

# **The Characteristics and Outcomes of Participatory Budgeting: Buenos Aires, Argentina**

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# The Characteristics and Outcomes of Participatory Budgeting: Buenos Aires, Argentina

*Laurence Crot*<sup>1</sup>

## Introduction

The expression ‘participatory budgeting’ refers to a set of mechanisms devised to enable the popular control and management of municipal budgets. Following the seminal success of the scheme in the Brazilian city of Porto Alegre, participatory budgeting has come to be seen as a ‘best practice’ by multilateral development agencies. UN-HABITAT, via its Global Campaign on Urban Governance, joined forces with the World Bank’s Urban Management Programme and the European Union’s URB-AL network to generate a toolkit aimed at promoting inter-regional transfers of experience in participatory budgeting between Latin America and other regions. According to this toolkit, participatory budgeting can be defined as “a mechanism (or process) through which the population decides on, or contributes to, decisions made on the destination of all or part of the available public resources”<sup>2</sup>.

Beyond this procedural definition, however, analysts agree on a definition of participatory budgeting as a process whose objectives reach well beyond the simple search for greater public involvement in the allocation of public investment resources. The model is primarily depicted and conceived as a device geared to the empowerment of groups that have been traditionally excluded, not just from decision-making with respect to public policy, but also from societal institutions in general. In Porto Alegre, the experience has indeed had a strong redistributive dimension, achieved through a form of state-sponsored ‘positive discrimination’ by which the participation of poor and marginal segments of society has been sought, encouraged and nurtured. The success of this specific feature of participatory budgeting in Porto Alegre has strongly contributed to shaping most observers’ perceptions of the role of participatory budgeting. Thus for most proponents of participatory budgeting, “the principal goal of participation is the ‘empowerment’ of the social groups that have typically been ignored by social and economic development policies”<sup>3</sup>.

In most instances, participatory budgeting initiatives have been modelled on Porto Alegre’s internationally acclaimed experience. In its first phase of diffusion to other cities, the model spread all over Brazil; as many as 130 Brazilian cities had a participatory budget at the turn of the millennium. A second stage is now taking place in which the transfer of the model has expanded to include numerous Latin American cities and some experiments on other continents. However, the reproduction of participatory budgeting beyond Porto Alegre’s borders has not achieved similarly successful outcomes everywhere. The socio-political circumstances surrounding the establishment of a participatory budget in any particular city, as well as the specific motivations behind its adoption, have fundamental consequences for

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1. This case study is the product of a larger research project on urban planning issues in contemporary Buenos Aires. The author is greatly indebted to all those who have made this work possible through their insightful collaboration and enthusiastic support. To name just a few: at the London School of Economics, Professor Andy Thornley, Dr. Gareth Jones and Dr. Dennis Rodgers; in Buenos Aires, Marcelo Rodriguez from the University of Buenos Aires, and to all the informants and interviewees who spoke their mind so freely and shared their knowledge and opinions.

2. UN-HABITAT, 2004, p. 21

3. Souza, 2001, p.174

the outcomes of the process and its likely success. The adoption of participatory budgeting by the city of Buenos Aires provides an instructive case in point.

## **The adoption of participatory budgeting in Buenos Aires**

Participatory budgeting was introduced as a mandatory requirement in Buenos Aires by the city's new Constitution enacted in 1996<sup>4</sup>. Whereas previous constitutional texts based political institutions on the principle of representative democracy<sup>5</sup>, the new constitution has been lauded for its progressive tone, particularly regarding its emphasis on the opening of the local political system to greater citizen involvement in decision-making. However, constitutional progressivism does not necessarily equate to political voluntarism. Some years following devolution, many of the constitutional mandates involving popular participation had neither been ratified by the municipal Legislature nor implemented by the Buenos Aires City Government (*Gobierno de la Ciudad de Buenos Aires*).

To understand the lack of political will to comply with the constitutional mandate, it is necessary to consider the political landscape within which the new Constitution was formulated. By the mid-1990s, the Argentine political stage was occupied by the Justicialist Party<sup>6</sup> (PJ – *Partido Justicialista*) and two opposition parties with strong *porteño*<sup>7</sup> roots: the UCR (*Unión Civil Radical*) and the ascendant FREPASO (*Frente por un País Solidario*). In June 1996, simultaneous elections were held for Buenos Aires's Mayor (*Jefe de Gobierno*) and the Constitutional Convention (*Convención Constituyente*), the temporary organ in charge of drafting the city's new Constitution. While the political opposition won both, electoral success was distributed differently among the two opposition groups: though the UCR prevailed in the mayoral race, the majority of seats in the Constitutional Convention, surprisingly, went to FREPASO – until then a marginal party. FREPASO sought to use its majority in the Constitutional Convention to accentuate its centre-left profile, in order to distance itself from the UCR and emphasise their differences. One of the strategies used in this regard by FREPASO was to impose its programmatic views of social progress and institutional modernisation by incorporating challenging mechanisms for popular participation in the Constitution. FREPASO thus portrayed itself as the true 'participatory' party in the city's political landscape, using the new Constitution as a vehicle for its political agenda, as well as a political weapon against the majority, by trying to insert innovative mechanisms of participatory democracy in the Constitution.

Thus, the incorporation of participatory budgeting and other participatory arrangements in the Buenos Aires Constitution was in large part due to the battle between these two political parties for the design and control of future spaces of power. Thanks to its majority, FREPASO was successful in imposing its views on the Constitutional Convention. However, once the Convention had fulfilled its role it was dissolved, thereby leaving the new executive with the responsibility for enacting a Constitution that reflected neither its political priorities nor those of the majority of the citizenry. As a result, for many years both the executive and the legislature ignored the constitutional requirement to establish participatory budgeting in

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4. The 1994 national Constitution established, for the first time in Argentine history, Buenos Aires as an autonomous politico-administrative entity governed by a democratically elected Mayor. Until then, the city's top political figure, called *Intendente*, was handpicked by the national executive.

5. Poder Ciudadano, 2002

6. The Justicialist party is the new version of the old Peronist party

7. From Buenos Aires

the city. It was only in the aftermath of the spectacular socio-economic crisis<sup>8</sup> that shook Argentina in December 2001 that arrangements for participatory budgeting were finally initiated by the municipal government, mainly as a response to the crisis.

On 19 and 20 December 2001, in the context of fierce civil strife sparked by the country's economic crisis, violent demonstrations broke out in the capital, with hundreds of thousands of angry people taking to the streets and unleashing their fury against the political class – at both national and local level – by crying “¡Que se vayan todos!” (Out with them all!). Although the Argentine people's grievances were directed primarily at the national government, whose abandonment of the exchange rate regime that pegged the peso to the US dollar was considered to have triggered the economic crisis, they were equally disillusioned with local policy makers<sup>9</sup>.

Faced with uncontrollable social upheaval and a deep crisis of legitimacy of state institutions, the municipal government was amenable to any proposal that might have helped to re-establish popular confidence. The participatory budget, with its ideals of popular empowerment and citizen control, offered a welcome *ad hoc* response to the crisis of confidence in the political system<sup>10</sup>. At a time of public disaffection with state institutions, new processes of public engagement in urban planning and policy were suddenly seen as a promising means of rebuilding confidence in local government. A legislator and leftwing politician took advantage of this window of opportunity by suggesting to the Mayor<sup>11</sup> that he would take responsibility for implementation of a Participatory Budgeting process in exchange for being appointed head of a municipal department, the Secretariat for Decentralisation and Citizen Participation (*Secretaría de Descentralización y Participación Ciudadana*)<sup>12</sup>. To the “*Que se vayan todos!*” slogan, he sought to reply via the Participatory Budget with a pacifying slogan: “*Que vengan todos!*” (Let them all come!). Participatory budgeting provided a perfectly tailored answer to public rejection of more traditional, representative ways of doing politics. It was thus hastily introduced in 2002 by the municipal executive as a tool for the mitigation of popular protest and as part of an attempt to re-legitimize political institutions.

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8. Although an economic crisis had been looming in Argentina since the late 1990s, it became a reality when the central government announced in December 2001 that the country could not service its debt and that it would abandon the pegged exchange regime with the dollar. This announcement sparked violent civic unrest and, on 21 December 2001, President de la Rúa resigned as thousands of people took to the streets of Buenos Aires to protest. At least 22 people were killed in the riots. Explanations for Argentina's economic crisis have proliferated since the collapse of the country's financial system in 2001. Most authors tend to lay the blame on the Menem administration, whether for its consistent fiscal indiscipline or for the short-termism of its economic policies, which were accused of being aimed at nurturing the interests of monopolistic foreign companies at the expense of the national economy (Mussa, 2002). Calgagno and Calgagno (2002) demonstrate how the economic model that emerged in 1991 under the Menem presidency was based on financial speculation, external indebtedness, corporate concentration, internationalisation and corruption. Some critics also emphasise the adverse impacts of the ‘Washington consensus’ policies championed by the multilateral financial institutions (Stiglitz, 2002; Mussa, 2002).

9. This law ensured the convertibility of Argentine pesos into U.S. dollars on a one-to-one basis

10. Rodgers, 2006

11. The then Mayor was Aníbal Ibarra

12. This politician, Ariel Schífrin, also harboured personal political motives, as he saw in these new executive responsibilities an opportunity to increase the political clout of his own party, the Open Space Group (Grupo Espacio Abierto), a minority political formation within the Mayor's coalition, the Broad Front (Frente Grande). For a detailed and illuminating examination of the configuration of the municipal political map at that time, see Rodgers (2006).

The circumstances of the creation of the Buenos Aires participatory budget predictably carried significant implications for the subsequent success of the experience. In Porto Alegre, observers have shown that the introduction of participatory budgeting was the product of a long process of internal social and political maturation that favoured the opening of the policy-making system to greater participation. The origins of popular demand for greater involvement in Porto Alegre's public affairs can indeed be traced back to the period of authoritarian rule<sup>13</sup>. The other most salient feature of the Porto Alegre experience is probably the political commitment to the scheme shown by the party that launched participatory budgeting, the Workers' Party (*Partido dos Trabalhadores*). While participatory budgeting has been espoused by many Brazilian cities, with varying degrees of success, it appears that what set Porto Alegre apart from less successful attempts was the real political will to transfer a significant share of decision-making power to the citizenry. This in turn contributed to endowing the Workers' Party with a high degree of popular approval, allowing it to retain for many years a firm hold on the city's politics. In turn, the Workers' Party's long-lasting administration ensured that the participatory budget became an autonomous, fully-fledged institution. A fundamental indicator of the status of participatory budgeting as a cornerstone of Porto Alegre's democratic life was its successful continuation after the Workers' Party's electoral defeat in 2004. In Buenos Aires, in contrast, the conditions of and motivations for the adoption of participatory budgeting – that is, crisis mitigation and political opportunism – might have been expected to have had adverse effects on the performance of the scheme. The next sections describe the characteristics of the participatory budgeting process and examine its performance.

### **Characteristics of participatory budgeting in Buenos Aires (2002-2006)**

The focus of this case study is the participatory budgeting process carried out in the politico-administrative unit called the 'Autonomous City of Buenos Aires' (CABA: *Ciudad Autónoma de Buenos Aires*). This territorial entity has a population of 3 million and corresponds to the central area of the Buenos Aires Metropolitan Area (AMBA: *Area Metropolitana de Buenos Aires*), which comprises, in addition to the Autonomous City, 25 municipalities (*Partidos*)<sup>14</sup>. Between 1996 and 2007, the Autonomous City of Buenos Aires was itself divided into 16 sub-units, the CGPs (*Centros de Gestión y Participación* or Management and Participation Centres) (Figure 1). These centres functioned as administrative units but had no political autonomy or decision-making powers<sup>15</sup>.

The Cycle of the Participatory Budget (*Ciclo de Presupuesto Participativo*) starts in April and lasts for approximately 6 months<sup>16</sup>. This case study covers the five cycles which took place between the years 2002 and 2006. Before the official beginning of the cycle, the Council of the Participatory Budget (*Consejo de Presupuesto Participativo*) meets to formulate and approve the Participatory Budget Regulations (*Reglamento de Presupuesto Participativo*), which specify the process and guide the course of its operations throughout the cycle.

The CGPs provided the territorial administrative basis for the development of the Participatory Budget. The cycle starts with an Opening Plenary (*Plenario de Apertura*), which

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13. Souza, 2001

14. The metropolitan region is also called by some observers the 'Gran Buenos Aires', with 19 municipalities, the remaining 6 being part of the Buenos Aires Province (Provincia de Buenos Aires). This paper uses the official classification of the Buenos Aires City Government.

15. In 2007, the CGPs were replaced with new political and administrative entities, the Communes (*Comunas*), which have different boundaries and enjoy a greater devolution of powers from the city government.

16. There may be small variations between different cycles.

took place in each of the districts administered by the 16 CGPs. Local residents who wish to participate in the process must register during the plenary meeting, in order to be later allowed to vote on priorities and take part in the election of Neighbourhood Delegates. The objective of the Opening Plenary is twofold. First, it is intended to provide participants with complete and detailed information about the structure, rules and methods of the process; this task is carried out by local CGP officers, the CGP Coordinators (*Enlaces Operativos*). Second, the Opening Plenary is expected to produce an initial participatory diagnosis of the district's needs and priorities.

Participatory budgeting *per se* may then begin. Each district is subdivided into three or four smaller territorial units, the Neighbourhood Forums (*Foros Participativos*). Each of these hosts thematic commissions (*comisiones temáticas*), the number and focus of which has varied over time. The list generally includes Education, Healthcare, Security and Community Control, Culture, Socio-economic Development, Public Works and the Environment. These commissions are responsible for the formulation of priority actions and projects for incorporation in the district's list of capital investment priorities. There is no restriction on the investment decisions that may be discussed by participants, especially as there is usually no pre-defined share of the municipal budget dedicated to the execution of participatory budgeting priorities<sup>17</sup>.

All the work carried out in the Neighbourhood Forums is presented to a Closing Plenary (*Plenario de Cierre*), where the Neighbourhood Delegates present the results of each commission's work, including the ordered priorities identified by those who have participated in it. The audience is then invited to vote on these priorities, the objective being to rank them in order of preference. The final step is the election of Titular and Adjunct Neighbourhood Delegates who will represent their Neighbourhood Forum during the subsequent cycle. The priorities of each district are then submitted to the General Direction of the Participatory Budget, which consolidates them into the Matrix of the Participatory Budget (*Matriz de Presupuesto Participativo*). After a final check by the Neighbourhood Delegates, the Matrix is annexed to the City Government's own budget and sent to the Legislature for approval. Once legislative approval has been secured, the city's various departments are responsible for implementation of the priorities that correspond to their sector of activity. Finally, monitoring and evaluation is the responsibility of the General Direction of the Participatory Budget and Neighbourhood Delegates. It is, however, important to note that there are no legal provisions for *enforcing* implementation of the priorities. The departments are ultimately responsible for their own investment choices and are not held accountable to participants in the Participatory Budgeting process.

This description sets out the general operating mode for the participatory budgeting process in Buenos Aires. It must nonetheless be noted that a number of difficulties have arisen that render the above depiction somewhat theoretical, particularly as changes in the city's political administration have been followed by procedural alterations. Readers who are knowledgeable about the Porto Alegre model will also have realised that the Buenos Aires version is different from its Brazilian counterpart in several respects. It is not the aim of the present paper to compare the two experiences; however, some of these differences may help explain the different outcomes of Buenos Aires's participatory budgeting process. Wherever these differences are judged important, they will be reported in the following sections.

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17. There have however been some exceptions, such as the decision taken in 2004 by the Secretariat of Public Works and the Environment to dedicate one million pesos per CGP to the implementation of participatory budgeting investment choices.

## Performance of participatory budgeting in Buenos Aires (2002-2006)

The performance of a participatory budgeting process can be assessed against different criteria, depending on the focus of the analysis and the results that the scheme is expected to achieve. As stated in the first section, it is considered here that participatory budgeting is intended to open up the budgetary decision-making process to wide popular participation, and to contribute to the reduction of socio-economic inequalities through the potential redistributive effects of municipal capital expenditure. Therefore, it appears that participation and redistribution are the most important criteria for assessing the performance of a participatory budgeting process.

### Participation

The level of participation achieved in a participatory budget is related to its acceptance and status within civil society as a useful and legitimate tool for popular participation in budgetary policy-making. The best indicator is probably provided by the rate of citizen participation in annual cycles of participatory budgeting and the extent to which these rates are sustained over the years.

The Buenos Aires participatory budget was inaugurated in June 2002. Although its first round was carried out in relatively chaotic conditions, analysts who have observed the experience since its inception agree that this first round was the most vibrant and stimulating. In terms of numbers, however, participation doubled in subsequent years. Whereas 4,500 participants joined the participatory budget's neighbourhood forums held between June and July 2002, about 9,000 participants registered on the listings of the participatory budget in 2003. The year 2004 saw a further increase in registered participation to 14,000 people. In 2005 and 2006, however, participation rates dropped significantly, by nearly 50%.

A significant scale of participation is demonstrated by these figures, although they are still relatively modest against the backdrop of a total population of 3 million<sup>18</sup>. In addition, these figures are somewhat misleading, as they constitute mere records of the number of people registering on the participatory budget's listings on the day of the Opening Plenary. As the process unfolds over the following months, participation rates typically plummet. A mere look at the difference between the number of participants registered in the Opening Plenary and those attending the Closing Plenary testifies to the decline of popular involvement throughout the cycle. In Buenos Aires, between one-third and one-half of registered participants desert the process over the course of the annual cycle. The exact reasons for this gradual loss of interest are difficult to ascertain, but all the participants interviewed by the author complained about the lack of information and support provided by the CGPs. In theory, the CGPs are responsible for orchestrating participatory budgeting operations and ensuring that participants are given the necessary assistance to enable a meaningful participatory process. However, the CGPs have shown a tendency to neglect this role. For instance, CGP representatives have regularly failed to inform participants in detail about the objectives, proceedings and methodology of the process. Incomplete understanding and inadequate training have resulted in the lack of a sense of ownership of the scheme on the part of participants, sparking disillusionment and frustration among them.

A further element that has been detrimental to participation is the inadequate attention given to advertising the participatory budget and informing the population about its existence, objectives and advantages. As participatory budgeting in Buenos Aires is a top-down, state-

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18. The participatory budget was a city-wide initiative and has not been limited to specific neighbourhoods.



initiated process, a communication campaign was necessary to reach potential participants and educate them about this opportunity to contribute to public life and policy-making. Communication, both in terms of media coverage and government *communiqués*, plays a critical role in ensuring and sustaining widespread participation in participatory budgeting. This aspect indeed greatly contributed to the strengthening of the scheme in Porto Alegre. The growing popularity of the experience was quickly reflected in the local media, which then kept covering participatory meetings over time and also reported any failure by the local government to comply with participants' decisions, thereby exerting pressure on the state to respect the participatory budget's agenda<sup>19</sup>. In Buenos Aires, in the participatory budget's first two years of operation, three non-governmental organisations<sup>20</sup> were appointed by the city government to promote the participatory budgeting process among the population, disseminate information and provide some 'participatory training'. The collaboration with these organisations was abruptly discontinued after less than two years, without any reason being given. While the representatives of the three organisations recounted that they had not been given an official explanation for having been sidelined, they considered that the local government had lost interest in promoting participatory budgeting, following an overhaul of the city's political administration. In contrast to Brazil, therefore, the participatory budgeting process in Buenos Aires has been very rarely and feebly advertised, either in the media or through state channels.

### **Redistributive capacity**

Participatory budgeting was introduced in this paper as a practice marked by a strong orientation towards the redistribution of resources through municipal investment. This approach ensues from the characteristics of the Porto Alegre experience. In the Brazilian city, the urban movements that supported the introduction of participatory budgeting were driven by the popular sectors. Porto Alegre's urban movements originated in the 1970s in the poor – often irregular – settlements of the city, and were led by underprivileged residents who were protesting against insufficient public investment in improving infrastructure and services in their neighbourhoods. This rebellion of the urban poor paved the way for the particular vision of participation underpinning Porto Alegre's participatory budgeting process: the model would focus on the improvement of basic public services in poor urban neighbourhoods. Consequently, Porto Alegre's participatory budget contributed to the redistribution of municipal facilities and services through public investment<sup>21</sup>.

Such a context inevitably fostered a particular approach to the structure of participation and the rules of access to, and engagement in, the participatory budgeting process. Traditionally excluded or under-represented sectors of society have been very well represented in the Porto Alegre participatory budgeting process, their participation being encouraged by the leaders of the process as a necessary condition for the fulfilment of the scheme's redistributive objectives. Analysts have noted that, in Porto Alegre's participatory budget, "a majority of the participants are from the lower classes"<sup>22</sup>, and that "most participants in the plenaries are

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19. Abers, 2005

20. Poder Ciudadano, the CTA (*Central de Trabajadores Argentinos*) and FLACSO (*Facultad Latinoamericana de Ciencias Sociales*)

21. De Souza Santos, 1998; Marquetti, 2002

22. Novy and Leubolt, 2005, p. 2030

indeed considered to be poor (...), with low educational levels, and living in poorer districts and shantytowns”<sup>23</sup>.

Buenos Aires offers a different outlook. First of all, the short-lived movements of social protest which emerged from the 2001 economic crisis, and arguably played some part in the early implementation of participatory budgeting in the city, were not articulated around urban issues or demands for the improvement of neighbourhood-related problems. Instead, they emerged out of the momentum created by the dramatic circumstances of the economic crisis and were primarily motivated by a reactive desire to protest rather than a proactive desire to take a greater part in the city’s public affairs. In addition, these movements were not driven by the marginalised socio-economic sectors but by the middle class. These elements, added to the political opportunism which led to the creation of the participatory budget, resulted in a structure of participation fundamentally different from the one observed in Porto Alegre. In Buenos Aires, the membership profile of the participatory budgeting commissions is relatively homogeneous, comprising mainly middle-class citizens between 40 and 60 years old. Given the absence of systematic advertising and a widespread call for participation in the participatory budgeting process, middle-class representatives have tended to occupy a preponderant position in participatory budgeting meetings. Thus, in the absence of a set of principles designed to promote the involvement of socially and economically deprived citizens, poor unorganised groups have generally remained under-represented on participatory budgeting platforms. This is reflected in the nature of the priorities included in the Matrix of the Participatory Budget. A paradigmatic example was provided by the incorporation in the Matrix of a demand for the construction of a marina for the boats of the residents of a prosperous neighbourhood. Although such a priority stands in stark contrast to demands for primary care centres or the improvement of crumbling sanitation facilities, it was given a priority ranking similar to more pressing concerns related to poverty and access to public services in deprived areas.

The absence of a redistributive capacity is closely related to a further element: the territorial dimension of redistribution in participatory budgeting. This issue is examined in the next section.

## **The participatory budget and territorial inequality**

In Porto Alegre, it is common to debate city-wide issues in participatory budgeting discussions<sup>24</sup>. The Brazilian city’s participatory budgeting process includes “a parallel structure of thematic sessions” in which “delegates deliberate projects that affect the city as a whole rather than those that concern specific neighbourhoods”<sup>25</sup>. In Buenos Aires, on the other hand, the participatory budget has a more markedly territorial, neighbourhood-based focus. As already described in the section on the characteristics of the participatory budget, the scheme’s proceedings take place in local forums evenly distributed over the city’s territory, these forums themselves being divided into ‘commissions’, which are responsible for dealing with different themes, such as infrastructure, healthcare, education, and so on. Whereas territorial and thematic differentiation are useful to allow the participatory budget to deal with a multifaceted environment, at the same time a host of difficulties are generated by the overlapping nature of the territorial scales and thematic categories of operation.

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23. Koonings, 2004, p. 92

24. Navarro, 2005

25. Baiocchi, 2003, p. 49

Healthcare issues represent a case in point. Public health policy is a recurrent subject of controversy in Buenos Aires, notably as a result of the lack of inter-jurisdictional coordination between the Autonomous City and its metropolitan region. Over 50% of the population treated in the central city's medical establishments resides in the metropolitan outer ring. However, there is absolutely no cooperation on healthcare planning and policy between the City Government and the municipal authorities of the metropolitan area. In addition, the central city itself suffers from acute territorial imbalances with respect to the distribution of healthcare facilities and services. The number and geographical distribution of healthcare facilities is markedly better in the rich northern neighbourhoods, while there is a dearth of medical services in the deprived southern area. Although healthcare provision involves an intricate web of institutional relationships between different scales of policy-making, for citizens it constitutes a practical, fundamental priority in their everyday lives. In the participatory budget, healthcare concerns have thus regularly been identified as a top priority by the participants. However, the responses to these concerns have been a regular source of confusion and disappointment among participants, as the great majority of healthcare-related issues exceed the territorial boundaries of any local participatory budgeting forum. Indeed, the municipal authorities consider that this type of question exceeds the budgetary and institutional prerogatives of the participatory budget, expecting the process and each forum to deal with local issues only.

Thus the geographical scope for decision-making by each neighbourhood forum is limited to its vicinity. However, a city is a functional whole whose parts cannot be realistically separated by administratively drawn boundaries. An issue of importance to a neighbourhood often has ramifications for other areas. This is even truer for cities in the developing world, where citizens are likely to seek to use participatory budgeting to compensate for state failures in the provision of basic public services, even though the management of these services is necessarily dealt with at the city level. In addition, the profound socio-territorial inequalities found in developing world cities call for redistribution of resources, which conflict with a neighbourhood-based approach to the planning and management of public expenditure.

In the Autonomous City of Buenos Aires, spatial polarisation refers to the socio-territorial disparities between the city's privileged and highly developed northeastern neighborhoods and the southern part of the city. The southern area is home to one third of the Autonomous City's population but accommodates 60% of the city's total population with unsatisfied basic needs, against 10.5% in the northeastern region (Figure 2). At the turn of the millennium, unemployment rates in the south were 60% higher than in the north and infant mortality rates were twice as high. In addition, 30% of people were found to be lacking medical insurance, particularly worrying considering the high levels of land, air and water contamination found in that zone. This is also where 95% of the city's slum settlements (*villas miserias*) are located (Figure 3). For these inequalities to be reduced, capital expenditure targeted at the provision and improvement of facilities in the southern region is needed. While this issue is a recurrent and sensitive electoral concern for the city's politicians, no local government has ever been able to summon up the necessary political will to tackle the disparities.

In such a context, the participatory budget might provide a means of reducing territorial imbalances. However, this would require a procedural design deliberately oriented towards meeting such an objective. In particular, it would call for the allocation of a greater share of the participatory budget's resources to investment in the southern region. This has been debated by participatory budgeting experts in Buenos Aires, but significant steps in that direction still need to be taken. An important obstacle, in this regard, is the lack of financial autonomy of the participatory budget.

Financial autonomy refers here to the ability of those involved in participatory budgeting to ensure that its decisions are implemented without being dependent on another organisation. The best indicator of the financial autonomy of a participatory budget is probably the extent to which the budgetary priorities set by participants are implemented. Governmental compliance with participatory budgeting priorities indeed provides an indication of the extent to which the citizens involved are truly in control of the use of the city's capital expenditure resources. Studies have shown that, in many cities, there is a disturbing rate of non-compliance with the priorities set by participatory budgeting processes<sup>26</sup>. Discrepancies between planned actions and *de facto* implementation may have various possible explanations, depending on each city's specific circumstances. For example, once approved by a Legislature, the implementation of budgetary plans may be subject to the discretionary goodwill of municipal executives, or there may not be sanctions against failure to comply with approved investment plans, thereby allowing for considerable discrepancies between planned actions and their execution.

In Buenos Aires, it is difficult to develop a reliable indicator of compliance, due to the lack of control over the implementation of participatory budgeting priorities and systematised follow-up. Whereas official discourse asserts that the rate of accomplishment has generally attained 60 to 70%, Neighbourhood Delegates calculate that a more realistic estimate is closer to 40 to 50%<sup>27</sup>. Implementation rates are of course partly dependent on the budgetary resources dedicated to participatory budgeting. There is a lot of variation regarding the share of municipal resources discussed and controlled by participatory budgeting processes in different cities, ranging from less than 2% to 100%<sup>28</sup>. Variation also occurs depending on the portion of the municipal budget allocated to investment. Porto Alegre's participatory budget has typically been able to oversee 100% of capital expenditure resources, corresponding to approximately 10% of the municipality's overall budget. In cities where only a small amount of the budget is subject to participation, the process may have much less legitimacy. Buenos Aires constitutes a 'weak' case, with less than 2% of its annual total budget dedicated to participatory budgeting. This cannot be blamed – as in the case of many other Latin American municipalities – on the city's lack of financial autonomy, for Buenos Aires is almost 95% self-financing. The only potential explanation rests with the non-statutory character of the priorities set by the participatory budget and the lack of political will to comply with these priorities. It must be noted, however, that the municipal administration that took office in 2007 has been formulating a new version of the participatory budgeting process; one of its objectives being to progressively implement a number of priorities voted for in the past but which have so far remained unaddressed.

## **State-society relations in participatory budgeting**

It is hoped that the modifications formulated by the new administration will give a fresh impulse to the Buenos Aires participatory budgeting process and help to overcome the difficulties which have so far prevented it from delivering the successful results commonly associated with the model. Since the establishment of participatory budgeting in Buenos Aires, changes in municipal political administrations have tended to destabilise and weaken the process. The initial enthusiasm which accompanied the creation of the participatory budget at the time of the economic crisis was quickly replaced by an attitude of indifference

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26. Cabannes, 2004

27. According to personal interviews with participatory budgeting representatives responsible for the follow-up of the priorities voted by participants, which constitute the Matrix of Priorities of the Participatory Budget.

28. Torres Ribeiro and de Grazia, 2003

on the part of the municipal executive. This was evidenced by the downgrading of the organisational status of the participatory budgeting process within the city's institutional architecture and the replacement of its initial team of leaders by representatives from the opposition party, who enjoyed very little political backing within the municipal administration. Municipal officers remember the then Mayor telling them that he preferred to dedicate investment resources to 'grand' actions that gave him political visibility, such as the construction of a school or a hospital, rather than to the participatory budget, which was unknown to the majority of Buenos Aires citizens<sup>29</sup>.

Following the 2007 mayoral elections, the new municipal administration formulated another version of the scheme under the name 'New Participatory Budget/2008' (*Nuevo Presupuesto Participativo/2008*). Among the modifications identified, a major innovation relates to the territorial reorganisation arising out of the city's recent process of political decentralisation and devolution of power towards smaller politico-administrative entities, the Communes (*Comunas*). Decentralisation is traditionally regarded as a necessary condition for the achievement of meaningful popular participation. It is expected that the Communes will provide a more appropriate platform than the CGPs to implement and supervise participatory budgeting. The CGPs were created by the Constitution as temporary decentralised entities able to deal with community issues pending the creation of Communes and true decentralisation. However, the establishment of the Communes stalled between 1996 and 2007, due to an inability to secure legislative approval of their political responsibilities and territorial design. Between 2002 and 2007, the practical implementation of the participatory budget was therefore left to the CGPs, which did not enjoy the necessary political powers and material resources to fulfil this role effectively. The creation of the Communes in 2007 was thus a welcome event and it is anticipated that it will help to improve and strengthen the participatory budgeting process.

It must however be recognised that, while the Communes are likely to provide a more stable anchorage for participatory budgeting operations, there is no guarantee that they will not reproduce the difficulties which have been observed in the ways in which the CGPs have dealt with civil society in participatory budgeting proceedings. Most notably, clientelistic ties between state bureaucrats and civil society have persistently been reported. During interviews with participants and observers of the 2004 and 2005 participatory budgets, my informants recalled a series of anecdotes that shed light on the ways in which state bureaucrats had used participatory budgeting meetings to distribute favours to local community members. According to one such anecdote:

In an Opening Plenary Assembly held in April 2003, the Secretary of Decentralisation and Citizen Participation was present. After expressing his satisfaction about the creation of the Participatory Budget, he declared that he was there to face the problems of the local residents and to solve them. Then, when at some point a mother complained about the lack of scholarships for secondary school students, the Secretary crossed the room in front of everyone with his cell phone in his hand, gave it to the mother and put her in communication with someone who was going to 'solve her problem' (that is, to provide a scholarship for her son).<sup>30</sup>

This type of attitude on the part of state actors is representative of the prevailing logic of state-society relations in Argentina, and reproduces the model of a bureaucrat who 'solves' the

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29. According to interviews with former municipal officers attached to the Mayor's Office

30. According to an interview with a team of researchers from the University of Buenos Aires

citizen's problem. This makes it difficult to supersede traditional forms of clientelism and patronage in participatory processes.

Political clientelism and patronage have been recurrent themes in the study of state-society relations in Latin America and in accounting for incomplete forms of democracy<sup>31</sup>. In Porto Alegre, it has been argued that “the replacement of clientelism with open and transparent discussions is one of the main reasons for the high legitimacy of participatory budgeting”<sup>32</sup>. In Buenos Aires, the scheme's ability to achieve the same results has been curtailed by the endurance of Argentina's prevailing political culture, expressed in the mode of interaction between participatory budgeting participants and local and municipal officers. A striking example is the way in which the ‘CGPs’<sup>33</sup> have used the participatory budget as a platform for their own promotion. A researcher who attended participatory budgeting meetings in 2003 recounted that there were ads and flyers about the services provided by the CGP, with no clear separation between the framework of the participatory budget and the CGP's common affairs. This helped to emphasise that the coordination of the meeting was done by the CGP, giving the feeling that the CGP was the ‘owner’ of the process.<sup>34</sup>

The participatory budget thus remains a space in which citizens express demands or complaints and bureaucrats defend or promote themselves, apologise or distribute favours<sup>35</sup>. These difficulties are reinforced by the fact that the vast majority of local CGP officers in charge of overseeing the process have not received a formal training in the ‘art’ of participation. CGP officers have frequently complained about the lack of guidance available to help them build the skills to manage and supervise such a complex participatory process<sup>36</sup>.

The above depicts an experience that is far removed from the ideals of shared management and governance which participatory budgeting is expected to foster. It also runs counter to the expectation that public participation initiatives can transform traditional modes of interaction and engender ‘better’ (i.e. more democratic and egalitarian) citizenries. Such initiatives are not sufficient and must be accompanied and supported by profound state reforms. This is probably all the more true when participatory experiences are instituted ‘from above’, that is, when they are ‘provided and provided-for’ by state agents<sup>37</sup> and when their organisation relies on pre-existing, traditional state infrastructure. In Buenos Aires, the participatory budget originated in the governmental sphere; it was provided from above as a state policy in which “the real actor is the state, not the people”<sup>38</sup>. Therefore, instead of building on their complementarities, the state and civil society remain opposed in a model based on confrontation rather than cooperation.

Within such a context, another innovation recently formulated by the new municipal administration has encouraging prospects: the establishment of a local state-sponsored ‘School for Citizen Participation’ (*Escuela para la Participación Ciudadana*). This represents a welcome initiative, as it is designed to promote and develop meaningful participation. It

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31. Mainwaring et al, 1992; Munck, 1997; Auyero, 2000; García-Guadilla and Pérez, 2002

32. Novy and Leubolt, 2005, p. 2028

33. As already noted, the CGPs (Centros de Gestión y Participación) were the city's decentralised local bureaucracies between 1996 and 2007. They were replaced in 2007 by the Comunas (Communes).

34. According to a personal interview with a researcher from the University of Buenos Aires

35. De la Mota et al., 2004

36. According to a series of interviews with CGP officers

37. Cornwall and Coelho, 2007

38. De la Mota et al., 2004

may be hoped that such an endeavour will also contribute to improving the quality of the relationships between participants and state representatives.

## Conclusion

This case study has shown that the Buenos Aires participatory budgeting process represents a substantial departure from the paradigmatic model developed in Porto Alegre. Above all, the Buenos Aires case reminds us that the transfer of best practices is a tricky endeavour when it comes to reproducing models of urban planning and management in diverse socio-political contexts. The historical legacy of the Argentine polity constitutes a genuine obstacle to any transition of the country's decision-making institutions from representative towards participatory forms of democracy. Argentine society's political culture is imbued with a legacy of ultra-presidentialism, which has translated into a logic of highly 'personalised' politics. While the emergence of 'delegative democracy' in Argentina is commonly traced back to the disastrous economic context of the late 1980s and the accession to power of Carlos Menem<sup>39</sup>, its deeper origins lie in a blend of inherited colonial authoritarianism and presidentialism. Such a mix is typical of Latin American political systems and has implications for societal attitudes towards democracy. In Buenos Aires, it hampers the successful development of participatory budgeting by exerting a limiting influence on the scheme's potential for citizen empowerment and social transformation.

It must be noted that participatory budgeting is not the only planning transfer with which Buenos Aires has been experimenting in recent years. Another 'copied' initiative of participatory planning, the 'Strategic Plan' (*Plan Estratégico*), modelled after the strategic planning experience of the Spanish city of Barcelona, was adopted at the turn of the millennium. Although Buenos Aires' strategic plan was not directly born out of the 2001 crisis, it has been suffering since its very beginnings from problems of politically-induced instability similar to the ones experienced by the participatory budgeting process. Such difficulties are commonly associated with the transfer of innovative models of urban management. Following the recent increase in the international diffusion of best practices, much emphasis has been placed on assessing the transferability of original approaches to different political and cultural contexts. However, while analysts have concentrated on issues of compatibility between transferred models and host cities' institutional landscapes, there has been a tendency to ignore the question of the local political circumstances surrounding the adoption of foreign blueprints. Recognising the fundamental influence exerted by local politics upon the establishment and performance of participatory budgets is nonetheless essential, as it largely determines likely outcomes. In Porto Alegre, analysts have shown that the creation of the participatory budget satisfied a strong demand for participation emanating from a substantial part of the local citizenry<sup>40</sup>. This case study has demonstrated that the introduction of participatory budgeting served different objectives in Buenos Aires. It was rooted in the need to surmount a political crisis and rebuild legitimacy. The adoption of participatory budgeting was instrumentalised to solve a political dilemma.

While the Buenos Aires participatory budget has so far not produced the positive results theoretically associated with the model, prospects for the future are not necessarily bleak. It has been argued in this paper that political motivations and attitudes have a critical impact on the form and outcomes of a participatory budgeting initiative. Thus, as political configurations evolve, so do the characteristics and outcomes of participatory budgeting. The new political

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39. O'Donnell, 1999

40. Abers, 2000; Souza, 2001; Koonings, 2004; Navarro, 2005

constellation in power in Buenos Aires has created a space for new institutional arrangements to emerge. Whether these changes allow for a more efficient and meaningful participatory budgeting process to develop will depend on the suitability of the new design of the scheme and the existence of sustained political will to support it.



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