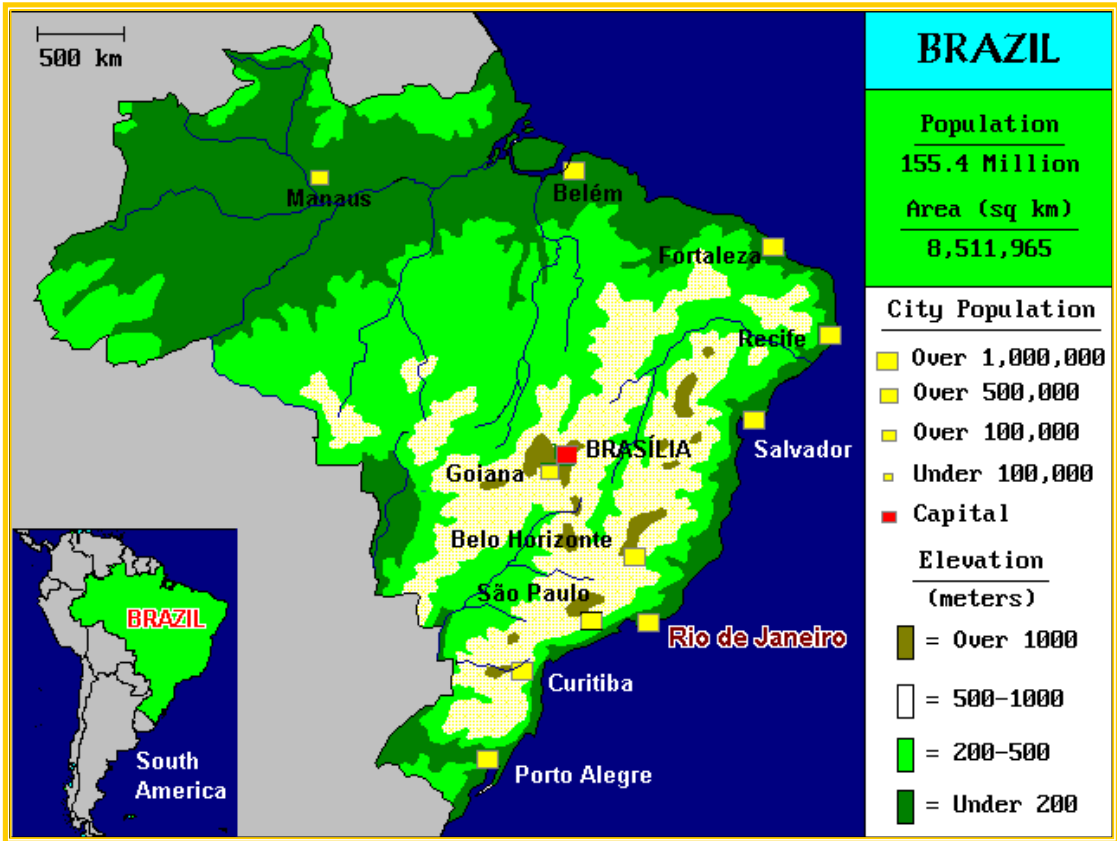


# Porto Alegre Innovation in Participatory Budgeting

World's most systematic & efficient process for fast socio-economic development  
*Abraham Karammel - a retired NRI; Email: karammela@yahoo.com*

As an overseas Indian from Kerala, I realised that Kerala's/India's development has been slow, erratic and imbalanced. During the last years of my working life I tried to find an efficient governance model for the fast socio-economic development of my native state Kerala and my motherland India. The first model I discovered was Singapore, the most successful city of 20<sup>th</sup> century and a city of superlatives. But, from the details I found that it is a very small city-state and its rule is very authoritative and restrictive. Its system of 'Meritocracy' is not practical in Kerala and India. On further search I discovered 'Porto Alegre Innovation' and found it a real panacea that can transform Kerala and India. It is already adapted by developing countries like Argentina, Chile, China, Paraguay etc and developed countries like Canada, Germany, UK, USA etc.

The city of Porto Alegre with an area of 489 sq. km, population density of about 2450 (total population ca. 1.2 mil. in 1989) was bankrupt in 1988, spending 96% of its revenue for salaries and routine expenses - no funds for development projects! On pressure from local NGOs, the new Workers Party Mayor Mr. Olivio Dutra, with the NGOs devised and introduced a yearly cyclic Participatory Budgeting (PB) Process in 1989 (Ref: 1. Page 5\*). This is a district/region-wise decentralised process for prioritised infrastructure development alone! (\* See references on page 24)



*Porto Alegre is the southern most city at the lower part of the picture*

The PB process initiated in Porto Alegre in 1989 evolved into world's most systematic, efficient and a very flexible process for fast, comprehensive, equitable

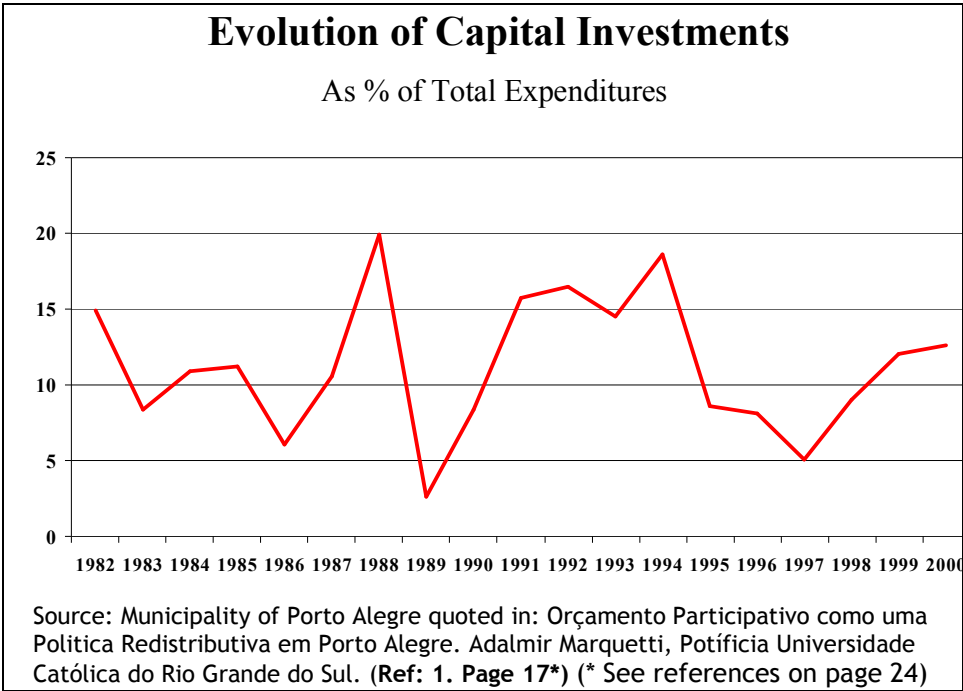
and sustainable socio-economic development. Thru this process, Porto Alegre became Brazil's city with the best quality of life in 12 years! The process became world famous as 'Porto Alegre Innovation'! Because of its simplicity at the grass roots level, efficiency, flexibility and other virtues, it is suitable for any village, town or city in any country. It decides only on about 5 to 15% of the city budget (Ref: 1. Page 6&17). A Harvard study observes, "PB is an instrument of empowerment and social inclusion; participation and social impact are the most important dimensions" (Ref: 1. Page 7). The time-tested, well defined, self-improving and evolving process is ready to be adapted anywhere in the world. In addition to about 200 communities in Brazil, from 795 to 1465 (Ref: 4. Page 9) communities in over 40 countries are adapting the PB process! But, apparently, most are adapting simple versions of PB, not the innovative one!



*Porto Alegre Mayor's Office*

Porto Alegre innovation is not a quick process; it takes four months to complete the preparatory and plenary sessions with peoples participation and another three months for internal discussions and one more month by the municipality to finalise the investment plan and to submit to the state ministry for approval. The PB process which starts in March every year ends on 30 Nov, by the submission of the 'Investment Plan Document' by the Mayor's office to the state ministry for approval (see appendix I for the schedule of the process). Thus, the PB process takes almost one year for preparation, discussions, negotiations, finalisation, review and approvals. The systemic refinement, very high efficiency and excellent results are the rewards for the high price paid. It involved only 5 to rarely 15 percent of the city's total budget outlay (Ref: 1. Pages 6 & 17). A 1997 Harvard

study observed, “The opportunity to participate in decisions regarding the allocation of public funds for projects has fostered a shift in the local political culture from confrontational tactics and corrupt political bargaining to constructive debate and civic engagement in governance” (Ref: 1. Page 7).



**Time Schedule of decision making (Ref: 3. Page 190) (See also Appendix I)**

**March:** Groups of citizens, residents’ associations, non-governmental organizations (NGOs), community groups and unions meet and discuss the main issues relating to their regions/themes of interest. These stakeholders draw up proposals for municipal public works and services to be proposed & voted at the regional and thematic assemblies of PB process.

**March and April:** The first round of the regional/district and thematic assemblies takes place, in which all citizens can participate. The municipal government presents the accounts for the previous year’s expenditure investment plan and any potential problems relating to it, and proposes current year’s budget outline. This exercise serves two purposes. First, the public can see to the previous year’s plan implementation; and second, the government submits itself to public scrutiny. Public accounting of the municipal budget is crucial for the transparency of the PB process, essential for fostering respect and trust among all the actors involved. This also helps to shape the next Investment Plan. The district and thematic assemblies also elect delegates and deputies to district and thematic the forums. The number of delegates elected is proportional to the number of citizens present in each district and thematic assembly, according to ratios set after consultations with planning experts. The forums of district and thematic delegates hold smaller meetings and help to organize the requests and priorities to be made by the participants. The delegates are also responsible for overseeing the timing and quality of the interventions and organizing public meetings if emergency works are necessary.

**March to June:** A number of interim meetings are held between the first and second rounds of assemblies. These are more specific meetings organized around sub-districts or sub-themes that follow up issues raised in the district and thematic assemblies. This allows citizens to discuss their requests in depth and rank their priorities according to necessity/urgency. At this point, communities debate their proposals for budget spending and public works among themselves, to assure that their proposals are objective, fair and reasonable. The municipal government's secretariats and other organs are available for technical advice on proposals.

**June and July:** The second round of district and thematic assemblies are to approve the proposals for public spending. The municipal government announces the projected revenue for the following year and the amount available for allocation through PB. Two councillors and two deputies are elected to the participatory budgeting council (COP). The open participation is concluded with the two assemblies. From this point on, the PB council or COP is responsible for taking forward the decisions made during the assemblies.

**July and August:** The COP and the Municipal Planning Department jointly determine the distribution of resources among the proposals approved thru voting in the district/regional and thematic assemblies and the public works and services proposed by the municipal government's executives.

**August:** The municipal government's executives undertake a technical and legal analysis of the proposals to identify any possible barriers to implementation. Assisted by the forum of thematic delegates and municipality's executives, the Municipal Planning Department ranks the priorities of each district in order to compile the budget.

**August and September:** The COP evaluates the Municipal Planning Department's budget proposal and ensures both that it conforms to the regulations of the PB initiative set forth in Porto Alegre Municipality and takes into account the citizens' proposals. The cutoff date for the submission of the budget proposal to the city councillors is 30 September and they have one month to review and vote on it.

**October and November:** The COP and the municipal secretariats and departments jointly draw up the expenditure plan, which allocates the available budget to the proposed public works and services for the following year. All proposed public expenditure and works are detailed in this document, which is widely circulated among the public. Budget allocation for urban infrastructure and services is based on three criteria:

- extent of deficiency (more weight is given to the least developed districts);
- population size (each district's budget allocation is proportional to the number of inhabitants); and
- priorities defined by communities (such as sanitation, education and street paving).

The available budget and the interventions for each district are defined by combining these criteria through a system of weightings and grades (Table 1). To this is added the thematic works and those of a citywide nature, defined by the thematic forums and the municipal government. The investment plan is the result of an intense dialogue between communities, residents' associations, civil society

organizations and the municipal government. The COP then waits for the city councilors to vote on the municipal budget by the 30 November deadline. This period always produces an intricate conflict between representative democracy and participatory democracy. Although there is natural tension between the two styles of governance, this has been quite positive in Porto Alegre, as the city councillors discuss and engage in contentious debate with both the municipal government and the PB initiative. To date, any changes the city councilors have eventually made have not affected the overall structure of the budget proposal, as they are aware that it was the result of an intensive public participation.

**December and January:** The district and thematic delegates evaluate the participatory budgeting process and the results obtained over the last year, with the aim of learning from the lessons learned and improving the initiative's internal regulations. The COP then votes on the regulations for the following year. February is vacation time; the council takes vacation, to resume in March. The commissions for public works, made up of citizens elected from the districts, now oversee the implementation of the expenditure plan on a permanent basis.

<b>Table 1</b>	<b>Criteria used to determine the distribution of resources among districts (regions in the participatory budgeting process)</b>	
<b>Criteria (each District or Region)</b>	<b>Weighting and grade (higher scores indicate higher priority)</b>	
<b><i>Extent of deficiency of infrastructure/service</i></b>	<b><i>Weighting = 4</i></b>	
More than 80%	Grade 5	
61-79.99%	Grade 4	
41-60.99%	Grade 3	
21-40.99%	Grade 2	
0.01-20.99%	Grade 1	
<b><i>Population size</i></b>	<b><i>Weighting = 2</i></b>	
More than 120,000	Grade 4	
61,000-119,999	Grade 3	
31,000-69,999	Grade 2	
Up to 30,99	Grade 1	
<b><i>Community priority</i></b>	<b><i>Weighting = 4</i></b>	
First priority	Grade 5	
Second priority	Grade 4	
Third priority	Grade 3	
Fourth priority	Grade 2	
Fifth priority	Grade 1	
<b>SOURCE: Porto Alegre Municipal Government, 2000.</b>		

The criteria can be modified year by year. For instance, in 2001, the grades for population size were adjusted as follows:

<b>Population size</b>	<b><i>Weighting = 2</i></b>
More than 90,000	Grade 4
45,001-90,000	Grade 3
25,001-45,000	Grade 2
Up to 25,000	Grade 1

## **Spectacular Results**

Because of the involvement of the newly created COP, the localised prioritisation of the projects, the supervision by the COP, the yearly evaluation of the process and projects, the continuous improvement of the processes etc, the projects became cheaper, its implementation timely and its quality higher. These projects directly created more jobs locally and the general improvement of income and quality of life created more local private enterprises. All these mutually complemented the development of the city and led to more revenue generation. Tax reforms were introduced with the promise that the revenue will be used for investments. The tax reforms increased city's share of tax revenue from 47.9% in 1989 to 59.1% in 1992 (Ref: 2. Pages 17&18). Porto Alegre, which was financially bankrupt in 1988, resolved the crisis in 4 years.

### **Porto Alegre's socio-economic Development in 12 years (1989-2001)**

1. Piped Water supply increased from 80 to 98 percent households
2. Sanitation improved from 46 to 85 percent households
3. Sewerage from 46 to 90 percent households
4. Number of Public Schools increased from 29 to 86
5. School Enrolment doubled; Literacy increased to 98 percent
6. About 25-30 km surfaced roads were added each year
7. Number of day-care homes increased from 2 to 120
8. Public Housing increased from 1700 to 29,000 persons
9. Established very efficient Public Transportation
10. Because of transparency, tax payment increased by nearly 50 percent
11. Corruption virtually disappeared
12. Citizen participation in PB increased from 700 in 1989 to above 30,000 in 2001.

### **PB and strategic planning in Porto Alegre - The city Conferences (Ref: 3\*)**

The implementation of PB also led to significant changes in the city's culture of urban management. Whilst local issues raised by the public were put on the city's agenda, issues of a citywide nature were neglected. To consider and integrate these issues, a sequence of 'city conferences' was launched in 1993.

In the first city conference, 'Porto Alegre: City of Democracy', (10) 1,500 participants and 548 representatives debated the central question: 'What kind of city do we want for the future?' The participants were divided into four large groups around various citywide themes: • economic development; • urban regeneration and development; • traffic management and public transport; and • the city's financing.

The principal conclusions from the conference were synthesized in the form of policy recommendations, which advised that the future Porto Alegre should: • practice democratic and decentralized urban management; • combat inequality and social exclusion; • promote high standards of living and environmental quality; • be culturally rich and diverse, attractive and competitive; • seek to establish partnerships between the public and private sectors; • adopt effective financial strategies; and • assume its responsibility as the focal point of the metropolitan area. (Ref: 3. Page 187\*) (\* See references on page 24)

In the second city conference, 'Porto Alegre: City for All', in 1995, 2,700 participants and 331 delegates debated the reformulation of the urban development master plan, which now included environmental issues. Building on the policy recommendations of the first conference, the participants formed four working groups: • district plans; • planning and management systems; • urban development, sub-divided into: capacity for more concentrated urban development, traffic management and public transport, polycentricity (decentralized concentration) and land-use zoning; • environmental heritage; and • housing policy.

The conference produced a set of resolutions that formed the basis of the new urban and environmental development master plan, which was approved by the city councillors in 1999 following lengthy discussions.

The third city conference in 2000, 'Building the City of the Future', was held in two stages. In the first, approximately 7,000 people attended numerous meetings, plenary assemblies, symposia and conferences on specific themes. These included the 'Second Municipal Conference on Education', the 'Municipal Conference on Health', the 'First Municipal Conference on Tourism' and the 'Municipal Conference on Human Rights'. In the second stage, 1,780 citizens sought to synthesize the city's social and strategic policies by deliberating the policy recommendations on five themes: • social policy; • culture, tourism, sport and recreation; • urban and environmental development; • economic development; and • general issues.

The conference coincided with the four-yearly planning exercise, which until then, had been undertaken only by municipal planners and technical staff. For the first time, the 2000 plan involved the general public in setting targets for the next long term.

<b>Table 2</b>					
<b>Table of Development Indicators between 1989 and 2000*</b>					
Socio-economic Development in/of various Sectors/Factors					
	Sector/Factor	1989	1993	1997	2000
1	Dropout rate for basic Education in municipal schools (%)	9.02	5.41	2.43	1.46
2	Number of municipal Educational establishments	37	69	87	90
3	Investment in housing (R\$ millions)	3.436	4.439	18.696	14.959
4	Leakage in the municipal Water network (%)	50	47	39	34
5	Sewerage network coverage (km)	768	n/a	n/a	1,399
6	Proportion of treated sewage (%)	2	5	15	27
7	Green areas (Square meters per resident)	12.5	n/a	13.4	14.1
*Only the first year of each of the Workers Party administration's four mayoral terms are cited, except where indicated. (n/a = not available)					
SOURCES: Row 1&2: Azevedo, J C (2000), Row 3, 5&6: da Silva, F J H (2000), Row 4: Dutra, A L (2000), Row 7: Lüdke, M C (1998).					

Number of Participants in the district (ward), sectoral (thematic) and citywide Assemblies of Participatory Budgeting Process				
	District Assembly	Thematic Assembly	Citywide Assembly	Total
1990	976	--	--	976
1991	3,694	--	--	3,694
1992	3,694	--	--	7,610
1993	10,735	--	2,048	12,783
1994	9,638	1,609	--	11,247
1995	11,821	2,446	3,031	17,298
1996	10,148	1,793	--	11,941
1997	11,908	4,105	--	16,013
1998	13,687	2,769	--	16,456
1999	16,813	3,911	--	20,724
2000	15,331	3,694	8,780	27,805

SOURCE: Pont, R (2000), "Porto Alegre e a luta pela democracia, igualdade e qualidade de vida" in Pont, R (coordinator) and A Barcelos (organizer), *Porto Alegre, uma cidade que conquista*, Artes e Ofícios, Porto Alegre.

1	Name of Municipal council	Year Created	No. of Members
2	Children and youth	1990	21 (8*)
3	Health	1990	52
4	Communication	1995	21*
5	Social Welfare	1995	45(28*)
6	Environment	1996	21
7	Culture	1997	33 (28*)
8	Science and technology 1995 23	1995	23
9	Land and housing	1995	27
10	Education	1991	15 (12*)
11	Citizen groups against Violence and Discrimination	1990	21 (8*)
12	Urban transport	1994	21 (6*)
13	School nutrition	1999	7 (6*)
14	Historical and cultural heritage	1976	15 (7*)
15	Agriculture and food	1996	17 (11*)
16	Women's rights	1995	100
17	Urban development	1939-2001	21 (12*)
	Urban environment & development ** ** ONLY Name change in 2002	2002	25 (17*)

\*\* Number of members who represent civil society organizations, sectoral municipal workshops or conferences or government institutions other than those of the municipality

SOURCE: Britto, E C de S, R Menegat and N LA Silva (1998), "A gestão ambiental pública em Porto Alegre" in Menegat, R, M L Porto, C C Carraro and LA D Fernandes (coordinators), *Atlas Ambiental de Porto Alegre*, Edufrgs, Porto Alegre, pages 199-202, with updated information from the author.

With impressive changes, Porto Alegre became the city with the best quality of life in Brazil by 2001. This rating is based on 15 factors: 1. Housing, 2. Sanitation, 3. Life Expectancy, 4. Infant Mortality, 5. Number of Hospital Beds, 6. Literacy, 7. School enrolment, 8. Standard of Higher Education, 9. Job Availability, 10. Catering Facilities, 11. Per Capita Consumption, 12. Highways, 13. Airports, 14. Climate, and 15. Criminality.

### **The Innovative Features of Porto Alegre PB**

1. Experts surveyed the city and selected infrastructures that needed development in the city. It was 8 in 1989 and was increased to 12 in 1997 and remained the same. They are: (1) Housing, (2) Health, (3) Education, (4) Sewerage, (5) Social assistance, (6) Transportation, (7) Pavement, (8) City Organisation, (9) Economic Development, (10) Sports & Leisure, (11) Leisure Areas (Parks, swimming pools etc), and (12) Culture.

2. Residents in the 16 wards of an average area of 30 sq. km in the 489 sq. km city were organised in many pre-scheduled minor NGO and neighbourhood level meetings to discuss the requirements in each ward, size of city budget, PB process etc. This is for opinion building and is held from March thru June every year.



*An Infrastructure selection voting in progress*

3. Residents of each ward assemble in two pre-planned major assemblies with set agenda, ending with voting to select and to prioritise three most Urgent Infrastructure themes/items to be developed in each ward separately.

NOTE: As Kerala's Panchayats are only of an average area of 35 sq. km., the voting for selection of their urgent requirement or infrastructure and voting to prioritise

them should be Panchayat wise; there will be very few infrastructures to select on ward level.

4. In the major assemblies, residents also elect two Councillors of Participatory Budgeting (COP) and two alternates from each ward during the two major assemblies in each of the 16 wards. Two Councillors each are elected for each of the 5 citywide themes too (see point 5). This makes 42 COPs and as many alternates. Additionally a member each from the civil servants' trade union and an umbrella organization of neighborhood communities (2 delegates) constitute a 44-member Council of Participatory Budgeting, which is essentially the main participatory institution.

NOTE: The election of the Council of Participatory Budget (COP) was not a happy development to the City Councillors. However, because of the severe financial crisis, and in fear of popular dissatisfaction and protests from the people, this was accepted in the beginning. Thru years of practice, and the great success of Porto Alegre Innovation, COP got established. But, they still work on honorary basis and PB is not institutionalised by legislation (Ref: 4, page 15). This is an awkward aspect of PB and needs to be rectified.



*A prioritisation voting in progress*

5. In 1994, five infrastructure themes were selected (Ref: 4 page 12) to be prioritised on citywide basis. Consequently, additional minor discussion meetings and two major assemblies for these five citywide items were also organised. Correspondingly, prioritisation of the urgent three thereof were voted and prioritised, and 10 COPs and alternates were elected. The citywide themes are: (1) Transportation and Circulation; (2) Education, Leisure, and Culture; (3) Health and Social Welfare; (4) Economic Development and Taxation; and (5) City Organisation and Urban Development.

NOTE: The executives of mayor's office and the local NGOs organise and manage the minor and major assemblies. Participants in PB process were only about 700 in 1989, and decreased to about 600 in 1990. Then it gradually increased to about 40,000 in 2001. Within a few years the weeks and months for the minor and major meetings and the agenda for them became same or similar and routinely recurring. The schedules are made well in advance every year. The standard schedule and agenda of Porto Alegre's PB is at Appendix I.

The mayor is directly elected in Brazil for 4 years. This gives mayor's office a better authority and greater stability. The city residents directly elect the city councillors too for four years. The Mayor and city councillors are salaried employees. The newly formed COP works on honorary basis. In most or all Indian states, the councillors elect Mayors, Municipal Chairpersons and *Panchayat* Presidents. In India, the CEOs of the local governments are routinely strained or pulled down in power struggles, weakening and damaging the local governance.

6. The 42 Councillors of Participatory Budgeting (COP) are mandated for only one year. The mandate is revocable in a special ward or citywide assembly, called exclusively for that purpose, and with a qualified majority of 2/3 votes. This special assembly needs more than 50 percent attendance to be valid.

7. The 42 COPs are mandated to work with the Mayor's executives and the city councillors. These three groups discuss, debate, fight and work together to determine the equitable share of the prioritised infrastructure for each ward, the incorporation of the priorities and projects voted in the ward-wise assemblies of the residents.

8. Calculation of the equitable share of the prioritised infrastructure for each ward is done in a very ingenious way. It considers the population of the ward, the volume of the relevant infrastructure in the ward, the importance of the infrastructure for the whole city and the priority voted by the residents. Experts assign in advance, 'weights' and grades to the various items/themes and the priority. Calculation of the share of each ward is made by deriving points for these four elements and adding them to arrive at a total score for each ward (see example below).

NOTE: This ingenious balancing of the priority assigned by the residents, ironed out exaggerated priorities set by residents and facilitated comprehensive and equitable development of the whole city.

Calculation of the equitable share of infrastructure due to each ward is one of the important features of the Porto Alegre PB. Here is a true sample to make it clear.

In 1997, based on available funds, the total budgetary allotment for street pavement was 20 kilometres for the whole Porto Alegre municipality, and it was to be distributed among the 16 regions or wards of Porto Alegre. To calculate the share due to each of the 16 wards, common 'weights', based on the importance of various infrastructure items and the other factors, population and residents priority were established by the statutory organs like the Planning Office, Forum of Advisors for Planning, Forum of Community Advisors etc after consultations. The common weights, based on a logical and judgmental assessment relevant to Porto

Alegre, for pavement were: general weight for pavement 3; weight for population 2; and weight for peoples' priority 3. Grades were also set for population, need and priority - for highest population highest grade 4, and for the lowest population, the lowest grade 1 or zero, and so on. Then, points were calculated for each factor and added together.

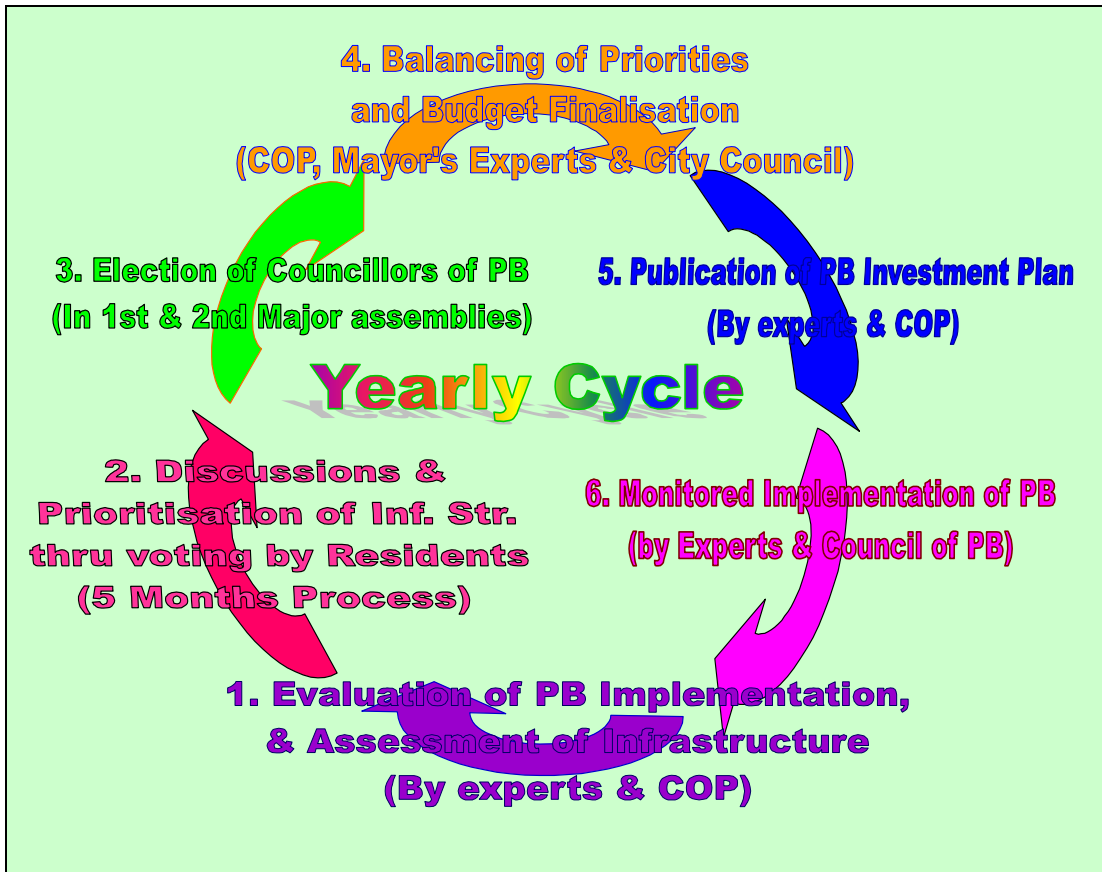
Calculation of the Equitable Share of street pavement for two wards				
CRITERIA	RELEVANT GRADES x GENERAL WEIGHT*			
	<i>Extremo Sul</i> (ward)		<i>Centro</i> (ward)	
Population based points calculation	1 x 2*	2	4 x 2*	8
Local need based points calculation	4 x 3*	12	1 x 3*	3
Peoples' priority based points calculation	4 x 3*	12	0 x 3*	0
<b>TOTAL POINTS</b>		26	.	11
Share of Street Pavement for the Wards	1,985 Meters		480 Meters	

Note: \* Planning and development experts assign General Weights, based on certain standard parameters. *Extremo Sul* had the lowest population and *Centro* the highest in 1997.

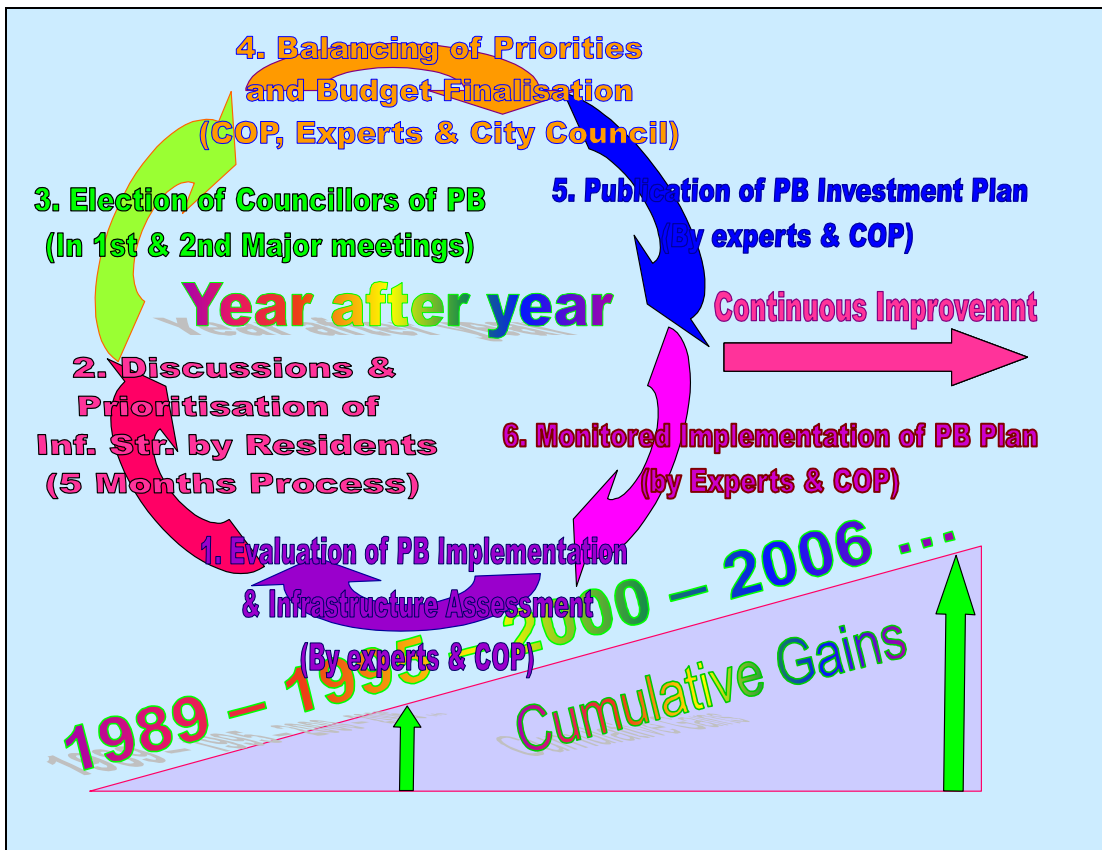
In 1997, the *Extremo Sul* ward of Porto Alegre had the lowest population and *Centro*, the highest population. But *Extremo Sul* had the lowest volume of paved streets and correspondingly, the highest need based grade 4; as people gave the highest priority the grade was 4. Thus the ward *Extremo Sul* got 1,985 meters of pavement. However, in spite of the lowest need and lowest priority given by residents of *Centro*, they did not go empty handed; as population was the highest in *Centro*, they got 480 meters of pavement too.



*In Porto Alegre, PB is with people's real Participation*



The graphics above and below represent the yearly cyclic PB process



9. The three groups - the executives of the Mayor, the COP and the City Councillors discuss, debate, negotiate and finalise the yearly budget for Infrastructure Development and publish it as the 'Investment Plan Document' and is made available to the public. This consists only about 5 to rarely 15 percent of the city's total budget outlay.

10. The COP is also authorised, in addition to experts, to oversee the execution of the various projects approved and included in the yearly budget. Projects that cross years for completion will be looked after by successor COPs. COPs elected usually represent NGOs and the civil society; they are frequently re-elected in successive COPs as well.

NOTE: As funds were short, only about 2 to 5 percent of the budget was assigned for infrastructure at the initial years from 1989. Even though three infrastructure items are prioritised, all the three were not always implemented. The items were implemented in their order of priority, based on availability of funds.

Brazil got a democratic constitution only in 1988. It prescribes certain minimum ranges of percentage of central, state and local budgets for health, education and infrastructure. This helped the state and local governments to assign some minimum amount of funds to these specific themes in their budgets.

11. The first step of the next yearly cycle of Porto Alegre PB is the evaluation of the last Investment Plan Document on the basis of a Project Implementation Report made by the executives of the mayor.

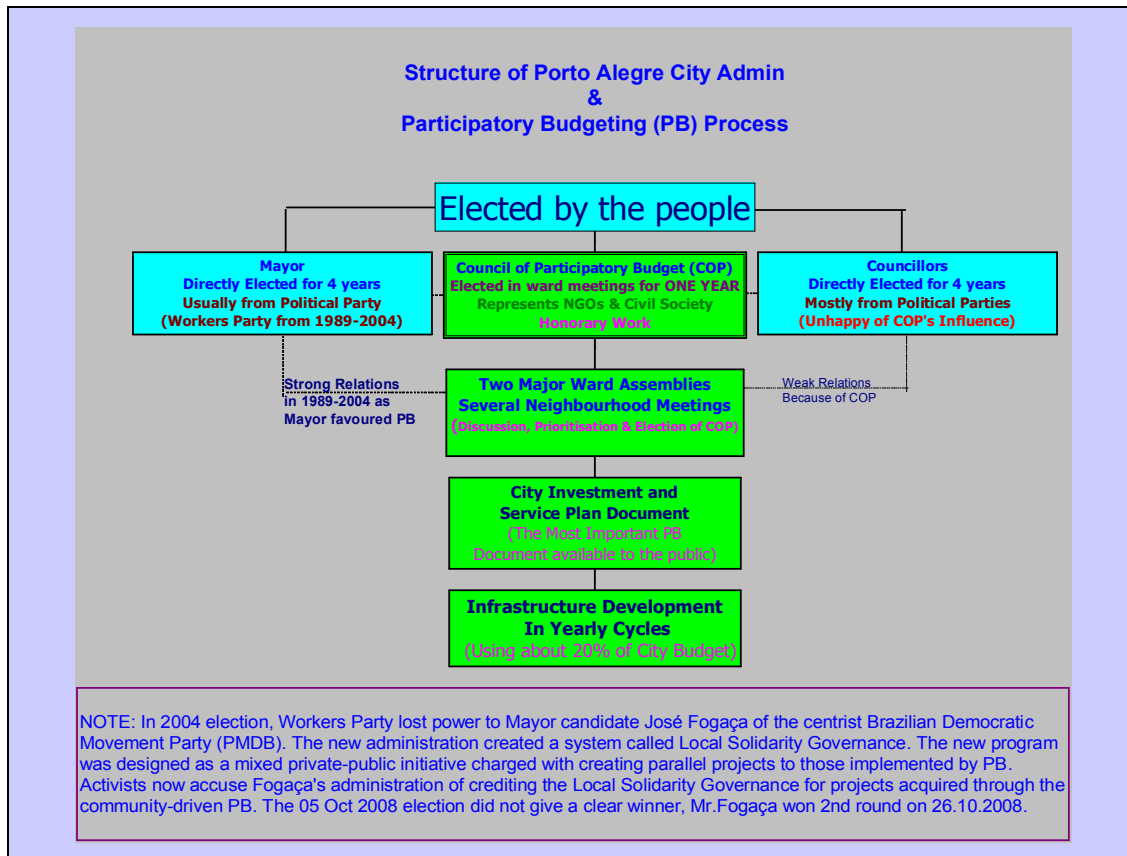
### **Important Note**

Copying is an easy, quick, economical and a very efficient way of replicating products and processes. Computers, cars, Jumbo Jets and even human beings are copies. Copies better than the original are also possible - worse as well! Two decisive points in copying: (1) Important elements should not be dropped out at all, and (2) Essential changes should be made to make it feasible in a different situation.

### ***Best For India***

*If the 'Porto Alegre Innovation' is adapted without losing the decisive details - Simple PB is not enough - it will be the best and the greatest tool for FAST Socio-economic development India can get! It will initiate a 'Chain Reaction'! As per Indian social activist Dr. Vandana Shiva, Porto Alegre PB is world's best 'Panchayati Raj' model.*

Without a tangible model within their reach, common people, who are not experts in sociology, economics etc, cannot realize that fast, comprehensive, equitable and sustainable socio-economic development is feasible in any village, town or city in any country. Without seeing a model, even experts and politicians with subjective views, lack of information, selfish motives etc, will discuss and dispute endlessly on it. If one model is created, it will convince many, and open the eyes of all who observe it!



*The organisational structure of the Porto Alegre administration and the PB process*



*Participatory Budgeting gathering*



An inner city area of Porto Alegre

### **‘Devil in details’**

If we examine a great failure, frequently there will be a small defect behind it. It is one defective part each that caused the Challenger and Columbia Space Shuttle disasters killing all the astronauts! Angels of success are also hidden in details! It is a simple idea, which made Dr. Mohammed Yunus’ ‘*Grameen Bank*’ (village bank) feasible and a great success, leading to Nobel Prize! Loans were first given only to two persons of a poor but coherent five persons-group. The poor had no assets to offer as security. Loans to the remaining three will be approved only when the first two who were given Loans, pay back. The key is, the group-integrity work as the repayment guarantee and as a motivating synergy mechanism.

### **Latest from Porto Alegre**

The Brazilian city of Porto Alegre devised, developed, optimised and implemented a very systematic, innovative and efficient PB process from 1989 thru 2004 by two successive Workers Party Mayors. In the 2004 city election, the Brazilian Democratic Movement Party candidate Mr. José Fogaça became mayor, promising to continue the PB process. But, during his rule from 2004 to 2008, only 38% of the PB prioritised projects were completed; during 16 years of Workers Party rule 82% of PB prioritised projects were completed. Mr. José Fogaça introduced Public-Private-Participation (PPP), parallel to PB.

PB activists are unhappy with this. Like many city residents, Roberto Oliveira, president of the Vila São Judas Neighbourhood Association blames Mayor Fogaça for the “half-dead, semi-vegetative state” of the PB process now! Mr. José Fogaça missed the required above 50% majority on the 5 Oct 2008 regular election; but, he won the second run off on 26 Oct 2008 and is in power till end of 2012.

The Brazilian gov't did not legitimise the PB process thru legislation. Even though PB is still held, implementation of the PB prioritised projects is at the mercy of the ruling mayor/party. Even though the highly efficient and successful 'Porto Alegre Innovation' evolved in Porto Alegre is accepted by many countries world wide, various versions of PB is adapted in only about 300 villages, towns, cities and one state in Brazil itself. This proves that the mutually accusing and perpetually swaying normal political process will be very slow to recognise and implement even the best process, thereby delaying and preventing fast socio-economic development. It also shows that even when smart processes are in place, manipulations induced by selfish motives and subjective perceptions of politics and bureaucracy will creep in. This can be remedied only by a perpetual vigil and strong actions by NGOs and the civil society. The intelligentsia in the society should provide the people with inspiration and motivation for these; it seems, there is no other way!



*Porto Alegre, an aerial view*

NOTE: Some details of Porto Alegre's PB are not herein. Elements of the city's socio-economic development like the tax structure, details of their actual Investment Plan Document, the volume of share of tax devolved by the central and state governments to the municipality as per Brazilian constitution, the influence and role of the Brazilian state Rio Grande do Sul on its capital Porto Alegre's development etc are missing. These could not be gathered in spite of examination

of several documents and contacting other sources. Additionally there are allegations that the proponents of Porto Alegre's PB have intentionally enhanced



*Porto Alegre, another aerial view*



*One of Porto Alegre's frequently visited parks*

its claims of achievements in a self-congratulatory effort. In spite of all these, Porto Alegre’s achievements are exceptional and real. Porto Alegre’s PB process is really systematic, innovative and logically understandable. Finally, it is not absolutely essential to have all the details from Porto Alegre itself, to implement the now well-known and worldwide practiced PB process. Several versions of PB are going on in so many countries.



*The beautiful ‘Juscelino Kubitschek’ bridge in Brazilia, the capital of Brazil*



*The Author in Dubai City (Second email ID: goldpen100@gmail.com)*

## Model Panchayats in India

There are some very good success models of development in India too. Hiware Bazar and Relegan Siddhi of Maharashtra and Kuthambakkam of Tamil Nadu are such success stories. The Grama Sabha of Hiware Bazar identified their eight urgent requirements as:

1. Educational Facilities,
2. Fodders for Cattle,
3. Irrigation for Agriculture,
4. Safe Quality Drinking Water,
5. Health Facilities,
6. Village Roads,
7. Electricity for Farm Pumps, and
8. Increasing Local Employment.

The Panchayat imposed **total ban on:** 1. Bore wells for irrigation, 2. Felling of trees, 3. Water intensive crops, 4. Sale of land to outsiders, and 5. Private ownership of ground water. The *Sarpanch* of the Panchayat tried to fulfil these urgent requirements with the help of experts. The village also adapted the '*Panchasuthri*' or five principles: 1. Voluntary Labour, 2. Ban on Grazing, 3. Ban on Tree cutting, 4. Ban on Liquor and, 5. Family Planning. '*Panchasutri*' is devised by Sri. Anna Hazare in Relegan Siddhi, another model Panchayat of excellence.

On the website link next, Sri. P. Pawar, '*Sarpanch*' of Hiwqare Bazar, tells how the draught stricken village, deserted by many, became a green village. <http://www.igcp-grownet.org/collaborators/Hiware%20Bazar%20%20Pawar.pdf>.

The state govt appointed him to make 300 'Ideal Villages' after Hiware Bazar in Maharashtra. Work on 100 villages is already started. Another website (<http://www.downtoearth.org.in/node/4039>) tells the story of a poor and criminal village from where people ran away, became one with 54 millionaires.

Adat Panchayat in Tressur district is one of Kerala's own success models, winning best Panchayat award in 2006, 2008 and 2009. It also won the third place in Kerala's Green Kerala Express Social Reality Show in 2010, with its bio-village (*Jaiva-gramam*) project. It is probably the only more than 80% Bio-village in Kerala. One problem of these success models is that they are personality dependent.

Even though all the above are not called 'Peoples Planning' or 'Participatory Budgeting', they are all models with peoples participation, and very successful. Both in Porto Alegre and in Hiware Bazar, people at the grass root level participated in the development process in a very similar way. But, neither in Porto Alegre nor in Hiware Bazar, people did not do any planning as such; they only

collectively determined their urgent local requirements. NGOs helped both communities. Intensive efforts should be made to discover the secrets of success of these models; it will be easier to scrutinise them as they are in our own country. Additionally, it will be better to devise different model processes so that several systems of excellence can evolve side by side and if one fails, another can succeed.

## Conclusion

Porto Alegre Innovation in PB is a very systematic, versatile, flexible and super-efficient decentralised governance process for fast, equitable and sustainable socio-economic development. It is simple at the grass roots level, and ingenious at higher, real planning levels. Peoples' participation was also limited only about 1.5 percent even at the peak levels; still it worked very well. PB should be adapted in every state of India, without losing its decisive elements. To avoid the uncertainty of its implementation by political changes, it should also be institutionalised by legislation.

Even for simple schemes to succeed, a constellation of elements and conditions are essential. Even one missing element, condition or defective part ('Devil in Detail') can cause failure or disaster! Therefore, time-tested and proven systems, processes, tools etc are immensely valuable.

## Note on Kerala

In Kerala, where Peoples' Planning was done for 16 years, specific results are not much visible or available. Solitary success stories are exceptions caused by dedicated personalities. Kerala's glamour and glitter are from world's highest foreign remittances that also create a number of serious social problems.

## Suggestions

Kerala's 'Peoples Planning' should be transformed to a well-defined, systematic and efficient process by incorporating elements of innovation and smart tools from various success models.

If KILA, CDS, DecWatch, Centre for Rural Management etc, work together, a number of decentralised governance systems of excellence can be devised. In our age of information and communication, it will be comparatively easy.

## Current Worldwide status of PB

There are several studies and research papers on Porto Alegre Innovation, including those by Universities of Harvard, Stanford, Vienna etc. A Dec. 2010 study 'Participatory Budgeting Worldwide – an Invitation to Global Cooperation' is at: [www.buergerhaushalt.org/wp-content/uploads/2011/02/LearningfromtheSouth-ParticipatoryBudgetingWorldwide-Study.pdf](http://www.buergerhaushalt.org/wp-content/uploads/2011/02/LearningfromtheSouth-ParticipatoryBudgetingWorldwide-Study.pdf). It is by the German Organisation 'Service Agency Communities in One World' ([www.service-eine-welt.de](http://www.service-eine-welt.de)).

The government of UK is on the initiative of making PB available in all its local communities by 2012. <http://www.participatorybudgeting.org.uk/about/current-and-developing-policy-context>; <http://www.participatorybudgeting.org.uk/>

## Appendix I

### The Schedule and Agenda of the yearly cyclic Porto Alegre PB Process

#### 1. March and April

Planning and coordinating meetings at the regional, micro-regional, thematic and other levels. Meetings to integrate the Delegates Forum and Planning Forums.

##### Agenda

- Accounts Rendered;
- Presentation of Investment plans;
- Presentation of PB Internal Regulations;
- General and Technical Criteria;
- Discussion of the List of Councillors to be sent to the PB Council (COP);
- Suggestions of priorities and requests submitted through the Internet

#### 2. April / May

Regional and Thematic Assemblies;  
Holding of Regional and Thematic Assemblies.

##### Agenda

- Selection of Thematic priorities;
- Election of Councillors;
- Establishing of the number of Delegates based on the level of participation in Regional (assemblies?);
- Accounts Rendered

#### 3. May / June / July

- Regional and Thematic Meetings

##### Agenda

- Election of delegates,
- **Prioritisation of works and services;**
- Deliberation on Requests made over the Internet (in the Forum of Delegates)
- Before Prioritisation: delegates visit the sites targeted by the requests, in order to understand the requests being made.

#### 4. July (First Fortnight)

- Municipal Assembly

##### Agenda

- Swerving in of the new Councillors;
- Submission of the Prioritisation of Works and Services;
- Selection of general theme for the current PB cycle

## 5. July to September

- Analysis of demands and general budget structure (resources to be allocated to each Department)

### Government

- Analysis of the technical and financial feasibility of requests made;
- View of proposed general budget structure.

## 6. August / September

### Vote on the Budget Structure

- Discussion and voting on the general budget structure and the beginning of resource distribution for the regions (wards) and thematic committees of the PB Council.

## 7. October / December

Details added to the Investment and Services Plan.

Finalisation of the distribution of resources for the regions (wards) and thematic committees.

Presentation and voting on the Investment Plan Proposals (technical and financial analysis of service and construction requests) in the regional and thematic delegate forums, with the presence of the Cabinet of Budget Programming, Municipal Secretary of Political Coordination and Local Governance and similar organisations, with the reception of Investment Plans occurring beginning before the proposals are referred to their corresponding forums.

## 8. November / December

Discussion of alterations to the PB Internal Regulations and General, Technical and Regional Criteria in the regional and thematic forums.

## 9. December / January

Debate and voting on PB Internal Regulations and General, Technical and Regional Criteria.

## 10. February

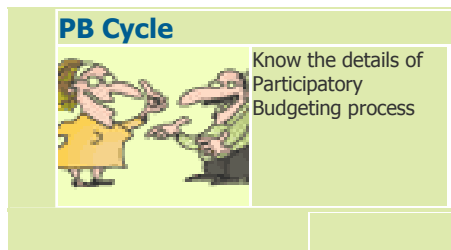
Vacation

## Porto Alegre's Website

Click open the website LINK below.

<http://www.ongcidade.org/site/php/noticias/noticiasEN.php>

THEN, click on 'Know the details of Participatory Budgeting Process' after 'PB Cycle' written in small print on the right hand side of the small CARTOON as copied here (NOT on the cartoon here!).



## References

1. Assessment of Participatory Budget in Brazil, Study, Harvard School of Design.
2. Explaining Innovation in Local Governance, An In-depth Look at Porto Alegre, 1989-1997, Study, Stanford University
3. Participatory democracy and sustainable development: integrated urban environmental management in Porto Alegre, Brazil - Environment & Urbanization Vol. 14 No 2 October 2002, Article, by *Rualdo Menegat*
4. Participatory Budgeting Worldwide - an Invitation for Global Cooperation, Study: <http://www.buergerhaushalt.org/wp-content/uploads/2011/02/LearningfromtheSouth-ParticipatoryBudgetingWorldwide-Study.pdf>. This is by the German Organisation 'Service Agency Communities in One World'.
5. A comprehensive and very extensive information site has emerged on the Wiki platform under 'Participedia': [http://www.participedia.net/wiki/Welcome\\_to\\_Participedia](http://www.participedia.net/wiki/Welcome_to_Participedia). This site has many informative links. On this site, Kerala is in the alphabetical list.
6. Participatory Budget Organisation: <http://www.participatorybudgeting.org/>
7. People and Participation: <http://www.peopleandparticipation.net/display/Involve/Home>

(In the recent years, several organisations have evolved from the PB and other participatory activities and are present on the Internet.)

## More Information on Porto Alegre PB

For extensive documentation of PB in various countries etc see the website: <http://www.4shared.com/dir/5079697/ca26c4e6/BIBLIOGRAPHY.html>

The above site is under: 'Popular Sovereignty Network' **Text and Articles (Mozilla Firefox 1.x or Internet Explorer 7.x required)**  
<http://www.ongcidade.org/site/php/noticias/noticias.php>

## Sources of Information

The information, data, photos etc herein are from several Internet and other sources over years. A complete listing is impossible to make. But, as the '*Participadia*' website given above, has links to so many of the past and new sources of information on the subject, anyone can check on the veracity of the information given herein and also get more up to date information and details.