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When Labels Lose Their Meaning:

The Development Consequences of Variations in Participatory Budgeting in Brazil

By

Trevor J. G. Lyons

Dissertation

Submitted to the Faculty of the

Graduate School of Vanderbilt University

in partial fulfillment of the requirements

for the degree of

DOCTOR OF PHILOSOPHY

In

Political Science

August 11, 2017

Nashville, Tennessee

Approved:

Jonathan Hiskey, Ph.D.

Mitchell Seligson, Ph.D.

Elizabeth Zechmeister, Ph.D.

Brian Wampler, Ph.D.

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CHAPTER 1 - INTRODUCTION

Not long ago, the seemingly mundane process of infrastructural budgeting in Brazilian local governments garnered international attention from academics and the development community. In a few municipalities, citizens were allowed direct input into the budgeting process for the first time, and out of these initial experiences came an innovation called Participatory Budgeting (PB). Originally linked to one political party in a handful of Brazilian cities, PB is now practiced by hundreds of Brazilian municipalities, and many more local governments across both the developing and developed world. Though PB has become a part of the mainstream toolkit for local development, evidence of its transformative effects that seemed so clear in the early years of the program is far less clear for this much more diverse set of PB approaches that have emerged in the past two decades.

Participatory budgeting was first implemented in Porto Alegre in 1989 as an institution that combined a venue for participation with administrative reforms drafted with the goal of turning rhetoric about public participation into practice. It spread quickly from a handful of larger cities to every corner of the country, then across the developing world as it was promoted as a centerpiece of poverty reduction efforts by major international organizations such as the World Bank. In most of the early experiences, spaces were opened for citizen input both directly in large assemblies and indirectly through representatives who met in smaller settings more suitable for deliberation. Administrative reforms centralized budgetary control under the mayor's office, and participatory budgeting had an institutionalized role in the annual budgetary planning

process (Fedozzi 2001). Finally, cities took it upon themselves to mobilize traditionally underrepresented residents through direct community mobilization and a focus on small infrastructure projects that could quickly demonstrate that participation translated into concrete benefits for one's community (Abers 2000). As the institution has spread over nearly 30 years, there has been a tendency for cities to focus only on seeking public input regarding the budget rather than the more extensive participatory opportunities found in earlier versions of the approach (Baiocchi & Ganuza 2014). Despite this significant change in program design, much of the existing empirical research on PB's effects has been conducted under the assumption that these simplified programs will produce the same outcomes as those found in the original versions of the program.

This dissertation explores the budgetary and development impact of the various forms of participatory budgeting that have emerged in recent years, *focusing on the role that differences in institutional design play in program outcomes.* I find that the mere opening of public space for discussion is insufficient to ensure that government acts on the input it receives from citizens. The rules that structure how participation takes place must adequately facilitate and incentivize the participation of individuals and communities with little previous history in civic activism so that they can engage as equals alongside the groups that typically dominate policy debate in public fora. Participants must be provided with the support necessary to make informed decisions as to what demands of theirs may be fiscally or technically viable and within the scope of that year's budget. To ensure that these decisions make it into the final budget, the implementing government must carry out administrative reforms that limit the ability of legislators and bureaucrats to impede their full and faithful execution. These additional aspects of the program are not necessarily

adopted in conjunction with the basic structure of neighborhood meetings, leading to an increasing gap between what is considered minimally sufficient for a program to be called PB and what first grabbed the attention of the international community.

The trajectory of participatory budgeting within Brazil across almost 30 years proves to be particularly fertile terrain for a mixed-methods approach that looks at institutional design as a possible window towards explaining how participatory institutions work. Given the substantial interest of international organizations and scholars from different academic disciplines across the globe, there is a strong body of qualitative multidisciplinary literature that focuses on PB which proved to be indispensable in the theory-building phase of this project. My own research then uses differences in what is practiced under the "participatory budgeting" label within the country provide an opportunity to test this theory by comparing between programs and isolating specific features that I argue are crucial for popular participation to effectively lead to changes in government behavior.

This dissertation explores a series of propositions derived from early studies of exceptional cases of participatory budgeting on a Brazilian nationwide data set that aim to identify the institutional aspects of PB responsible for the program's early success by evaluating the specific causal mechanisms through which such promise should emerge. I put forth propositions derived from findings of early case studies and test them using a data set that covers the period from 1989 to 2014. In the process, I attempt to bridge the gap between the optimism surrounding early work on participatory budgeting and later

research that produced far more mixed findings regarding PB's impact with respect to policy outcomes and citizen participation in local politics.

To measure participatory budgeting's spread in Brazil, I combine original research with an existing data set to categorize PB cases according to the scope of program implementation based on a series of objective criteria. In the process, I make a key distinction between the programs in which participation is effectively linked to institutional mechanisms that provide a path towards citizen empowerment and those in which public debates merely serve to communicate public preferences. This programmatic distinction proves to be critical in understanding differences in PB outcomes. To our wider understanding of participatory policy, this points to the need to pay attention to the details of such policies rather than focus only on their presence or absence.

Participatory Budgeting in Brazil – Context and Institutions

In its most basic format, Participatory Budgeting, or PB, is a mechanism that creates institutional spaces for community participation in determining the use of public resources. Most commonly, PB involves the portion of the budget dedicated to infrastructure capital expenditures. Decisions on how and where to allocate these funds are opened to debate in neighborhood and regional fora. Different institutional structures with PB-like elements have been tried around the world since at least the early 1980s (Costa 2010), but PB's "birth" is most often credited to the southern Brazilian city of Porto Alegre, where PB was launched in 1989 after the election of Olivio Dutra of the Workers' Party (Partido dos Trabalhadores, or PT).

Although details vary, there is a basic model that guides the implementation of PB both in Brazil and worldwide. First, the municipality is divided into regions and districts whose infrastructure needs are subsequently measured and indexed. The administration then sends a budget proposal to a regional plenary, where specific proposals are voted on in neighborhood meetings. At the second regional plenary, priorities of different needs for that year are ranked and councilors are elected who then sit on a citywide Participatory Budget Council. This Council then participates in final negotiations among themselves and with the administration to create a budget that is sent to the municipal legislature for approval. In the last 25 years, this approach to municipal budgeting has spread first throughout Brazil and then to other countries across the world, gaining the approval of international development organizations such as the World Bank and the United Nations Development Program (Ganuza & Baiocchi 2012).

The basic original model for PB[1] works on an annual cycle beginning with meetings that all citizens are welcome to attend. Although attendance is open, voting rights are exclusive to residents of the area in which these meetings are taking place. Neighborhoods are clustered together into districts or regions based on both geographical and socio-economic proximity, and are roughly equal in population across a city. Representatives elected the preceding year explain the conclusion of the past year's budget process, with government officials on hand to provide any necessary clarification. The floor is open to discussion and questions regarding the final budget as well as about the status of investment projects voted on in the prior year's assemblies.

[1] See Abers 2000, 2003, Baiocchi 2005 and Fedozzi 1998, 2000 for a full description of the first PB program in Porto Alegre and Avritzer (2009) and Wampler (2007) for comparative treatments of a selection of early, notable cases.

After these regional meetings, there are smaller meetings held at the neighborhood level that are open to all residents, where the status of proposals from last year is further disseminated. Following this phase, those same neighborhood assemblies vote to prioritize investment projects for the community, as well as to select delegates to attend to the regional assemblies on behalf of the neighborhood. An important aspect of these neighborhood-level meetings is that numerical representation at the regional-level is based not on neighborhood population but on *the number of participants in the neighborhood meetings.* The ability of a neighborhood organization to mobilize residents to attend these meetings then has an important effect on the ability of the neighborhood to secure the resources it desires (Abers 2000).

Participatory budgeting has appealed to planners, politicians and scholars as a pragmatic way to lessen corruption, increase government efficiency, heighten citizen involvement in local affairs, and better target government spending on the poorest and most marginalized areas of a city (Avritzer 2010). Advocates say that PB has the possibility to transform politics, empowering traditionally marginalized sectors of the population and weakening previous clientelist relationships (Nylen 2002). Economists such as Joseph Stiglitz (2002) point to the positive benefit of participatory processes on long-term development by creating community ownership of developmental projects. According to this logic, the changes in policy necessary for economic development become more palatable to the community, in part because citizens do not feel left out of the process of policy formation but rather become stakeholders with a vested interest in the success of the policy.

Participatory democracy theorists argue that participation creates more politically astute citizens, expands the democratic sphere to new sectors of society and leads to more equitable policies and politics (Hilmer 2010). In participatory co-governance systems, the relationship between state and society becomes more horizontal, and accountability relationships are strengthened (Ackerman 2004). Evidence for these theoretical benefits of participatory budgeting programs, however, is decidedly mixed, with early research indicating that such benefits do emerge while later research offers far more mixed support for such benefits.

A key element missing in most of this research, though, is systematic attention to variations in the design of PB that, I argue, produce decidedly different participatory and development policy outcomes. Before delving into these differences in more detail, I first offer an overview of the PB approach from its origins in southern Brazil to its position now as a common approach to local budgeting across the developing world.

A Brief History

The context of decentralization and democratization under which PB first came about is an important backdrop for locating the strategy as a central component of the many sweeping administrative reforms carried out not only in Brazil, but across much of the developing world. PB was designed to partially address the institutional crises common to many local governments that revolved around an increase in political decentralization without a parallel increase in local fiscal or administrative power. The initial success of PB in stabilizing government finances and shoring up popular support appealed to reformist politicians across the country and even across the ideological spectrum.

In the late 1980s to early 1990s, PB began as a project of the Workers' Party (PT) in places that had experienced a boom in associational life at the end of the country's dictatorship, combining a party with origins in the labor movement and a rapid increase in neighborhood organizations and local civic engagement (Baiocchi 2003a). Neighborhood associations and the PT were able to establish a close relationship in part because both involved fairly new actors and activists that were less embedded in the traditional local political framework (Earle 2013). Porto Alegre stood out due to the central role that a coalition of neighborhood organizations played in securing victory for Olivo Dutra, the local PT's mayoral candidate (Avritzer 2009).

In Dutra's two terms as Mayor of Porto Alegre (1989-1992, 1993-1996), PB attracted a great deal of attention for its performance on a number of dimensions. Electorally, popular support for PB helped overshadow the mediocre fiscal performance of his administration during the reelection campaign (Novy & Leubolt 2005). This level of support gave Dutra and the PT the political capital necessary to pass progressive taxation reforms through a city council in which their coalition held only 10 of 33 seats (Wampler 2004), freeing up the resources to increase infrastructure spending from only two percent of the budget in 1989 to almost 20 percent by 1994 (Baiocchi 2003a). While initial numbers of PB participants stagnated for most of Dutra's first term, by 1993 6,000 people were participating in the second-round regional meetings. By 1995, there were 15,000 people participating across different assemblies, 1,000 people working as councilors or delegates, and around US$65 million in capital expenditures were being debated (Rennó & Souza 2012). Whereas civil society contributed individuals who filled a majority of

leadership positions at the beginning, within a decade the associational density of the city more than doubled, expanding far beyond the leadership positions (Avritzer 2009).

The development benefits of Porto Alegre's PB program quickly emerged as well. The proportion of houses in the city with a connection to the sewage network went from 46 percent in 1989 to 85 percent in 1996. Similarly, the percentage of households with running water went from 85 to 98 percent across the same time period (Novy & Leubolt 2005). Seemingly mundane projects such as paving a dirt street or creating a new bus stop had a demonstration effect where these small investments would increase subsequent levels of participation by lending credibility to PB (Abers 2000). The immediate need in poor communities for the very basic infrastructure elements that PB was designed to address gave members of these communities a more urgent incentive to participate than neighborhoods with better existing infrastructure. Driven partially by this need, the median income and education level of PB participants in the regional assemblies was, and largely has remained, lower than the overall median in a municipality across a number of cases (Wampler 2007). While the regional assemblies targeted the immediate needs of traditionally marginalized areas of the city, thematic assemblies were introduced in Dutra's second term to elicit the participation of middle-class professionals (Wampler & Avritzer 2004). This program reform appears to have paid off in terms of increased trust in government among the middle-class , as well as decreasing levels of tax avoidance despite higher tax rates (Schneider & Baquero 2006).

By 1996, PB was active in 36 Brazilian municipalities, increasing to 103 by 2000, and to 170 by 2004 (Avritzer 2009). The PT included promises of PB in the "*modo petista*

de governar" (PT model of governing) brand they used to expand their national presence in the late 1990s, and all municipalities with over 100,000 inhabitants that were governed by the PT at some point between 1989-2004 adopted PB (Baiocchi 2003a). Nonetheless, PB ceased to be a public policy unique only to PT administrations, with 66 of the 103 PB programs in 2000 carried out under non-PT local governments (Spada 2009). A combination of declining adoption by PT mayors and the program's increasing popularity has meant that, since 2000, a majority of ongoing PB cases are under mayors from other political parties (ibid.). Data that runs through 2014 show that this has remained the case.

International development organizations have been, in many cases, actively in favor of spreading the PB model to other countries. After giving Porto Alegre its "best practices" award in 1996, UN-Habitat created a whole set of resources accessible for local activists or government officials. These detail what PB is and how to implement it, accompanied by dozens of case studies (Fernande, 2011). Grants to foster PB have come from USAID and the United National Development Program (Ganuza & Baiocchi 2012). Perhaps the most notable proponent has been the World Bank. Between 2002 an 2011, the World Bank has issued at least $280 million of grants or loans supporting PB or PB-related projects in over a dozen countries, ranging from Mozambique to Kyrgyzstan (Goldfrank 2012). The standard relief package now given by the World Bank and IMF towards Highly Indebted Poor Countries includes the need for locally generated economic policy studies and subsequent programs involving partnerships between the government and local civil society. Partly as a result of this, the country with the most PB institutions in the world is

not Brazil but Peru, as a constitutional reform in 2003 made PB mandatory for all sub-national units (McNulty 2012).[2]

Participatory budgeting, at least within Brazil, has not been just a way to determine the allocation of infrastructure spending. When still just a pet project of the then-unknown Workers' Party at the beginning of democratization, the architects of PB meant it to be part of a wider, large-scale transformation of state-society relationships by giving citizens effective decision-making power and reducing inequalities in the ability of communities to mobilize for change. Once spread around the world, however, it became more driven by such concerns as reducing corruption and streamlining government and less focused on the particular social justice concerns which had initially made PB a noteworthy policy innovation. However, even if the decision to implement PB and its design features in recent years have been driven by a simplification of the program's original intent, the approach may still have the potential to have a wide-reaching impact. This project seeks to assess the extent to which PB can achieve these more transformative goals, such as passing effective control of budgetary resources to average citizens and helping shift spending priorities towards poorer communities, in the absence of many of the reforms that were originally intended to accompany public debate.

[2] This refers specifically to units of local government with PB in place. While Peru's population size is far less than Brazil, it has nearly 1,900 *distritos*, whereas the number of Brazilian municipalities that have adopted the program is estimated to be around 300 (Sintomer et al. 2013).

Research on Participatory Budgeting and its Consequences

Over the past two decades the study of participatory budgeting, and other mechanisms and institutions placed under the banner of "participatory", has moved from theory-driven case studies to large-scale quantitative comparative analysis. There is a reasonable consensus around certain factors crucial for the launching and effective implementation of PB and similar programs, but very little empirical research has been done on the consequences of variations in the institutional design of programs that all fall under the generic "participatory budgeting" label (Speer 2012). Scholars have mainly focused on pre-existing factors of both the government and of civil society that lead to participatory institutions with varying levels of autonomy, influence, inclusiveness and other performance metrics.

As participatory budgeting spread across the globe and gained popularity within the development community during the 1990s and early 2000s, the academic enthusiasm that accompanied its initial rise turned towards qualified skepticism or, more commonly, general indifference (Speer 2012). The cadre of political scientists, and social scientists more generally, that study PB has shrunk even as the number of cases of PB has greatly increased (Cornwall, Romano, & Shankland 2008), leaving much that has happened since the beginning of the 21st century uninvestigated and unexplained.

One primary reason for this fading interest in PB and its political and development outcomes is the rise of other innovative programs by the leader of the Worker's Party and president of Brazil from 2003-2011,Lula da Silva. Most notably, Lula's conditional cash transfer program known as *Bolsa Família* captured the attention of academics,

policymakers, and the development community in ways that have led to the virtual disappearance of PB research efforts, despite the fact that PB has remained a budgeting approach found across Brazil to the present day. The shine of PB has faded so much that the PT, the very party that introduced it and embraced becoming its standard-bearer, dropped any mention of the approach in its national policy platform after Lula became president (Albert 2010). Among 468 of the largest Brazilian municipalities, the total number implementing PB has moved from 129 in 2004 to 99 in 2012, putting a stop to what had until then been a continuous upward trajectory. This reversal has been sharpest where one would least expect, with the share of PT-led cities with participatory budgeting in place dropping from 89% to 58% during the same period in time (Spada 2014: 16).

Alongside the change in attitude among Brazilian politicians and policymakers, the initial enthusiasm within academic circles towards PB has also dampened. The literature on participatory budgeting can be divided into two distinct phases with different methodologies and theoretical perspectives. The first phase focused on in-depth case studies of notable PB programs, in many cases with the hope that PB could be the answer to a series of issues democracy faced on the local level both in Brazil and in the developing world more generally. Perhaps the best known among these works is that of Abers (2000), a comprehensive assessment of PB as practiced in Porto Alegre. Scholars looked at these cases and saw possibilities for inequalities to be reduced via public deliberation (Baiocchi 2003b), for the marginalized to become empowered (Nylen 2002) and for the orientation of the government to become more targeted at the poorest communities of a city (Novy & Leubolt 2005).

In this first phase of research on PB, only a very small set of municipalities were studied, with Porto Alegre most commonly being the central focus (Speer 2012). In the first decade of Latin America's recent period of democratization, there was hope that popular participation through channels such as PB could ameliorate the yawning economic and political inequalities that characterized many of the region's countries.

In contrast to these early, positive returns from research on the political and development impact of PB, more recent work, based on analyses of a larger, more diverse set of local experiences, has produced far more mixed assessments of the PB approach (Goldfrank 2012). This second phase, beginning in the early-2000s, has involved larger sample sizes and a more extensive use of quantitative comparative research methods with an emphasis on discovering the reasons behind the wide variance in outcomes across the many cases local governments implementing some form of PB (World Bank 2008; Boulder & Wampler, 2010; Gonçalves, 2014). The comparatively muted results from these works has done little to encourage renewed attention in the program, and even in its birthplace of Porto Alegre PB has become a shadow of what it once was (Melgar 2014; Rennó & Souza 2012). The failure of PB to radically transform local government and bring about full participatory democracy seems to have overshadowed for some in these communities the possibility that PB may have had more modest yet still significant long-term political and development benefits (Nylen 2011). A main objective motivating this project is to re-assess the PB legacy as the approach nears its third decade of existence in Brazil.

As PB has spread internationally, cross-national research has been made possible and encouraged by organizations such as USAID, the World Bank, and UN-Habitat. While

this has led to findings that appear more generalizable than those focused only on Brazil, variations in the context in which PB was introduced have been substantial. The effort of administrative reforms that accompany PB has been more shallow, even more so when introduced from national governments and international agencies rather than by the municipality itself (Ganuza & Baiocchi 2012) . In cases like Uganda and Peru, PB mechanisms had to be put into place in all subnational units as a result of aid packages within a short time frame.

In other situations, scholars have aggregated different mechanisms of popular participation under different umbrella terms such as "empowered local governance" (Fung & Wright 2003) and "transparency and accountability initiatives" (Gaventa & McGee 2011) that center on the basic element of citizen participation in some aspect of decision-making, controlling typically for the national context of these initiatives without taking into account features of the mechanisms of participation themselves. A recent large sample quantitative study of the effects of participatory institutions looks at community-run schools in rural Guatemala as the unit from which broader conclusions are made (Altschuler & Corrales 2012). The extent to which the authors' positive, albeit heavily qualified, conclusions about these USAID funded schools in a centralized political system can be applied to a PB program implemented in an urban environment within federalist Brazil is questionable. Similarly, the limited, but growing, research on PB reforms in Peru, where the approach to local budgeting is now common, has found that severe limitations on the spending capacity of local governments throughout the country has undermined PB in ways not found in Brazil (Loayza, Rigolini, & Calvo-González 2011).

In sum, this second phase of PB research has led to the general view that the previous high hopes of PB have not come to fruition as the institution has spread to a greater number of municipalities and national settings. On one end of the equation, the findings of both newer case studies and larger comparative research indicate a series of prerequisites for PB to flourish that have not been met in most contemporary cases. First, the effects of PB may not be strong enough to offset previous political legacies of clientelism and patrimonialism (Reiter 2008). Second, the success of the PB approach may be contingent on the continued occupation of the mayor's office by the PT (Baiocchi, Heller, & Silva 2011; Pereira & Rennó 2003). Finally, the motivations of later adopters of PB may be less altruistic and more opportunistic, leading to the distortion of PB and its intended political and development benefits (Wampler 2009).

Purpose and Outline of the Dissertation

This dissertation is motivated by a need to bridge the gap between early hopes that participatory budgeting once held as a democratic innovation and its current status as a relatively benign part of internationally recognized best practices. To what extent did the transformative effect attributed to PB when it was first implemented reflect the hopes and ambition of a political party during Brazil's democratic transition rather than an answer to important issues in contemporary representative politics across the globe? How does PB as practiced today systematically differ from these first experiences? To what degree do we need to adapt the methods we use to study PB in order to deal with the continuously growing set of participatory programs carried out using the PB label?

I question the prevailing decision to rely on minimalist definitions centered on the public assembly aspect of PB for two main reasons. First, a characterization of PB as merely an annual neighborhood assembly to discuss the budget ignores a host of other institutional features common to earlier programs. These included internal administrative reforms and the adoption of particular rules and incentives, which are essential parts of participatory budgeting as it was originally conceived. Secondly, the increasing proliferation of local experiences that borrow only selectively from the original model makes it increasingly untenable to assume that all PB programs are the same, and it is the variation within that PB label that I explore in this project.

This dissertation is organized by chapter with each focused on a distinct analysis of PB's impact on the decision-making and development impacts of PB across Brazilian municipalities from its beginning in 1989 through 2014. Chapter 2 begins by putting forth a new working conceptualization of participatory budgeting that allows for a distinction between institutional formats. Reviewing the definition that has most frequently been used to define PB for the purpose of comparative analysis, I highlight its limitation in distinguishing between the distinct forms of PB adopted across Brazil over the past three decades. These distinctions, I then argue, are critical in identifying and understanding better the different budgeting and development outcomes that I find in subsequent chapters. I conclude Chapter 2 with the introduction of five additional criteria for identifying PB programs that will capture the elements of the approach that should be most likely to produce a cycle of positive reinforcement with regard to the role of common citizens in public affairs. I then apply these criteria to all Brazilian municipalities with over 50,000 inhabitants.

Chapter 3 begins my quantitative evaluation of PB in Brazil over the past three decades. The hypotheses tested in this chapter relate to the expected impact that participatory budgeting should have on municipal government spending patterns. Theoretically, we should find key differences in the budget allocation decisions between those municipalities with the most advanced form of PB in place and their counterparts with no PB institution in place or those with incomplete PB. In those governments with full PB we should find budgets that more fully reflect the types of preferences most commonly raised in the form of popular demands (e.g. potable water projects in underserved neighborhoods). With a data set that includes annual budgetary data covering 16 years across hundreds of Brazilian municipalities, I can empirically take into account and address any systematic differences that may exist between adopting and non-adopting municipalities that may also influence spending decisions and development outcomes.

Chapter 4 moves from an analysis of local government budgets to an evaluation of municipal public good provision, with a comparison of household access to basic services over the past two decades. PB provides incentives for participants to mobilize around issues within their neighborhood and targets communities with the greatest level of need, which means that the clearest policy output should take the form of substantive improvements in access to basic necessities such as potable water, sewerage and trash collection. Access to each of these is then broken down by income category, to see if the benefits do in fact accumulate primarily to the poorest residents of a city.

Chapter 5 concludes the empirical assessment of PB in Brazil through a comparative case study of six smaller municipalities in the Southern Brazilian state of Rio Grande do Sul.

The state-level Workers' Party has maintained a nearly universal commitment to implementing PB wherever they have been elected since 1988 despite the party's national trend of loosening this obligation since the party's presidential victory in 2002. Combined with the party's strong presence in the state, my data show that Rio Grande do Sul has consistently had one of the highest rates of PB coverage in all of Brazil. The common shared template provided by Porto Alegre's experience has nonetheless led to substantially different programs carried out under the banner of participatory budgeting, allowing for a unique opportunity to understand how and why mayors adopt forms of PB that vary in the way in which they delegate authority to citizens, and what the consequences of these choices may be for the larger goals of the PB strategy. Chapter 6 concludes with a review of the findings as well as a discussion of their potential implications.

CHAPTER 2 – DEFINING AND IDENTIFYING PARTICIPATORY BUDGETING

The spread of participatory budgeting (PB) over the past 25 years has taken it across borders and boundaries both ideological and geographical in nature, and there now exist countless experiments around the world where people have taken PB as a model and adapted it to fit local circumstances. This malleability, however, poses significant challenges for comparative research into the extent to which the PB design has realized the participatory and governance goals laid out by its proponents. Scholars and development practitioners are no longer able to simply identify PB programs by name alone. Far too much potentially significant design variation exists within the generic category of Participatory Budgeting for an adequate evaluation of the strategy to be conducted without a more nuanced approach.

Understanding the degree to which local efforts to implement PB actually result in programs that could be expected to have transformative capabilities is a necessary first step toward distinguishing between these different types of programs. Porto Alegre may have served as a model for many of these experiences, but the very nature of PB as something that is designed and implemented autonomously by substantially different local governments makes it difficult to identify a universal set of characteristics that remain faithful to program as it was initially conceived.

In order to manage this increasing diversity under the umbrella of one concept, PB researchers have tended to opt for one of two strategies, each employing distinct methodological tools. One approach highlights the nuanced differences in PB programs around the world by explicitly focusing on those differences as the object of study. Given

the intensive, case-specific data required by this approach, only a limited number of these works employ large-N evaluations of the consequences of such program differences. The other approach opts for a large-N, quantitative approach to evaluating PB's effects, but in doing so relies on a minimalist, dichotomous measurement criterion to identify those municipalities with and without PB. In this chapter, I introduce a categorical approach to the conceptualization and measurement of PB that incorporates insights and findings from existing case study research while also seeking to develop a measure of PB that allows for a large-N assessment of PB across Brazilian municipalities.

The value of the comparative case study approach to understanding PB in Brazil and elsewhere has been in its identification of critical institutional features of PB that should theoretically lead to distinct development and citizen engagement outcomes. By highlighting the local social and political factors that enable and encourage the adoption and maintenance of PB programs with different institutional formats, this research provides the basis for developing a more nuanced categorization of different types of PB. Wampler (2007), for example, compares eight cities that implemented PB in the late 1990s and early 2000s. He breaks down the different factors that lead a PB program to include real delegation of authority to citizens. While some of the factors found to be relevant are related to the socio-political context within which PB is implemented, he also finds that the rules and format of PB are themselves important in shaping the behavior of government officials as well as participants. In only two of his eight cases did he find fully successful examples of delegated authority, while he classified four others as having intermediate levels of delegation. It is precisely this type of research that provides a foundation for

exploring how different variations of PB might shape the political and development effects of the approach.

Quantitative, large-N research is most frequently concerned with differences between PB and non-PB towns and cities, with variation among PB programs accounted for through the use of interaction variables. Among other indicators, studies have used the mayor's political party (Touchton and Wampler 2014), socioeconomic structure (Gonçalves 2014) and GDP per capita (Boulding and Wampler 2010) as proxies for the relative capability of a given program to have an effect on the topic of interest. The operational definition used to code the data is not always made explicit, raising the possibility that cases are taken to be PB based on name alone. As an example, Gonçalves (2014) conducted a study of Brazilian municipalities that coded municipalities as either PB or non-PB on an annual basis from 1986 to 2004 based on data from Workers' Party records and a survey conducted by a group of social movements over most of that time period. Though a useful contribution to our understanding of PB in its early years, the limitations of this somewhat blunt measure make conclusions difficult regarding the impact that variations in the program's application may have had on its outcomes.

I propose to incorporate what is known about the diversity of practices carried out under the banner of PB into a generalizable measure that I then employ in the analytical chapters of this dissertation. The first case studies of Porto Alegre and other exceptional success stories of PB implementation are in many ways unrepresentative of the universe of programs that now carry the PB label. Though many local governments adopt the general format of open public meetings that discuss budgetary matters, most do not implement the

key PB reforms that institutionally link citizen participation to actual government decision-making (Baiocchi & Ganuza 2014). A suitable definition of PB, then, must take into account both its basic procedural format as well as the accompanying innovations that formalize links between citizens and their local budgetary process. Unfortunately, the prevailing definition used in quantitative analysis (Sintomer et al. 2013) focuses exclusively on the communicative dimension of PB, leaving out features that may be necessary for the program to have an effect on public policy.

The conceptualization and measurement of participatory budgeting developed in this chapter builds off of the existing criteria-based approach presented by Sintomer et al. and incorporates criteria related to two additional dimensions of participation, interaction between participants and decision-making authority (Fung 2006). I include criteria that specifically relate to the existence of institutional design mechanisms that favor equal participation within PB itself, incorporate elements of both direct and representative democracy, and establish a common understanding that the final decisions reached through the PB process are binding. I argue that these features are an essential part as to how participatory budgeting is able to shift government behavior.

For the remainder of this chapter I have several objectives. First, I offer a brief review of the existing literature on participatory budgeting that addresses the problems with the various measurement approaches developed to evaluate PB programs and their impact. Using the distinction between the "communicative" and "empowerment" dimensions of PB made by Baiocchi and Ganuza (2014), I then offer a measurement strategy for PB that relies on ten criteria to capture these distinct design elements that I argue lie at the core of PB.

The first set of these criteria focuses on the existence of open public meetings where citizens are able to express needs and preferences in a government-led forum. The second set of criteria deals with the extent to which these public spaces involve the transfer of real decision-making power to the average citizen. Using these criteria, I introduce an original categorization of PB cases that I then apply to a data set that includes all 560 Brazilian municipalities with over 50,000 inhabitants.

In constructing this data set, I incorporate a wide range of data sources that allow me to then offer a more nuanced and analytically useful coding of Brazilian municipalities and the extent to which they have something in place that can be called a "participatory budgeting" program. I conclude with a brief presentation of the results of this recoding and discuss the potential implications for the hypothesis testing to come in the following chapters.

The Problem with Current Criteria

Substantive and potentially significant differences separate the most recognized handful of successful PB experiences from the large universe of local government public policies that carry the same name. What has spread under the PB brand has not always been a faithful replication of the series of institutional practices first implemented in Brazil during the 1990s. Many of these more recent manifestations of the PB approach have a tendency to focus only on some of the most visible aspects of the program while ignoring the deeper institutional reforms that facilitated PB's early successes. Baiocchi and Ganuza (2014) characterize initial implementations of PB as being composed of two distinct yet

equally important dimensions: the *communicative dimension* and the *empowerment dimension.*

These scholars define the communicative dimension as "the open structure of transparent meetings to decide on projects and priorities (…) based on procedures that regulate the conditions of communication, democratizing the nature of demand making in civil society" (31). The empowerment dimension is "the coupling of the assemblies with administrative structures (…) through real democratic reforms of the state apparatus" (36). To the authors, it was the combination of these two dimensions that gave PB its transformative potential, while the most common form of PB that has spread throughout Brazil and other countries in recent years consists of primarily the communicative dimension with only a limited number of cases where the empowerment dimension is evident.

Without this empowerment dimension, "the danger exists that Participatory Budgeting becomes only peripherally connected to centers of power and instead becomes linked to small discretionary budgets, bound by technical criteria. It becomes a process of one-sided democratization that brings greater transparency and social justice up to the point where demands are delivered to state officials; what happens after that point – let alone what portions of city budgets are turned over to the popular mandate – is left untouched" (32). Specific reforms include the centralization of planning within the government, the decentralization of government services and administration and the involvement of representatives of different departments in the collection of popular demands (Ganuza & Baiocchi 2012).

In another approach to identifying and better understand the relevance of the unique combination of institutional features found across the wide range of participatory programs, Archon Fung (2003; 2006) proposed a "democracy cube" of three different dimensions along which participatory mechanisms could vary – decision-making procedure, participant selection and level of authority. Each dimension is composed of a series of steps from least to most participatory, forming a three-dimensional space within which institutions can be compared. The appropriateness of any given institutional design may vary depending on what issues public participation is meant to address, most commonly social justice, efficiency, or legitimacy.

Fung points to Porto Alegre's PB program as a successful case of addressing social justice in terms of increasing the government's spending towards meeting the needs of the city's poorest residents, which it accomplishes through open participation with targeted incentives that wields authority over decisions. While Fung argues that the decision-making procedure is less relevant if social justice is a program's primary goal, "mechanisms that increase justice in this way can only do so if they exercise direct authority over relevant decisions. Because they typically address structures of corruption and exclusion that generate benefits for the advantaged, the recommendations offered by merely advisory mechanisms are typically ignored" (2006, 72). On the participant selection dimension, PB "increases justice in public governance by changing the actors who are authorized to make decisions […] having an open structure of participation with targeted recruiting (structural incentives that target the poor)" (ibid.).

In a similar vein, Wampler's (2012) definition of the core principles of PB distinguishes between *voice* and *vote*, in which *voice* consists of the venues and opportunities for citizen participation and *vote* refers to the effective translation of that participation into government action. While traditional participatory programs involve consulting the public, in full PB programs, "citizens are empowered to make specific decisions regarding public resources and state authority" (4). He additionally includes two further essential principles of PB that need to be taken into consideration: social justice and citizen oversight. Social justice involves the mechanisms employed to mobilize the poor to participate, particularly the introduction of objective criteria through which resources are distributed in a manner benefitting traditionally marginalized communities. His definition of oversight goes beyond transparency and involves a transformation of local administrative processes designed to enhance participatory inputs and public feedback on how policies are implemented.

The most common approach to measuring participatory budgeting at the cross-national level views five minimal criteria as necessary for a local participatory program to be classified as participatory budgeting (Sintomer et al. 2013). In what I will refer to as the Sintomer et al. criteria, a program may be classified as PB if it involves the following:

1) Public discussion of financial/budgetary processes. All participatory devices might concern financial questions (for example, any participatory process related to urban planning will have an impact on costs if projects become bigger or smaller than previously planned). In PB, however, the participatory process is centrally based on the question of how a limited budget should be used.

2) The city level has to be involved, or a decentralized district with an elected body and some power over administration and resources, matching the scale of representative democratic institutions.
3) It has to be a repeated process over years. Consequently, if a participatory process were a unique event, involving, for example, a one-time referendum on financial issues, it would not qualify as an example of participatory budgeting.
4) Some sort of public deliberation must be included within the framework of meetings specifically dedicated to PB. However, PB deliberation does not necessarily directly lead to decision-making.
5) Some accountability or feedback regarding the results of the process is required, such as whether or not proposals are accepted. (2-3).

Drawing from the above discussion on the communicative and empowerment dimensions of PB developed by Ganuza and Baiocchi (2012) it is clear that these five criteria reflect a nearly exclusive concern with the communicative dimension of PB, and include no mention of any linkages between the participatory process and the local state. It is this lack of explicit attention to the empowerment dimension of PB programs in most large-N evaluations of PB that leads me to the development of a categorical measurement approach for PB programs that will allow for a better understanding of the fiscal and development consequences of PB.

Additional, and Necessary, Criteria for Participatory Budgeting

I propose a definition of participatory budgeting that can objectively be extended to a wide range of cases while also including a series of relevant institutional features left out of the Sintomer et al. criteria. Rather than treating PB as a uniform and standardized policy instrument, my approach introduces a series of categories that take into account the substantial heterogeneity between the practices that are adopted using the label of participatory budgeting. I use Fung's democracy cube (2006) and the distinction between the communicative and empowerment dimensions of PB proposed by Baiocchi and Ganuza (2014) to create two sets of five criteria, each pertaining to one of these dimensions as described in the previous section. Treating the communicative dimension as a minimal set of characteristics for a given program to be accurately considered PB, I modify Sintomer et al.'s five criteria to focus exclusively on the formal basic structure of participation that is associated with PB. I then present an additional set of five criteria that capture institutional features that deal with three interrelated issues: linkages between participation and concrete government action, the amelioration of traditional inequalities in political participation, and shifting government investment spending towards needier communities.

Communicative Dimension Criteria

1. *PB involves citizens communicating demands to the state that relate to the public provision of goods or services.*

This new criterion is an adaptation of the requirement that PB deals with budgetary questions and scarce resources. This removes the presumption that PB be integrated into the process of elaborating the local budget. Citizens making claims with regards to local government spending is one of the most easily observable practices common across PB programs, although the extent to which this helps shape the final budget widely varies.

2. *PB is implemented by the municipal government and involves participation that takes place in decentralized, territorially based units such as neighborhoods, zones or regions.*

The level at which citizens engage in participation is a critical design element that deserves to be considered as a necessary component for any program to be considered as PB. The original criteria specifically exclude cases of "neighborhood funds in relations to which citizens can decide about a concrete amount of money, but without having any influence on broader-scale issues" and that they "consider only those participatory processes with a similar scale to that of the elected bodies of representative democracy" (Sintomer et al 2013, 11). A potential interpretation of this would be that, for a program to count as PB, it would have to involve participation that takes place at the citywide level. While Brazilian PB often features city-level representative bodies, the point at which the vast majority of participants engage in PB is at the neighborhood or regional level. Even widely lauded PB cases such as Belo Horizonte had only regional representative bodies for

over a decade (Wampler 2007). A program in which only one or two meetings for the entire city were held at a central location would make it more difficult for residents of peripheral neighborhoods of the city to participate.

3. *PB is a cyclical process intended to be repeated over time.*

The requirement that PB must be a repeated process over years is used by Sintomer et al. to separate PB from referenda or one isolated meeting. While this distinction is important, as a stand-alone criterion the duration with which a potential PB case is in existence is an imperfect measure because it eliminates cases in which PB was cut short after one or two years due to fiscal crises or changes in the government in power. Instead of focusing on temporality, this new criterion is concerned with PB as something that is being carried out *as if it were to be a recurrent phenomenon*. A case may qualify as PB even if it existed for only one or two years if throughout the time it was in place it was meant to continue further but was ended due to unforeseen factors exogenous to the program's design.

4. *The communication of public preferences through direct participation according to a common set of rules and procedures in exclusively purposed public forums that are both recognized and facilitated by the local government.*

The corresponding criterion from Sintomer et al. is that public deliberation takes place within specific meetings or forums dedicated to PB rather than in existing institutional spaces. This has two components that, when combined, provide an important aspect of what makes PB unique – the use of participatory institutional design to inspire

public deliberation. Analytically, the institutional aspect alone is important. Additionally, objectively determining the quality of the communication that takes place in the public forum and whether it qualifies as public deliberation is difficult, if not impossible, when dealing with a large number of cases. It is realistic to establish that there are institutionalized spaces where public preferences can be communicated, and have some set of rules guiding them that sets them apart from a simple collection of grievances or sporadic meetings in communities that do not follow a calendar. The important element here is that the fact that the government is supporting this participation in a new institutional format that implies at least a partial break from traditional practices of making budgetary decisions behind closed doors without direct public input.

5. *Actionable information pertaining to government programs and spending is incorporated into the meeting format.*

The fifth criteria from Sintomer et al. is that there is some process of accountability in which participants are kept informed of the progress towards addressing the results of previous deliberation. This must be adjusted to address only what takes place within the public assemblies, given that government action regarding demands is reserved for the empowerment dimension. Therefore, I have modified this criterion to imply only transparency more broadly in relation to government spending, informing citizens with regards to how the budget is being spent.

Empowerment Dimension Criteria

6. *Individuals, rather than civil society organizations, are the base unit of participation and efforts are made to include traditionally excluded members of society.*

The first of the empowerment-related criteria is that PB engages citizens directly rather than through organizations. While civil society is an important component in PB's development, first there must be public sphere in which all may participate independent of institutional affiliations (Lüchmann 2014). This is important not just from a perspective of procedural fairness in the public forums but also as an opportunity for PB to have the potential to empower those previously unengaged in politics. A pro-poor participatory program could nonetheless engage exclusively with civil society organizations (CSOs) such as neighborhood associations as interlocutors. This may be an appealing option to local administrators because organizations already active in politics have the organizational capacity to more easily engage in dialogue with the state. The strengthening of CSOs is in fact one of the core outcomes of interest in this dissertation, but first it is necessary to break from the "spontaneous mediation" model of state-society relations where associations are the sole connection point between the public and local government (Ganuza, Nez & Morales 2014). While "associational tradition" is heralded as one of the principal factors behind PB's success in Porto Alegre (Avritzer 2012), it is important to clarify that civil society had initially proposed that associations would act as natural representatives of the public. The final format of PB when implemented differed importantly from this, and was based on the principle that participation should be open to all without privileging any person or organization (Ganuza & Baiocchi 2012).

7. *PB culminates in the generation of a set of concrete policy proposals involving government spending whose execution is seen as (essentially) binding by both participants and government.*

The PB process should lead to a clear set of demands selected by participants and there must be some degree of obligation that these demands are translated into real government action. Under the Sintomer et al. criteria the requirement is that public deliberation takes place, while the authors explicitly state that this deliberation does not need to result in concrete decisions being made. In contrast, an approach geared towards empowerment not only requires that decisions be made but also that these decisions lead to concrete government action. As opposed to other existing participatory programs that are primarily interested in feedback or input from citizen, with PB "the key democratic breakthrough was that citizens vote on projects that are then implemented by the local state" (Wampler 2012). With expectations made clear with regards to the specific demands to be executed, participants can then hold public officials accountable in a way that would be impossible if public deliberation served only to advise or orient government decision-making.

The legitimacy of the demands from the perspective of participants comes from their accurate representation of popular will as expressed in the open popular assemblies. The "chain of popular sovereignty" described by Ganuza & Baiocchi (2014) requires that there not be substantial modifications in the demands from their proposal to their execution. For the government to treat the demands as legitimate, the demands must be reasonably within the capacity of the local government to execute. The structure of PB

should guarantee that popular demands be carried out as faithfully as possible, while at the same time avoiding the unrealistic expectations that often prevail with respect to the local government's capacity to execute demands. This can be addressed through a phase in which proposed demands pass through a filter of technical and financial viability before being put to a final vote. In addition to this, PB representatives may work with government officials from the relevant department to make any necessary adjustments before final approval.

8. *The distribution of resources within PB occurs through a transparent process that seeks to address traditional geographical and socioeconomic inequalities in the access to public goods and public investment spending.*

Shifting local government spending in infrastructure and public services towards traditionally neglected neighborhoods has been one of the most notable organizing principles of PB related to social justice. Referred to by PB advocates as the "inversion of priorities", this involves the use of measurements of relative need to award a proportionally larger share of PB-related spending to the regions of the city that need it the most. Perhaps the most sophisticated mechanism created to carry this out can be seen in Belo Horizonte, which adopted the Quality of Life Index (IQVU) as a way to determine resource allocation. The IQVU plays a central role in the distribution of a portion of PB-related resources by offering a comparative assessment of neighborhood poverty levels and infrastructural needs within a region using an indicator that featured 75 components (Wampler 2007). During the 1990s, Porto Alegre used an approach in which each demand was weighted by the population size of the region it would benefit, the relative lack of

infrastructure in that region and the level of priority assigned to the demand in the assembly (Fedozzi 2003). The minimally sufficient measure to meet this criterion is the distribution of resources through rules made clear to participants. When spending patterns are left unclear or are dependent on executive discretion, there remains the possibility that traditional clientelist mechanisms or political favoritism remain important in determining how PB funds are spent.

9. *Participation occurs both directly and through representatives in a multi-level format.*

In programs that contain only the communicative dimension of PB, participation is centered almost exclusively on the large public assemblies in which citizen present their demands. My modification of the Sintomer et al. criteria requires that these meetings must take place in a decentralized manner, at the neighborhood or regional level. This facilitates greater participation by reducing the costs of attendance while also reinforcing the focus on infrastructure projects with local impact. However, on their own, these assemblies typically meet only once or twice a year and do not address the process through which demands are translated into projects executed by the local government. More targeted negotiations with the government about the final form and implementation of the projects raised in the assembly are better served by the existence of higher-level bodies formed of representatives elected in the assemblies to carry out this function. In the original Porto Alegre model, delegates meet at the regional level to turn popular demands into concrete proposals for the budget while the PB Council approves the final investment budget as a whole.

The presence of an organized body overseeing the final elaboration of the budget as well as its execution helps to ensure the faithful execution of popular demands. While the involvement of a large number of citizens in the budgetary process may be the most visible hallmark of PB programs, the reality of translating popular will into government action requires a degree of adaptation which lacks legitimacy if it is left only to the government to carry out. Delegates and councilors also learn about the inner workings of the public administration in a more focused setting than the average participant, something that could translate into engaging in political activity outside of the venues association with PB.

10. *Administrative reforms are implemented that integrate citizen participation into the decision-making process involving both the elaboration of the budget and its execution, with priority given towards honoring the outcome of the PB process.*

The final and most demanding requirement for a program to be considered empowered is that it becomes an integrated part of the decision-making process surrounding the annual budget. Participants should interact with not just the department put in charge of organizing the yearly cycle of meetings, but with the rest of the local agencies charged with project implementation as well. This is the strongest way to guarantee that the product of the participatory process leads to actual government action, which then demonstrates to all those who contributed time and effort that their participation can provide tangible benefits. Though financial and technical realities make the possibility that the PB process be completely binding neither realistic nor necessarily desirable, there should be some degree of obligation on the part of public officials to carry

out popular will as expressed through the different phases of the PB cycle as fully and faithfully as possible.

Categories of PB

Using the above criteria, I divide cases into two broad groups – multi-dimensional participatory budgeting (MPB) and consultative[3] participatory budgeting (CPB). For a program to be considered MPB, there must be evidence of at least two items from the second set of empowerment criteria. For CPB, only the first five basic, communicative criteria are met, fitting the basic Sintomer et al. definition but including no more than one of the five additional criteria. MPB has two sub-categories based on the number of empowerment criteria satisfied, with partial MPB referring to instances where two or three are present, and full MPB including either four or all five. In the following section I will use examples from my field research to illustrate each of these categories. I then present the data collected for my sample of Brazilian municipalities along with the indicators used to classify each individual PB program. I go into detail as to the way coding was conducted, the decision rules used to classify cases, and discuss the methodological implications of this approach. Finally, I offer an overview, based on this measurement strategy as applied to Brazilian municipalities, of the prevalence of each type of PB over time.

[3] In Brazil, councils, forums and other collegial bodies convened by the government as either *consultivo* or *deliberativo*. *Consultivo*, or consultative, is used in this context as a legal term to refer to bodies whose decisions are entirely non-binding.

I have three categories of participatory budgeting that will serve as the basis for my measurement approach. These three categories are:

1. Consultative Participatory Budgeting (CPB)
2. Partial Multi-Dimensional Participatory Budgeting (Partial MPB)
3. Full Multi-Dimensional Participatory Budgeting (Full MPB)

Consultative Participatory Budgeting [CPB]: My first, and most basic, category of PB types is "consultative participatory budgeting." A case of CPB must, at a minimum, involve citizens articulating demands related to government expenditures on an annual or biannual cycle in uniquely purposed public fora that feature some transparency regarding government spending processes. A PB program that falls within this category may have a second level representative body but its duty would be to merely oversee the execution of demands raised in the public assemblies. Meaningful public deliberation may occur within the meetings but any necessary adaptations of the demands to fit technical or financial realities still take place behind closed doors and without additional citizen input. There is little to no dialog between the government and the public during the planning phases where demands are transformed into feasible actions that the government can execute.

One instance of CPB is the participatory budgeting program that has been implemented in Vacaria, a municipality of around 60,000 inhabitants located in a primarily agricultural region in the interior of Rio Grande do Sul[4]. PB was implemented in 2009 following the election of Eloi Poltronieri, the city's first PT mayor who remained in office

[4] Background information collected across multiple visits in 2014 during the course of field research, including interviews with the Mayor, the PB Coordinator and the leader of the city's Union of Neighborhood Associations.

until 2016. The basic format of the annual PB cycle involves a series of regional meetings where the public votes on a series of demands that are submitted by community leaders to the Mayor's Cabinet prior to the meeting. The mayor himself will typically begin these meetings by providing a general account of the different components of the local budget, and a review of different public works and investment projects carried out in the previous cycle. After the mayor concludes his speech, the floor is open for debate regarding the demands up for a vote, although by the mayor's own account it is rare for any participant to speak because each neighborhood within the region arrives already organized around a specific demand. The rules state that the government is obliged to execute the demand that receives the most votes while the second and third are optional depending on the availability of resources. Delegates are elected in proportion to the number of participants present, but there is no regular process during which the delegates meet on any other occasion.

PB in Vacaria meets the basic requirements corresponding to the communicative dimension of PB, but has almost nothing that ties it to a broader project to involve public participation in the local governing process. There is no permanent administrative structure dedicated to PB, with only one entry-level worker from the Mayor's Cabinet tasked with running the logistics of the regional meetings as well as filtering any communication from participants to the mayor. Assistance is provided outside working hours by political appointees from other sectors of the administration. Funding for the projects considered either obligatory or optional is achieved piecemeal through earmarks and other transfers from the state and federal government negotiated with other politicians affiliated with the PT. Because anywhere from one to three projects could be

executed in a region and the size of said projects may vary, the final result could be that money is disproportionately allocated to certain regions. Participants are not made aware of this, as there is no accountability specifically linking government officials with the execution of PB projects in the city, nor is there any unified source of information detailing the progress made towards executing the demands voted upon in previous years.

Full Multi-Dimensional Participatory Budgeting [Full MPB]: Full MPB entails the inclusion of at least eight of the ten criteria, with institutional characteristics that approximate the full set of reforms first adopted in Porto Alegre in the 1990s. Under full MPB, empowerment is facilitated through the presence of multiple representative bodies organized at different levels (e.g. neighborhood, regional and city-wide). In these cases PB is integrated into the heart of local administrative budgetary decision-making process, and participation is connected to actual government allocation decisions responding to PB demands selected through the yearly cycle. This provides the strongest level of certainty that the local government will faithfully carry out the budget agreed upon according to democratic rules decided upon by participants themselves. The legitimacy of these decisions as representative of public will is strengthened due to efforts to prevent the new institution from being captured by individuals or communities with greater levels of economic, political or social capital.

Canoas, a large industrial suburb of Porto Alegre with over 300,000 residents, offers an example of a full MBP program. PB was first introduced PB in 2009 after the city elected its first PT mayor, Jairo Jorge da Silva[5]. Just as in Vacaria, the mayor himself travels to the

[5] Information obtained during three site visits in March and April 2014 during case selection,

meetings held at the regional level in which citizens in attendance vote amongst a list of demands compiled by the administration prior to the meeting. He speaks at length about the composition of the local budget and the different public works projects his administration has carried out. The rules require that each demand be defended by a member of the community before going for a vote, although community members and administration officials believe that people nonetheless arrive with their decisions made. However, a number of institutional features are present in Canoas that connect the program with a broader administrative project to implement structural reforms of the way in which the city government engages with local residents.

Through the annual PB cycle in Canoas, technically viable demands of reasonably large scope enter the city budget, with ample dissemination of the final results of annual deliberations and a specific monetary amount of the local budget divided equally across the city's regions (approximately US$ 300,000 for 2015). While the demands are compiled by the administration, they come from other instances of citizen engagement. These include a weekly program in which the Mayor, along with his full cabinet, visit city neighborhoods on a Saturday morning to hear complaints and provide answers to local problems as well as a series of assemblies that invite public participation to improve specific public services.

Instead of speaking only broadly about public investment projects, as was the case in Vacaria, specific figures are given about the completion of demands for the region as well as for the city as a whole. Each assembly features details about all of the previous demands that the region has voted upon since PB was first implemented, giving a detailed account of

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attending a PB assembly on all three occasions and interviewing the department head in charge of all of the city's participatory programs as well as the Coordinator specifically in charge of PB.

what has been executed as well as a timeline as to when pending demands will be completed. Participation takes place both directly in the assemblies as well as through delegates and councilors who meet with government officials year-round. There is a government department that coordinates PB, along with all of the other actions contained in the government's citizen engagement strategy. As a sign of recognition of the strength of the local program, Canoas was selected to host the Brazilian PB Network from 2014-2015. As should be clear, it is in these types of multidimensional PB programs that we should expect to find strongest support for the development and civic engagement propositions put forth by proponents of the PB approach.

Partial Multi-Dimensional Participatory Budgeting [Partial MPB]: In between the CPB and MPB categories lies my intermediate group of PB approaches that I refer to as partial MPB. Municipalities in this category have implemented a PB program that meets all of the communicative criteria but falls short of meeting all of the empowerment criteria. Partial MPB may have limitations such as involving only CSOs in the program's representative bodies or lack a clear method for distributing resources across regions of the city. However, there must be at least some degree of institutionalization of PB within the local government administration and at least two of the first four empowerment criteria must be met.

Erechim is a city of nearly 100,000 residents located around 200 miles north of Porto Alegre, near Rio Grande do Sul's northern border with the state of Santa Catarina. As was the case with Vacaria and Canoas, the municipality of Erechim implemented PB in 2009 following the election of the city's first PT mayor[6]. Unlike either of the other two cities,

[6] Background information collected in the course of case study research over the course of 2014.

Erechim's participation occurs primarily at the neighborhood level rather than the regional level. The public assemblies themselves are organized by region, with a brief summary of local finances given to all in attendance. Afterwards, participants break into groups by neighborhood. They propose, defend and then vote amongst themselves on one demand and a delegate to defend it. The delegates of the region meet together at City Hall at a later date to determine how to fit as many demands of the region as possible within the fixed value given to all regions.

In comparison to the first two cases, what is perhaps the strongest aspect of the PB approach in Erechim is the role played by deliberation both directly between participants and via representatives with the administration. PB also enjoys a specifically designated bureaucratic apparatus that is independent of the Mayor's Office, with a team of full-time staff housed in the Department of Planning. However, two aspects of Erechim's program cause it to fall short of reaching full MPB. First, the permissible scope of the demands dealt with in PB fora is extremely limited and primarily focused on subsidies to community organizations. Second, participation stops at the selection of demands at the regional level, without any involvement in the final elaboration of the budget or formals mechanisms of accountability regarding the execution of demands.

As should be clear, these categories of PB across Brazilian municipalities, along with the default category of municipalities that have not implemented any PB-style reforms, offer a wide range of program features that should theoretically reveal themselves when evaluating the impact of PB on citizen engagement in politics and the local provision of basic services. In the following chapters, I employ this categorization schema in an analysis

of these types of outcome variables. Before moving to the analytical portion of this project, however, I first offer a brief description of the data collection efforts that allow for such an analysis to be carried out.

Data Collection and Classification Methods

In order to place the Brazilian municipalities that will be the focus of my study into one of my categories of PB, I rely on a data set collected as part of the Participatory Budgeting Census, which covers all Brazilian municipalities with a population of over 50,000 for each four-year mayoral term from 1989-1992 to 2009-2012[7]. Using existing data collected during two research projects to cover the period from 1989 to 2004 (Ribeiro & Grazia 2003; Wampler & Avritzer 2004), researchers conducted telephone interviews with administrative personnel responsible for each PB program in 2008 in municipalities that were identified as potentially having adopted PB during the current mayoral administration. This was repeated in 2012 with the sample size adjusted to capture additional municipalities that passed the population threshold, although for these cases no retrospective research was performed (Spada 2014). The Census codes a municipality as having PB for the four-year administration that was coming to an end the year of the survey if it met the five Sintomer et al. criteria. In 2008 there were 560 municipalities with a population of 50,000 or more. By 2012 this number had increased to 595. I limit my

[7] The PB Census data set treats each four-year mayoral term in office dating back to 1988 as a single observation. Secondary sources were used to code from 1989-2004 while the project itself has taken place for the 2005-2008 and 2009-2012 terms. Both rounds of the Census were conducted occurred in the final year of the term of reference, which was 2008 and 2012. Applying this measure as an indicator of PB throughout each four-year period would introduce on unknown amount of measurement error, as programs may have been initiated or terminated at some point during the middle of the term.

sample only to those municipalities that qualified in 2008, as the cities added to the 2012 data contain no information regarding PB in earlier years.[8]

Using the time periods identified in the PB Census as a starting point, I first searched for scholarly articles, reports conducted by neutral third-party research institutes or NGOs, as well as theses and dissertations from Brazilian universities for reference to any of the municipalities identified in the original data set. I also sought out news articles and government press releases for any reference to PB programs. Finally, I conducted a general Internet search using the name of the municipality and references to "participatory budgeting", "citizen participation in the budget" and related terms. Using all of the information from these sources, I conducted a content analysis as the basis for assigning each municipality to one of my four categories of PB. Of the 455 data points identified as four-year periods of PB in the original data, I was unable to find any corroborating evidence that PB existed in 38 cases, with an additional 17 time points at which it was possible to establish that the case met the five communicative criteria but there was insufficient information related to the variables which measure the five empowerment criteria. Unless otherwise noted, these cases will be treated as consultative PB.[9] When the evidence collected provided conflicting information with regards to the variables upon

[8] Before ultimately deciding to exclude the cities added in the 2012 round of the Census, I searched for any indicator of PB previously taking place in all 33 municipalities, not restricting myself to the two identified cases in 2012. I found evidence of only one PB program that had taken place and ended. Additionally, around one-third of the expanded set consisted of municipalities that had formed since 1989, which would exclude them from consideration. The inclusion of these cases, therefore, would have little effect on my analyses in the coming chapters.

[9] If theses cases instead were removed entirely from the analyses conducted in the upcoming chapters, there is a small increase in the estimated effect of CPB but rarely is this statistically significant. If instead these responses are coded as MPB, there is a small but statistically significant decrease in MPB's estimated effect.

which each case was evaluated, preference was given to impartial sources (academia, well known NGOs) followed by contemporary (as opposed to retrospective) accounts in news media, press releases or similar public pronouncements by government officials.

First, I established the presence of a PB program meeting the five criteria of the communicative dimension for each two-year period. Among other benefits, this allows for the examination of instances where PB ends or changes within an administration and avoids confusing this with the impact of a transition in power following an election. Using the time periods identified in the PB Census as a base, I searched for at least one item corroborating the program's existence in both the first and second half of the four-year mayoral term in office, the same time periods used in the Participatory Budgeting Census. I then created a series of dichotomous (present/absent) variables that correspond to each of the criteria of the communicative dimension. P

I apply the same methods to the first two years of the mayoral mandate begun since the collection of the PB census (2013 and 2014), treating all municipalities in the sample as potential cases. To be counted as having any form of PB, some evidence of meeting the basic communicative criteria needed to be present for each two-year period. Data with regards to the additional variables are collected over the span of a given mayor's time in office, and are considered to be constant unless there is evidence to the contrary.

Next, to identify all of the PB programs that qualify as full or partial MPB, I again use a dichotomous decision rule for the presence or absence of each of the five additional criteria presented earlier in this chapter. For the initial period of PB, two separate sources must identify that particular design element as present in order to receive a positive score. For

each additional two-year period, I consider one source for each indicator as sufficient to maintain a program within a given category.

In order for a case to qualify as a case of partial MPB it needed to receive a positive score for at least two of the five indicators. Full MPB programs were those that met at least four of the five empowerment criteria. The five indicators used in this process are as follows:

V1: Are all stages of the PB process open to everyone without regards to associational membership or leadership status?

If there is exclusivity in any phase, this variable is not met, even if at the phase of popular assemblies the proceedings are open to all. As an example, in cases where there is a PB Council, a case may satisfy this requirement even while having reserved seats on the council for members of associations, but it would not if associational membership were a requirement to become a member of the Council.

V2: Does participatory input include demands that are recognized as reasonably binding?

To count as meeting this requirement, the PB cycle must ultimately result in demands that are related to concrete projects and collected in some unified document. There must be evidence that, at the conclusion of the PB cycle, there are specific projects or programs that it is incumbent upon the local administration to execute rather than simply having a cycle where the government is looking for ideas that may or may not lead to action being taken. The response to this question is negative if, for example, the administration

generates a budget that incorporates input that may have been received through PB without reference to specific projects having arisen from public participation.

V3: Are clear and objective criteria used to distribute the public resources spent as a result of PB?

There must be some reference to a method regarding the division of resources, which could be as simple as a fixed amount of money to be spent at the citywide or regional level. While ideally this question would be able to consider the application of social justice criteria in the distribution of resources, further information related to this topic was exceptionally scarce.

V4: Is a second-level Council, Forum or other related body specifically related to PB?

A municipality will qualify if (1). There is a forum of delegates, a PB Council or any other representative body related exclusively to PB that has deliberative power over part of the participatory process; or (2). there is a representative body that serves only to oversee the execution of demands or perform a consulting role in the PB process. "Deliberative power" means that the representative body must play a role in the formulation, negotiation and/or sanctioning of the final product of the annual participatory process. A body tasked with oversight is insufficient to count towards a case being classified as multidimensional

V5: Is PB integrated into the annual budgetary decision-making process?

Because of the varying quality of the data used here and the more subjective nature of the question, the approach used for this variable is to consider a number of factors, with documented evidence of any two on the list below qualifying as sufficient evidence that this criterion was met: (1) Inclusion of the final slate of demands that came out of the full PB process into the annual budget submitted for approval to the City Council; (2) introduction of political, fiscal and/or administrative reforms specifically referenced as being related to PB or the existence of a broader participatory reform project which includes PB; (3) presence of representatives from multiple government departments in PB proceedings; (4) technical analyses of the viability of proposed projects; (5) debate and approval of either the investment part of the budget or the entire budget as a whole by some PB-related committee or larger voting body, (6) the existence of an administrative body dedicated towards the management of PB, (7) evidence of programs designed to train delegates or councilors with regards to the functioning of the popular budget, (8) the institutionalization of PB through law or executive decree.

As with any data collection phase of a research project, measurement error at this stage could call into question the findings of the project as a whole. In this particular case, the most likely possibility would be false negatives due to the absence of a record of attributes of a local PB program that did in fact exist. Nonetheless, for most cases (87.91%) identified in the source data set, I was able to find sufficient data to confirm the original data set's classification of the program as PB according to the Sintomer et al. criteria. Two-thirds of the originally identified data points for which I was able to find absolutely no evidence refer to the 2001-2004 time period (8.5% of the total observations in the original data set), whereas there is no similar clustering of cases with incomplete information. The

geographic distribution of cases for which information was either insufficient or entirely missing mirrors the distribution of confirmed observations, however their average population is significantly less than the overall average (130,661 versus 439,241 inhabitants). Except for 2014, I collected only information on those cities included in the original data set.

As a check on the possibility that I could systematically be failing to capture MPB in smaller and more rural municipalities, I compared my case coding to information collected during preliminary research conducted in the field in 2014, with site visits to all cities in the state of Rio Grande do Sul identified as PB cases either during the administration currently in office or under its predecessor whose term ended in 2012. I interviewed at least one government official responsible for the program using a standardized instrument that touched on all ten criteria, reaching out to members of the previous administration in situations where PB was eliminated after the 2012 elections. These interviews covered PB's past as well as present situation. I found discrepancies in only three out of 19 cities surveyed, which covered 11 out of 68 observations coded in my data set[10], both roughly equal to 15 percent of the total. For all three, the cities had in fact met criteria that were not detected, a distinction that mistakenly labeled two cases of CPB as incomplete and one partial MPB case as CPB. The characteristics of the locations in which these three errors were located is relevant, because coding error could be more likely in smaller or more isolated cities and towns. However, while more than half (10 of 19) of the total sample had under 100,000 residents, only one of these was mistakenly coded. Additionally, the respondents selected were actively involved in past or present government management of

[10] Observations include any time-point coded other than a zero for a given municipality.

PB, a potential source of bias. This would most likely take the form of false positives, with the respondent exaggerating the extent to which the local PB experience met certain conditions.

Moving from four-year to two-year periods made it possible to find evidence of 90 occasions[11] in which PB terminated or changed categories within rather than between administrations. Within this group, there are 42 instances of PB termination within a mayor's term, 30 instances of PB being initiated within the term, seven shifts down the list of categories and six upgrades. These 85 within-mandate transitions, while considerably fewer than the 496 that occur following elections, add precision to the analyses in the coming chapters and clarify authorship of changes in PB status that otherwise would be given to changes in government.

Prevalence and Tendencies of Categories of Participatory Budgeting

Graph 1 and Table 1 both display the number of municipalities in each two-year data period by all of the categories that have been introduced, showing the relative distribution of each of the three categories across time. All of the categories of PB developed using the criteria defined in this chapter are present from the very beginning in 1989-1990. The proportion of cases at any given time pertaining to one of the three PB categories holds relatively constant across time, as shown in Graph 2. Approximately 35-45% of cases qualify as CPB, 35-45% meet the criteria for partial MPB and 20-30% are full MPB. The total number of municipalities at any given moment with PB programs in place has

[11] Here I am referring to consecutive time periods (i.e. 2000 to 2002) during which an election does not take place. I count each within-mandate change separately, including five municipalities with two such transitions and a sixth that transitioned three times during the period measured.

remained fairly consistent over the past decade but the specific cities that are counted under this are frequently changing, with only one-third of full MPB, one-quarter of partial MPB and 12% of CPB lasting eight years or longer. At no point did full MPB constitute a majority or even a plurality of PB cases, which raises doubts with regards to the argument that the simplification and reduction of PB came about only after PB gained widespread recognition and was disseminated to a broader audience (Baiocchi & Ganuza 2014).

The data show that MPB programs are more resilient across time both in cases of change or continuity of the party in power at the local level when compared to CPB programs. I break down the different possible outcomes of PB across time periods based on the corresponding continuation or change in the local political context. Between each period, PB can be maintained as it was before, ended outright, upgraded towards full MPB or downgraded towards program termination. Table 2 shows the frequency and proportion of each of these four outcomes when there was no change in the party in power, while Table 3 shows outcomes when there is a change in ruling parties.

When a change in power occurred in a municipality with MPB, more than half the time some format of public participation was maintained. In place of eliminating the program entirely, new mayors were more likely to "downgrade" the programs in place about as often as they maintained them as they were under the previous mayor[12]. Stability across periods in which the same party remains in power is also less in cases of CPB. Comparing within each four-year mandate, 17% of the programs in place in the first two

[12] The number of observed downgrade and upgrade are greater when partially and fully MPB are separate because I include transitions between the two categories. "Downgrading" includes transitions to programs that failed to meet the five minimum criteria for CPB.

years were discontinued by the end of the term, in comparison to only 7% of the time in partial MPB and 3% in full MPB. Even in the case of re-election, 30% of CPB programs did not continue into the next mandate, which occurred in only around 16% of partial MPB and 2% of full MPB cases. One possible explanation for the greater duration of MPB is that, by requiring that participation be in some way institutionalized within the local state apparatus, it would be more costly to terminate. If these programs are more effective in increasing the resources devoted towards meeting the needs of participants, the political cost of ending PB could be greater. Alternatively, the higher rate of mayors terminating CPB while in power could be an indicator that leaders who adopt that format are simply less committed to PB as a project and thus are more willing to cut the program if problems arise or the local political climate becomes less favorable.

Briefly looking at the relationship between the political party in power and the format of PB adopted, a substantial majority of full MPB programs have occurred under Workers' Party (PT) administrations, although this is gradually decreasing over time. Table 4 displays the frequency and proportion of active PB programs under PT control at the middle of every term. Since 1997-1998, the percentage of fully MPB programs under PT mayors has remained between 70-85%, although this has dropped to 60% for 2011-2012 and 2013-2014. Surprisingly, the percentage of mayors in partial MPB and CPB cities that belong to the PT at any given time period since 1995-1996 has been nearly the same, both progressing from around 40% to approximately 55% since 2005-2006. More surprising, however, is the prevalence of PB within PT administrations, shown in Table 5 as the percentage of PT mayors in office at the time. Although for the first decade of PB's rise it

was adopted in almost every city in which the party was elected to power, the share of PT mayors with no program at all has jumped from 7.8% in 1998 to 57.9% in 2014.

This brief examination of the data demonstrates that there is significant variation in the presence of characteristics amongst Brazilian programs related to PB's empowerment dimension. Including cases of PB-lite, only 38 of the 92 programs in place during 2013-2014 that are titled participatory budgeting have features that effectively connect citizen participation with actual governmental decision-making. Measured separately, MPB peaked in 2000 and has been on a gradual decline since, but the number of CPB and near PB cases continued to increase until 2010.

Given that programs that involve only the communicative dimension of PB seem to be less able to sustain themselves over time and across administrations, they may also be less capable of generating changes in local political life that could last beyond the program itself. PB programs that contain empowerment features seem to more frequently survive transitions in power even while being more politically and financially costly to maintain. This suggests that these programs could be able to change the political calculus surrounding citizen participation, transforming it from what may have started as a partisan political project to a general consensus within a city involving the role of public participation in the government decision-making process.

Conclusion

The elaboration of a conceptualization and measurement strategy that comprehensively captures the many different aspects of this particular participatory strategy has been lacking in the large-N quantitative research on participatory budgeting. Adequately testing hypotheses relating to the transformation of state-society relations requires that we first are able to distinguish between PB implementations that correspond to our theoretical conception of the program and cases in which only the basic shell of the original PB concept has been put into place. While in some cities PB involves a real link between citizen participation and government decision-making, in many others it consists only of a cycle of neighborhood meetings loosely organized around the annual budget. My expectation is that only programs that feature both the communicative and the empowerment dimensions of PB as defined in this chapter can bring about enduring changes in the ways in which the local state, citizens and civil society interact. Programs that incorporate only features of PB's communicative dimension are unlikely to be able to give citizens a sense of political efficacy, make government more responsive to citizen needs or incentivize the construction of a civil society that can effectively engage the state.

A measurement approach that does not include any features of PB that go beyond a set of open public meetings will risk being disconnected from the theoretical mechanisms through which the PB approach was originally designed to deliver change in local government spending patterns and service delivery. By creating categories that allow me to capture the heterogeneity in programs that fall under the label of "participatory

budgeting" I will be able to shed light on the role these additional criteria play in the impact PB programs have had across Brazil.

The fact that previous research that has relied on a broader, less nuanced measurement strategy of PB has still found the approach to have significant effects raises the possibility that the communicative dimension of PB alone is enough to spark changes in local political life. In these forms of PB, however, the causal mechanisms through which the benefits of PB should emerge are not necessarily in place. When purely conceived of as an information gathering mechanism for the city government, PB's ability to substantially alter local spending behavior should be diminished, if not entirely absent. As a result, civil society would have no motivation to reorganize itself in response to a participatory incentive structure that cements the existing hierarchy of organizations through granting select groups the exclusive right to speak on behalf of the community. Meaningful changes in how the government responds to popular input and efforts to foster additional avenues for citizen engagement likely requires more than a cycle of brief neighborhood meetings. This entails more profound incorporation of PB into the government decision-making process as well as the introduction of institutional rules that foster inclusion, social justice and transparency.

In the following chapters of this dissertation I continue to explore the implications of the "thicker" conceptualization of participatory budgeting that has been developed here. Following a series of quantitative analyses of the fiscal and development impact of these distinct categories of PB in Chapters 3 and 4, in Chapter 5, I analyze a series of contemporary cases of PB in a diverse sample of urban and rural municipalities that will

allow for a deeper exploration of the importance of linkages between PB as a specific government program and the wider project of institutionalizing citizen engagement in local government. Combining qualitative methods of semi-structured interviews and participant observation with a quantitative analysis of electoral and budget data, I explore the implications of variations in the efficacy with which a local administration is able to translate popular demands into concrete action. Also, I discuss the political and pragmatic motivations that led PB to evolve over time and across different mayors. When taken together, the results in the following three chapters speak both to the importance of public participation in open meetings as well as to the need for additional institutional reforms uniquely designed to serve the theoretical underpinnings of participatory budgeting.

Figure 2.1 - Number of Municipalities by PB Category

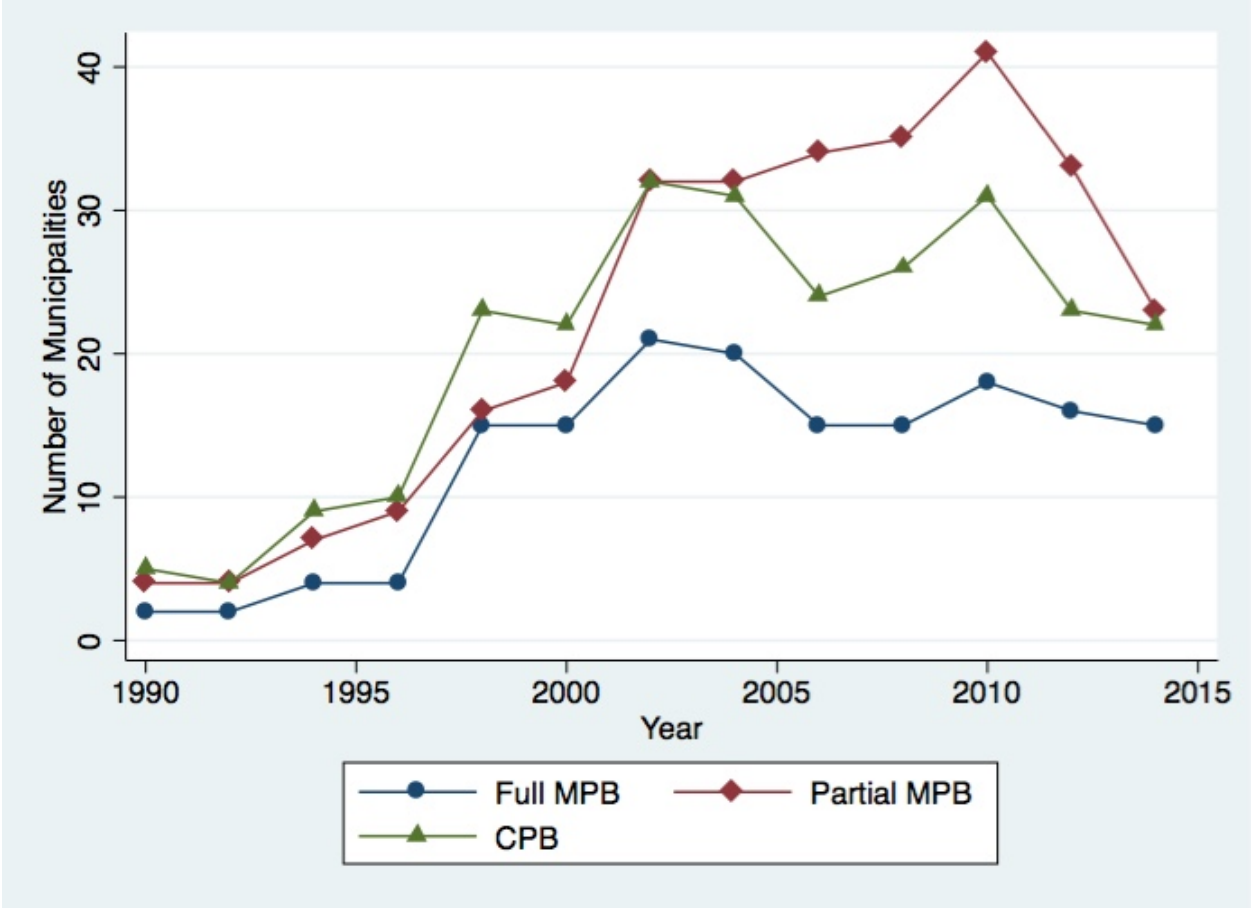

Figure 2.2 - Percentage of Municipalities by PB Category

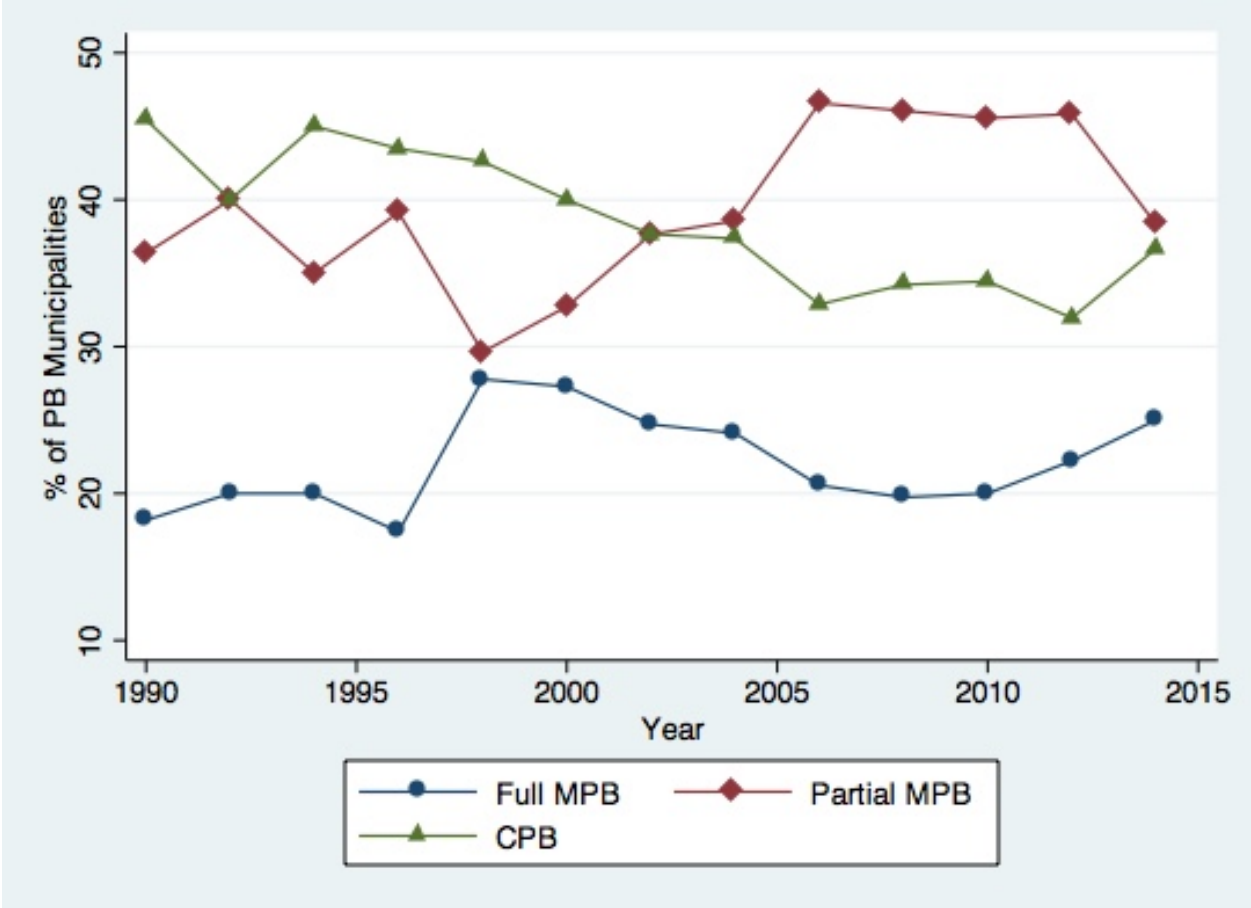

Table 2.1 - Number of Observations of Participatory Budgeting (PB) in Brazilian Municipalities with over 50,000 Residents, 1989-2014

Category	1990	1992	1994	1996	1998	2000	2002	2004	2006	2008	2010	2012	2014
None	548	549	531	529	494	493	432	432	451	446	426	444	428
Full MPB	2	2	4	4	15	15	21	20	15	15	18	16	15
Partial MPB	4	4	7	9	16	18	32	32	34	35	41	33	23
CPB	5	4	9	10	23	22	32	31	24	26	31	23	22

Table 2.2 - PB Post-Election Status (incumbent party victory)

Status of PB	Full MPB	Partial MPB	CPB	Total
Continue	38	59	28	125
	(84.4%)	(71.1%)	(49.1%)	(67.6%)
End	1	13	17	31
	(2.2%)	(15.7%)	(29.8%)	(16.8%)
Downgrade	6	9	10	25
	(13.3%)	(10.8%)	(17.5%)	(13.5%)
Upgrade	N/A	2	2	4
		(2.4%)	(3.5%)	(2.2%)
Total	45	83	57	185

Table 2.3 - PB Post-Election Status (incumbent party defeat)

Status of PB	Full MPB	Partial MPB	CPB	Total
Continue	7	11	5	23
	(25.0%)	(23.9%)	(8.1%)	(16.9%)
End	12	23	48	83
	(42.8%)	(50.0%)	(77.4%)	(61.0%)
Downgrade	9	11	7	27
	(32.1%)	(23.9%)	(11.2%)	(19.9%)
Upgrade	N/A	1	2	3
		(2.2%)	(3.2%)	(2.2%)
Total	28	46	62	136

Table 2.4 - Prevalence of PB Models – Overall Total, Total under PT Mayors and Proportion under PT Mayors, 1989-2014

Format	1990	1994	1998	2002	2006	2010	2014
None	548	536	503	471	483	467	498
None (PT)	6	9	3	17	34	57	86
None (% PT)	(1.1%)	(1.4%)	(0.6%)	(3.0%)	(6.5%)	(10.5%)	(16.1%)
MPB (Full)	2	4	15	21	15	18	15
MPB (Full, PT)	2	4	11	16	13	13	9
MPB (Full, % PT)	(100.0%)	(100.0%)	(73.3%)	(76.2%)	(86.7%)	(72.2%)	(60.0%)
MPB (Part)	4	9	19	35	37	43	24
MPB (Part, PT)	3	4	8	19	20	25	12
MPB (Part, % PT)	(75.0%)	(44.4%)	(42.1%)	(54.3%)	(54.1%)	(58.1%)	(50.0%)
CPB	5	10	22	32	24	31	22
CPB (PT)	5	4	9	17	12	17	12
CPB (% PT)	(100.0%)	(40.0%)	(40.9%)	(53.1%)	(50.0%)	(54.8%)	(54.5%)
Total	559	559	559	559	559	559	559
Total PT	16	21	31	69	79	112	119

Table 2.5 - Proportion of PT-ruled Municipalities by Status of PB

Format	1990	1994	1998	2002	2006	2010	2014
None	28,5%	27.5%	7.8%	20.2%	37.9%	40.1%	57.9%
MPB (Full)	9.5%	13.7%	28.9%	23.1%	16.4%	11.6%	7.5%
MPB (Part)	14.2%	13.7%	21.1%	27.5%	25.3%	22.3%	10.0%
MPB	23.8%	27.5%	47.3%	50.7%	41.7%	33.9%	17.6%
CPB	23.8%	13.7%	23.6%	24.6%	15.1%	15.1%	10.1%
Partial PB	0.0%	3.4%	0.0%	4.3%	5.1%	10.7%	14.2%

CHAPTER 3 – NO CHEAP TALK – BUDGETARY IMPACTS OF PUBLIC PARTICIPATION AND DEBATE

While participatory budgeting is often couched in lofty rhetoric, people are not driven to the meetings simply out of an abstract sense of civic duty alone. The process must promise tangible benefits such as improved public service delivery in return for taking the time and effort to mobilize one's neighborhood and attend a public assembly. In this chapter, I adopt the perspective put forth by Abers (2000) that a core aspect driving the success of PB is its "demonstration effect" – the ability to provide relevant benefits to local residents that reinforces the importance of public participation. Existing quantitative research has found PB to be associated with changes in government spending priorities, specifically on health care and sanitation (Spada 2009; Touchton & Wampler 2014; Gonçalves 2014), but no links have been demonstrated in terms of the actual mechanisms that lead to these outcomes. Previous research (Cabannes 2004; Schneider and Baquero 2006) finds that it is the local administrative reforms that are associated with PB that allow PB-implementing governments to increase revenue flows through expanded tax collection and greater access to state and federal transfers. If this is the case, we should expect to see the adoption of PB by a local government to be associated with changes on both sides of its balance sheet. Furthermore, budgetary effects appeal across the ideological spectrum and could be expected of both CPB and MPB. In the following pages, I evaluate the basic proposition that PB should lead to changes in local government spending and whether assumptions regarding the way in which such an effect takes place apply in the absence of many of the program's original institutional features.

Using the data set described in the previous chapter, I test a series of hypotheses that anticipate the types of changes we should see in the fiscal policy of local government following adoption and consolidation of PB. The first of these expectations is that PB adoption should be associated with an expansion in government spending on basic service provision and infrastructural projects addressing those issues most frequently raised in public fora, such as street paving and water treatment. These changes in spending priorities will be gradual, but should increasingly reflect government efforts to meet the needs of the poorer residents of underserved, peripheral communities that form PB's core constituency. As I discuss in further detail below, results from a fixed effects, panel data analysis support these claims, with urban infrastructure spending particularly impacted by a continuing PB program.

As discussed in the previous chapter, the conditions necessary for PB to change government behavior may not be present for all of the programs identified as PB by the Sintomer et al. (2014) definition. When considering the two categories of PB that I have defined, multidimensional participatory budgeting (MPB) and communicative participatory budgeting (CPB), we should expect that while the correlation between PB and spending holds for MPB it should be less evident in cases of CPB. The results of the analyses below confirm this expectation, offering a first piece of evidence that institutional design is a crucial factor in determining whether or not a PB program has the potential to bring about change in local government spending patterns and, more generally, enhance the role of a community's marginalized population in the workings of local government.

To carry out this analysis, I utilize the data introduced in the previous chapter to form

a panel with annual budgetary data for municipal governments collected by the Brazilian Secretary of the National Treasury, along with a series of municipal-level demographic and political variables that allow for the control of potentially contributing factors to a local government's spending patterns over time, such as local economic conditions, demographics and the party in control of government. Once again, to anticipate the results section below, I find robust evidence that PB adoption and consolidation leads to a steadily increasing level of public investment over time, as well as increases in own-source revenue collection.

Before presenting the full results of the analysis, though, I first briefly review the existing literature on the various ways in which increased citizen participation in local politics may affect government taxing and spending behavior. I will then introduce my theory in greater detail, and offer the hypotheses that are derived from it. I then move to a series of analyses and discussion of the results.

Existing Literature on Citizen Influence on the Local Budget

The model of the median voter was the initial framework through which citizen preferences could be expected to influence the budgetary process in most democratic political systems. In Downs' (1957) version of this model, government policy is predicted to converge on the preferences of the median voter due to vote-maximizing politicians responding to citizens rationally voting to increase their utility function. This assumes perfect and costless information along with policy preferences falling along a single dimension, where each voter has a single-peaked preference. Even when advancing his

theory, Downs acknowledged the possibility of information asymmetries being used to favor particular interests.

In an early challenge to the median voter model, Niskanen (1971) introduced the concept of a budget maximizing bureaucracy that drives spending upwards through their monopolistic control over public goods provision. McKelvey (1976) argued that the multidimensionality of real-world policy questions makes it possible for agenda setters to strategically manipulate the decision-making processes so that no outcome reflects majority rule. The outcome of these different mechanisms is that representative democracy on its own appears insufficient to bring about levels of taxing and spending that best reflect the preferences of average citizens.

Direct democracy mechanisms, such as referenda and initiatives, have been studied for their potential to overcome these issues and compel governments to set budget priorities closer to the preferences of the median voter. The bulk of this research has focused on comparisons of subnational political units in either the U.S. (e.g. Romer & Rosenthal 1979; Farnham 1990; Camobreco 1998; Primo 2010) or Switzerland (Feld & Kirchgassner 1999; Funk & Gathmann 2011). Direct democracy manifests itself in both countries in essentially two forms: referenda through which the public judges a law or policy proposed by the government and the initiative, where citizens themselves are the source of the proposals on the ballot (Lupia & Matsusaka 2004). Although an additional item on one's ballot may seem inconsequential to the majority of voters without a strong vested interest in the issue at hand, a nationwide comparative study of US states found that the presence of direct democracy mechanisms has spillover effects that serve to increase

other forms of political engagement (Tolbert, McNeal & Smith 2003) while also increasing political knowledge and internal political efficacy (Bowler & Donovan 2002).

Evidence regarding the policy impact of initiatives and referenda suggest that there is a relationship between direct democracy options at the ballot box and fiscal restraint. Matsusaka (1995) offers evidence that citizen participation in state-level voter initiatives across the U.S. have succeeded in constraining government spending in the second half of the 20th century, with revenue sources shifted from taxes towards user fees, and spending responsibilities shifted from the state to the local level. Funk and Gathmann (2013) also find that the level of subnational spending in Swiss cantons is negatively related to the number of direct democracy mechanisms that are present. While Matsusaka's results indicated that voter preferences did not differ between states with or without budgetary referenda, Funk and Gathmann's results suggest that more conservative fiscal behavior corresponds to more conservative attitudes among voters in the cantons with budgetary referenda.

Applying a model in which bureaucrats seek to maximize government expenditures along the lines of Niskanen, Romer and Rosenthal (1979) make the claim that direct democracy does not resolve the issue of the bureaucracy's monopolistic control over agenda setting with regards to the budget. Because voters face only two options, typically between a default reversion in spending levels or a proposal put forth by the bureaucrats themselves, they argue that expenditure will be generally greater but never less than the ideal point of the median voter. In line with this theory, evidence at the state (Camobreco 1998) and local (Farnham 1990) levels in the U.S. indicates that voter initiative processes

enhance the link between voter preferences and fiscal policies in American states. An additional threat to the efficacy of the initiative is that it may be subject to manipulation by interest groups, particularly at the local level (Primo 2010).

Although the mechanism through which citizens influence the decision-making process in referenda and voter initiatives differs substantially from those central to PB programs, both are attempts to correct points at which the institutions of representative democracy have been unable to make socially optimal decisions regarding public policies. Normatively, the assumption that scholars of both phenomena act upon is that decisions made by the public in a voting booth or a popular assembly are superior to the outcome of traditional political processes. However, the faithful execution of the decisions of the public still relies on politicians and bureaucrats. Evidence of these instruments having an actual impact on the behavior of government, then, needs to come through evaluations of the extent to which the policy output of government deviates from its traditional trajectory.

While both direct and participatory mechanisms share a general impetus to provide citizens greater influence within the decision making process of representative democracy, there are substantive differences between the two in terms of means and goals. Direct democracy aims to bring government spending in line with the preferences of the median voter, involving minimal costs to participate (e.g. merely casting a vote), and engaging a broad segment of society. PB, conversely, is intended to specifically mobilize individuals that are traditionally left outside of electoral politics. In a survey of eight municipalities, Wampler (2007) found that the average level of income and formal education of PB delegates was lower than the city as a whole. Civil society organizations such as

neighborhood associations were heavily overrepresented, with nearly half of all delegates holding a leadership position within an organization. Referenda aggregate public preferences at one point in time about a particular question, while the product of the PB cycle evolves through multiple stages. After demands are presented, negotiation takes place either directly in the assemblies or through representatives of citizen participants and their government officials. Finally, while budgetary referenda are most commonly used to control the overall size of government taxing or spending, PB is focused on the way in which available public resources are distributed.

In one of the first quantitative studies to specifically address the impact of PB on government spending, Marquetti (2002) shows that the distribution of spending by geographical area in Porto Alegre was shifted towards poorer communities, specifically those in which public goods and services were chronically undersupplied. Additionally, they found that the policy areas selected within the public assemblies did receive increased amounts of resources, and the distribution of spending evolved over time as certain needs were met and new priorities were identified. Similar results were discovered in Belo Horizonte both by Pires (2008) and Wampler (2015). Comparing cities across the state of Rio Grande do Sul; Marquetti & Berni (2006) find that the impact of PB on taxing and spending is contingent on local median income. In Porto Alegre and other relatively large and wealthy municipalities, PB implementation led governments to expand efforts to exploit the local tax base. In poorer municipalities, however, public demands appear to have been moderated by collective preferences to avoid increased financial burden.

Using a nationwide data set covering all cities with more than 100,000 inhabitants between 1996 and 2000, Boulding and Wampler (2010) find that PB municipalities spend more on health and sanitation than their counterparts that had not implemented PB. Expanding the scope of the study to cover from 1989 to 2008, Touchton and Wampler (2014) find additional evidence that municipalities with PB increase health and sanitation spending and that this effect increases with the amount of time the program has been in place. Gonçalves (2014) reaches similar findings using a different data set that covers all of Brazil from 1990-2004, but focuses on proportions of the budget rather than overall spending. In contrast to other works, though, she finds that this increase in health care funding came at the expense of other forms of social spending, suggesting both winners and losers will typically emerge from such a shift in fiscal policy.

All three of the above studies, while touching upon one element of the local government budget, were primarily concerned with establishing the mechanism through which PB may lead to improved standards of wellbeing among the citizenry. PB's impact on the composition of the local budget was relevant primarily as a causal mechanism rather than a topic of direct interest. With the budget itself as the outcome of interest in this chapter, health and sanitation spending may not be an ideal measure of the responsiveness of public policy to the participatory process. The most pressing needs expressed by participants in a given setting are likely to vary depending on local context. Regardless of the particular policy areas, the nature of public spending should change to demonstrate a focus on the expansion of public goods to meet previously unmet needs. Local context may lead to a particular emphasis on education, infrastructure or health, but the general mechanism through which PB turns popular input into policy remains essentially the same

across all three. Unmet needs are turned into concrete policy proposals in the form of capital investment projects. Independent of the particular needs of a given city, we should see evidence of a responsive and active PB program in local capital expenditures.

Theory

The theoretical impact of PB on the contours of a local government's budget should emerge from a series of institutional features that tend to be associated with the establishment of PB, particularly in those cases I have categorized as multidimensional participatory budgeting (MPB). First, we should most expect PB participants to be initially motivated by specific, pressing demands that typically stem from the under-provision of public goods and services. These demands, therefore, will tend to revolve around the need for new public investments either to resolve basic infrastructure issues or to extend social services. Second, because PB programs explicitly target underserved neighborhoods when mobilizing participants, the typical demands brought to PB fora tend to reflect long-running deficiencies in local government services, and the competitive nature of the participatory process can (theoretically) help identify those that are most in need and/or those most adept at expressing their demands. Participation is costly, competition is strong, and the decision-making rules favor the communities that can mobilize the most residents to participate. Third, the format favors the selection of projects that can be feasibly met within the means of the local budget. With the core unit of participation at the neighborhood or regional level, the scale of demands tends to remain reasonably small. The need to generate tangible benefits in a short period of time favors the selection of minor infrastructure improvements such as the paving of roads or installation of a sidewalk

(Abers 2000). When such demands are met, subsequent citizen participation from the affected neighborhood should increase, raising pressure on the local government to increase the amount of funding available in future budget cycles.

These expectations, then, lead me to the first testable implication of the theory, formally stated as:

H1: The adoption (and continued practice) of participatory budgeting is associated with a subsequent increase in public works spending relative to this sector's budget share in previous fiscal years.

In the beginning years, PB's impact on the budget occurs through the demands that are raised throughout the annual cycle of meetings. After the first year, the local government should begin to execute at least some of these proposals, with a learning curve tapering off as the annual cycle begins to catch a rhythm. While the specific policy area may vary, small-scale local infrastructure projects should tend to dominate. A common focus in PB municipalities during the early years of the program has typically been on addressing the state's neglect of the city's poorer communities through the expansion of the urban network of basic infrastructure (Abers 2000; Avritzer 2012; Luchmann 2012). Independent of the specific needs being addressed, these would all fall under capital expenditures. This differs from the approach of Boulding and Wampler (2010), Touchton and Wampler (2014) and Gonçalves (2014), all of whom focused on the policy area within which spending took place rather than examining the difference between capital and current expenditures.

H2: With the implementation of PB will come a shift in expenditure patterns toward a greater focus on basic infrastructure expansion and improvement.

While existing studies point to healthcare and sanitation spending as being particularly affected by PB, urban infrastructure and education are also common themes in PB-related debates. An emphasis on urban infrastructure at the beginning of Porto Alegre's implementation was arguably a central part of its success. In comparison to building a school or neighborhood clinic, paving roads or building sidewalks can be carried out faster and at far less cost, while also being highly visible to the local population. Additionally, while health care and education are shared responsibilities between state and local government, responsibility for basic infrastructure falls primarily on local governments. Because urban development tends to be a low priority on the federal government agenda, local governments retain substantial autonomy to set policy in this area (Arretche 2010).

H3: PB adoption should be associated with an increase in own-source revenue collection.

Given the constrained nature of Brazilian municipalities' revenue stream, to adequately address the demands raised by PB participants, local governments implementing PB will tend to rely on administrative and tax reforms to increase spending capacity, either through gaining access to additional intergovernmental grants or enhance locally generated revenue streams. Case studies of early implementations of PB highlight the importance of finding ways to optimize the resources already available (World Bank 2008), as well as seeking new sources of funding (Ribeiro & Grazia 2003). Brazilian municipalities have a limited series of options to increase revenue, and there is frequently slack in the collection of local taxes due to out of date records and low levels of

enforcement (Alencar & Gobetti 2008). Additionally, the transparency features included within PB may work to increase the willingness of residents to pay higher taxes in exchange for tangible improvements in infrastructure and government services (Schneider & Baquero 2006).

As participation matures, the preferences expressed within PB should become a guide for local government officials beyond the specific portion of the budget set aside for public debate. Even if not directly acknowledged, the spending decisions of the administration in power should theoretically move closer to the preferences of PB participants, as communication between the latter and the former becomes the norm. PB provides politicians with a detailed picture of the needs of sectors of society that are not represented in the local policymaking arena (Gonçalves 2014). Even if projects fail to win the votes necessary to be incorporated into the final participatory budget, incumbents seeking reelection would benefit from carrying out those demands if resources are available. Additionally, many of the infrastructure investments generate recurring costs, such as staff and supplies, which will accumulate as further investments are made.

H4: Evidence of the fiscal impact of PB should be stronger in MPB municipalities than in CPB cases.

The posited effects of PB on municipal fiscal policy patterns should be most evident in those municipalities I have designated as cases of full MPB. Crucially, the participatory process must be linked to the actual decision-making process involving the local government budget in order for this process to bring about changes in local government revenue and spending patterns. Although open fora of an advisory nature could lead to the

indirect adoption of citizen suggestions, the impact would be less significant on both the long-term budgeting patterns of the government and citizens' sense of involvement in that process. Ultimately all budgetary decisions are made by the City Council and Mayor's Office, so the PB features that enhance these officials' level of commitment and accountability to citizen input is essential in order to avoid changes in spending that come from last minute political elite negotiations.

With these expectations providing the best-case scenario for PB as put forth by proponents of the approach, the question now becomes whether such expectations hold up under empirical scrutiny. As has been evident throughout this discussion, there are many steps required for the PB approach to produce the intended benefits touted by its supporters. In the following section I offer a comprehensive analysis of the budgetary step and explore whether the anticipated changes in budgeting priorities find any support in the data.

Data

My key explanatory variable is the number of years a particular type of PB has been in place for a municipality based on my categorization schema laid out in the previous chapter. I use three categories of PB: multi-dimensional PB [MPB] consultative PB [CPB], and a more general categorization of PB that includes both types [total PB]. The distinction between full and partial MPB, while useful for descriptive purposes in the previous chapter, is not a main concern for the following two chapters. The number of full MPB cases in place at any given point is never greater than 21 for the duration of the panel, a number that prevents use of this category given the demands of the approach that will be used in this analysis. Thus by using a more blunt categorization of municipalities that includes cases of

both full and partial MPB, the principal analytical risk is a reduced possibility of finding significant differences between cases of MPB and CPB.

For each version of the PB independent variable, I employ a count measure for the cumulative number of years that a given PB program has been in place within a municipality. As the original data set provides data for two year time periods, I assume that the particular PB program was in place for both years. A one-year lag is applied to the beginning of every program in order to allow for the fact that budgets are developed one year in advance of their actual implementation. When municipalities transition from MPB to CPB or vice-versa, they are treated as if they just began a new program, although in the cases where the two are combined they are treated as a continuous program. The count begins at zero in the small number of cases where cities switch from MPB to CPB or re-institute PB after a lapse. Beginning the count where it had previously been stopped has a very minor effect on the coefficient and does not change the statistical significant of any findings presented in this chapter.

The data related to municipal budgets were collected from the Brazilian Treasury Secretary [STN]'s FINBRA database, which features detailed financial data on Brazilian municipalities from 1989-2012. All municipalities are required to report budget execution annually to both the STN as well as a state-level body for auditing purposes. Spending is measured either by type (current versus capital) or in groupings of public policy areas, such as health and sanitation. The spending categories used remain constant throughout the period under analysis. All prices were converted to 2010 Brazilian reais [R$] using the IBGE's IPC-A, a commonly used inflation index. The annual population estimate of the IBGE

is used to calculate each of these on a *per capita* basis. When reported as percentages, expenditure categories are divided by the total amount spent for that year and income is measured as a proportion of the total receipts. Due to the heavily skewed nature of the data, a logarithmic transformation is used on the *per* capita values. These FINBRA data were used to calculate the following five dependent variables:

Investment spending. The STN defines investment spending as a subcategory of capital expenditures which are related to the planning and execution of public works projects, such as the acquisition of land, the purchase of building materials or equipment to be installed as a part of the project (STN 2012). According to hypothesis 1 and 2, we should expect this to increase as PB is implemented and matures.

Spending by function – housing and urban infrastructure, health and sanitation, and education and culture. Separately from the classification of current and capital expenditures, the FINBRA contains expenditures broken down into different groups of policy areas. Over time, these have become increasingly disaggregated, but 12 categories have been used since the 1980s. The focus of previous research on the impact of PB on government spending has been in the area of "health and sanitation." I also include two additional categories – "housing and urban infrastructure" and "education and culture" – in order to assess municipal spending patterns that incorporate other frequently made demands.

Own-source revenue is measured as the sum of all local government revenue streams that are both regulated and collected by the local government. The two primary taxes over which local governments hold original jurisdiction are the IPTU, a tax on urban property, and the ISS, a tax on services. Fees can either be applied uniformly to all residents or business owners or be specifically charged to users of a public service. Because transfers provide a majority of local government revenue and the collection of taxes and fees depends on actively maintaining a registry of taxable land and services, own-source revenue is potentially determined as much by political will as by local economic characteristics (Orair, Gouvea & Leal 2014). While locally collected taxes and fees are, on average, 25.9% of total revenue for Brazilian municipal governments (Araújo and Siqueira 2016. 196)[13], they have a substantial impact on the amount of resources available for discretionary spending that are typically open for debate in PB discussions (Gerigk and Clemente 2011).

Additional Explanations for Government Fiscal Behavior

In this section I introduce a series of controls that add to the subsequent models other potential factors important in explaining local fiscal revenue and expenditure patterns. Electoral data from the Supreme Electoral Tribunal (TSE) allow me to incorporate the role that political competition and partisan politics may play in local fiscal policy. Economic and demographic data from the IBGE and Ministry of Health provide the basis for measures of both the potential supply of public revenue along with demand for particular government

[13] Positively correlated with population size. the average for municipalities above the population cutoff used for our data set is 34.1% (ibid).

services. The specific sources for each variable along with summary statistics are detailed in the Appendix.

Below are the specific variables constructed from these data sources used in order to control for theoretically important factors in local fiscal policy:

1. *Ideology* is a continuous measure on a ten-point scale ranging from left to right, matched to the political party of the mayor in power. The mayor's ideology could be expected to drive spending patterns, with the traditional expectation that left-wing governments will tend to tax more and increase spending, particularly on social services and education. I use the scores derived from Power and Zucco's (2012) parliamentary survey, which asks every four years for members of the national congress to place all of the major political parties on a one to ten scale. The survey is conducted every four years, and therefore the score of a party is updated to reflect changing political dynamics.

2. *Partisan alignment* is measured by two dummy variables, one of which registers if the political party of the mayor is in the coalition of the president and the second registers if the mayor's party is in the coalition of their state's governor. While an imperfect proxy for ideology, the political party of the mayor has other potential impacts on government spending behavior. In particular, co-partisanship across different levels of government may increase the resources available for a local government to spend as well as influence the supply of public goods made available by state and federal government to a city's residents. Indeed, considerable evidence from Brazil suggests that both transfers and direct spending

increase for cities whose mayors belong to the same political party or coalition as the governor or president (Ferreira and Bugarin 2007; Brollo and Nannicini 2012). The impact on local budgeting patterns of these benefits of co-partisanship, however, is not straightforward. On one hand, the final effect of this may be that partisan alignment leads to increased levels of spending on public works and infrastructural improvement in marginalized areas because of the increased resources and possible increase in spending discretion that may come with those resources. However, if the state or federal government directly intervenes to improve infrastructure and expand the social services available to the public, the mayor may reduce the levels of public investment made directly by the local government. Thus it remains an empirical question what type of impact co-partisanship will have on local budgeting patterns.

3. *Competitiveness of elections* is measured by using the margin between the first and second place candidates for mayor in the most recent election. As only some elections included a runoff, only results from the first round of elections are used. More competitive local elections in Brazil have been linked to increased public goods provision in one study in Brazil (Arvate 2013) but were found to have no effect on responsiveness in Mexico (Cleary 2007). Competitive elections may moderate the effects of the ideology of the ruling party and bring policy closer to that of the median voter (Solé Ollé 2003).

4. Legislative fragmentation is measured using Laakso and Taagepera' (1979) Effective Number of Parties (ENP) index, applied to the City Council. Fragmented governments may lead to higher levels of spending to satisfy the increased number of parties necessary to form a ruling coalition (Persson et al 2007). While the executive branch introduces the budget in Brazilian local government, a heavily divided City Council can undermine the executive through adding inefficient amendments (Cavalcante 2013).

5. Political budget cycles that influence government spending have been identified at different levels of government across a range of national contexts. While local politicians do not have the same power to manipulate macroeconomic factors such as inflation or the level of employment, studies have pointed to a number of different ways in which politicians can manipulate the size and composition of public spending for electoral gain. Baleiras and da Silva Costa (2004) find strong evidence of increased public investment during pre-electoral periods in Portuguese municipalities that are enhanced if the incumbent is running for re-election. In Brazil, Sakurai and Menezes Filho (2010) find that aggregate spending increases in the year prior to local elections, with increased current expenditures, reduced investments, and less collection of own source revenue.

6. Budgetary dynamics include two measures: change in revenue and size of the previous year's deficit. Change in revenue is measured as the first difference of total budget receipts, and is meant to capture fiscal shocks that could drive sharp changes in spending behavior.

The deficit is measured as the difference between receipts and expenditures over total receipts for the previous year. The expectation is that deficits in a given year will constrain local governments in the following year, particularly in the case of infrastructure spending. Federal mandates set minimum levels of spending in particular public services, so adjustments must fall on discretionary spending.

7. Local economic and demographic characteristics Local factors that could influence the supply and demand for public goods are controlled for through GDP per capita, total population, population density (all logged) along with the percentage of the population between 0 to 15 and 60 or above. GDP per capita directly impacts the resources available to the local government through taxation and it serves as a proxy for income levels serves as a potential indicator of need. A greater percentage of the population of school age should be associated with higher education spending, while an increase in the proportion of elderly residents should have a similar effect on health care.

Model

Both the qualitative and quantitative literature identify relationships between PB adoption and various local characteristics that could lead to spurious findings when seeking to explain government revenue and expenditure patterns. PB tends to be adopted in larger cities with higher than average levels of per capita income and education. Furthermore, important aspects of the demand-side of public spending, such as the existing level of infrastructure or the actual preferences of local voters, cannot be measured using

available data. As a way of overcoming this dilemma, Touchton and Wampler (2014) match cases based on information from the decennial census in their analyses of the effects of PB on healthcare spending and public welfare. However, this only partially addresses the lack of key annual demographic data, as there may be substantial variation that takes place between the census years. Additionally, matching on Census data assumes that demographic characteristics adequately capture most of the meaningful variation between municipalities.

As an alternative approach to address heterogeneity between adopting and non-adopting municipalities, I include unit-specific fixed effects in my baseline model. This transforms the equation so that each variable is centered around its individual mean, with the estimation taking into account only the variance that takes place within the unit of analysis (in this case, a municipality). In the absence of a more complete set of local data, fixed effects addresses omitted variable bias without making additional assumptions about the source of said bias. An additional benefit is that there can be correlation between the fixed effects and the independent variables used in the equation. The unobserved unit effects are likely correlated with PB implementation, while fixed effects do not resolve issues with time-varying heterogeneity, the political and demographic variables introduced in the previous section along with GDP per capita are introduced to account for most of the residual unexplained variation.

The baseline model used to test the hypotheses put forth earlier in this chapter takes the form:

$$BUDGET_{ij} = \beta_1 PB_{it} + \beta_2 X_{it} + \alpha_i + \varepsilon_{it}$$

PB represents the number of years a PB program has been in place within a municipality and X is a vector containing the political, demographic and economic control variables mentioned in the previous section. The unit-specific fixed effects are represented by α which varies across units, but not across time, and ε is the observation-specific error term. The data form a panel with annual observations on 559 Brazilian municipalities between 1999 and 2012. While this panel contains only 10% of the country's 5,570 *municípios*, as of 2010 they contained 61.2% of the country's total population[14]. For the first model below, I use only the broader classification of PB as defined by the Sintomer et al. criteria, measured as the total cumulative number of years an active program has been in place. Preliminary diagnostic tests indicate the presence of autocorrelation, so a lagged dependent variable is used to model the dynamics present in the data. Cluster-robust standard errors are reported and used as the basis for statistical significance of the coefficients. Summary statistics are available in Table 1. Further detail about the model specification and estimation techniques may be found in this chapter's Appendix.

Findings

I begin by testing my first hypothesis, which states that PB should be associated with an increase in spending on capital investments. In the first column of Table 2, investment spending is expressed as a percentage of the overall budget with the second column using the logged per capita total. In both equations, the PB variable is positive and significant, with each additional year of PB bringing about an estimated 1% increase in the

[14] This is due to the fact that PB data was only collected for municipalities with over 50,000 residents.

amount invested and adding .08 percentage points to investment spending's share of the budget. When looking at the budget share invested, ten years of PB would have the same impact on the budget as moving between the two furthest ideological extremes observed within our sample.

The results for the control variables largely conform to expectations, but there are some interesting differences between the two measurements of investment spending. Ideology is highly significant when considering the percentage of the budget but not for total amount invested, suggesting that mayors belonging to parties on the right side of the ideological spectrum prefer capital to current expenditures but do not increase overall spending to do so. Left-wing mayors may proportionally spend less on investment because they spend more on providing services that would be classified as current expenditures. Conversely, population size and GDP per capita are only significant for the absolute amount invested, which would indicate that larger and wealthier municipalities increase current and capital expenditures at a constant rate.

Election years substantially affect investment spending patterns in both relative and absolution term, consistent with the political budgetary cycle literature mentioned in the previous section. Vote-seeking behavior leads incumbent politicians to increase visible infrastructure projects leading up to the elections. The fact that the elections variable was also significant when proportions of spending were used means that this emphasis comes at the cost of underfunding other government programs. One potential explanation for this is that new projects are highly visible, easily targeted at particular constituencies and credit is more clearly attributed to the mayor currently in office in comparison to ongoing

social programs, which may be associated with other levels of government or past administrators (Drazen & Eslava 2010).

The significant and positive relationship between margin of victory and investments could be a sign that mayors or parties with stronger control over local politics are better able to dedicate spending to long-term goals while in office. Partisan alignment with the president is not significant but mayoral alignment with the governor is, suggesting the governor's heightened role in Brazilian local finances. Governors may be better able to selectively target benefits, and parliamentary amendments available to all political parties mean that central government favoritism need not necessarily be contingent on alignment with the President. As expected, public investments are constrained by deficits and are highly responsive to shocks in revenue. The amount spent on investments increases with GDP per capita and decreases with population size but there is no evidence that these impact the share of the budget invested, likely associated with the fact that higher income cities have more slack resources while larger cities benefits from economies of scale.

Table 3 contains the results of the model using spending broken down by policy area to establish whether spending patterns in PB towns reflect a heightened emphasis on policy areas that are most commonly mentioned in PB demands. Each of the three areas mentioned previously is measured first by using the logged per capita total amount spent followed by the share of the year's budget spent in that area. The first two columns refer to housing and urban infrastructure. The third and fourth columns offer the results from the health and sanitation models, and the final pair of columns contains the results from the education and culture category.

The estimated effect of PB on housing and urban infrastructure closely resembles that found for the capital investment models, with each year of PB increasing absolute spending for both by 1 percentage point in absolute terms and .09 percentage points as a share of the budget. However, the findings fail to reject the null hypothesis for education and health spending measured in absolute terms and as a share of the budget. Ideology is significant for the two measures of education and culture spending, and the negative sign on the coefficient indicates that spending should go up as the political party of the mayor moves to the left of the ideological spectrum, a finding that is consistent with expectations. Partisan alignment with the governor's coalition increases the budget share of housing and infrastructure while alignment with the President's coalition decreases the share of health and sanitation. The GDP per capita measure also emerges as significant, suggesting again that economic development levels of a municipality's increase a local government's ability to address such policy areas as housing and education.

These findings indicate that the participation brought about by any form of PB does lead to significant shifts in spending behavior but that this effect is not universal across all areas of public services. Compared to the impact that an election year has on spending, a PB program that has been place for eight years has roughly the same effect on overall investment spending and double the effect on housing and infrastructure spending. The political explanations raised in the previous section receive partial support, although none but electoral cycles are significant across all categories tested. Partisan alignment with the governor, substantively large for investment spending, has no impact on any given policy area, suggesting that perhaps governors can influence the transfer of resources for specific projects but not the assignment of recurring funding for health, spending or housing

programs. The effective number of parties in the City Council shows a positive relationship with housing and infrastructure and health in relative terms but is negative for education, potentially a signal that the pork barrel spending necessary to build and maintain a larger coalition on the City Council is more likely to be centered on health or infrastructure projects.

Turning to own source revenue, we see in Table 4 that the presence of a PB program does seem to contribute to an increase in local revenue generation. As with the other dependent variables, own source revenue was measured both in logged per capita terms as well as a proportion of total revenue. PB program years lead to an increase in own source revenue generation, although only when measured in per capita terms. As might be expected, cities collect less revenue during election years and their GDP per capita level impacts the size but not the proportion of own-source revenue. Ideology and partisan alignment have no effect, and the share of the young and old population is negatively correlated with a city's tax collection.

I now move to the portion of the analysis that examines the independent effects of different types of PB programs defined in the previous chapter. Table 5 disaggregates the PB variable into MPB and CPB, running all of the previous regressions separately for each category. As the coefficients on the control variables were substantively unaffected, the tables contain only the coefficients for the PB categories. MPB emerges as significant for both overall and share of spending on capital investment as well as on housing and infrastructure. In contrast, the only significant result from CPB programs on spending is the negative coefficient that emerges for per capita education and culture expenditures.

With own-source revenue, however, CPB is significant when measured as a percentage of annual revenue, while MPB only narrowly approaches significant for per capita revenue ($p = .101$).

The spending results indicate that the significant findings are being driven in large part by the subset of cases I have identified as MPB, those that incorporate popular participation within a broader institutional reform to open the state up to citizen voices. A public forum and debate surrounding the budget on their own appear to be not sufficient to guarantee that it effects change in government behavior. Debate must be connected to the actual decision-making process by institutionalizing mechanisms through which the final decision of participants makes it way intact into the final budget as passed by the City Council.

Finally, while the preceding analyses have used a continuous measure of PB years, one implication of my theory is that any impact PB may have on local spending will likely plateau as fiscal policy moves closer in line with public (or PB participant) preferences. If the relationship is in fact linear, this could indicate that PB develops in time into a type of special interest group, using its power to continue shifting the budget in one specific direction. Brazilian local governments are constitutionally required to spend a minimum of 25% of their budget on education and an additional 18% on healthcare, and more detailed conditioning factors have been included as administrative responsibility for most basic public services were transferred to the municipal level in the 1990s. Failure to comply with these conditions can lead to the suspension of federal transfers and political sanctions on

the Mayor and his or her cabinet, meaning that PB's political cost could increase over time if it eventually jeopardizes the ability of a city to meet other spending obligations.

To test for a non-linear relationship between the length of time PB has been in place and government's fiscal behavior, I use an exponential growth curve with the squared value of the MPB measure as the primary explanatory variable of interest. In all cases, there is evidence of a maximum positive impact on the spending measure at around eight to ten years, with no statistically significant marginal benefit of additional years. The marginal effect of each additional year of PB is greatest at the program begins, as officials begin to address pent up demand that previously was insufficiently addressed by the local government. Over time, PB's share of the budget stabilizes, and there is no further increase in the amount of resources it receives from year to year after it matures beyond a certain point. The investments generated by PB itself many times lead to repeating current expenditures to staff and maintain the facilities that were built. Given that the budget is finite and much of it is already legally bound towards specific purposes, it would be unrealistic and, eventually, undesirable for PB's share of the budget to grow any further.

Figure 1 and 2 shows the marginal effect of PB years with investment spending as the dependent variable, both per capita terms and as a share of the budget. This demonstrates that there is a non-linear relationship between the age of a PB program and budgetary behavior. The marginal effect of each additional year of PB increases for the first years of implementation, but after around a decade PB's impact on government spending stabilizes and no longer increases over time. This is consistent with the hypothesis that PB

brings public spending in line with public preferences, estimating that it takes the process stabilizes in a new equilibrium after a little more than two mayoral terms in office.

Robustness Checks

The methods used in the previous section endeavor to address such issues as endogeneity and omitted variable bias while at the same time raising new concerns. For example, while the fixed effects estimator allows for unobserved effects that may be arbitrarily correlated with the explanatory variables, the lagged dependent variable (LDV) violates the strict exogeneity assumption of OLS (Wooldridge 2009). If there is a general time trend, the LDV could absorb most of the meaningful variance without explaining it and it imposes an identical persistent effect on all explanatory variables (Achen 2000). As evidenced by the findings with the demographic controls, fixed effects is inefficient when estimating the effect of levels of independent variables (Plümper et al 2005). In order to further probe this issue, I compare a series of different estimation techniques on the dependent variables used in the previous section to ensure that my findings are not simply an artifact of the statistical methods that were used in the analysis.

For each dependent variable, I do the following. First, I use pooled OLS with Driscoll-Kraay standard errors. Second, I perform a Prais-Winsten transformation of the fixed effects equation with an AR adjustment, and third, I use GLS with random effects controlling for autocorrelation[15]. Across all of these procedures, the significance of my PB

[15] Each of these is an alternate method commonly used with panel data to address issues such as endogeneity and auto-correlation. Driscoll-Kraay standard errors are relatively robust in the presence of heteroskedasticity, temporal or spatial correlation. The Prais-Winsten transformation with an AR adjustment is intended to remove autocorrelation by transforming the data and estimating the coefficients using feasible generalized least squares (FGLS), imposing a common pattern of autocorrelation for all observations. Random-effect GLS treats each unit's error as

variable in all of the spending models remains largely consistent. Under the two methods that do not include fixed effects, the demographic variables are significant in the expected direction, including the share of school-aged children being positively correlated with education spending. Tables of all the above findings are included in the Appendix.

An alternative explanation for variation in the performance of different PB programs could be related to partisan politics. Mayors belonging to the PT, the party that first implemented PB, may be more committed to faithfully executing it along the lines of the original Porto Alegre experience. Touchton and Wampler (2014) found that the presence of a PT mayor enhanced PB's effects on well-being indicators and growth of civil society organizations. The MPB/CPB distinction could be an imperfect proxy for the different effects of PB with and without the PT in control over the local government. In order to account for this possibility, I used an interaction term containing a PT mayor dummy variable with the general PB indicator for all of the above equations. To avoid issues with multicollinearity, I replaced the ideology index with dummy variables representing right-wing and non-PT left-wing parties using the three-category classification provided by Rodrigues (2002). As the results for the remaining control variables were not substantively changed, Table 6 contains only the coefficients for the interaction terms broken down by dependent variable.

The interaction term is significant only for capital investments (measured both in per capita and percentage terms) and the share of the budget spent on healthcare and sanitation. For healthcare, the sign is negative, although the PB variable itself remains

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randomly drawn from a common intercept rather than assigning each unit an intercept.

insignificant as it did in the original equation. Given the strong positive effect of PT mayors outside the interaction term, this may be an indication that PB moderates the party's emphasis on that particular policy area. While significant, the coefficients on the PT interaction with PB years for capital investments is smaller than that estimated when using MPB, indicating that the MPB/CPB distinction between programs is not simply a proxy for the effects of PT rule.

To test for endogeneity related to PB adoption, I created three dummy variables, one for the mayoral mandate prior to PB adoption, another for the first mandate of PB and then additionally one that captures programs that have been in place for at least one four-year mandate. The pre-adoption variable is consistently negatively signed and statistically significant for capital investments and infrastructure. This effect could indicate that PB is put into place to meet a real need for investments and infrastructure spending. If a mayor has an agenda of focusing on infrastructure investment, participatory budgeting could be one tool that he or she uses in order to make better-informed decisions as to where improvements are most needed. On the other hand, if existing infrastructure is considered adequate, there may be less demand for local government leaders to adopt PB. Alternatively, perceived inaction on the part of the pre-adoption mayor may motivate the election of a reformist candidate. The positive coefficient on the pre-PB indicator when revenue is the dependent variable points to the possibility that there are unobserved time-varying factors not controlled for by the fixed effects that are associated both with PB adoption and revenue collection. This would be consistent with the possible explanation that I presented in the last section, with a programmatic affinity common to both CPB and measures to boost local revenue collection.

Additional robustness checks include the use of year dummies as opposed to a time trend, the removal of extreme outliers, and a re-specification of my PB measure into two dummy variables based on duration. While the dummy year variables were jointly statistically significant in all of the original models, this did not change any of my substantive findings. Using three standard deviations above or below the mean outlier lead to the dropping of an average of 1% of observations while significantly increasing the R-squared and F-test statistics. Measuring PB with two dummy variables, one for PB in the first mandate and the other for all subsequent years, returns results that support an increasing effect over time that is not biased by cases with exceptionally long-running programs. Tables containing the detailed results from all of the above tests can be found in the Appendix.

Discussion

In general, the results from these analyses confirm that participatory budgeting is capable of changing government fiscal behavior, conditional on the way in which the program was designed. There is strong support for hypotheses regarding the effect of PB on government spending, although the results on revenue collection are more ambiguous. Even using the more inclusive definition of PB programs, the coefficient on the number of years a program has been in place is positive and significant for both the percentage as well as overall per capita total of capital investment expenditures, supporting the hypothesis that PB increases investment spending. The positive effect of PB on housing and urban infrastructure demonstrates that PB guides spending towards topics that are frequently raised by citizens rather than just serving as an excuse to grow the overall size of

government. Both healthcare and education are heavily determined by federal mandates and financed through earmarked grants, giving the local executive less discretion to modify spending levels. PB could still shift the how resources are spent on health and education, and the inelasticity of spending in these two categories may explain why these particular indicators were unaffected by PB.

The findings also indicate that municipalities gradually increase their own-source revenue as PB is implemented and institutionalized. Unlike spending, the effect found seems to be driven by cities with CPB, and the effects are inconclusive when looking at MPB on its own. Given that PB's direct link to the budget is primarily through spending, it would be highly unlikely that MPB is affecting government behavior without demonstrating an impact on public expenditures. A more plausible hypothesis is that EPB adoption and the implementation of efforts to increase tax collection efforts are both parts of a larger toolkit of public policies that are adopted by mayors with a reformist agenda.

The nonlinear relationship between PB years and these fiscal policy patterns lends support to the idea that a new equilibrium forms as public spending falls in line with the preferences of PB participants, as budgetary change comes quickly at first and then stabilizes after approximately eight years. As the number of cases in place for over 10-15 years increases, future research could explore whether this means that participants shift their preferences from capital to current goods, or focus more on health and education after basic infrastructure needs have been met.

Finally, the distinction between multidimensional PB and consultative PB programs that I laid out in Chapter 2 appears to be an important one in that we see a far more

substantial effect on fiscal behavior in the cases of MPB. The insignificance of CPB across spending categories shows that only the subset of cases that incorporate pathways towards citizen empowerment are driving the impact that has thus far been attributed to a broader family of experiences. The stronger effect of CPB in comparison with MPB on revenue collection, however, calls into question the findings that first pointed to an effect on the local government's effort to maximize own-source revenue. We can then say that the findings provide strong support that PB has an impact on the expenditure side of the fiscal ledger, but the question of how this increased spending is financed requires further consideration.

Conclusion

This chapter introduced the results of a series of analyses that provide empirical evidence of a link between participatory budgeting and government spending behavior. PB leads to the insertion of public demands regarding basic needs into the budget, directing more resources towards capital investments. Spending changes rapidly at first to meet repressed demand, slowing down after it comes to reflect the preferences of those participating in the program. Although the findings were mainly inconclusive with regards to own-source revenue generation, there was evidence to suggest that an endogenous relationship exists between CPB and own-source revenue, perhaps due to similarities in their political appeal.

Perhaps most importantly, the findings in this chapter support the distinction between PB cases according to their institutional characteristics. The simplified structure used by CPB proves to be insufficient to bring about change in local spending priorities. PB

is only able to have an impact on the political decision-making process when it is accompanied by measures which facilitate the inclusion of otherwise marginalized communities, allow for meaningful deliberation through a representative body, and institutionalize the role of public participation in the budgetary decision-making process so that the decisions reached at the end of each year are treated as obligations rather that mere suggestions. This has clear implications with regards to existing quantitative research, with the possibility that thus far the effect of PB as originally conceived has been underestimated.

The specific categories of spending that appear most responsive to PB initiatives across different local contexts are crucial and noteworthy, especially given the particular context of housing and urban infrastructure within the Brazilian federalist pact. While the responsibilities for providing basic health care and primary education are distributed, monitored and financed through an elaborate system that involves all three levels of government, tasks such as paving roads, installing drainage or building public housing units have been largely left to the city governments to address as they see fit. With public pressure focused on these basic needs in the setting of public meetings at the neighborhood level, PB programs appear to have led local governments to pay more attention to these issues and begin to address them.

The analyses in this chapter confirm the hypothesized link between PB and local fiscal policy behavior. PB implementation can be seen as contributing to a shift and expansion of capital investments, but whether or not this translates into an actual expansion in the level of public goods and services offered to the population is still

uncertain. Identifying a link between public participation and spending behavior is only a first step towards establishing whether or not PB leads to benefits that accrue to both participants and the city in its entirety. In the next chapter, I focus on basic public goods related to housing and urban infrastructure such as treated running water and trash collection. If the increased spending identified in this chapter as resulting from MPB is applied to citizen demands, the local government should expand access to these goods than would have occurred in the program's absence.

Table 3.1 – Summary Statistics

Variable	Mean	SD	Min	Max	SD Between	SD Within	N
% Investment	10.793	6.2	0	48.148	3.757	4.953	8594
% Infrastructure	11.393	6.247	0	50.63	4.331	4.5	8560
% Healthcare	24.195	8.866	0	56.842	6.364	6.163	8576
% Education	28.711	7.703	0.269	69.607	6.569	4.267	8551
Investment (log pc)	4.487	0.844	0.031	8.315	0.577	0.621	8540
Infrastructure (log pc)	4.526	0.905	0.094	8.208	0.675	0.61	8481
Healthcare (log pc)	5.396	0.742	2.502	7.79	0.503	0.546	8492
Education (log pc)	5.59	0.53	3.062	8.045	0.375	0.374	8542
PB	0.592	2.147	0	23	1.653	1.372	8944
MPB	0.4	1.843	0	23	1.461	1.124	8944
CPB	0.122	0.779	0	13	0.497	0.6	8944
Election year	0.25	0.433	0	1	0	0.433	8944
Ideology	5.858	1.831	1.6	8.64	1.18	1.4	8932
Margin Victory	29.994	21.737	0.028	98.668	12.212	17.986	8928
ENP	5.906	1.821	1	17.329	1.447	1.108	8936
Governor Coalition	0.418	0.493	0	1	0.226	0.438	8944
President coalition	0.611	0.487	0	1	0.227	0.431	8944
GDP/pc (log)	9.339	0.732	7.443	12.12	0.702	0.209	7826
Population (log)	11.664	0.814	10.057	16.247	0.808	0.096	8944
% 0-15 y.o.	28.681	5.263	14.47	48.44	4.426	2.853	8944
% 60+ y.o.	8.613	2.576	2.273	20.24	2.316	1.132	8944
% Own-source rev	14.193	8.891	0	65.287	8.37	3.046	8598
% Deficit	-0.944	7.903	-70.83	102.243	3.179	7.241	8598
Change revenue	0.075	0.141	-2.183	2.416	0.025	0.139	7863
Change tax sharing	0.059	0.296	-3.144	2.935	0.049	0.292	7794

Table 3.2 – Years of Participatory Budgeting and Local Capital Investments

	Investments Per Capita (log)	Investments (% of budget)
PB	.0102**	.085**
	(.0044)	(.038)
Ideology	.0080	.128***
	(.0050)	(.047)
Election Year	.0783***	.946***
	(.0115)	(.109)
Margin of Victory	.0011***	.012***
	(.0003)	(.003)
ENP	-.0047	-.043
	(.0054)	(.055)
Governor Coalition	.0513***	.422***
	(.0131)	(.127)
President Coalition	.0041	.029
	(.0129)	(.128)
GDP/pc (log)	.2156***	.577
	(.0474)	(.508)
Population (log)	-.5103***	-1.232
	(.1328)	(1.528)
0-15 %	-.0187***	.054
	(.0068)	(.063)
60+ %	.0179	.460***
	(.0147)	(.152)
% Deficit	-.0192***	-.172***
	(.0010)	(.046)
Change Revenue	1.6155***	10.586***
	(.0684)	-1474
Lagged Investment	.4377***	.356***
	(.0155)	(.020)
Year	.0127***	-.172***
	(.0043)	(.046)
Constant	-18.97***	354.56***
	-7793	(80.89)
R2 (within)	.433	.215
N	7294	7382

Note: * = 90% confidence. ** = 95% confidence level. *** = 99% confidence level

Table 3.3 - Years of Participatory Budgeting and Local Government Spending by Policy Area

	Infrastructure	Infrastructure	Health	Health	Education	Education
	(log pc)	(%)	(log pc)	(%)	(log pc)	(%)
PB	.0109***	.093***	.0005	-.21	-.0010	-.050
	(.0035)	(.033)	(.0019)	(.038)	(.0011)	(.032)
Ideology	.0040	.066	-.0017	-.060	-.0025*	-.108***
	(.0052)	(.042)	(.0022)	(.042)	(.0012)	(.036)
Election Year	.0394***	.486***	.0394***	.486***	-.0171***	-.309***
	(.0109)	(.088)	(.0109)	(.088)	(.0060)	(.114)
Margin Victory	.0003	.002	.0001	.001	.0001	-.004*
	(.0003)	(.002)	(.0001)	(.003)	(.0001)	(.002)
ENP	.0144***	.091*	.0027	.106**	-.0058***	-.129***
	(.0053)	(.046)	(.0027)	(.050)	(.0014)	(.040)
Governor Coalition	.0198	.197*	.0015	-.015	.0002	-.030
	(.0135)	(.119)	(.0066)	(.127)	(.0039)	(.115)
President Coalition	-.0076	-.135	-.0053	-.258*	.0044	.110
	(.0135)	(.114)	(.0066)	(.134)	(.0039)	(.110)
GDP/pc (log)	.1286**	-.375	.1255***	-.554	.1380***	.134
	(.0506)	(.448)	(.0260)	(.440)	(.0158)	(.393)
Population (log)	-.1961	.471	-.2843***	.066	-.2639***	-.255
	(.1397)	(1.14)	(.0698)	(1.17)	(.0442)	(1.16)
% 0-15	-.0173***	-.012	-.0080**	.194***	-.0262***	-.437***
	(.0065)	(.055)	(.0031)	(.062)	(.0026)	(.054)
% 60+	-.0220*	-.040	-.0238***	-.035	-.0314***	-.408***
	(.0127)	(.108)	(.0065)	(.127)	(.0045)	(.114)
% Deficit	-.0097***	-.060***	-.0053***	-.004	-.0028***	.058***
	(.0011)	(.009)	(.0005)	(.008)	(.0003)	(.009)
Change Revenue	.8609***	3.650***	.6377***	2.27***	.4427***	-3.99***
	(.0639)	(.623)	(.0432)	(.804)	(.0420)	(.643)
Lagged DV	.4780***	.434***	.5102***	.445***	.5809***	.445***
	(.0193)	(.016)	(.0250)	(.019)	(.0261)	(.023)
Year	.0229***	-.032	.0392***	.351***	.0182***	-.133***
	(.0050)	(.040)	(.0032)	(.046)	(.0017)	(.039)
Constant	-42.12***	84.13	-73.41***	-691.6***	-31.30***	303.6***
	-9185	(72.64)	-5981	(84.30)	-3083	(71.17)
R2	.4146	.2195	.7609	.3296	.8395	.2471
Within	7238	7333	7275	7347	7324	7338

Table 3.4 – Years of Participatory Budgeting and Own-Source Revenue

	Own-Source Revenue (log)	Own Source Revenue (%)
PB	.0029*	.027
	(.0015)	(.020)
Ideology	.0031	.035*
	(.0019)	(.021)
Election Year	-.0124**	-.371***
	(.0054)	(.059)
Margin Victory	.0002*	.004**
	(.0001)	(.001)
ENP	.0026	.048*
	(.0024)	(.026)
Governor Coalition	-.0012	-.034
	(.0055)	(.063)
President Coalition	.0047	-.027
	(.0061)	(.064)
GDP/pc (log)	.1987***	.490**
	(.0251)	(.235)
Population (log)	-.1646**	-1.277*
	(.0690)	(.754)
% 0-15	-.0207***	-.081***
	(.0031)	(.029)
% 60+	-.0537***	-.352***
	(.0068)	(.073)
% Deficit	.0001	-.018***
	(.0003)	(.004)
Change Revenue	-.0276*	-.018***
	(.0163)	(.004)
Lagged DV	.6003***	.621***
	(.0181)	(.024)
Year	.0307***	.091***
	(.0023)	(.020)
Constant	-58.68***	-163.0***
	-4214	(36.0)
R2	.8183	.4358
Within	7318	7323

Table 3.5 - Multidimensional Participatory Budgeting, Consultative Participatory Budgeting, and the Composition of Local Government Spending

	PB (CPB+MPB)	MPB	CPB
Investments (log pc)	.0102**	.0124**	.0010
	(.0044)	(.0057)	(.0061)
Investments (%)	.085**	.113**	-.033
	(.040)	(.053)	(.054)
Infrastructure (log)	.0109***	.0107***	.0072
	(.0035)	(.0040)	(.0062)
Infrastructure (%)	.093***	.092***	.055
	(.033)	(.036)	(.053)
Healthcare (log)	.0005	.0018	-.0015
	(.0019)	(.0023)	(.0047)
Healthcare (%)	-.021	.004	-.037
	(.038)	(.040)	(.101)
Education (log)	-.0010	-.0003	-.0039*
	(.0011)	(.0014	(.0022)
Education (%)	-.050	-.030	-.088
	(.032)	(.040)	(.058)
Own-Source Revenue (log)	.0029**	.0026	.0043
	(.0015)	(.0016)	(.0029)
Own-Source Revenue (%)	.027	.002	.077**
	(.020)	(.024)	(.039)

Table 3.6 - Participatory Budgeting, Workers' Party Rule and the Composition of Local Government Spending

	PB (all)	PT	PB*PT
Investments (log pc)	.0074	-.0655**	.0093
	(.0050)	(.0303)	(.0057)
Investments (%)	.046	-.842***	.1183**
	(.041)	(.289)	(.0513)
Infrastructure (log pc)	.0111**	-.035	.0014
	(.0047)	(.025)	(.0063)
Infrastructure (%)	.092**	-.349	.016
	(.028)	(.231)	(.053)
Healthcare (log pc)	.0016	.0032	-.0018
	(.0025)	(.0135)	(.0028)
Healthcare (%)	.010	.518*	-.093*
	(.048)	(.269)	(.050)
Education (log pc)	-.0006	-.0155**	.0010
	(.0015)	(.0072)	(.0014)
Education (%)	-.049	-.053	.024
	(.043)	(.213)	(.052)
Own-Source Revenue (log pc)	.0042*	-.0227**	-.0012
	(.0022)	(.0088)	(.0021)
Own-Source Revenue (%)	.036	-.239**	-.001
	(.029)	(.108)	(.028)

Figure 3.1 Average Marginal Effect of Years of Multidimensional Participatory Budgeting on Public Investment (logged)

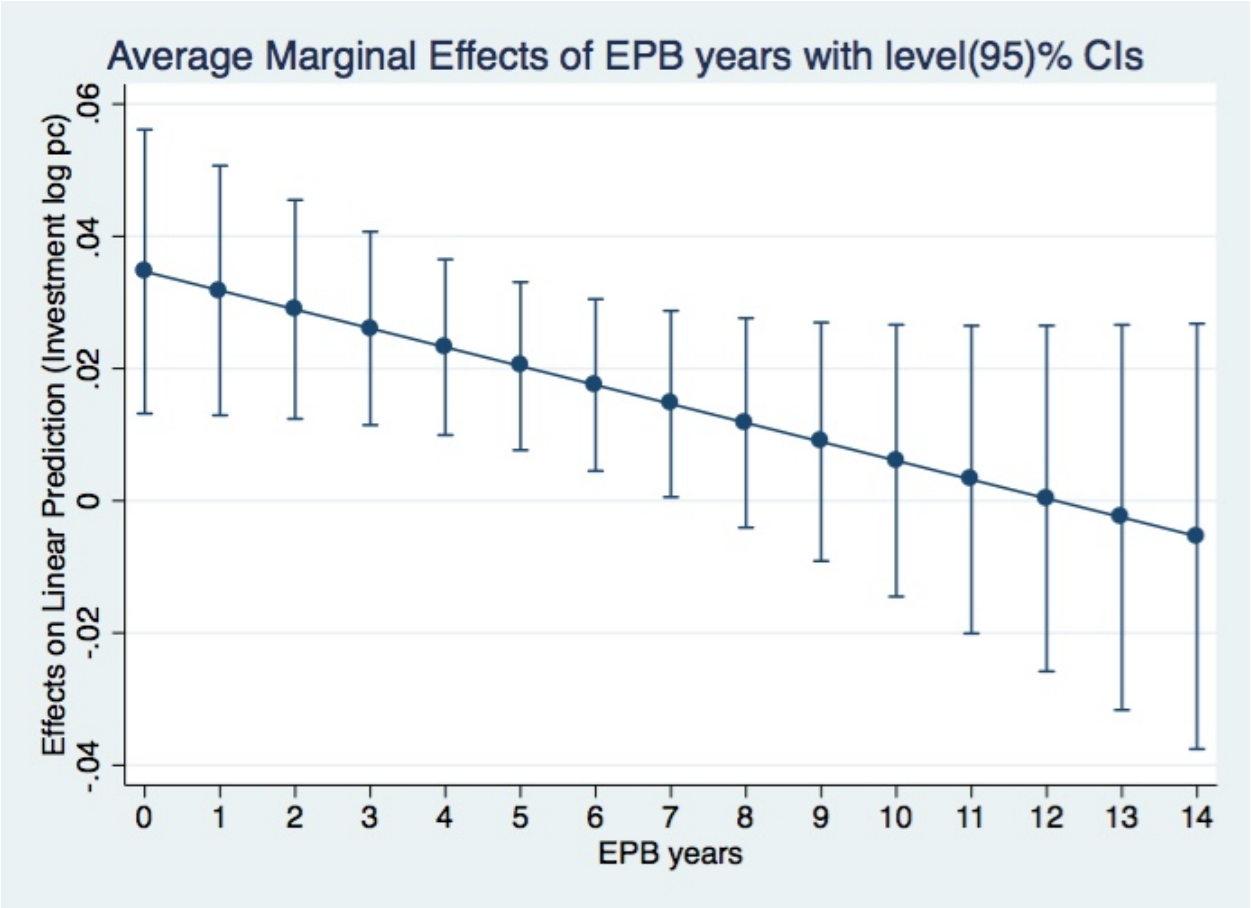
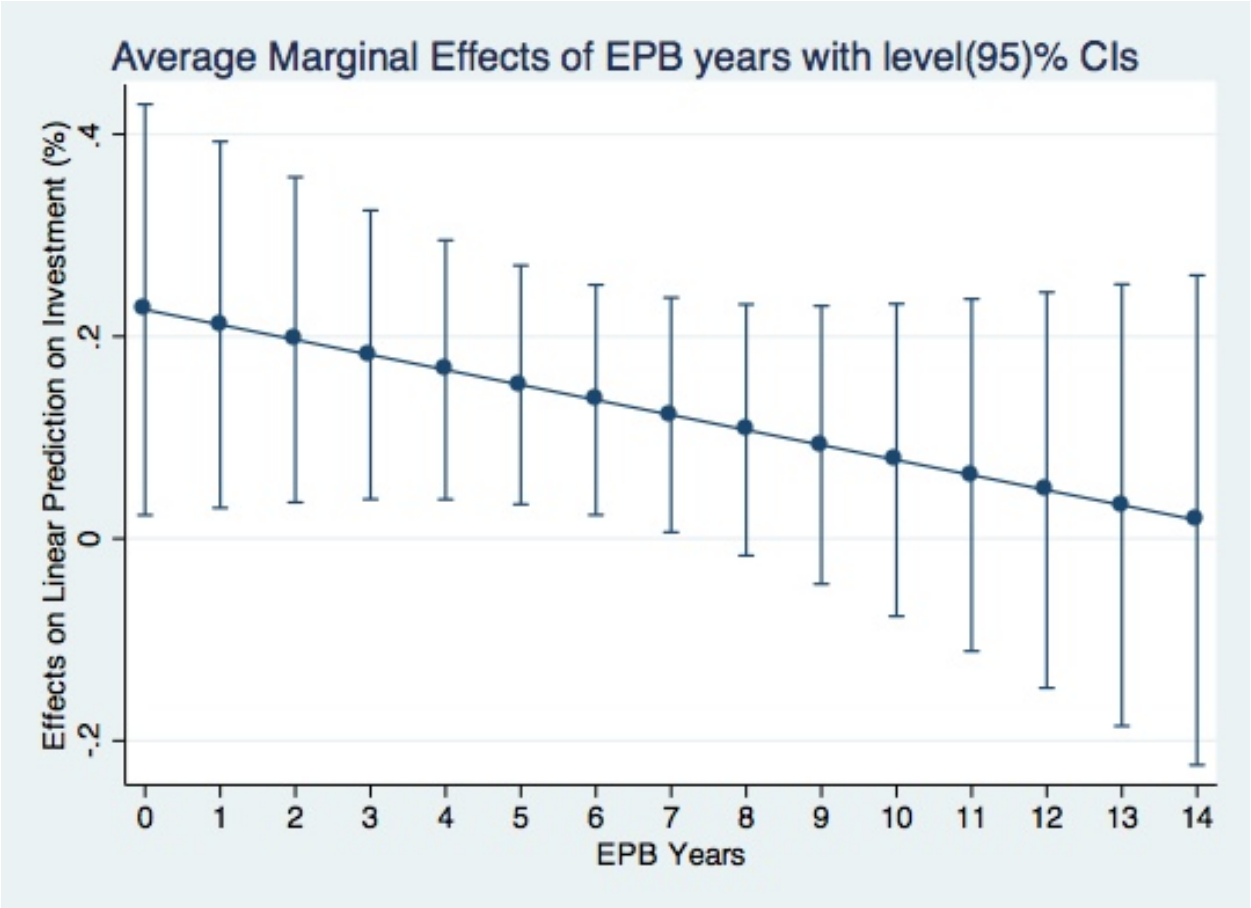


Figure 3.2 - Average Marginal Effect of Years of Multidimensional Participatory Budgeting on Public Investment (percentage of total spending)



CHAPTER 4 – PARTICIPATORY BUDGETING, PUBLIC GOODS AND "INVERTING PRIORITIES"

As the number of local experiments involving public participation in government policymaking processes multiplies, proponents of such programs continue to identify an increasing number of modern maladies for which participation may prove to be a cure. Whether that participation is oriented toward primary education in rural Guatemala (Altschuler & Corrales, 2012), local law enforcement in Chicago (Fung 1999) or village councils in India (Banerjee et al. 2010), giving ordinary citizens a voice in the policy design, implementation, and administration of a wide range of government services and programs is viewed as a key strategy in bringing about an overall improvement in societal well-being. These benefits may accrue to the participant through a greater sense of internal efficacy, or to the community as a whole through strengthened bonds of solidarity and increased capacity for collective action. Material benefits may be measured in absolute terms, such as the number of households lifted out of poverty and the reduction of illiteracy, or in relative terms through evaluations of shifts in redistributive policies that favor previously disadvantaged ethnic, territorial or socioeconomic groups.

While existing research has demonstrated links between PB adoption and improvements in measures of local wellbeing, it is important to first consider how such an effect would occur and see if it would be reasonable to assume that this would be possible across the diverse set of practices captured by the term "participatory budgeting." Were PB to cause a reduction in the local infant mortality rate, as an example, the most direct path would be through increasing access to public healthcare services. Even if PB does not

increase the amount of resources invested in healthcare, PB could still increase the efficiency of capital spending by better identifying the neighborhoods and communities with the most pressing health-care needs. While Gonçalves (2014) presents a detailed argument as to how this could be achieved simply via communication between participants and administrative officials in the context of PB, this makes the strong assumption that officials from other sectors of the administration are in regular attendance at PB functions, something unlikely if a program is only superficially linked to the local government's decision-making processes.

In this chapter, I explore these questions that concern the possible impact of PB on those development outcomes that theoretically are most directly related to the typical demands of PB participants. The first section briefly summarizes the existing literature that addresses the pathways through which participation should lead to increased provision of public goods. It is in the area of the most common requests from PB participants that we should see participation manifest itself in improved services. Using the PB data set constructed in Chapter 2 along with the results of the 2000 and 2010 Brazilian National Census, I then compare municipal performance in terms of the delivery of four key basic public services: potable water, sewage treatment, trash collection and electricity. I use a difference-in-differences approach using the two previous rounds of the census, addressing potential issues of omitted variable bias by using the CPB as control cases for the MPB.[16]

[16] The many differences between the annual budgetary data and the decennial census requite a new approach to address methodological concerns, particularly endogeneity. As this technique discards over half of the observations in the data set, it was not used in the previous chapter, when alternative solutions were available given the structure of the data.

The chapter then concludes with a discussion of the policy implications of the dissertation thus far.

Participation and Public Goods

Gonçalves (2010; 2014) identifies three principal mechanisms through which participation can lead to improved public goods provision. First, such programs tend to attract low-income participants who are not typically involved in local policymaking processes, thus allowing the possibility for greater attention to the community needs of this marginalized population. Second, these interactions between this marginalized sector of the public and government officials throughout the different stages of the PB cycle provide the local government with detailed information about citizen needs, both through formal demands made in the assemblies as well as informally in meetings with delegates and councilors. This greater flow of information between constituents and policymakers should also lead improved public goods provision. Third, the level of oversight that participants or their regional representatives can exert in many PB programs should increase the likelihood that the projects are executed in an effective and efficient manner, with relatively low levels of waste and corruption.

An abundance of work finds support for the claim that the typical PB participant tends to be on the low end of a SES scale. Wampler (2007) conducted surveys in eight different municipalities and found that across all of these cases, the majority of participants were on the low side of the SES scale. In a national survey comparing different types of participatory institutions, 57.3% of respondents involved in a PB program fell in the lower income brackets, compared to 36.4% of participants in municipal conferences (Vaz 2013,

80-81). These SES profiles of PB participants are in part a result of the incentive structure built into the program that mobilizes residents from the areas most lacking in basic infrastructure (Abers 2000, 150-153). Spending decisions influenced by this population should be expected to help bridge the gap in access to basic public goods between the wealthier regions of the city and the communities that participate in PB.

The information exchange function of PB is perhaps its least controversial, and can be defended by arguments from across the ideological spectrum. The demands themselves are information to City Hall about problems they may or may not be aware of. Less formally, contacts between city officials and citizens in both public assemblies as well as meetings with delegates have created channels through which community needs can be communicated even if they fall outside of the purview of PB. At a minimum, PB lowers the information costs faced by public officials when trying to determine how to spend resources on infrastructure improvements while increasing the likelihood that resources are focused on areas where the highest level of need is present (Gonçalves 2014, 101-103).

In the international comparative research on participatory institutions, the capacity of participants to use these spaces to hold government officials effectively accountable for spending behavior has been seen as one of their primary benefits. In Brazil, Zamboni (2007) found that municipalities with PB had fewer irregular administrative practices cited by the Federal Accountability Agency than their non-PB counterparts. As part of the annual PB cycle, the local administration typically produces informational pamphlets at the beginning of the fiscal year that provides information to the public about the status of the previous year's PB demands and projects. The first round of meetings with PB participants

often entails a general explanation of the functioning of the local budget and its composition. Although the information provided may not be sufficient for a full understanding of government finances, it does empower residents to persistently press government officials about their community's demand until it is executed (World Bank 2008).

Theoretically, all of these features of PB programs that actively seek to incorporate previously marginalized citizens into the local policymaking process, from demand-making to oversight, will translate into more effective provision of those public services most in demand among this population. The empirical work on this proposition, though, is somewhat less clear, and the applicability

The first attempts to empirically identify the effects of PB on public service delivery took the form of quantitative case studies, comparing the distribution of investments across regions of the city. In Porto Alegre, Marquetti (2002) found that participatory budgeting successfully redirected investment resources to communities with higher levels of need. Both planned and executed investment totals were broken down for the 16 regions of the city and he found that investments were effectively dedicated to regions that had higher levels of poverty and irregular housing. This investment was then reflected in expanded services as measured by square meters of asphalt used to pave the roads, the number of public street lamps installed, and tons of trash collected. Pires (2008) conducted a similar study of Belo Horizonte, finding that the least developed strata of neighborhoods in the city received between four to ten times more spending on public works projects across ten years of PB implementation than the richest strata, as defined by the city's

quality of life index (70). He highlights Belo Horizonte's reliance on a need-based index that offered a clear measure of the distribution of resources across regions of the city that allowed for an improved targeting of public policy efforts across different sectors of the local administration.

A report by the World Bank (2008) combines a case study of Porto Alegre with a difference-in-differences comparison of all Brazilian municipalities between 1991 and 2000. The study found evidence that PB reduces poverty rates and increases household access to running water and the city's sewer system. The lower poverty rates emerged only in a subsample of cases in which PB had been in place for most of the period in question. However, the study also finds that the city's reduction in infant mortality rates and increased wages during the period analyzed were no better than those of other comparable, non-PB Brazilian cities.

Boulder and Wampler (2010) also based their analysis between the 1991 and 2000 census but additionally considered the amount of resources available to each municipality as a necessary condition to be able carry out the projects selected within PB. They specifically limit their analysis to municipalities with over 100,000 inhabitants, and find only a slight decrease in the poverty rate. In addition, these authors found no discernible effect on a wide array of additional outcome variables such as local HDI, literacy and life expectancy (129-131). Touchton and Wampler (2014) expand the number of observations and time period covered substantially by using yearly observations from 1989 to 2008. In this study, with years of PB as the primary independent variable, they find the program has a statistically significant effect on the reduction of infant mortality, attributing this to

increases in healthcare spending also associated with PB municipalities (1456-1458). Gonçalves (2014) arrives at similar conclusions using different analytical methods and sample design. She finds that not only does PB lead to increases in healthcare education and reductions in infant mortality, but also that the impact of additional healthcare spending on infant mortality increases when PB is in place (104-105). Where Touchton and Wampler considered only cities with 100,000 or more, and used propensity score matching to address omitted variable bias, Gonçalves used fixed effects with census aggregation units that represent 1970 municipal boundaries and cover the entire country. Research then is beginning to offer tentative conclusions that point toward a positive impact of PB on certain government spending and development outcomes.

One thing missing from this research though is evidence for a direct link between the specific set of practices that fall under the PB label and the outcome variable of interest. Pires (2011) highlights this issue by pointing to a general flaw in the current literature on participatory institutions – effects are not measured in terms of the direct products of the institutions in the spheres within which they are designed to target. For example, the mechanism connecting community involvement in the decision-making process on neighborhood-level infrastructure projects to a decline in poverty rates is not immediately clear. While the World Bank report linked participatory budgeting to a decline in the poverty rate, the federal government assumes responsibility for employment policy in Brazil and they cite no evidence that income-generating activities are the topic of public demands. Even in the case of increases in healthcare spending that have been identified elsewhere, a decrease in infant mortality would have to first involve an expansion of health

care facilities, their maintenance and staffing at appropriate levels, and particular strategies to address pediatric health.

Both Touchton and Wampler (2014) and Gonçalves (2014) improve upon earlier studies by identifying increased healthcare spending as a mechanism through which PB could have an impact on a particular indicator of well being. The fact that the analyses differ substantially in the methods used while reaching a similar conclusion lends greater credibility to the way in which PB works as a promoter of public health. However, health care may not always be a primary motivating factor for local government officials when first implementing the program. Basic improvements in the access to public goods such as paved roads are frequently mentioned while other public policy tools exist to encourage participation surrounding healthcare related decisions.

As discussed in the previous chapter, healthcare spending and services are controlled largely by the federal government through mandates, making it harder to identify the share of healthcare expansion that reasonably could be attributed to local influences, with or without PB in place. Also, at the same time these local experiments with participatory budgeting are taking place, multiple presidential administrations have put substantial effort into the decentralization of health service administration coupled with a federally backed guarantee of universal access to basic healthcare treatment (Paim et. al., 2011). These efforts then almost certainly contributed as well to declining infant mortality rates and other related health outcomes.

The research conducted thus far provides strong support for the contention that that PB succeeds in its mission of "inverting priorities," shifting the government's focus

from wealthy regions of the city towards those with the greatest need. In this chapter, I take the next step and examine the end result of these shifts in government attention. My primary output variable will be the provision of basic infrastructure. This choice is driven by my contention that there should theoretically be a fairly direct link between spending in these areas and measureable expansion of the service in question.

Hypotheses

In order to advance the extant research on the theoretical benefits of PB for community development, I propose two hypotheses related to participatory budgeting's impact on the basic set of services made available to a city's residents. They are as follows:

H1: Public service provision in PB cities will reach a higher percentage of households than such provision in comparable non-PB cities.

In the previous chapter, the findings indicated that municipalities that adopted participatory budgeting gradually increased expenditures on housing and urban infrastructure as a policy area and public investments more generally. While additional resources are a necessary step towards increasing public access to basic infrastructure, the level of spending itself is no guarantee that they were applied towards projects that fulfilled public demands. In this chapter, I will test whether or not the additional funding has effectively led to the expansion of basic services, an essential step towards PB holding long-term substantive relevance for local residents.

The availability of basic infrastructure in residential areas is particularly well suited to evaluate the immediate impacts of participatory budgeting. Participation is geographically organized with participants mobilized on the basis of where they live. Demands are, therefore, likely to reflect common issues shared amongst residents of a given area. Services such as running water and sewage treatment are typically either present or absent for an entire neighborhood, at least in an urban setting, providing a fundamental need shared by all residents. In the absence of running water or in areas where untreated household waste is discharged into public spaces, the first demands made by the community are likely to center on meeting these basic needs. While we could expect the focus of public demands to shift once these needs are met, it is less likely that collective decisions made by residents would focus on other topics if basic neighborhood infrastructure were left unaddressed.

H2: The effect of PB on public service provision will be more likely to emerge under MPB, where the integration of citizen participation into the local government's decision-making process is a feature of the program

One of the principal contributions of this research has been to identify key elements of the PB approach that allow us to categorize subsets of programs that previously have all fallen under the PB label. My distinction between PB programs that empower citizens and those that merely allow perfunctory participation emerged in previous chapters as

important in identifying the spending impact of PB. With this chapter, I now apply this same categorization of PB to an analysis of public service provision and the impact, if any, PB has on this critical area of government performance.

Data

For my main explanatory variable, I rely on the data set and classification system introduced in Chapter 2 to create a series of binary "treatment indicators" representing exposure to participatory programs between 2000 and 2010. To qualify as a case of treatment, a PB program must have been in place for at least five consecutive years within this ten-year period. Cases where PB had already been in place at the time of the 2000 census were excluded to ensure that the pre-treatment measure is accurate and consistent.

All of the dependent variables were collected from the 2000 and 2010 rounds of the Brazilian Census and represent the percentage change in the share of urban households with a particular service between 2000 and 2010. The variables are:

1. Sanitary disposal of household waste either into a main sewage system or a septic tank.
2. Access to potable running water from a public water system
3. Trash collection at least once a week
4. Housing deemed "adequate", defined as having all three of the previous public services (water, sewerage, and trash collection) in addition to a density of no more than two adult residents per room

The first three indicators are meant to tap into those basic public goods or services that are of immediate and practical relevance to the daily lives of citizens. Decentralization

reforms carried out in the 1990s placed some, if not all, responsibility for service provision even if previous levels had been determined by state or federal policy. By 2000, trash collection and road maintenance had become exclusively local responsibilities in Brazil, whereas water and sewage could either be administered exclusively by the city or in partnership with a state agency.

An additional factor that makes these indicators particularly suitable to test the hypotheses put forth is that they tap into public goods and services that are easily identified as being either present or absent for a given area. This intersects with the incentives provided by the rules structure of PB, which rewards mass mobilization at the neighborhood level (Abers 2000). While access to these goods is measured at the household level, the logistics of physically expanding sewage or water lines makes the dynamics resemble that of a collective good (Rezende and Marques 2008). We should expect to see participatory budgeting help communities overcome the collective action dilemma that this entails.

Control variables were selected to account for different phenomena present in the Brazilian and international urban development literature. All but one of the variables were also used in the previous chapter, with the exception being the percentage of residents who were born in the same state, available only in the Census. A sharp change in share of migrants from other parts of the country could represent the combination of an increased stress on existing local infrastructure with a decline in local social capital. All data were collected by

the IBGE, and all but the municipal GDP per capita were part of the census. Summary statistics are presented in Table 1.[17]

1. Resident population

2. Population density

3. Percentage of households located in urban areas of the municipality

4. Municipal GDP per capita, averaged over two years (1999-2000 and 2009-2010) in 2010 Brazilian reais

5. Percentage of urban households declaring that they neither owned nor rented the land they were living on, as a proxy for slums and other types of irregular housing

6. Percentage of residents born within the state

Methods

In determining the proper way to test the two hypotheses, we face many of the same obstacles as in the previous chapter. Endogeneity in this situation, for example, could result from our lack of a measure of a local administration's policy entrepreneurship, which could lead to simultaneously the adoption of PB and the expansion of the basic grid of public services. There are neither the degrees of freedom nor adequate data to cover all potential phenomena that could address all of these potential endogeneity concerns. In a basic OLS regression, omitted variable bias would result if PB adoption were related to an unspecified

[17] All data are from the Brazilian Institute of Geography and Statistics (IBGE), retrieved through the IBGE Automatic Recovery System (http://sidra.ibge.gov.br). All indicators were collected as a part of the 1991, 2000 and 2010 Census, except for the municipal GDP for capita, which the IBGE estimates annually.

cause that was also correlated with any of the dependent variables. Selection bias is a substantive concern, and existing research highlights multiple factors that could impact both the decision to select into treatment (adopting PB) as well as play a role in determining the level of public service provision.

The last chapter addressed these issues through the used of fixed effects, which de-means every variable for each observation by the unit mean, using only within-unit variable to estimate the equation. While this approach deals with time constant heterogeneity, it assumes that there is no unobserved heterogeneity that varies over time. When observations were available annually and the panel had a T of over 10, as was the case for local government finance, the threat posed by unobserved heterogeneity was minimal, but with only two observations and a ten-year gap between the two this is more likely to be an issue.

Given that both pre- and post-treatment values of all the independent variables are available and the treatment is binary, a difference-in-difference approach is possible. However, a number of potentially serious violations of basic DID assumptions call for additional adjustments to be made. The traditional DID model assumes that, absent the treatment, there would be no difference in the change of the dependent variable across the treatment and control groups (Abadie, 2005). We know from existing research, which has been discussed throughout this dissertation, that PB adoption is related to multiple factors that could reasonably be expected to also affect public infrastructure provision, such as city size, geographic location, education levels, local economic size and levels of local inequality (Marchetti 2004; Wampler 2010; Spada 2014). At first glance, an instrumental variable

approach would be well suited for this particular situation. Unfortunately, because all of the factors related to PB adoption could affect each of our dependent variables, we are left without a suitable instrument that could be used in a two-step model.

A common route taken by researchers with observational data and possible endogeneity in the treatment assignment process is to construct a control group using a matching method to build a control group based on observable variables. When matching and DiD are put together, the strict assumption that treatment and control groups only substantively differ by treatment status is relaxed (Lechner 2011). However, even though propensity score matching could be justified in situations such as Touchton and Wampler (2010) or even the previous chapter of this dissertation, this particular treatment specification involves a selection process that would be more difficult to accurately model For a program to qualify as treatment, it must have been in place for at least five years, which means that it must somehow survive beyond a single four-year local election cycle. This taps in to characteristics of the city and its elected officials that are distinct from those which help determine the initial decision to adopt.

A total of 43 cities adopted multi-dimensional PB between 2001 and 2005, the window of eligibility to qualify for treatment status. Beyond the 30 whose programs went on to last at least five years, 13 were ended after only one election cycle, but the result of the election itself does not fully explain the different paths taken in each city. Eight cities terminated their PB program following an incumbent's loss of an election while five incumbents simply did not continue the program during their second term in office. The reelection of the adopting mayor, although present in all but one treatment case, is not sufficient on its own

to explain the continuation of PB beyond one term. A match made that only considers the adoption decision would ignore a potentially relevant distinction between those who were able to maintain the program intact and those that failed. Beyond the initial decision to adopt, the competence and commitment of the local administration are relevant, as the program and the administration both have to face the sanction of voters and balance potential competing interests with other projects that have been put into place. Ignoring this aspect of the treatment could lead to false positive findings, as the quality of administration could be behind the expansion in public goods provision.

As an alternative control group to test for the relevance of participatory institution design, I use cities that adopted either consultative or 'incomplete' PB, subject to the same basic requirements that were used to define the treatment cases. The eligible program must be adopted after 2000 and then remain in place for at least five of the ten years between 2000 and 2010. This works both as an appropriate method to test MPB's performance in its own right while also helping us answer Hypothesis 2, which refers to the qualities of PB that lead to its success. In addition to using cases of communicative PB, I expand the definition and partially relax the five core PB criteria from Sintomer et al (2013), as discussed in Chapter 2. These include participatory initiatives inspired by PB but that may go by another name, borrowing structural features such as decentralized meetings where local officials meet with community members but without actually resulting in public debate on budgetary matters. While these cases may fail to meet the basic criteria for consultative PB, they nonetheless serve as a pro-participation public policy signal whose continued presence reflects positively on certain capabilities of the administration in office. If participatory policy adoption was merely a signaling mechanism

for other government programs that drive positive result, the actual content of the policies should matter little and therefore there should be no significant effect when restricting our sample to just these cases.

Applying the original treatment selection criteria leads to 36 control cases to accompany the 30 treatment municipalities. Table 2 presents summary statistics and the results from t-tests comparing the treatment group to this control group as well as the full set of untreated municipalities. The MPB treatment group has higher levels of service provision, has a larger population, is more urbanized and denser with greater GDP per capita in comparison to the group of cities that never adopted PB. The cities that have never implemented PB have a higher rate of residents living with ambiguous land tenancy, higher rates of extreme poverty and a higher percentage of residents born within the state. The control group composed of other PB cases, however, significantly differs only for access to running water, with an average percentage of households below the treatment group.

Tables 3 shows the results obtained using fixed effects to estimate the effect of participatory budgeting on infrastructure provision where the control group is composed of the cities that never adopted PB. Table 4 presents estimates from the difference-in-difference model with the consultative PB cases as the baseline points of comparison. Due to a severe negative skew, a multivariate Box-Cox power transformation was performed on all but the housing dependent variable, which follows a normal distribution. The results show a positive effect of PB on sewage treatment and adequate housing but no effect on trash collection or running water using both methods. In the first model with the “never-PB”

control group, the estimated effects on both adequate housing and waste treatment more than doubled, reaching 7.77 percent in the case of adequate housing.

The above findings support both of the hypotheses presented earlier in the chapter. Implementation of a participatory budgeting program with characteristics that effectively link participation both to the budgetary decision making process itself as well as to practices that encourage broad and equitable participation is associated with improvements in the material daily lives of residents. Furthermore, when compared to cities with programs that draw on the same basic inspiration, the estimated impact actually increases in size.

Even with the PB control group, there still remain alternative explanations that may be behind the findings of the previous section. I will discuss three of them briefly and share the results of robustness tests that offer further support for the earlier results. The first of these relates to a key assumption for the use of difference in differences. To bolster the argument that the treatment and control group would have evolved similarly during the period used for the analyses, researchers frequently look further back in the data to establish the existence of a common trend. Although not available for all of the variables, the 1991 census contained the same questions regarding trash collection, running water access and sewage treatment. I test for the presence of unaddressed heterogeneity by repeating the same method used on the 2000-2010 data, except in this case absent the treatment there should be no significant coefficient on the interaction between treatment group and time. On the other hand, a significant finding would suggest that unmeasured heterogeneity is influencing the results.

Table 5 shows summaries of the findings for each of the three measures. The methods used are the same as in the main analysis, with the exception of two control variables. Percentage of residents born out of the state was unavailable for the 1991 data and no viable replacement was available, while GDP per capita was replaced by income per capita (measured in 2010 Brazilian reais). There is no "treatment" effect for trash collection and access to proper waste disposal, however there is a significant coefficient for the interaction term in the running water model. Measurement error or the presence of omitted variable bias could be behind this particular result, but the error seems to be associated only with this particular measure. When using t-tests comparing the treatment and sample groups, water access was the only variable that significantly differed between the two groups. Making this finding even more anomalous is the fact that this is the one area where I find no effect of PB on service provision. Thus, what this suggests is that whatever is driving the differences in the expansion of water service during the 1990s was not related to the impact PB had in my analysis of the 2000s.

With the parallel trends assumption satisfied, the validity of my findings still relies on the validity of the distinction that separates the treatment and control cases. One approach to checking the robustness of my specification of the treatment variable by trying other treatment definitions for which there is no reason to expect a treatment effect. For both groups, the actual duration of treatment varies from a minimum of five years to a maximum of nine years, with nearly every case starting out in either 2001 or 2005, both of which come immediately after local elections are held simultaneously throughout the entire country. While all members of the 2005 cohort needed to keep PB through 2010 in order to meet the duration requirement, around one-third of the 2001 cohort terminated

PB after the 2008 election. Instead of using the type of PB adopted to determine treatment status, I separate the two groups based on year of adoption, with the cities that adopted in 2001 classified as treatment cases and the rest as control. Alternatively, I use the duration of PB and define the treatment group as only those that had the program in place for the maximum of nine years, which removes the group of cities that discontinued after the 2008 election. Supporting the main analysis, neither alternative specification was significant.

Conclusion

Chapter 3 established that participatory budgeting influences a local government's funding priorities, leading administrations in PB municipalities to spend more on investment, housing and infrastructure than they would have without a PB program in place. The findings in this chapter, while more limited in scope, indicate that the raised levels of investment spending encouraged by PB do in fact lead to an increase in public goods provision in the area of basic infrastructure. Together, the two findings illustrate a clear causal pathway through which public participation leads to public policy outcomes as a function of characteristics derived from a common institutional format transmitted horizontally and gradually over time. As such, both the basic mechanisms and positive impact of PB is confirmed by the present research.

First, decentralized public spaces are opened to members of the public where all have an equal voice in a discussion of budgetary matters that are relevant to the daily lives of residents. By placing the nucleus of participation at the neighborhood level, demands reflect concerns shared by all in the community. The focus on smaller-scale infrastructure coupled with genuine equality in influence leads to a socioeconomic participant profile nearly the mirror image of traditional methods of citizen engagement. Second, participation

takes place on multiple occasions with broad participation giving way to more demanding direct interactions between government officials and representatives chosen by the public assemblies, allowing communities to have control over the product of the assemblies as demands are transformed into the final budget.

Because the legitimacy of these representatives is derived from within PB itself rather than from status as a traditional political intermediary, this helps to ensure that the budget as implemented is a faithful representative of public preferences. The repeated interactions that take place between members of the local government and neighborhood participants lead citizens to become more confident of their ability to have input on spending matters and officials to feel increasingly comfortable with sharing information and decision-making responsibilities. Initial gains perceived by both parties helps to reinforce the incentive each has to continue participating, and over time the budget amount open to public debate increases.

Finally, accountability continues after the budget is passed with representatives elected by the community having the clear responsibility to ensure that the decisions made in assemblies are carried out in full. The final participatory budget is an explicit agreement that entails the local government taking on responsibilities regarding specific projects for which they can be held accountable. In contrast to participatory institutions that focus on public policy, it is this focus on direct and tangible goals that enables citizens to carry out effective oversight because expectations are made clearly.

While the current empirical findings support both the proposed mechanism and impact of PB, a more qualitative look at how PB is currently practiced can provide a deeper

and richer understanding of these primary findings. In the next chapter, I provide examples from a diverse set of municipalities in the state of Rio Grande do Sul. Through the exploration of archival data, in-depth interviews and participant observation in nearly a dozen cases at every phase of the development cycle, the large-N, quantitative findings of the past chapters will be described through examples of implementations that vary substantially from the initial successes that have been the focus of the majority of scholarly attention. Additionally, through a focus on transitions in power, the longer term implications of substantial changes in the rules governing participation or its termination altogether will be applied to analyzing the prospects for PB in the years ahead as well as what impact, if any, may persist even in circumstances where the institution of PB itself is extinguished.

Table 4.1 – Summary Statistics

	Mean	SD	Min	Max	Obs
Water (%)	88.19	16.90	0.55	98.96	1118
Waste (%)	68.67	27.85	1.25	99.97	1118
Trash (%)	92.94	11.54	0	99.99	1118
Adequate (%)	51.83	25.55	0	92.45	1118
Population	202158	571510	39196	11172609	1118
Density (sq. km.)	677.04	1602.94	0.44	13018	1118
Urban (%)	87.16	15.51	1.55	100	1118
GDP/pc	7499.28	6681.47	916.90	75357.73	1118
In-State (%)	85.87	11.97	25.35	99.60	1118

Table 4.2 - Comparison of Means (2000 values)

Variables	Group	Mean	SD	Minimum	Maximum	T	p!=0
	Treat	93.29	5.67	78.51	99.75		
Water (%)	CG-All	83.77	19.87	0.63	99.75	-2.61	0.009
	CG-PB	88.24	14.83	40.13	99.95	-1.72	0.09
	Treat	93.66	7.17	70.13	99.8		
Trash Collection (%)	CG-All	86.73	16.38	0	99.75	-2.29	0.02
	CG-PB	93.6	6.85	73.05	99.99	-0.02	0.97
	Treat	74.48	19.05	27.84	99.68		
Waste (%)	CG-All	69.47	30.31	1.25	99.67	-2.48	0.01
	CG-PB	78.04	21.52	9.97	99.89	0.65	0.51
	Treat	52.27	15.47	18.16	82.19		
Adequate (%)	CG-All	41.77	25.59	0	85.22	-2.21	0.02
	CG-PB	56.02	22.07	6.54	81.2	0.74	0.46
	Treat	304621	419683	51002	2100131		
Population	CG-All	100344	106860	39196	1266570	-6.95	0
	CG-PB	268321	318266	46215	1565815	-0.36	0.72
	Treat	93.54	7.94	72.93	100		
Urban (%)	CG-All	82.08	18.21	1.52	100	-3.41	0
	CG-PB	93.39	6.68	76.74	100	-0.07	0.94
	Treat	6.84	6.41	0.96	24.4		
Extreme Poverty (%)	CG-All	13.19	12.9	0.34	55.07	2.66	0.008
	CG-PB	6.25	6.07	0.16	21.68	-0.34	0.72
	Treat	7930.33	5692.01	1516.2	30399.56		
GDP per capita (R$)	CG-All	5383.53	5705.03	916.9	75357.73	-2.34	0.01
	CG-PB	7507.29	4735.39	2311.75	24145.2	-0.29	0.76
	Treat	2128.71	3196.81	10.68	11448.44		
Density (sq. km.)	CG-All	321.94	789.43	0.44	7986.4	-8.17	0
	CG-PB	1512.7	2644.74	9.72	10017.87	-0.77	0.43
	Treat	0.646	0.056	0.524	0.742		
HDI-M	CG-All	0.583	0.096	0.283	0.777	-3.51	0.005
	CG-PB	0.661	0.06	0.546	0.82	0.93	0.35
	Treat	0.55	0.6	0.42	0.67		
Gini	CG-All	0.555	0.0527	0.4	0.72	-0.02	0.97
	CG-PB	56.84	0.05	0.45	0.65	0.84	0.4
	Treat	661	206	302	1192		
Median Income (R$)	CG-All	520.44	208.52	151	1150	-3.56	0.001
	CG-PB	738	314.9	330	1680	1.09	0.28

Table 4.3 – Multidimensional Participatory Budgeting and the Provision of Public Goods

	Adequate (%)	Water (%)	Trash (%)	Waste (%)
PB	3.435***	0.004	0.003	0.024**
	(0.904)	(0.003)	(0.003)	(0.010)
GDP per capita (R$)	1.915	0.154***	0.174***	0.031
	(2.097)	(0.031)	(0.023)	(0.113)
Questionable Tenancy (%)	-0.297	-0.018**	0.017***	0.025
	(0.329)	(0.007)	(0.005)	(0.029)
Population	2.353	1.197***	0.949***	1115
	(7.544)	(0.424)	(0.359)	-1579
Density (sq. km.)	-4.790	-0.027**	0.001	-0.046
	(5.578)	(0.012)	(0.009)	(0.042)
Urban (%)	0.129	0.247***	-0.104*	-0.226
	(0.093)	(0.080)	(0.063)	(0.287)
Born in State (%)	-0.126	-0.168	-0.039	-0.229
	(0.150)	(0.114)	(0.090)	(0.442)
Time (2010=1)	8.673***	0.001	0.008***	0.043***
	(1.232)	(0.003)	(0.002)	(0.014)
Constant	24.781	455.1***	-225.4***	-264.9
	(73.694)	(100.5)	(85.15)	(374.4)
R2 Within	0.541	0.44	0.68	0.15
F	89.34	34.68	105.47	13.5
Groups	385	385	385	385

Table 4.4 - Multidimensional Participatory Budgeting and the Provision of Public Goods (CPB Control)

	Adequate (%)	Water (%)	Trash (%)	Waste (%)
PB	-4.564	0.014	-0.001	-0.042
	(3.861)	(0.010)	(0.005)	(0.035)
Time (2010=1)	-1.768	0.013	0.016***	-0.036
	(2.618)	(0.003)	(0.005)	(0.026)
Time*PB	7.778***	-0.001	0.007	0.061***
	(2.230)	(0.004)	(0.005)	(0.021)
GDP per capita (R$)	2.997	0.037	0.066*	0.089
	(2.239)	(0.030)	(0.039)	(0.133)
Questionable Tenancy (%)	-2.498***	-0.005	-0.006	-0.078
	(0.778)	(0.010)	(0.009)	(0.055)
Population	-0.114	-0.133**	0.243*	-0.076
	(2.012)	(0.230)	(0.146)	(0.098)
Density (sq. km.)	-0.49	-0.001	0.001*	-0.004
	(1.973)	(0.002)	(0.001)	(0.017)
Urban (%)	0.776	0.116***	0.177***	1.084
	(0.551)	(0.070)	(0.060)	(0.813)
Born in State (%)	0.131	0.177	-0.096	-0.229
	(0.178)	(0.064)	(0.058)	(0.475)
Regional Dummy	28.26***	0.045***	0.023**	0.230***
	(4.267)	(0.007)	(0.009)	(0.039)
Cons	-45.3	-0.079	-0.033	-0.777
	(64,14)	(0.310)	(0.195)	(1.558)
R2	0.6292	0.25	0.6743	0.605
F	40.27	38.3	41,92	23.02
Obs	112	112	112	112

Table 4.5 - Matching Trends Test

	Water (%)	Trash (%)	Waste (%)
PB	-1.50	-1.12	-7.67
	(3,34)	(2.85)	(5.70)
Time (2000=1)	1.60	7.3***	4.83*
	(2.14)	(2.06)	(2.54)
PB*Time	5.36**	2.77	4,71
	(2.43)	(2.50)	(3.80)
Income per capita (R$)	-4.56	12.32**	7.11
	(5.84)	(4.89)	(5.39)
Questionable Tenancy (%)	0.52**	0.54**	0.46*
	(0.26)	(0.22)	(0.26)
Population	0.59	-8.95*	-15.96*
	(8.93)	(5.38)	(8.64)
Density (sq. km.)	-0.04	1.03	2.74*
	(1.60)	(0.98)	(1.57)
Urban (%)	1.02***	0.42**	0.35
	(0.19)	(0.17)	(0.34)
Regional Dummy	6.45*	3.01	25.92***
	(3.51)	(3.67)	(5.22)
Constant	1.82	66,23	162.85
	(117,84)	80,53	(147.6)
R2	0.636	0.6904	0.5845
F	12.06	17.62	13.94
Obs	112	112	112

CHAPTER 5 – CONSULTATIVE OR MULTIDIMENSIONAL? DETERMINANTS OF PB'S INSTITUTIONAL DESIGN

Thus far I have demonstrated that a more nuanced categorization of participatory budgeting is necessary to understand what benefits this approach might provide in terms of shifting spending behavior in ways that could have a positive impact on local development outcomes. Simply holding assemblies where budgetary matters are discussed is insufficient on its own to achieve the positive benefits attributed to the original participatory budgetary programs. Participatory fora need additional measures to support the inclusion and mobilization of traditionally excluded sectors of society. Institutional reforms are necessary to link the public debate to the actual decision-making process surrounding the budget.

While the importance of institutional design has been discussed throughout this dissertation, the process through which PB programs take on these different forms has yet to be explored. The evidence provided thus far demonstrates that MPB programs are more effective than CPB in changing local government taxing and spending patterns as well as in expanding the network of basic infrastructure provided to citizens. All of the findings, however, beg the question of why some cities opt for an implementation of PB that stays closest to the original format while others choose a partial route. In the following pages, through an analysis of six case studies, I offer a first step in understanding the sources of this variation. This chapter employs a comparative case study approach to understanding the process through which local governments decide on the structure of PB. The goal is to arrive at a possible explanation as to how and why cities choose to implement a particular form of PB.

Based on the data collected, I put forth the argument that choices regarding PB's institutional form are made separately from the decision to adopt the program. While mayoral policy preferences drive the decision to implement, choices regarding its institution design are more contingent on other relevant social and political actors. The "choice" of either CPB or MPB takes place indirectly, coming about as the product of a sequence of smaller, practical decisions made when adapting the PB framework to local conditions.

However, the role of outside actors remains largely indirect, by structuring the options available to those planning the details of PB's rules. In a context where civil society is organized and non-combative, investing the time and effort into establishing an institutionalized and complex set of complementary participatory bodies and internal reforms may seem unnecessary and cumbersome to the Mayor. Conversely, a context that would reduce the chance of PB adoption, such as the presence of a antagonistic civil society organizations and competition for power within the governing coalition, can foster the adoption of MPB by placing early demands on PB to satisfy a more diverse and initially skeptical audience.

The empirical basis for this chapter rests on a year of field research conducted across a full fiscal budgetary cycle in six municipalities in the southern Brazilian state of Rio Grande do Sul. The cases are split into three pairs that are matched by the year in which PB was first introduced. The year in which the field research took place, 2014, was the second year of the four-year Brazilian local electoral cycle with elections held nationwide at the end of 2012. The first two cases that will be discussed launched a new PB program as part of the new administrations that took office in 2013. The second pair adopted PB at the

beginning of the previous mayoral term in 2009 and had mayors recently re-elected to their second term. Finally, the third pair adopted PB one term further back, and opposition candidates defeated the incumbents originally responsible for the program in the most recent election.

First, I present the general methodology of the study along with a brief review of the relevant literature. Then, each pair of cases will be presented along with a brief discussion of the similarities and differences between the two experiences. After all three pairs have been introduced, I evaluate how they relate to the expanded criteria introduced in Chapter 2 and what aspects of the context in each city can best explain the presence or absence of institutional features linking popular participation to actual government policy. The chapter concludes with a discussion of policy implications and future trends for participatory budgeting in Brazil and elsewhere in the world.

While understanding the process through which PB becomes either MPB or CPB is useful in its own right, it is also important to rule out the possibility that PB's institutional format is not endogenous to the policy outcomes that were the focus of the previous two chapters. At first glance, PB design choice could appear to be merely a reflection of the mayor's preferences at the time the program was introduced. Were this to be the case, the measure of institutional design used in this dissertation may in fact be serving as a proxy for the level of commitment the local executive has towards developing a participatory program. A strictly consultative, non-binding form of PB would be the natural choice of a mayor who is unwilling to pay serious attention and act on the expressed needs and demands of the public.

The evidence presented in this chapter suggests that, while the Mayor and his or her administration are the most influential actors in making the decision to adopt PB, the institutional form which it takes is conditioned by contextual factors that are often unrelated to participation-related policy preferences. The contours of the political situation of the mayor at the time PB is implemented, including the strength of the mayor's coalition, the configuration of local civil society and availability of resources for investments, create incentives that could steer the mayor towards CPB or MPB. Over time, the decisions made at this initial juncture become self-reinforcing, even if the opposition comes to power.

Determinants of PB's Form and Function

Establishing local characteristics that enable or inhibit participatory budgeting's adoption and development has been a central concern of the comparative research on participatory budgeting over the past two decades cites. Most tend to focus on aspects of multi-dimensional PB programs such as the effective transfer of power from government to citizens (Wampler 2007), the degree of representation of traditionally excluded groups (Baiocchi, Heller & Silva 2011), and/or the degree to which PB is capable of generating spillover effects that touch upon other parts of political life (Souza 2011).

Scholars have differed on those factors that most influence whether or not PB is successfully adopted. The two main schools of thought attribute responsibility either to existing civil society arrangements or mayoral initiative, and either could plausibly be extended to explain differences in the breadth and depth of participatory reforms accompanying PB in a particular context. A PB program which gives citizens effective decision-making authority is either attributed to the strength and configuration of local civil society (i.e. Avritzer 2009) or is primarily a product of mayoral preference mediated

by the local political context (i.e. Wampler 2007; Romão 2014). In the context of MPB versus CPB adoption, an organized civil society with a history of non-clientelistic interaction with the local government would be a necessary precondition for MPB to develop. Alternatively, the choice of either CPB or MPB could be simply a direct expression of the Mayor's policy preferences with regards to public participation.

Case Selection and Research Methods

In contrast to the quantitative approach of the previous two chapters, here I use a combination of basic qualitative tools shared across the social sciences. Across the span of a full annual PB cycle, I shadowed six participatory budgeting programs from the preliminary meetings held before the main assemblies through to the passing of the municipal budget, which took place between March and December of 2014. The overarching aim was to develop explanations for the variation in what is practiced under the label "participatory budgeting." In particular, I focused on the interests and objectives of the local government with respect to public participation, the tools with which the state pursues its interests when designing and administering PB and the relative ease with which the state is able to impose its will on participants and members of civil society.

Case selection took place beginning in November of 2013, and involved an iterative process of using data previously collected along with further research on the situation of PB after the beginning of a new mayoral term on January 1 of that year. As a first step, I chose a structure for my case set centered on variation along the temporal dimension, with matched pairs or groups around three distinct "ages" of PB, measured as the number of years since the program was first locally introduced. A nearly uniform tendency of mayors to implement PB their first year in office led to a natural clustering of cases at one, five and

nine years since first introduction. To ensure further similarity along explanatory variables of potential interest, I imposed a particular electoral context for each of the three time points – all newly introduced PB cases needed to involve a candidate and party elected for the first time in the most recent election, those at five years must have reelected the PB-adopting incumbents and, at nine years, the incumbent administration which had been first responsible for PB must have been defeated in 2008 after two terms in office.

The universe of potential cases was limited to the 42 municipalities in the state of Rio Grande do Sul with at least 50,000 inhabitants in 2012 that were included in the Participatory Budgeting Census. Three sub-categories were used that correspond to phases in the development of PB: "New Adopters," "Maturing Programs," and "Transition Programs." New adopters are defined as those municipalities that had just initiated implementation in 2013. Maturing programs were those that had been in place for at least the previous four years, and transition programs were those that had experienced at least two continuous terms in office with PB before the incumbent party lost to an opposition party in the most recent election.

The latter two categories were constructed by combining the Participatory Budgeting Census with 2012 electoral results, confirmed by on site visits or phone contact. For the "new adopter" cases, identification was made using electoral manifestos for the winning candidates in the 22 cities that had never previously implemented PB, combined with Internet searches of local government press releases. Officials from municipalities identified in the first phase were then contacted, either by telephone or in person, in order to ascertain whether or not implementation of a PB program had in fact taken place. This identified a total of nine eligible municipalities evenly distributed amongst the three

categories, although further investigation led to one case from each category being dropped due to incompatibility with the project.[18]

Having identified the cases of interest as well as the city officials responsible for running the program, I returned in March of 2014 and began accompanying each program through the different phases of their participatory budgeting, which continued through December of that year.[19] Although the final structure of research varied as a result of differences in local practices, each contained all of the following components:

1) A first visit before the PB cycle commences while focused on getting what could be considered the "official record" of the administration's participatory budgeting programs. I conducted an in-depth, semi-structured interview with the person in charge of local PB using the same basic script for all six cases. I collected any readily available information that addresses the outcomes from previous years and the rules and calendar for 2014. I established a tentative schedule for visits for the rest of the year.
2) I attended the full sequence of meetings, assemblies, and any other steps in the yearly cycle for at least two subdivisions of the city, keeping the same areas throughout the year whenever feasible. This led to a minimum of three additional site visits of three days to five days each scattered throughout the year. In the days between the events for

[18] The "new adopter" was Canguçu, the "maturing program" was Canoas and the "transition program" was Gravataí. The first two of these cases were briefly mentioned in vignettes used to present PB categories in Chapter 2. The programs in place for 2014 in Canguçu and Gravataí ultimately failed to qualify according to the basic definition of participatory budgeting used in this dissertation. Canoas was ineligible because it operated on a two-year cycle, and almost all of the debate within the representative forums was not scheduled to take place until 2015.

[19] The scheduling of each program and the number of suitable observational opportunities at each phase of the annual cycle varied substantially between cases, making this "simultaneous" accompaniment of programs possible. In Vacaria, where the annual cycle began in February, I returned in February of 2015 to cover what had been missed in 2014.

two regions, I would spend the day in the PB Office or shadowing the PB Coordinator if not otherwise occupied with interviews[20].

3) I conducted snowball interviewing, beginning from the first round of meetings, seeking to substantiate the administration's claims as to the accomplishments of PB thus far and establish the opinions of other actors regarding PB. Three main groups were targeted: civil society leaders, 'ordinary' participants whose primary civil engagement was PB itself, and officials within the administration that were not directly affiliated with PB. Recruitment for the first two took place during the neighborhood meetings while contact with other members of the administration took place through the PB department. A total of 40 formal interviews were conducted during the course of the study, in addition to hundreds of briefer conversations regarding events as they unfolded.
4) I went through archives kept by the PB department and City Hall, collecting documents to substantiate claims made by interviewees as well as explore tentative explanations I may have reached in the course of the study. This most frequently took the form of combing through the records kept by the PB department in addition to checking official records of meetings and examining the final budget as passed by the City Council.

My decision to pursue this particular strategy was motivated by three main factors. First, while it may have been possible to build off of quantitative research on PB adoption to test for factors that determine the selection of either CPB or MPB, this would run the risk of overlooking some of the more complex interactions that may be involved in the decision-making process. Second, I was interested in broader contextual factors that may have

changed in recent years as a result of extended PT control of the national government and what at the time was nearly two decades of continuous economic growth. Third, I specifically chose to combine observation with interviews and archival research due to my own personal experience interacting with PB organizers while working with an NGO in Porto Alegre, in which I was able to see how PB's subjective nature made it particularly subject to political spin. By observing the way in which PB interacted with participants as well as with other areas of the local administration, I would be better able to assess how far PB went in actually incorporating the many different features of MPB.

The subjective nature of participatory budgeting's primary goals, which include improving state-society relations, empowering previously excluded citizens and transferring effective decision-making power to citizens, means that quantitative analysis is limited in its capacity to measure PB's overall performance. The partially ethnographic approach that I use also enables us to see informal ways in which the different actors within participatory budgeting interact with the broader local political context, peeling back the rhetoric frequently adopted by both participants and local officials to paint their efforts in a more favorable light.

In the following section, I explore the differences between the cases that best explain the trajectory that each has followed, breaking these down into four main categories. Civil society is examined in terms of its strength and self-organization along with the way in which it relates with the adopting administration. I contextualize mayoral support for participation by considering the congruencies between PB and the administration's other policy goals along with the human and fiscal resources put at the disposal of the PB process. Third, I look at the power dynamics that condition the mayor's

ability to carry out his agenda, both within the administration as well as with the opposition and City Council. Finally, I look at the effect of broader political and economic dynamics unique to each pair of cases as it relates to incentives and choices available only at particular junctions in time.

The remainder of this chapter has two main sections, followed by a conclusion. The following section will compare cases pairwise, discussing the four contextual factors introduced in the previous paragraph while classifying each program as either CPB or MPB. Afterwards, all six cases are discussed together to identify common relationships between the contextual factors and the type of PB adopted. Finally, the conclusion looks at the implications of the findings with a particular emphasis on the role that other levels of government could foster a climate that favors the adoption of a multi-dimensional participatory format.

New Adopters – Farroupilha and Santana do Livramento

The first pair of municipalities, Farroupilha and Santana do Livramento, show how adverse contexts influence decision choices that later lead to characteristics associated with multi-dimensional PB. As I will show in this section, PB in Farroupilha incorporated many institutional aspects that would enable it to develop as a decision-making space, while Santana do Livramento did little more than hold a yearly round of neighborhood assemblies that remained entirely disconnected from the budget-making process. Given each local context, most of the research discussed in the previous section would lead one to assume that the relationship would be reversed. First, while Livramento's mayor belonged to the PT, the party played a relatively minor role in the coalition elected in Farroupilha. Second, the umbrella association of neighborhood groups in Farroupilha had extensive

clientelist ties to the outgoing administration and attempted to obstruct PB's introduction before the program had officially been announced. By contrast, Santana do Livramento launched a community outreach strategy before formally initiating PB, and the faithful execution of popular PB policies was a part of the state party's strategy to win support for state and federal candidates in the 2014 election.

The comparative advantage that Farroupilha enjoyed over Santana do Livramento was that constant effort was necessary to win and maintain trust and engagement amongst both government members and citizen participants. In Farroupilha, coalition partners in charge of most of the local government needed to be convinced to support PB and cede space in the budget for public demands. In order to mobilize and win the trust of residents that had previously never been active in local civic life, it was paramount that the PB process be perceived as both procedurally fair and then effective by carrying out the agreed upon demands as quickly as possible. At the same time, maximizing participation levels and presenting feasible demands was essential in order to win necessary support within the administration to see that the demands are incorporated into the yearly budget and their execution prioritized the following year. The design of PB in Farroupilha reflects immediate concerns about the short-term viability of the program, but the solutions to the difficulties faced at the beginning involve multiple empowering mechanisms that are missing from Livramento.

In the 2012 election, Claiton Gonçalves of the Democratic Labor Party (PDT – Partido Democrático Trabalhista) led a left-wing coalition to a resounding defeat of the incumbent mayor, Ademir Barreta, with 58 percent of the vote. Barreta's party, the PMDB, had won the past three elections while the PDT had only won one local election, in 1992. The PT was

persuaded to join the PDT, in part, because Gonçalves promised to implement PB if elected.[21] Although the PT had been part of the PDT's coalition for the previous two elections with a candidate on the ticket for vice-mayor, they had been kicked off to accommodate 2008's third place candidate. Although the new administration formed a majority on the City Council, there was significant tension within City Hall between the three main parties in the coalition, each of whom controlled multiple government departments.

After the election took place, Gonçalves put Paulo Schneider, a former PT mayoral candidate, in charge of crafting a proposal detailing the specifics of PB as implemented in Farroupilha. With the help of Júnior Ribeiro, a PT activist with experience in the earlier PB program of neighboring Caxias do Sul, the proposal contained a mixture of different adaptations that had successfully been used elsewhere in municipalities that closer resembled their own. Soon after inauguration, their proposal was approved first by the mayor and then by the cabinet as a whole in a meeting called specifically for the purpose of debating the mechanics of PB. Every department head could ask questions and the blessing of a majority of the cabinet was necessary for the program to move forward.

Neighborhood associations in the city were organized under an umbrella group called the Union of Neighborhood Associations, or UAB (União de Associações de Barrio). After the election but before inauguration, the UAB leadership decided to take a hard line against PB to thwart the new administration's plans to implement after taking office. The UAB president gave interviews with the local media accusing Gonçalves of attempting to undermine the community movement by removing the traditional role played by

[21] Background information based on interviews with Paulo Schneider and Júnior Ribeiro on May 20, 2014

neighborhood leaders in guided municipal investments to their communities. Entrenched neighborhood groups that are dependent on clientelist relationships for their own legitimacy have everything to lose if PB was successfully put into place, and this type of conflict has been identified in other cities (Silva 2001).

The UAB's president, J.C.,[22] had served on the city council for the PMDB, and by his own estimate at the time all but one association president was affiliated either the PMDB or one of its former coalition partners. When plans for PB were first announced at the beginning of 2013, J.C. went on the radio to criticize Schneider for having excluded the UAB when first drawing up the proposal. As a result, he said, the official orientation of the UA was to discourage any participation under the banner of PB while wanting to maintain the previous, exclusive channels of dialogue between the city and the UA. He later offered a potential compromise, in which the UAB would accept PB if 40% of the overall resources to be spent through the program were divided proportionally to each neighborhood by population and then given to their association to spend however they saw fit. Cenci himself s well as a few other association presidents attended meetings, some of whom simply observed while others participated more actively and were elected as neighborhood representatives.

The initial format of PB in Farroupilha, which remained essentially unchanged in 2014, divided the urban area of the city into 12 regions, and each of the municipality's four rural districts formed its own region. Assemblies were held by neighborhood, with between two to five neighborhoods in each region. In the assemblies, which were almost always conducted by Schneider and Ribeiro without the presence of other government

[22] Information for this section based on interview with J.C., President of Farroupilha's Union of Neighborhood Associations, July 29, 2014

officials, the rules were explained and then participants could propose investment projects for the neighborhood. The conversations were informal; the opportunity to speak was not limited by time or formally structured, as was the case in Livramento. Rarely were there government officials in attendance other than Schneider and Ribeiro, so they were able to make their presentation briefly and focused only on PB-related topics.

After debate, three demands were selected along with one delegate per 10 in attendance to move onwards to the "Technical Group" (Grupo Técnico - GT). The GT was a meeting of the delegates from all of the neighborhoods who had to decide amongst themselves on a list of demands below a given value that was the same for each region. They were assisted by a city engineer, who previously performed site visits and prepared a presentation containing the viability of each neighborhood's three demands along with an estimated cost and a visual representation of the work that would be done. The 2014 limit was R$ 500,000 per region, equivalent to roughly US$ 200,000 at the time. The citywide total of R$ 5,500,000 greatly surpassed Livramento, which had only R$ 1,500,000 for the city as a whole.

Moving to the second of these "new implementers," PB was first introduced in Santana do Livramento in the middle of 2013 by Mayor Glauber Gularte Lima of the PT. Lima, a school teacher and one-term councilman, won with only 30 percent of votes in a race with no incumbent where five candidates received over ten percent. Although the PT had contested all but one mayoral race since 1985, the highest vote share the party ever received was 13 percent in 2008. The PT won only four of the 17 seats on the City Council, and the parties of the remaining representatives had all campaigned for candidates other than Lima during the election. To be able to establish a working majority during his term in

office, Lima would have to cede both political and fiscal resources to centrist parties that had a greater interest in maintaining the status quo, as many of them had also been part of the previous administration.

PB was in the formal platform of Lima's campaign, but effort towards defining the details of how it would be implemented only began after he took office and appointed a coordinator of community affairs to his cabinet. The coordinator, Josué Rodrigues, was given a broad mandate to engage with all types of civil society organizations present in the city through both existing and new institutional channels[23]. In addition to responsibility for carrying out all of the work pertaining to participatory budgeting, he served as a government representative on nearly all of the public policy councils that were in place, ranging from education and health to religious tolerance and rights of the elderly. After spending the first half of 2013 establishing contact with existing organizations, he invited all of the leaders to a session where all those in attendance could discuss and then sanction PB's Rules of Procedure (RI, *Regimento Interno*). Despite the fact that the 2013 budget had already been submitted to the City Council, assemblies were then held in September and October using the same basic structure that would be applied again in 2014.

Although some neighborhood associations were active in 2013, the citywide equivalent of the UAB, the Neighborhood and Slum Association Union of Santana do Livramento, or UNAMOS (*União das Associações dos Bairros e Vilas de Santana do Livramento*), had been essentially inactive for years. Rodrigues, who had long been active in local civil society as a leader in the movement for Afro-Brazilian religious rights and

[23] Background information provided by interviews with Josué Rodrigues and Rogério da Silva on May 23 and 24, 2016.

freedom, formed a list of candidates that became the leaders of the UNAMOS[24] with the intent to amplify the organization into a meaningful intermediary between neighborhood associations and the city. Rodrigues himself was on the UNAMOS Executive Committee as Director of New Membership, in charge of leading the associations down the path towards full legal registration. Nearly all associations had leadership that was willing to dialogue with Lima's administration, possibly because the associations had not been that active under the previous mayor.

Santana do Livramento's PB divides the urban area of the municipality into five regions, with all rural districts combined into one additional region. Each region had one assembly in which the region would vote to rank-order three demands, the first of which the city promised to execute the following year with the second and third carried out if resources were available.

The assemblies were political affairs with speeches from different government officials and members of the city council, even occasionally the mayor, summarizing the accomplishments and plans of their sector for the region or for the city as a whole. While explaining the rules to the assembly, it was emphasized that although formally there was no limit on what could be voted upon, in practice each region had roughly R$ 250,000 to spend. After a 15-minute pause in which participants could submit demands and discuss them with their peers, every demand was given three minutes for defense. The vote itself was on paper ballots distributed as people registered upon arrival, with space given for each demand to be ranked from one to three. Delegates were elected at the same time, with

[24] Leadership elections for UNAMOS and all other umbrella neighborhood associations discussed in this chapter took place in the form of a single vote between slates of candidates to fill all leadership positions.

one delegate per 20 in attendance. Within the actual rules on paper, these delegates then meet and vote on a Council, with two council members per region. The Council cannot make changes to the demands that were selected during the assembly, but they are meant to be consulted by the Mayor about additional aspects of the budget and approve the overall city list of investment projects for the following year.

In practice, the assemblies were the only part of Livramento's official rules that was actually implemented by the conclusion of this study. The only meeting of all elected delegates during the two years the program was a ceremony at the end of the first year in which they all received diplomas and took pictures with the Mayor. The high aims in the general structure laid out within the RI were nowhere backed up by plans to work up from the very beginning, and by all accounts there was no further deliberation regarding the budget. In reality, the only meeting held for delegates in 2013 or 2014 was a brief ceremony with the Mayor towards the end of 2013.

One possible opening that could have led to meaningful action by the delegates was made on the initiative of a professor in the business administration department at the newly opened satellite campus of a federal university. Weekly seminars were set up to teach delegates the basics of the government budgeting process, taught by a rotation of professors in his department, in an attempt to help representatives understand the basic workings of a local government budget. Rodrigues canvassed the delegates to try to sign people up to attend but lack of interest led Rodrigues to open it up to all local councils, and even then the majority present at the first session were low level political appointees.

While quite limited in terms of ambition, scope, resources or impact on government behavior, participatory budgeting in Santana do Livramento did not seem to have any

significant drawbacks, as expectations were never set high. The low investment amount promised by the Mayor was feasible without relying on the type of initiative shown in Farroupilha, where Paulo Schneider would closely follow the progress of PB demands as they passed through the city bureaucracy. Participants reported that the neighborhood organization and preparation for the assembly had sharply improved between the first and second year, although overall participation numbers had dropped. Community leaders had managed to put together an arrangement in which one neighborhood would trade their votes this year for support the following year, a promising sign of PB's ability to encourage cooperation towards mutual benefit. Nonetheless, these benefits spring more from the attributes of PB as a community team-building exercise than anything having to do with the budget itself. Farroupilha had not yet reached a point where demands seamlessly entered the budget, but the work of the GT improved the quality of demands and answered initial doubts that were raised as to the capabilities of average citizens to make informed decisions involving the budget.

Despite having only began a year earlier, the difference between participatory budgeting as practiced in these two cities was remarkable. While it may still have been too soon to say that Farroupilha's program had its future secured, there are no clear avenues through which Santana do Livramento could expand much further along the lines of the limited program that had been put into play. While opposition from within the administration could have blocked PB's adoption in Farroupilha, the need to win the support of other members of the coalition ended up beneficial, as Schneider and Júnior were forced to more carefully plan the program's launch and early years. The strong opposition of the existing neighborhood associations meant that the only option available

to the PB Coordinator's office was to directly appeal to citizens who had been left out of existing spaces for state-society interaction, in line with the intent of PB's architects. The existence of organizations disposed to constructively engage Lima's administration in Livramento, on the other hand, took a substantial workload off that city's PB Coordinator, and building up community groups could also be seen as completely coherent with PB's original mission. However, since there was a consensus surrounding PB adoption within the coalition, no planning took place before the administration was sworn into office. Once in control over City Hall, the day-to-day grind of governing meant that it was difficult to set aside for the program the attention and resources that would have been necessary to even carry out the rules that at least existed on paper.

Maturing Programs - Vacaria and Erechim

The next pair of municipalities, Vacaria and Erechim, began PB in 2009, one full electoral cycle before Santana do Livramento and Farroupilha. Both cities have around 100,000 residents and serve as minor commercial hubs in the *Serra Gaúcha* region, each located along a major highway at the northern border of Rio Grande do Sul with the neighboring state of Santa Catarina. The PT's mayoral candidates were each outsiders in close three-way races against incumbents and former mayors where a single political party had dominated local politics since the 1970s.

Despite the many similarities between the two cities and their elected officials, PB implementation went down significantly different paths. While PB in Erechim paid careful attention to building up the community's ability to self-organize, Vacaria's program remained centralized in the Mayor's office and dependent on the Mayor's own personal involvement in the process. While both Vacaria and Erechim completed most of PB

requests and committed similar fiscal resources, each program's structure incentivized a distinct pattern of projects and overall spending priorities. Erechim's emphasis on building up neighborhood associations meant that PB resources went towards social infrastructure such as community halls. The projects approved by Vacaria's PB fell within the lines of national development programs for which grants were available, including a new daycare center, health clinics and sanitation improvements.

Neighborhood associations along the lines of what existed in Farroupilha had never formed in either city. Although some communities in Erechim's rural districts maintained organizations around community chapels, the general phenomena of neighborhood associations had never taken root. In Vacaria, by contrast, associations were growing in the years prior to PB's introduction, a process in which the PT itself had played a role. While both administrations believed that a primary purpose of PB should be to strengthen local civil society, the structure of civil society itself and its relationship with local government influenced the way each city set PB up to fulfill this purpose.

Both Mayor Elói Poltronieri of Vacaria and Mayor Paulo Polis of Erechim promised to implement PB during their first election campaign and took concrete steps during their first term in office that demonstrated that their commitment went beyond campaign rhetoric. Each installed an Office of the Coordinator of PB inside the Mayor's Cabinet right when taking office and they were able to hold a full round of assemblies the first year. An important difference between the two was what each mayor aimed to achieve by introduction participatory budgeting in their respective cities. In Vacaria, Poltronieri had a more functional view of PB as a way to facilitate substantial improvements to the city's poor infrastructure. Having already formed the broader questions of what would become

his administration's ambitious public investment program, participatory budgeting helped Poltronieri in two important ways. Public input helped target particular interventions such as road pavement or the construction of a daycare center so that they better matched existing need, and the role of PB in project proposals was emphasized when applying for external funding. In Erechim, the creation of a vibrant and respected participatory institution in a city with little civic tradition was seen as valuable on it's own. PB was a way for the administration to show the depth of their commitment to turn local government responsive to the public, one of their main campaign pitches.

Until the PT won in 2008, local politics in Erechim since the 1970s had been marked by the dominance of the pro-regime ARENA during the military dictatorship through to its successor parties, who had lost a mayoral election only twice since 1972. The outgoing mayor at the time of the election had served four terms, beginning back in 1976, and the 2008 election featured both the incumbent vice-mayor and a former mayor from what had been the primary opposition up until that year. The election of Polis and the PT marked a significant break from the past, and an explicit rejection of experienced candidates representing both the government in power and the institutional opposition in favor of a relatively unknown candidate running for a party without any history of substantial electoral success. However, the extent to which this was a sign of support for the PT's political platform or simply a rejection of the status quo was uncertain, and the rather limited nature of political engagement in the city's recent history meant that hallmark programs like participatory budgeting would need substantial modifications if they were to succeed in a context that had significant differences from the major cities where they were initially conceived.

PB adoption was inserted into the campaign's platform only after it was approved by all parties in the coalition, and the Mayor's cabinet then voted unanimously on a concrete and detailed proposal that was put together in the time between the election and the beginning of his administration's term in office. Unlike Farroupilha, where the mayor's own support for PB was uncertain, Polis could have easily signed off on PB without first seeking input from other parties and requiring that it secure the approval of the Cabinet as a whole. However, this strategy was intended to give the other members of the coalition a sense of ownership of the administration's PB program from the very beginning, making them more likely to facilitate the faithful execution of PB projects in the future.[25] In Farroupilha, this process was necessary to get support for PB to ever get off the ground, which was not the case in Erechim. The rationale for going through this approval process nonetheless was that it would raise awareness of the importance of the program to cabinet members from other parties and establish PB as a priority of the administration as a whole rather than just those within it that belonged to the PT. The hope was that this would also convince members of other parties to see PB's success as being in their own best interest, rather than simply passing reputational benefits on to the mayor's political party.

In addition to getting broader support for PB within the administration, the process of creating and defending a proposed institutional structure forced the PB Coordinator's Office to begin working before the administration's term in office and work out exactly how participatory budgeting could work towards the goals first established in Porto Alegre while taking place in Erechim. In particular, the administration prioritized using participatory budgeting as a learning space where citizens could build the repertoire

[25] Interview with former PB Coordinator Jorge Psidonik, May 17, 2014.

necessary to productively engage with the state that was thus far underdeveloped in comparison even to cities of similar size. Initial attempts to reach out to neighborhood groups that existed on paper revealed that many had been out of operation for years, and visits to a nearby municipality of similar size and history led the government to substantially revise its plans. Initially hoping that existing organizations could take a role from the beginning and make decisions amongst themselves about PB's basic rules, the city realized that it would have to take on the responsibility of mobilizing communities into groups first, which meant that most institutional details had to be complete before the process started. The PB Coordinator's Office, which was initially planned to be small and in the background when the program began, was allocated additional resources and personnel to take on a larger role.

Like Farroupilha, Erechim's PB program had been agreed to by all members of the coalition. Between the election and swearing in, Polis designated a group led by Jorge Psidonik, a union activist with roots in the Catholic community movement, to draft up a more complete plan as to how the administration should go about implementing PB once in office[26]. They went around to different cities in the state and chose a particular format used in a city close in size and budget just across the border in the neighboring state of Santa Catarina. Once sworn in, Polis established an office within the Mayor's Cabinet that would be dedicated exclusively to PB. While the planning stage may have in some ways resembled Farroupilha, the fact that the mayor himself was a member of the PT had important implications that placed PB in a much stronger position within the administration. PB had

[26] Background information based on interviews with PB Coordinator Teresa Maglieski (April 28, 2014), Secretary of Planning Anacleto Zanella (April 29, 2014) and former PB Coordinator Jorge Psidonik (May 17, 2014).

played a role during the 2008 campaign as a key component of Polis's plans to renovate local political life, establishing a public commitment to carry out PB that was largely missing in Farroupilha. Additionally, the need to focus efforts on winning over other members of the administration was substantially reduced given the commitment of the Mayor and a majority of his cabinet.

The basic structure of participatory budgeting that was used during Polis' first term treated the neighborhood as the principal unit of participation, similar to how Farroupilha was organized. The city was divided into 17 regions, and 82 *núcleos,* units that could consist of one or more neighborhood. The assemblies were held at the regional level, but following speeches from the Mayor and the PB Coordinator each *núcleo* split off and deliberated amongst themselves until they arrived upon a demand and a set of delegate, awarded proportionally based on the number of residents that were in attendance. The administration set a fixed amount each year exclusively for PB projects, which was divided evenly amongst the regions. After all assemblies were concluded, the delegates of each region met in a Delegates' Forum and determined the amount each *núcleo* would receive to carry out the project selected during the assembly.

The set of rules that the Polis administration ultimately chose when implementing participatory budgeting in 2009 paid particular attention to stimulate broad participation across all neighborhoods, strengthen existing community organizations as well as foster the creation of new groups where none were active. In early years, demands were targeted towards social infrastructure for these groups, such as community halls for social events and gymnasiums that could host afterschool programs. These were administered by associations that were typically either newly formed or reactivated after remaining

dormant for many years. By the end of Polis' first term, nearly all area of the city had formed some type of collective organization and were equipped with at least one communal facility, and a series of changes were made to scale demands upwards towards meeting larger needs, such as schools, health clinics, and road infrastructure projects. Across his second term, the fixed amount divided up by region gradually shifted from small demands selected by the neighborhoods towards larger ones chosen by a vote of the region as a whole.

Vacaria's general political regime in place from the end of the dictatorship up to when PB was first introduced in 2009 broadly resembled the three other cases that have just been presented. Erechim, the PT was elected into power after decades under one dominant party, defeating two experienced candidates with a relative outside as their mayoral candidate. Eloi Poltronieri, an agronomical engineer who had never previously run for elected office, won the 2008 election by under 1,000 votes, and was only the third mayor elected since 1972 for a party other than the PMDB or its predecessor, the MDB.

Two significant differences, however, meant that mayor Poltronieri had a wider set of opportunities than the other three mayors discussed so far. The two factors in Vacaria's background that differ from the other cases and guided the administration to adopt C PB are both related to the larger role that the PT had played in recent local political history. Vacaria's PT had been on the City Council since 1992, and the party even had participated in the coalition of the outgoing administration that had been in office from 2005 to 2008.[27] The first PT city council member, Romeo Biazus had been trying to foster the development of community groups since he first took office, although for over ten years he had only the

[27] Background information based on interviews with Elói Poltronieri (April 16, 2014) and Iolanda da Silva Silveira (May 19, 2014).

discretional funding and small staff allotted to every councilperson. His efforts were substantially amplified after he was elected vice-mayor in 2004, splitting the ticket with Aquiles Susin of the PMDB, with a policy agenda that marked a substantive shift to the left for the city's dominant party. As Mayor, Aquiles Susin gave Biazus human, political and economic resources to expand his community organizing efforts, which eventually became a project focused on creating a city-wide umbrella group to bring together the city's disperse community organizations and collectively negotiate with the local government.

Biazus, along with the PT members who participated in the campaign and administration, strongly pushed for the introduction of participatory budgeting to complement and strengthen his efforts, As a compromise, Susin agreed to hold occasional meetings outside business hours and in the neighborhoods themselves with a rotating list of existing neighborhood associations. All from the community could attend and present issues and needs that were going unaddressed by City Hall, which could include the presentation of proposals that would help resolve these issues, although any further action that would be taken was entirely at the Mayor's discretion. During this time Susin and Biazus also presented a general accounting of their administration's accomplishments and goals, explain the city's budgetary situation and respond to any question that those in attendance may have related to local government issues. This program, called "*Prefeito nos Bairros* [Mayor in the Neighborhoods]", would even have met the five basic PB criteria if the meeting cycle took place according to a fixed schedule that was somehow linked to the government's own internal schedule for preparation of the budget. While participation beat expectations the first year and increased and increased the following year, conflicts within the governing coalition grew and came to overpower Susin's agenda and monopolize his

attention. While the citywide umbrella group would become a reality by the end of the term, the Mayor's neighborhood meetings gradually became less frequent and eventually came to a stop by his final year, around when the PT withdrew its support in order to prepare for the 2008 election.

When elected to office, Poltroneri had access to resources that one could easily assume would have facilitated a deeper, multidimensional model of participatory budgeting. Three of these resources would prove to be particularly salient in steering Poltronieri towards CPB. First, civil society was already well into a process of development in which the PT had played a decisive role. This meant that not only was local civil society capable of taking on responsibilities for mobilizing participants from the beginning, but also that they would be particularly inclined to help a PT administration given the strong relationship between certain party members and community leadership. Second, residents had already gained experience in presenting projects and making claims on public resources through Susin's "*Prefeito nos Bairros."* As the PT had been largely responsible for administering the program, party activists and political appointees that were returning to City Hall with Poltronieri would have some familiarity with community interaction, and those that had helped directly on the project would already be familiar with community needs. Third, nearly four years in government gave party elites concrete administrative experience, and the Susin administration had important lessons learned from how his reformist agenda was thwarted by intense resistance even from within his own party. In addition to these contextual factors, the mayor himself campaigned heavily on the issue of addressing deficiencies in local urban infrastructure.

The structure of Vacaria's participatory budgeting program, first introduced in in

2009 and fully in place for 2010, remained largely unchanged through to my site visits in 2014. The city was grouped into ten regions (later 11), and one assembly is held in each region. Detailed accounts are given as to the status of demands from previous years, with photos as documentary evidence and frequently the Mayor himself providing the accountability report.

On paper, participants may submit demands and have the opportunity to speak for up to three minutes defending their proposal, although I did not personally see this take place in any of the three assemblies I attended. Each person in attendance then votes for a delegate and rank orders three demands, with the first demand counting as three points, the second as two points and the third as one point. Delegates are assigned proportionally according to the total number in attendance, and any community organization (neighborhood, PTA, social club, etc.) with at least ten members in attendance has the right to select a delegate to represent that group in addition to the delegates elected by the assembly. Just like Livramento, the demand which receives the most votes is meant to be obligatory for the city to execute the following year, with the second and third ranked demands remaining contingent on available funding. The round of assemblies typically takes place in March and April, and the delegates are only called to meet if City Hall needs further clarification about the details of a demand or if substantial changes must be made in order for a demand to feasibly be executed.

The similarities between Livramento and Vacaria end when looking at budgetary planning and execution. Although the demands are never assembled in one document to be appended to the annual budget, the Mayor gives them priority and grants are actively sought out so that PB demands can be met. I was able to largely substantiate the

administration's claim to have completed at least one of the top three demands every year for almost every region. Although exact total amounts were missing from many of Vacaria's records, when considering the types of projects that were executed it is likely that the total amount matched if not surpassed Erechim, once all grants are taken into consideration. Given that the city government only has to pay around 10 to 20 percent of the overall cost of the project under federal initiatives such as the PAC, this essentially acts as a multiplier on the PB investment resources that are available in the budget.

Although the way in which many projects were funded makes it difficult to parse out the total amount spent as a direct result of PB, annual reports shown at each assembly contain a history of previous demands and their status, with pictures typically accompanying the presentation as evidence. At least one of the three demands is carried out for each region for most of the years on record. In interviews both the mayor and the PB coordinator estimated that the average demand cost around R$ 500,000, meaning that the yearly total would be R$ 5.5 million, almost the same as Erechim and Farroupilha, the two MPB cases discussed thus far. What sets Vacaria apart, however, is that the only thing underpinning the demands is the continued engagement of the mayor, and there is little sign of any evolution towards independence or the institutionalized recognition and processing of demands. The next pair of cases allows us to see exactly what the implications are of a change in power on a CPB program along the lines of Vacaria.

From the perspective of institutional design, the difference between Erechim and Vacaria is as sharp as the difference between Farroupilha and Santana do Livramento. The personnel in charge of Erechim's PB program creating a program reflecting their understand of participation as something which involves far more than venues for public

deliberation. Given the city's dearth of associational traditions and groups, they invested in building a social fabric from the bottom up, leveraging existing organizations when possible. Vacaria's PT could claim a good portion of the credit for putting together a citywide framework under which neighborhood associations could grow. However, as that process was reaching completion by the time the party took control over City Hall, PB's vocation to further democratize civil society (via establishing horizontal relationship between groups, training new leadership, etc.) instead had a very close relationship with the UMAVA, from which both PB and the UMAVA gained their legitimacy. PB ended up functioning in many ways to consolidate a hierarchical series of relationships between community leaders and the administration, as they were the source of the demands that were put up to a vote in the assemblies.

Transition Programs - São Leopoldo and Cruz Alta

Our final pair of municipalities includes an additional layer of complexity, with changes in the mayor and ruling parties since PB was adopted. In both Cruz Alta and São Leopoldo, opposition candidates defeated the PT after eight years in power. While I will cover the history of PB in the two cities, the primary focus is the set of decisions made by the incoming administrations that inherited PB programs in which they chose to maintain to some extent. Although the set of options available to each mayor constrained by the design by the program that was already in place, much of the framework that has been used for newly adopting cities can also help us understand the fate of participation under a different administration. Because these cases involve two separate phases, I will first describe and discuss PB under the PT for both and then move towards addressing PB under the new leadership.

In the local political context, both Juliano da Silva of the PMDB in Cruz Alta and Aníbal Moacir da Silva of the PSDB in São Leopoldo (hereafter referred to as Juliano and Dr. Moacir[28]) were the standard-bearers of opposition to the PT that overcame past rivalries and coalesced around a single candidate in the 2012 election. Both mayors could be placed on the center-right of the ideological spectrum and ran campaigns that turned the 2012 election into a referendum on PT rule. Both municipalities had substantial fiscal issues that barred them from receiving discretionary transfers from the federal government until measures were taken to reduce municipal debt. There were, therefore, partisan, pragmatic and ideological justifications for simply terminating PB when they took office. PB was highly visible under both PT administrations and was, and one would expect that two right-of-center mayors would first focus on cutting expenditures instead of taking on new commitments. In the end, Dr. Moacir and Juliano were able to convert PB into something that worked in their own interest. Juliano da Silva put neighborhood association leaders in charge of PB who aimed to restore pre-PB relationships between City Hall and the groups that they represented. Moacir da Silva in São Leopoldo saw PB as a possible way to expand his party's small voter base while burnishing his credentials as a pragmatic moderate.

Neither of these two mayors had expressed a strong position with regards to PB during the 2012 campaign, and the decisions that were ultimately made came gradually. The path chosen in each city was almost entirely determined by discussions amongst members of the new administration, as participants from previous years exerted little to no pressure on the new mayors to maintain PB. Both took control of cities in receivership to

[28] Here I am using the name by which each mayor refers to himself in campaigns or general public outreach in their role as politicians, the fact that an honorific exists for one is purely incidental.

the federal government, unable to receive discretionary grants and transfers until progress was made towards paying down municipal debt. Each led a center-right coalition that campaigned on platforms of austerity to resolve the debt situation, meaning that funding was very tight. Expectations surrounding PB had been sufficiently deflated by the financial issues of the preceding years and there seemed to have been no meaningful pressure placed on either mayor to maintain PB following the election. The substantial differences that took place between the two cities came from two main sources: the institutional legacy of the PB program adopted by the previous administration and the new government's nature of political support.

Cruz Alta is in the north central region of Rio Grande do Sul, roughly in the middle between Santana do Livramento and the Serra where Farroupilha, Erechim and Vacaria are located.[29] Four years prior to the PT's victories in Erechim and Vacaria, Vilson Roberto Bastos dos Santos was the party's first mayor of a mid-sized city in the state outside of the Porto Alegre metropolitan area. The local political climate was similar to the previous two cities, with one dominant party (in this case the PMDB) in power for most of the previous two decades. Civil society, particularly neighborhood groups, had been active since the 1980s, and a Neighborhood Association Union (UAMCA) had been in place dating back to 1988. After comfortably winning reelection in 2008, the PT's coalition fell apart and the dissenting group backed the PSB in 2012. While the left-wing vote was split, the PMDB and PP put aside past grudges and formed a successful campaign with Juliano da Silva of the PMDB for mayor and a PP candidate for vice-mayor.

[29] Background in this section on Cruz Alta based on interviews with PB Coordinator Jesmar Peixoto (March 26, 2014), former PB Coordinator Célio Piovesan (May 28, 2014), Mayor Juliano da Silva (May 28, 2014) and President of the PB Council Gilberto Miranda (May 29, 2014).

The original format of PB in Cruz Alta revolved around a yearly cycle that included regional assemblies open to the public, forums of delegates at the regional level and meetings of the PB Council bringing together two representatives from all 13 regions in the city. The public assemblies voted for delegates and selected the policy area within which the region's demands would fall, but it was up to the delegates to sort out the details at a later date. Demands were submitted at the meeting and then analyzed by relevant sectors of the administration to check for each project's viability. The delegates would then meet and select two members for the PB Council and two demands that fell under the priority area were voted upon at the assembly. The Council then held meetings with members of the administration to arrive upon a final investment plan. While this process was taking place, the PB Coordination Office would put together seminars for the councilors and delegates with different topics related to the municipal budgeting process.

While participatory budgeting as practiced in Cruz Alta may have been engaging, it fell short in terms of providing for empowerment through involvement in the actual decision-making process surrounding the budget. Out of all six cities, Cruz Alta under Mayor Santos was the only instance where the participatory cycle made claims on the budget during the following year, meaning there is at least a two year gap between the proposal of demands in the assemblies and their execution. Every other program was designed to influence the budget passed the same year, covering the following year's spending. The justification for this arrangement was that it gave city officials a full year to procure additional funding sources such as grants that could be applied towards the demands. In practice, this meant that participation remained external to the preparation of the budget rather than embedded. The gap between public debate and action made

accountability more difficult, further exacerbated by a lack of objective criteria through which resources were distributed across the regions. Heavy reliance on external funding added an additional layer of uncertainty, given that City Hall only pursued grants after first committing to the demands that needed funding.

By the last half of Santos' second term, PB was no longer accepting new demands, and efforts instead were focused on creating a fair waiting list system that prioritized which past demands would be addressed first when funding became available. PB was suspended during 2011, and the loss of public confidence in the administration manifested itself in nearly empty meeting halls when 2012's cycle of meetings took place.[30] For the year of 2012, the Cruz Alta municipal government reported no investment spending whatsoever, following the suspension of the city's eligibility for discretionary transfers or grants after falling in arrears with the federal government.

PB was introduced in São Leopoldo soon after the PT took office in 2005, carrying out the most faithful replica of Porto Alegre out of the six that are covered in this chapter. Coming to office in the same year that the PT lost control of Porto Alegre for the first time since 1988, the PT government in São Leopoldo benefitted from the involvement of participatory policy experts and practitioners that had prior experience with the program. The yearly cycle of popular debates in the assemblies, delegate forums and the PB Council aimed to submit all local investment expenditures for public approval, not strictly the proposals that originated in the public assemblies. A separate government department was created exclusively to house PB, and a team of facilitators and community organizers was

[30] An alternative, primarily argued by individuals linked to the PT, is that low attendance was due to the weak electoral prospects for Santos's successor, the only candidate who could credibly claim that PB was continue into the following term.

hired to stimulate in all eight regions of the city. Increased citizen control over government resources was combined with a substantial and rapid increase in the total amount spent on basic infrastructure, fueled primarily by transfers from the federal government. Receipts from capital transfers earmarked for specific projects were budgeted at R$ 156 million for 2010 alone, compared to R$ 2.2 million in Cruz Alta, R$ 3.6 million in Erechim and R$ 8.5 million in Vacaria that same year.[31] However, while those three other cities collected at least 90% of the total projected in their budget, that year São Leopoldo received R$ 36 million, or one-fourth what they had estimated in that year's budget. Because those funds were all earmarked, this shortfall affected projects that had passed the planning stage and been approved by the federal government.

The inability to finance ongoing projects paralyzed São Leopoldo's PB, and participants in the last three years of Vanazzi's administration were told to focus on prioritizing demands that were left over from previous years instead of proposing new projects.[32] The end result was general disillusionment and disengagement, much like Cruz Alta. However, while Cruz Alta's PB had unraveled into a series of negotiations between the PB Council and City Hall, São Leopoldo never broke with the procedures established in earlier years. When leaving office at the end of 2012, the outgoing administration even prepared a professional report for their successors that explained in detail how the process was conducted and listed all demands from previous years that had not yet been completed, including summaries of any progress that had been made.

[31] Public spending figures from the Tribunal de Contas do Estado de Rio Grande do Sul.
[32] Background from interviews with Guilherme Maciel (May 9, 2014), Gilberto de Camargo (May 18, 2014), Antonio Carlos do Amaral (November 25, 2014).

As it pertains to our study of the trajectory of PB under new leadership, suffice to say that by the 2012 election the local PB had few supporters in either city and was discredited in the eyes of many, if not most, residents. This created a context similar to that faced by the other four PB implementing administrations – public demand for PB did not play a significant role in shaping the decisions ultimately made by the administration. Given that either mayor could have eliminated the program without suffering any consequences from voters or political allies, they also had few constraints on how they could modify the program to better fit their interests.

After the defeat of each mayor's designated successor in the 2012 election, the incoming administrations each saw an opportunity in maintaining PB in some form. In Cruz Alta, the PT's loss returned City Hall to the familiar hands of the PMDB, and the party's allies in the neighborhood association movement pushed largely for a restoration of the role of association leadership as intermediaries between the government and community residents. Dr. Moa and the PSDB in São Leopoldo, on the other hand, believed that putting a more technocratic touch on the city's once-popular but discredited program would build up an image of the administration as competent and ideologically pragmatic.

Existing civic associations were comparatively strong in Cruz Alta, and only Farroupilha had a stronger centralized organization that pooled together the efforts of neighborhood groups. The Cruz Alta Union of Neighborhood Associations, or UAMCA (União de Associações de Moradores de Cruz Alta) was established in 1988. One of the main goals from the very beginning was to pressure on City Hall so invest in small-scale neighborhood improvement projects. Participating organizations would put together a list of requests from association presidents with one or two projects from each neighborhood

and meet with the mayor annually to convince him to incorporate as many items as possible in the budget for the following year. When PB was first introduced, the administration encouraged community leaders to participate, but their status in existing associations granted them no additional authority within PB itself. The standing of leaders within their own communities was diminished, as they no longer served as the primary link between city residents and local government officials. PB also fostered the rise of leaders whose civic engagement first began as a representative for their region in the Forum of Delegates or on the PB Council.

Although the political allegiances of association presidents in Cruz Alta were spread across multiple parties, the PMDB had a solid base of support within the community movement. Among the party's supporters was Jesmar Peixoto, one of the founding members of the UAMCA who had been president of the organization for the PT's first term in office. While a vocal critic of certain aspects of the way PB was managed, he nonetheless was an active participant, serving on the PB Council. He proposed two major reforms that aligned with the administration's broader political strategy – restrict demands to projects that could be completed the following year using exclusively own-source revenue, and grant association leaders and UAMCA a formal and central role at all stages of the annual cycle. UAMCA held elections for its Executive Council at the beginning of 2013, and a list of candidates affiliated with the PMDB defeated incumbents who were sympathetic to the PT. The new UAMCA President, Volmar Camargo, was promptly hired to work for the PB Office, and he was given the necessary infrastructure to run UMACA directly from City Hall.

PB took place in 2013 with the same basic structure as in previous years, albeit with heavy restrictions on what could be presented as a demand. Participants still voted on

delegates and the policy area for the demands, although it was made clear that only road pavement was feasible given the city's fiscal situation. Each association president was designated a "born delegate" (delegado nato), and in many regions they outnumbered the delegates elected at the assembly itself. Each Forum of Delegates could select a small number of blocks to be paved by the end of the following year. The PB Council's role was limited to planning for the following year, and the composition of the Council was almost exclusively association presidents.

The repeated promises of a 100% completion rate by the end of the following year loomed heavily over PB in 2014, and it became increasingly clear that this goal would not be met when the delegates and the PB Council met in the second half of the year. The assemblies had higher participation than the previous year, but as those were taking place Peixoto and Camargo were shut out of important government meetings and were unable to get a meeting with the Mayor to find out the reason behind the delays.

Further, in a reform of the city's administrative structure carried out in 2013, PB was moved from the Mayor's Cabinet to a department responsible for political coordination within the administration, a move similar to what Romão (2014) found to be indicative of a new government strategy under which PB plays a less important role than before. Unfortunately, in this case the PB office was moved from near the main plaza to a partially abandoned railway station on the edge of downtown that had neither telephone nor Internet access.

After the delegates met, decided upon a list of blocks to be paved and elected the PB Council, Mayor Juliano finally agreed to meet with past and present council members to clarify the status of the previous year's demands and what would be in store for the

following year. The day the meeting was scheduled, the Mayor announced he would be unable to make it, and the vice-mayor would attend in his place. Despite attempts to stick to a meeting agenda that was focused on plans for the following year, the meeting degenerated into a shouting match between members of the council and the vice-mayor, who was personally unaware of any details that could clarify why last year's demands were delayed nor whether or not they would ever be concluded. Although PB was not formally cancelled, it became clear that the administration was dropping the pretense that it would carry out the projects indicated by participants.

São Leopoldo's new mayor, Dr. Moacir, won as an outsider against the PT "establishment", whose Brazilian Social Democrat Party (PSDB) has been the PT's primary rival on the national stage since Fernando Henrique Cardoso defeated Lula in the first round of the 1994 presidential election. Within Rio Grande do Sul, the PT were outspoken opponents of the PSDB's Yeda Crusius, state governor from 2007-2010, who focused on reducing the state deficit and was defeat in 2010 by the PT's Tarso Genro. Despite its prominent role on the state and national level, the party had minimal presence in the Porto Alegre metropolitan area, electing only one mayor between 1988 and 2012 out of over a dozen municipalities. While Cruz Alta's 2012 election brought about the return of a historically dominant party with roots in local civil society, the PSDB's was more of a vote for change and a rejection of the status quo. After winning only 22% of the vote as the only opposition candidate in 2008, Dr. Moacir won with an absolute majority in a three-person race in 2012. Aware that at least part of his support was a rejection of the PT rather than an approval of him or his platform, Moacir da Silva wanted to expand his voting base before the 2018 in which a viable centrist candidate could easily become a contender. Just two

years earlier, the PT's candidate for President and Governor won the city in the first round with 52% and 63%, respectively, while the PSDB's candidates for the two positions received only 32% for president and 13% for governor. A government based on austerity alone without any appeal to social issues would likely alienate the set of voters that may have voted for the PT at other levels or for the PT in previous local elections but supported him in 2012.

An important piece in determining PB's ultimate fate in São Leopoldo was that the program existed as an independent government department, already funded in the 2013 budget passed when the PT was still in office. To run the department, Dr. Moacir selected Gilberto de Camargo, a PSDB candidate for City Council who also had participated in PB for most of the time it was active. The 2013 PB round was cancelled under the pretense that his administration first wanted to address the existing backlog of demands from previous years, some of which dated back to 2007. During this time, the mayor tasked the department with combing through archives of left over demands and identifying ones that would require the least amount of effort and resources to carry out, a task which was helped by the previous administration's reports handed over as a part of the transition. Throughout the year the Mayor presided over various inaugurations while repeating a general commitment to resuming the program the following year. Camargo and his main assistant, Executive Director Guilherme Maciel, reviewed different PB programs around the country that had a modernizing touch that would both mark an improvement from existing practices while also fitting more coherently within the current administration's program of government. As the year came to an end and the future of the department faced potential

extinction under the follow year's budget, Camargo and Maciel pitched a new format to the mayor that ultimately won his approval.

The new institutional structure had elements of technocratic flair but preserved much of the original framework put into place by the previous mayor, including the layers of representation and the timing and sequencing of meetings across the different phases of the annual cycle. Significant changes included setting a fixed budget amount at the beginning of the cycle, using the popular vote at the assemblies to distribute funding between spending categories and the use of online voting to make the final decision on the list of demands approved for each region. The distribution of funds according to the assemblies would help in planning for the budget, because at that point each government department would know exactly how much they would need to spend on PB even before the demands themselves were chosen. The online vote would allow citizens to vote on as many projects as they wanted until they reached the region's limit for each policy area, serving a didactic purpose to teach residents about the true cost of public works projects. Setting an overall total at the start of the year would help avoid the situation of the PB council approved an investment plan that would greater than the city's investment capacity.

In sharp contrast to Cruz Alta, São Leopoldo's PB department was given substantial institutional support for the 2014 PB re-launch. They had a full-time staff of at least one coordinator per region plus interns and free use of city vehicles whenever necessary. The mayor himself frequently opened the regional assemblies and spoke candidly about slowly coming around to see PB as worth his administration's time and effort. The department was moved from an annex of the Public Works depot to the main administrative building and residents were encouraged to visit and use the department as a point of contact for

neighborhood issues, even if they fell outside the scope of PB itself. Having had time to prepare while the program was suspended, the PB team was reasonably well equipped to carry out the assemblies, despite the fact that few of them had prior experience in community mobilization. To remove any doubts that online voting would bias participation towards wealthier residents with Internet access at home or work, mobile voting stations were set up around the city across two weeks.

By placing the final decision on the demands shifting from the PB Council to the greater public, there was a possibility that this body would lose relevance and no longer function as a meaningful space of dialogue between City Hall and neighborhood leaders. However, since a substantial part of the new administration's political interest was in fostering the growth of new community leadership, every effort was made to make the Councilors feel valued and give them de facto control over the projects that would be approved for their regions. After the Council was elected, weekly meetings took place for the two months period leading up to the citywide vote in which each department head, one by one, would come and talk to the Council about their decisions about the viability of proposed demands and answer more general questions about their plans while in office. Quite frequently, the time would be used by the councilors to raise issues not necessarily related to the PB demands up for review, and the government official would set meetings and make promises to look into broader community needs that did not fit within PB's scope. The Council was also given full control over the configuration of how the demands would be offered on the ballot. This was strategically important because any set of projects within a policy area could be bundled together to equal the exact amount available for the region.

Vaguely written demands could be interpreted a number of ways, and the PB department deferred to the regional councilors whenever clarifications were necessary.

Only one councilor in 2014 had served before on the PB Council, and active participants in past years appeared to have withdrawn entirely rather than attempt to work with the new mayor, unlike what took place in Cruz Alta. There was also no alternative channel through which residents could dialogue with the local government, and the PSDB had no regular point of contact with the relatively poorer communities that traditionally participate in PB. While communities were in need of interlocutors willing to dialogue with the new administration, council members were given exceptional access to the Mayor's Cabinet. These potential neighborhood leaders would owe their legitimacy to Dr. Moacir's administration rather than the earlier community building efforts of the PT.

Regardless of the agenda behind the decision to maintain PB, many of the non-material benefits of participation seemed apparent as the new format was implemented in 2014. A channel of dialogue was maintained between City Hall and communities that otherwise would not have existed. New community leadership was encouraged to grow within an environment where they could debate amongst themselves and with members of the government about matters relevant to their community. The meetings of the PB Council were marked both by moments of tension between groups and moments of cooperation following discursive appeals between citizens. Government officials in charge of the departments that are most relevant to the average resident had to process citizen demands and then justify their decisions to members of the community whose legitimacy as representatives was recognized both by the local government and by the region of their origin.

Broadly speaking, both São Leopoldo and Cruz Alta maintained the same overall structure for PB, as either CPB (Cruz Alta) or MPB (São Leopoldo), despite the change in government. While no political pressure existed that obliged them to do so, the institutional framework left behind presented both new mayors with possible benefits that required minimal effort to maintain. In each city, the fact that members of the opposition had chosen to participate in PB while the PT was in power was important in setting the groundwork for this transition to take place, as both Dr. Moacir and Juliano could personally confide in PB Coordinators who also had legitimacy amongst participants.

However, the decision to maintain PB was also a reflection of how the opportunities provided by the previous administration's program fit within the new government's agenda. The PMDB's desire to reward old allies in the community movement in Cruz Alta would have had little use for a program that involved a more extensive commitment to a pro-participatory, reform agenda and a more superficial structure that relied upon relationships with community leaders would have held little appeal to the more technocratic PSDB in São Leopoldo. Without a match between the new ruling party's priorities and the possibilities represented by the PB program that had been in place, it is unlikely in either city that participatory budgeting would have continued under new leadership.

Discussion

At first glance, there would appear to be little in common between Farroupilha, Erechim and São Leopoldo. Led by mayors from three distinct political parties, local civic practices ranged from clientelism in Farroupilha to church-based, apolitical communities in Erechim. However, in all three cities the adoption of a more complex and institutionalized

PB format was the only way the administration would be able to meet its own goals with regards to public participation. Without the blessing and support of a PT mayor, PB in Farroupilha and São Leopoldo needed to convince both participants and other government officials of the legitimacy of PB as a worthwhile change to existing decision-making practices. Without a reliable, existing civil society partner, the program's structure needs to encourage to form new groups whose access to public goods is not contingent on clientelist ties to politicians.

Comparatively speaking, more commonalities exist between Santana do Livramento, Vacaria and Cruz Alta. The mayor who first implemented PB was a PT member in all three cases, civil society groups were easily co-opted and internal support for PB support was never seriously questioned. Significant differences do begin to appear when looking at where PB fit amongst the policy goals of each mayor and the strategy chosen so that PB could help achieve those goals. Santana do Livramento and Cruz Alta under the PMDB both used PB as a tool to strengthen ties to neighborhood associations. The continued existence of PB itself was less important than signaling a commitment to listen to community leaders more than had been the case under previous mayors. Vacaria, and Cruz Alta under the PT to a lesser extent, were most concerned with public investment projects, and they used PB in such a way that it enhanced the legitimacy of decisions made towards predetermined policy goals that were dependent on external funding sources. While this led to a reasonably impressive list of projects carried out in Vacaria, the mayor would have likely invested the same amount even in the absence of PB, and, therefore, it would be inaccurate to say that participation itself influenced the government's behavior.

The six cases presented in this chapter show that decisions as to how a participatory program should function are the product of a strategic logic that is distinct from that which guides the decision as to whether or not a participatory program should be adopted. When influential political actors who are neutral or lukewarm towards the idea of opening up spaces for the public that implies some surrender of their own authority, policymakers who themselves are invested in seeing PB succeed have an incentive to carefully consider the appeal of their proposed program and make its appeal transcend partisan and ideological boundaries. A recalcitrant old guard of community leaders that reject any efforts to reform clientelist practices makes a clean break of these ties necessary for PB to be put into action, but it may be expedient to overlook the shortcomings of community leadership if their support is easy to obtain. Self-interest can overcome ideological and partisan barriers, leading to the continuation of a participatory process linked to the budget with the potential to create new community leadership.

CHAPTER 6 - CONCLUSION

For decades, advocates of participatory democracy have argued that a solution to the increasing disillusionment with representative democracy found among citizens of emerging and established democracies alike lies in extending public engagement deep into the heart of the government decision-making processes. The creation of these new spaces for public participation is susceptible to elite capture and participation bias, meaning that the decisions reached within these institutions will not be representative of societal preferences as a whole. The Participatory Budgeting strategy offers a solution to this dilemma by engaging a wider set of citizens through its explicit focus on marginalized segments of society and the provision of basic goods and services the are particularly lacking among these same sectors of society.

As a timely policy innovation that offered a potential solution to multiple, overlapping problems of participation, public goods provision, and improved governance, Participatory Budgeting moved quickly from a strategy deployed in a small group of Brazilian cities to one now found on the global stage, winning recognition from the World Bank, the United Nations, and the international academic community as an innovative and effective program in the fight against poverty, as well as in efforts to strengthen democracy. As PB gained more and more devotees abroad, it continued a domestic expansion that was nearly as dramatic. In the span of a decade, it went from a small number of state capitals in the south and southeast of Brazil to becoming common in medium- and large cities across the country. Globally, it was recognized as a 'best practice' by UN-HABITAT and became a common component of World Bank aid packages across the globe. However, a byproduct of the program's wide diffusion is that, as a label, 'Participatory Budgeting' became diluted,

and in the process less useful as an analytical category of development strategy. The appeal of the program was strong enough that its name became a costless signaling tool through which mediocre local government leadership could attempt to establish some degree of legitimacy. Given this variation in usage, the label cannot reliably serve as an indicator of much significance with regards to what takes places under the inclusive banner of PB.

From a methodological perspective, one contribution of this research concerns the need for clear concept formation and theoretically informed measurement strategies in the study of policies, programs or initiatives that have certain theoretical expectations attached to them. In the case of the proliferation of PB-style programs over the past twenty years, one stumbling block to a full assessment of the theory behind the approach has been that not all PB programs are created equally. Creating a more nuanced measure of this approach that allows for distinctions to be made between, for example, a bare-bones PB program and one that grants a viable place at the policymaking table for citizens allows for the identification of the specific institutional features that facilitate the translation of public participation into meaningful changes in the political decision-making process. To explain PB's success in shifting public policy towards increased spending on the urban poor, this dissertation has highlighted the importance of internal rules aimed at ensuring fair and effective participation as well as administrative reforms linking public debate to existing budgetary decision-making procedures within the executive branch. Comparisons with participatory reforms that feature a narrower focus on the communicative dimension of participation demonstrate that public debate alone is insufficient to independently change government spending decisions, a finding with implications for the broader family of institutions inspired by participatory democratic theory.

My findings show that participatory budgeting, when implemented along with internal administrative reforms and using a rules structure that supports the inclusion of new groups, can lead to increases in resources dedicated to public investments by local governments, measured both as shares of the budget and as total levels of spending. This increased spending is particularly focused on housing and urban infrastructure, a reflection of PB's use of residential neighborhoods as the basis upon which participation is organized. The effect of a PB program at first grows with each additional year the program is in place until it stabilizes roughly ten years following adoption. This trend suggests that PB succeeds in bringing spending closer in line to the preferences of previously marginalized groups in politics, as a new equilibrium factoring in citizen input is reached after an initial adjustment period.

Importantly, these additional fiscal resources are translated into increases in the provision of basic public goods related to urban infrastructure in the municipalities that adopt certain types of participatory budgeting. This shows that PB can succeed in its stated aim to "invert priorities" in public investment, which traditionally have steered cities into providing well-developed infrastructure for the wealthy while investing relatively little in the urban periphery. This shift in the focus of local infrastructure spending, extending access to fundamentals such as clean water and sewage treatment, can be seen as part of the extension of citizenship to communities that had thus far failed to materially benefit from the country's economic development.

Summary

This dissertation began by examining the increasing disconnect between participatory budgeting as it was initially designed as a complementary set of reforms and what actually takes place on the ground. As the policy has spread worldwide, there has been a tendency to reduce it to a series of public assemblies where citizens can voice their opinion about how the local budget should be spent, ignoring equally important innovations that ensured that PB would shift spending towards traditionally marginalized communities, a central part of the program's appeal to the international academic and development aid communities. Thus far, quantitative research on participatory budgeting has identified cases using a set of criteria that reflect this general tendency that treats open pubic assemblies to discuss the budget as PB's only essential characteristic. As a result, a significant range of institutional practices are treated the same in terms of their ability to modify government behavior. I have argued, and offered evidence for, the need to incorporate additional characteristics present in early PB experiences into our current-day assessments of the strategy's fiscal and development impact. These characteristics include the concurrent introduction of administrative reforms and the proactive mobilization of previously unengaged citizens.

In order to push research in this direction, I introduced five additional criteria with which PB cases can be objectively and more accurately categorized. This led to the creation of two categories of PB: consultative participatory budgeting (CPB) that met only the original criteria put forth by Sintomer et al. (2014), and multidimensional participatory budgeting (MPB) that more closely approximates the original design of the PB approach. These criteria were then applied to an existing data set, covering the 560 Brazilian

municipalities with a population greater than 50,000, using public records, academic research and news media to cover the entire period from PB's debut in 1989 through to 2014. The results indicated that the share of 'PB' programs qualifying only as CPB has been increasing over time, while the number of multidimensional PB programs is on the decline.

Chapter 3 explored the effects of PB on local government expenditure patterns, both on the current versus capital dimension as well as across different areas of public policy. While similar studies exist, I was able to introduce my own measure of PB and establish whether or not the additional criteria I employ have an impact on PB's ability to bring about change in government behavior. The results confirmed my hypothesis that PB's effect on the budget was confined to cases of MPB. This effect was present for capital expenditures and spending on policies in the areas of infrastructure and housing. Contrary to expectations, it was CPB and not MPB that presented a positive effect on the revenue side of the budget.

Chapter 4 considered whether or not the changes in spending patterns identified in Chapter 3 led to improvements in the well-being of local residents by looking at indicators related to the local availability of basic urban infrastructure and adequate housing. MPB was associated with an accelerated expansion in the proportion of residents with access to sewage and adequate housing. While MPB was the primary phenomenon of interest, one model specification restricted the sample to only cities that had once implemented either CPB or MPB, to address the potential of endogeneity in program adoption, and in this direct comparison between the two institutional types the magnitude and significance of MPB's effects was nearly the same.

In Chapter 5, qualitative research methods were used in a comparative case study of six Brazilian municipalities in order to better understand the process through which PB's institutional format is determined. Looking at pairs of small cities matched at different time points since program adoption, early decisions conditioned by local contextual factors set each program down a path towards becoming either CPB or MPB, surviving as either one or the other even after those who introduced the program were defeated and replaced by a mayor from an opposition party. While the decision to adopt PB is mainly a product of the mayor's own policy preferences, the presence of wider reforms to accompany PB's public assemblies is as much a pragmatic solution to overcome initial obstacles faced when introducing the program than a reflection of a overall agenda favorable to participation.

Implications and Future Research

The future of research on participatory budgeting critically depends on overcoming the weakness of the label itself in identifying the actual underlying phenomena of interest. The strategy used in this dissertation – creating a more conceptually complete and nuanced measurement strategy that also allowed for analysis of hundreds of observations using a combination of data sources – may be difficult beyond the subnational setting but the more general approach that leads us away from a dichotomous understanding of the world's many Participatory Budgeting programs can still be applied. In doing so, we will further enhance our understanding of the value each of the specific mechanisms embedded in the theory that underlies the PB strategy may have on local government spending and development patterns. The fact that PB's communicative dimension was insufficient on its own to change government behavior indicates the need to examine the extent to which the

broader participatory reforms seen in Porto Alegre have been translated to other subnational and national contexts.

My expectation is that only a small fraction of the up to 2,778 programs worldwide identified as PB by Sintomer et al. (2013; 2014) bear more than a slight resemblance to the transformative local project envisioned by PB's creators. Is it reasonable to expect that civil society and local politicians will act similarly if, instead of being responsible for the choice to adopt PB, they instead found themselves forced to hold public budgetary debates as part of the requirements in an IMF bailout as happened in Peru in the past decade (Jaramillo & Daniel 2015)? Would the state's ability to control the agenda be stronger or weaker if debate over the budget were taking place within a newly created administrative level of government as was the case in Russia (Beuermann & Amelia 2014)? Can citizens become empowered through PB administered by an authoritarian, one-party state such as China (He 2011)? Based on my findings, the answer to all of these questions would seem to be a resounding "No".

Instead of attempting to treat diverse national experiments as functionally equivalent to facilitate cross-national comparison, the study of participatory budgeting may be better served by examining differences in the practices that have developed across the world. The Porto Alegre experience is likely not the most relevant reference case for the majority of programs outside Brazil, and it would be useful to identify other reference points that drive expansion in national contexts that differ substantially from that of Brazil. PB emerged during a unique historical juncture in Brazil's history, and was intended to resolve immediate and pressing needs. The relevance of PB in other countries could be contingent either on the presence of factors similar to those of Brazil in the 1990s or,

alternatively, on the ability of local politicians to repurpose the basic framework of PB to meet a different set of locally relevant imperatives.

For example, even if what passes as PB in China is heavily circumscribed, it could very well be the first opportunity for citizens to directly participate in municipal decision-making, a step towards the diffusion of democratic norms amongst ordinary citizens with potential implications for the country's future political development (Wu & Wang 2012). Given the declining use of participatory budgeting in Brazil, the development of an accurate framework to understand global PB practice is likely to become increasingly important in understanding what future possibilities may exist for public involvement in local budgetary planning. The focus needs to expand beyond the program's communicative features and evaluate the extent to which additional dimensions of the original project have travelled beyond Brazil's borders.

Appendix

The following tables contain the robustness tests for the analysis in Chapter 3. For each table, the rows represent each of the ten dependent variables used within the chapter. For tables A.1 through A.3, each column contains one of the different estimation techniques discussed in the chapter body. Each cell reports the coefficient on the number of years a PB program has been in place when using a particular alternative estimation technique with the dependent variable. Table A.1 uses the Sintomer et al, broad definition of PB whereas table A.2 uses MPB and table A.3 uses CPB. To check whether or not the CPB/MPB distinction is merely serving as a proxy for the effect of PT-led PB, table A.4 follows the same general model for the rows but, instead of estimates from different tests, the columns contains the coefficient of the PB indicator, a dummy for having a PT mayor and the interaction term between the two. Tables A.4 through A.7 report the results of an endogeneity test in which PB is measure by three dummy variables – one for the four-year term prior to adoption, one to the first mayoral term during which PB was adopted and a third for all subsequent years that PB is in place. The coefficients of these three variables are displayed across the three columns, splitting up the different PB categories across separate tables using the same pattern as in tables A.1 to A.3.

Table A.1 – PB (MPB plus CPB) and Local Government Spending, Alternative Estimation Techniques

	Main Results	Pooled OLS	Prais-Winsten AR	Random Effects	Year dummies
Investment (log pc)	.010**	.003	.009*	.005*	.007*
	(.004)	(.003)	(.005)	(.003)	(.004)
% Investment	.085**	.027	.051	.030	.042
	(.038)	(.023)	(.044)	(.027)	(.037)
Infrastructure (log pc)	.011***	.003	.010*	.003	.008***
	(.004)	(.002)	(.006)	(.002)	(.003)
% Infrastructure	.093***	.023*	.089*	.024	.065**
	(.033)	(.013)	(.046)	(.027)	(.030)
Healthcare (log pc)	.001	-.001	-.001	-.001	.001
	(.002)	(.001)	(.003)	(.001)	(.001)
% Healthcare	-.210	-.009	.003	-.010	-.013
	(.038)	(.017)	(.058)	(.029)	(.035)
Education (log pc)	-.001	-.001	-.003*	-.001	-.001
	(.001)	(.001)	(.002)	(.001)	(.001)
% Education	-.050	-.010	-.074	-.010	-.034
	(.032)	(.017)	(.047)	(.018)	(.028)
Own-Source (log pc)	.003*	.001	.004	.001**	.003*
	(.002)	(.001)	(.003)	(.001)	(.001)
% Own-Source	.027	.014	.059**	.016*	.023
	(.020)	(.012)	(.029)	(.009)	(.018)

Table A.2 – PB (MPB) and Local Government Spending, Alternative Estimation Techniques

	Main Results	Pooled OLS	Prais-Winsten AR	Random Effects	Year dummies
Investment (log pc)	.012**	.004*	.013**	.004	.010*
	(.006)	(.002)	(.006)	(.003)	(.005)
% Investment	.113**	.044**	.100**	.049	.075
	(.053)	(.017)	(.051)	(.031)	(.050)
Infrastructure (log pc)	.011***	.002	.011	.002	.008***
	(.004)	(.002)	(.007)	(.003)	(.004)
% Infrastructure	.092***	.015	.100*	.018	.073**
	(.036)	(.017)	(.054)	(.032)	(.032)
Healthcare (log pc)	.002	-.001	-.001	-.001	.001
	(.002)	(.001)	(.003)	(.002)	(.002)
% Healthcare	.004	-.011	.018	-.011	.006
	(.040)	(.016)	(.069)	(.035)	(.037)
Education (log pc)	-.001	-.001	-.002	-.001	-.001
	(.001)	(.001)	(.002)	(.001)	(.001)
% Education	-.030	-.004	-.040	-.006	-.019
	(.040)	(.018)	(.057)	(.022)	(.035)
Own-Source (log pc)	.003	.001	.003	.001	.001
	(.002)	(.001)	(.003)	(.001)	(.001)
% Own-Source	.002	.006	.038	.008	.004
	(.024)	(.011)	(.036)	(.009)	(.020)

Table A.3 – PB (CPB) and Local Government Spending, Alternative Estimation Techniques

	Main Results	Pooled OLS	Prais-Winsten AR	Random Effects	Year dummies
Investment (log pc)	.001	-.002	-.003	-.002	-.001
	(.006)	(.006)	(.011)	(.005)	(.005)
% Investment	-.033	-.055	-.128	-.059	-.061
	(.054)	(.059)	(.099)	(.041)	(.054)
Infrastructure (log pc)	.007	.006	.003	.005	.004
	(.006)	(.004)	(.012)	(.003)	(.005)
% Infrastructure	.055	.057	.041	.054	.011
	(.053)	(.047)	(.098)	(.038)	(.049)
Healthcare (log pc)	-.002	.001	.001	.001	.001
	(.005)	(.002)	(.006)	(.002)	(.003)
% Healthcare	-.037	.001	.018	.015	-.011
	(.101)	(.002)	(.070)	(.052)	(.088)
Education (log pc)	-.004*	-.001	-.008**	-.002	-.001
	(.002)	(.001)	(.003)	(.001)	(.002)
% Education	-.088	-.027	-.128	-.028	-.058
	(.058)	(.034)	(.094)	(.048)	(.052)
Own-Source (log pc)	.004	.002	.003	.002	.002
	(.003)	(.002)	(.005)	(.002)	(.002)
% Own-Source	.077**	.030	.037	.029	.064*
	(.039)	(.018)	(.056)	(.023)	(.038)

Table A.4 – PB with PT Rule and Local Government Spending

	Years PB	PT Mayor	Years PB*PT
Investment (log pc)	.012**	-.052	-.001
	(.006)	(.032)	(.007)
% Investment	.114**	-.759**	-.008
	(.049)	(.301)	(.058)
Infrastructure (log pc)	.009	-.025	-.001
	(.006)	(.026)	(.006)
% Infrastructure	.105**	-.290	-.021
	(.047)	(.242)	(.056)
Healthcare (log pc)	-.001	.021	-.001
	(.002)	(.012)	(.002)
% Healthcare	-.027	.700**	-.050
	(.052)	(.269)	(.053)
Education (log pc)	-.002	-.005	.001
	(.002)	(.007)	(.002)
% Education	-.043	-.086	.033
	(.051)	(.229)	(.054)
Own Source (log pc)	.001	-.023***	.002
	(.003)	(.009)	(.003)
% Own-Source	.015	-.231**	.019
	(.034)	(.102)	(.035)

Table A.5 – Pre-Treatment Effect/Endogeneity Test (MPB plus CPB)

	M = -1	M = 1	M >1
Investment (log pc)	-.063*	-.029	.030
	(.032)	(.025)	(.034)
% Investment	-.728	-.633	.056
	(.306)	(.257)	(.355)
Infrastructure (log pc)	.017	.003	.101***
	(.033)	(.034)	(.032)
% Infrastructure	-.116	-.177	.709**
	(.284)	(.247)	(.295)
Healthcare (log pc)	.007	.026**	.014
	(.015)	(.013)	(.015)
% Healthcare	-.127	.284	.002
	(.273)	(.269)	(.331)
Education (log pc)	.016*	.004	-.008
	(.009)	(.009)	(.010)
% Education	.252	-.208	-.457*
	(.244)	(.226)	(.240)
Own Source (log pc)	.025**	.035***	.034***
	(.010)	(.012)	(.011)
% Own-Source	.085	.264	.301**
	(.127)	(.175)	(.155)

Table A.6 - Pre-Treatment Effect/Endogeneity Test (MPB)

	M = -1	M = 1	M >1
Investment (log pc)	-.084**	-.003	.040
	(.042)	(.034)	(.047)
% Investment	-1.02***	-.345	.144
	(.374)	(.367)	(.493)
Infrastructure (log pc)	-.012	.022	.086**
	(.042)	(.041)	(.037)
% Infrastructure	-.478	.127	.543*
	(.386)	(.359)	(.335)
Healthcare (log pc)	.007	.016	.021
	(.016)	(.017)_	(.018)
% Healthcare	-.134	.027	.211
	(.341)	(.357)	(.360)
Education (log pc)	.001	-.003	-.006
	(.010)	(.010)	(.013)
% Education	-.279	-.433	-.425
	(.296)	(.287)	(.338)
Own Source (log pc)	.017*	.012	.029**
	(.010)	(.011)	(.014)
% Own-Source	-.003	-.035	.226
	(.143)	(.154)	(.210)

Table A.7 – Pre-Treatment Effect/Endogeneity Test (CPB)

	M = -1	M = 1	M >1
Investment (log pc)	-.004	-.031	-.010
	(.037)	(.028)	(.049)
% Investment	-.167	-.555**	-.506
	(.370)	(.278)	(.443)
Infrastructure (log pc)	.055	.011	.060
	(.038)	(.041)	(.046)
% Infrastructure	.391	-.184	.411
	(.341)	(.299)	(.367)
Healthcare (log pc)	.003	.025	-.010
	(.022)	(.016)	(.027)
% Healthcare	-.105	.362	-.365
	(.363)	(.365)	(.674)
Education (log pc)	.007	.002	-.021*
	(.012)	(.011)	(.013)
% Education	.218	-.144	-.507
	(.320)	(.259)	(.347)
Own Source (log pc)	.017	.044***	.026*
	(.014)	(.016)	(.016)
% Own-Source	-.063	.378	.421**
	(.174)	(.239)	(.205)

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