyond that, in each change of mandates and governs, the new local manager has the prerogative of making such changes. Therefore, it is recommended the adoption of at least one of two possible alternatives: on one side, it is possible to create a Secretary for PB in the same law that has instituted its existence as a governmental policy; on the other hand, its administrative allocation is given by ordinary acts of the Mayor (Decrees). Certainly, the existence of a Secretary for PB consists already on a great benefit to its activities. Even when this is not the case, the existence of a law establishing guidelines on its allocation and specific responsibilities of the program should be seriously thought, as we have observed in the cases of the cities of Várzea Paulista, Osasco, and Vitória.

The second recommendation on the normative guideline consists on the introduction of an internal constitution for any collegiate body of the PB program. The example of Belo Horizonte may be considered a best practice from rule making point of view, once there are legal dispositions for the Regional Fora. These are exactly the Fora that allow the participation of citizens and, therefore, they constitute the stage that involves potentially the greatest number of participants in the program. In this sense, it is worth pointing out the existence of rules that discipline the activities of the Fora, in order to effectively generate the debates in a

organized manner, and achieve results efficient from the perspective of these aims. Beyond that, the other collective bodies, such as the PB Council e monitoring committees, should also have their own internal constitutions.

In 4 of the analyzed cases, we observed the existence of this document for PB Council. In one of the cases there was no available information. Innovation, notwithstanding, is the existence of a *regimento* for the monitoring bodies and evaluating committees, such as the COMFORÇA, in Belo Horizonte. As already seen, the existence of this instance is relevant for the accomplishment of the aims of PB, and the regimento may be an instrument that guarantees the organization and discipline of its functioning.

### **3. PARTICIPATION IN PB**

Participatory Budgeting is a program supported by the participation of citizens in the decision making process over budgetary matters for the implementation of public works, such as sanitation. Notwithstanding, the implementation of participation must be clear for the organizers of the program. The definition of the institutional design of the program is crucial for its functioning along time. By introducing such a program, it is possible to assume that its aims would be the inclusion of the greatest number of citizens in the participatory process. In all analyzed cases, the program covers the whole territory of the respective city. Hence, the observation of best practices points out in the direction of the coverage of the whole territory in the participatory process. In order to make this design effective, the city might be divided into planning regions.

In the 5 five cases analyzes in this best practices paper, it was possible to observe the work of the local territory by the public manager through its division in specific regions. Regions, or planning regions, are specific spaces delimited by artificial frontiers, established by the local administrator coinciding or not, with the neighborhoods. Hence, it is possible the existence of regions that correspond exactly to the neighborhoods of a specific city, but, on the other side, it is possible, as well, to exist regions that are composed by many neighborhoods each.

In Belo Horizonte, for instance, due to the size of the city, the public administrator has decided for the division of the territory into 9 large administrative regions. Each one of them, notwithstanding, there is still 4 sub-regions (with a total for the city of about 41 sub-regions), and there are, beyond that, the so called “Planning Units”, which totalize 81 for the whole city e cover effectively neighborhoods and local villages. In Osasco, a relatively smaller city, the public administrator opted for the division of the city into 18 administrative regions, a status that is similar to the one observed for the city of Guarulhos, which has 19 administrative regions. It is worth noticing that both cities do have similar population size.

The other cities of the sample, Vitória and Várzea Paulista, are those with smaller population size, with a combined average of about 190 thousand inhabitants. In both, it is interesting noticing how, in relation to the previous ones, there is an administrative territorial division in less numbers, counting, each, with 8 and 6 administrative regions, respectively. Regarding these data, the figure below assigns a general panorama of the administrative division of each city from the sample, the population size, and the kind of participation propitiated by the institutional design given by each manager:

**Table 1**  
Administrative division and type of participation potentialized

	Population	PB Regions	Type / Stage of Participation		
			<i>First</i>	<i>Second</i>	<i>Third</i>
<b>Belo Horizonte</b>	2.452.617	9 (+ 41 sub-regions e 81 Planning Units)	Publicizing of PB cycle	Direct participaton at sub-regions, with voting for demands and delegates elections	Delegates participation for compositon of COMFORÇA and monitoring visits
<b>Osasco</b>	718.646	18	Direct participaton at sub-regions, with voting for demands and delegates elections	Direct participation on regions to vote for demands	Accompanying of works by delegates via PB Council composition
<b>Várzea Paulista</b>	107.211	6	Direct participaton at sub-regions, with voting for demands and delegates elections	Delegates are responsible for monitoring the works and priorities and to account the tasks	–
<b>Guarulhos</b>	1.299.283	19	Direct participaton at sub-regions, with voting for delegates	Priorities are discussed, voted, and analyzed by a group composed by technicians and delegates	Publicizing of the works for each region and formation of a monitoring commission by delegates
<b>Vitória</b>	320.156	8	Direct participaton at sub-regions, with voting for demands and delegates elections	Delegates attend the Regional Forum, which deliberates, monitors, and accounts on the tasks performed	–

Data source: PB survey “REDE OP”

The observation of the information provided above reveals a given relation between the stage of PB implementation, the kind of participation potentialized, and the administrative regions of the program. Based on these info, it is possible to notice that, usually, the first steps of the program consist on the attendance of meetings in each planning region. In all analyzed cases, the respective administrations organizes those meetings, in which individuals have the chance to participate and make direct interventions in the debates. It is fundamental that individuals at least know about the existence of the program. In this sense, a first

recommendation that we make is the realization of marketing campaigns, publicizing dates and locals of each regional meetings.

In Belo Horizonte, for instance, the first stage of the program is usually dedicated to this kind of action, i.e., to publicize the beginning of PB works in a specific cycle. The way of making PB public should include the most popular and inclusive media communication devices, such as radio, TV, outdoors, and popular newspapers. A second recommendation consists on the object of discussion of those meetings. It is recommended that the object of discussion be a list of priorities of public works previously elaborated by the public manager with regards to each administrative region of the city. The elaboration of this list may be performed based on researches and opinion collected in each region, with sample results on the investments priorities for each component neighborhood. This initiative may assure the effective accomplishment of all scheduled activities in regular time.

In third place, we recommend that the regional meetings be institutionalized and involve as seen in the previous topic with decision-making rules and procedures capable of organizing the debates, and to potentialize the achievement of effective results. Cities such as Porto Alegre, Belo Horizonte, Guarulhos, and Osasco, have instituted *regimentos* for these meetings, calling them Regional Forums. The *regimentos* may make mandatory the existence of official documents in each meetings in which the priorities and consensus are described, approved, and signed by each participant. Although each regional do elaborate a final document with its respective investment priorities, hardly the administrative body will be in financial and structural conditions to support and to effectively implement all priorities from all administrative regions. Hence, we approach a fourth important recommendation for the

process: the constitution of a Municipal Forum, or a Municipal Participatory Budgeting Council. In all analyzed cases, this body is a crucial part of the process. The PB Council is usually composed by members of the government and by members of the civil society, which are called delegates. These are individuals elected in each Regional Forum, and that, therefore, do represent his/her respective region.

It is interesting to notice that, in the cases of the present sample, although the presence of the PB Council is true for all them, we have observed important variation regarding its composition and eligibility criteria. In first place, not all cases count with parity between govern and civil society. In fact, only in Guarulhos the available information revealed the existence of such parity, which implies, on the other side, that civil society is usually the majority in the other cities. The frame below gives a picture of this information, beyond eligibility criteria for each city of the sample:

**Table 2** PB Council composition and criteria for admission

	PB Council composition	Main attributions	Election	
			Criteria / Conditions	Locus
<b>Belo Horizonte</b>	Only delegates that join PB meetings	Coordination and monitoring	All delegate that attend the Regional Forum may be a candidate	Regional Forum of Delegates
<b>Osasco</b>	Only civil society, being 2 delegates for each PB region, more 5 neighborhood associations members	Coordination and monitoring	All delegate that attend the Regional Forum may be a candidate	Regional Forum of Delegates
<b>Várzea Paulista</b>	3 titular members and 3 substitute for each PB region	Coordination	1 counselor for each group of 10 participants of the meetings in the regions	Elected in the regionals, by any participant
<b>Guarulhos</b>	38 counselors from civil society and 26 from government	Coordination and monitoring	2 counselors by administrative region	1 delegate is elected in the Regional Forum of Delegates and the other in the meetings of the region
<b>Vitória</b>	Only delegates that join PB meetings	Coordination	1 counselor for each group of 15 participants of the meetings in the regions	Regional Forum of Delegates

Data source: PB survey “REDE OP”

The observation of the table reveals that, usually, the profile of the PB Council is linked to civil society. It is possible to see that the basic eligibility criterium corresponds to the effective participation in the meetings of the program, which is true for all cases. There are variations, however, on the place/locus of election. In Belo Horizonte, Osasco, and Vitória, PB Council delegates are elected in the Regional Delegates Forum, by other delegates. In the other cities, on the other hand, there is the possibility of election by any individual that attend the regional assemblies.

Beyond that, it is worth observing the main attributions of the body. The available data reveal that in at least 3 cases, Belo Horizonte, Osasco, and

Guarulhos, it is attributed to PB Council not only the task of coordinating the general process of PB, but, also, the evaluation and monitoring of the works about to be implemented. In these specific cases, this administrative body constitutes also the monitoring instance of PB, coordinating and supervising the entire process.

Each delegate is responsible for presenting and arguing in favor of the demands that were previously voted and prioritized in the Regional meetings. In all researched cities, PB Council is also constituted by government members, these are usually technicians, experts in budgetary and planning management, that will, for each proposal, present technical viability studies. Only potentially implementable proposals are considered ready for being finally voted. The discussion in PB Council, therefore, have as object the selection of proposals that will be effectively implemented in that specific cycle of the program. In order to discipline and organize the debate, we strongly recommend that a *regimento* be implemented for the functioning of this administrative body.

#### **4. RESOURCES DISTRIBUTION IN PB**

An important question for the functioning of the PB program consists on the criteria for the distribution of the available resources. As seen on the previous topic to have a participatory program it is recommended to congregate the greatest number of possible participants, PB is performed in the whole territory, adopting the design suggested. This implies that all individuals will be given the chance to collectively present demands that they deem necessary and important for their well being. Notwithstanding, not necessarily the local administration will be in structural and financial conditions to implement effectively all presented demands.



distribution of resources proportional to population, and inversely proportional to the index.

The table below offers a great panorama of the objective criteria used by the cities of the sample:

**Table 3**  
Adoption of objective distributional criteria

Objective criteria	
<b>Belo Horizonte</b>	"Life Quality Urban Index" + Prioritized areas for social inclusion
<b>Osasco</b>	Exclusion map of the city, but the main criteria are PB meetings
<b>Várzea Paulista</b>	No objective criteria
<b>Guarulhos</b>	No objective criteria
<b>Vitória</b>	Life Quality Urban Index

Data source: PB survey "REDE OP"

The observation of the information of the table reveals important variations regarding the considered cities. It is possible to see that Belo Horizonte strongly supports the use of the "Urban Life Quality Index" for the accomplishment of resources distribution in a democratic fashion, as well as does Vitória. In the case of Osasco, however, there is no usage of such criteria, although the public administrator uses the "social exclusion map" of the city. In Guarulhos and Várzea Paulista, the available information indicate that both do not use objective criteria for the decision making processes on resources allocation and distribution.

Following this thematic, Yves Cabannes (2004) gives relevant information on the city of Dourados, Brazil, in which, for instance, data from 2002 shows that the City Hall decided for the utilization of different weights for specific distributive criteria in the local PB. Regions were compared by 3 basic factors. In first place, the missing of local services and/or infrastructure, criteria weighted with a 4. In second place, the participation of local individuals, criteria weighted with a 1. In third place, the thematic priority of the region, criteria weighted with a 2. It is observable, in this sense, that, even though a specific region eventually counted with a greater number of voting participants in PB regional meetings, final investments not necessarily would be directed to it, given that the participatory criteria was weighted 1, and the missing of services and/or infra-structure criteria was weighted 4. Hence, it was possible that a region with much less number of participants would be prioritized for investments, based on the combination of the assigned criteria.

The adoption of objective criteria is linked, such as in the example of the city of Dourados, to the construction of statistical indexes that may inform the public administrator the socioeconomic status of the city. A statistical index is an indicator that usually gathers several kinds of variables regarding a specific object, usually expressed in a 0 to 1 scale. Hence, for instance, in the case of PB, it is possible to create an index that takes into account, at the same time, variables such as the number of participants, participants income, and participants neighborhood HDI as criteria for the final definition of investments. In Dourados, the construction of the index would be given by the mathematical combination of the three types of criteria adopted by the city, so to achieve a single number, as, for instance, an index of 0.7 for a specific region of the city, and 0.5 for another one. In this case, the one with 0.7 would be prioritized for investments in the specific cycle considered.

Based on the best PB practices examples given regarding the distribution of PB resources, we recommend that an objective criterium be adopted along the functioning of the program. Initially, we do not recommend the construction of a specific distribution index, since this is a process that demands a certain amount of available and consolidated information, for each of PB regions. For a initial implementation of the program, we recommend the adoption of the same kind of strategy adopted the Dourados Public Administration, which attributed different weights for specific evaluation criteria. Alongside the functioning of Participatory Budgeting, with the possibility of implementation of data collection in each cycle of the program, it is recommended the construction of an index such as the “Urban Life Quality Index” already in use by the cities of Belo Horizonte and Vitória.

## **5. MONITORING AND EVALUATION IN PB**

The approval of works in a specific cycle of PB does not guarantee the effective implementation of what has been approved. Many factors may contribute for that, such as bureaucratic questions, financial problems, schedules delays, among others. Most of local public administrations in Brazil do have strong cyclical budgets that are influenced, moreover, by factors such as the electoral cycles. On the other side, in Brazil, such as in many developing countries, there are not enough adequate structures for the control of the public management and PB may help on the establishment of these forms of control, which usually might be forms to broaden the relation of the government with citizens. In all analyzed cases, it is observed the creation of a specific groups responsible for monitoring the stage of implementation of the works approved and prioritized in a specific cycle.

In cities such as Vitória and Várzea Paulista, this group assumes the shape of a committee. To this committee is attributed the task of keeping contact with the government regarding the effective implementation of the works approved in a specific cycle, demanding access to documents, and even making visits *in loco* to the works. In Belo Horizonte, as already discussed above, there was created the COMFORÇA, Committee for the Accompanying and Monitoring of PB. The table below gives a picture of this thematic for all cities of the present samples:

**Table 4**  
Monitoring and evaluating organism

<b>Way of monitoring / evaluation</b>	
<b>Belo Horizonte</b>	Existence of a specific instance, the COMFORÇA
<b>Osasco</b>	Existence of the Monitoring Commission on Works and Services (no info regarding composition)
<b>Várzea Paulista</b>	Formation of <i>ad hoc</i> commissions
<b>Guarulhos</b>	Formation of <i>ad hoc</i> commissions
<b>Vitória</b>	Formation of <i>ad hoc</i> commissions

Data source: PB survey “REDE OP”

The important issue to know about PB monitoring consists on the character of the formed committee. The formation of permanent committees acting as an organized group of civil society for monitoring PB, implies that negotiations and even contacts with governmental bodies tend to be constant along time. The government may be aware that the works and tasks are being constantly monitored and that results might be officially demanded by the monitoring committee.

The recommendation based on the best practices is that the city should create a monitoring group at the implementation stage of PB with permanent characteristic. This may allow for the existence of specific rules for the action of its members, from criteria for election of delegates to criteria for exclusion, guaranteeing stability and the effective realization of the attributed tasks.

Hence, we recommend, based on the Brazilian PB experiences, the following rules: normalization of PB, attribution of a specific administrative place for the program, rules for attendance and participation in administrative regions, and forms of monitoring. We believe that the best practices existent in Brazil allow for arguing consistently in this way, such as demonstrated in this work, especially if those recommendations be followed and correctly applied. The implementation of PB may potentially democratize budgetary decisions, services and the distribution of infrastructure assets in different contexts.

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