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Evaluating Empowerment: Participatory Budgeting in Brazilian Municipalities

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For citizens and local government officials alike, local government is a critical domain for the exercise of democratic rights and for making effective choices about public policy. A range of factors, however, conspire against good governance, democracy, and equity at the local level throughout much of the developing world. The social and economic power of local elites often gives them disproportionate influence over the political process, while top-down, insulated, and nontransparent decision-making structures make it difficult for ordinary citizens to have a voice. Democratic deepening begins with the democratization of local government—that is, the empowerment of citizens and local government.

That is precisely what participatory budgeting (PB) initiatives have tried to achieve in a variety of municipalities in Brazil. Introduced in the city of Porto Alegre in 1990 and implemented since then in at least 200 other municipalities throughout the country, PB introduces direct participation into the process of municipal budget formulation.

This chapter reports the findings of a two-part analysis. First, using data from a 10-city, matched-pair study carried out in 2004, researchers examined the impact of PB on empowerment. The study asked whether these reforms promoted empowerment and, if they did, under what conditions this took place. Second, using an extensive data set covering 5,403 municipalities of Brazil along with a range of other sources, researchers generated a data set spanning 1991 to 2000. The effect of PB was then estimated for development outcomes including municipal finances; public service delivery; human development; and growth, poverty and inequality.

The paired analysis showed that cities in which PB took place provided for much more effective forms of engagement than their non-PB counterparts. The scope of citizen influence ranged from making general demands to specifically shaping patterns of investment and service delivery. Though there was great variation between PB cities, they were all marked by an expansion of the opportunity structure. The introduction of PB had a much more mixed impact on agency, as measured by the capacity of civil society to self-organize. The evidence from statistical analysis of the large data set

indicated a striking positive association between the introduction of PB and reduction in extreme poverty, especially in contexts where the initial incidence of extreme poverty was high. Impacts were also indicated in relation to reducing overall poverty, poverty among children, and inequality, and increasing access to public services and human development.

This case demonstrates an interesting use and integration of different approaches to data collection and analysis. The persuasiveness of findings in this case is due in part to the recognition of the different value and different limitations of each approach. In particular, the potential issue of endogeneity—which is almost endemic when trying to attribute causality in an area such as empowerment—is largely avoided in the econometric analysis. Additionally, the careful sampling and matched-pair approach used in the descriptive analysis allows for a high degree of comfort with findings.

The Participatory Budgeting Initiative

The highly publicized successes of Porto Alegre in introducing and expanding PB have had a significant demonstration effect. Though there is wide variation in the design and implementation of PB, the basic process begins with neighborhood assemblies in which citizens deliberate and set budgeting priorities. It concludes when delegates directly elected by the neighborhood assemblies formulate a citywide budget that incorporates the citizens' demands. In principle, by empowering citizens and their organizations to engage in budget decisions, PB marks a dramatic break with the patronage-driven politics that has long dominated municipal budgeting in Brazil.

The case that has been made for PB follows the logic of decentralization more generally. The devolution of decision-making authority downward and into the hands of local actors increases transparency, taps into local sources of information, improves accountability of elected officials and public service deliverers, and encourages innovation. In the case of PB it has also been argued that expanding the spaces in which citizens can directly influence resource allocation creates incentives for citizen engagement and strengthens civil society. PB, in other words, is an institutional mechanism for building an empowered citizenry. In its design, PB specifically seeks to expand the opportunity structure for empowerment, both by reducing the transaction costs of participation for the poor and by increasing the transaction costs for traditional elites.¹

Existing research provides evidence that these initiatives have expanded the range of actors participating in the political arena. In Porto Alegre, an estimated 100,000 adults have participated at some point in the budgeting assemblies. Other cities that have adopted some form of PB have also experienced very active participation, including municipalities with little in the

way of civil society organization. What the existing research does not allow assessment of, however, are the empowerment outcomes of these reforms across contexts. Particularly confounding is the issue of selection bias. Because these are bottom-up reforms that have evolved organically, it is difficult, on the basis of case studies alone, to separate the effects of potentially unusual background conditions from the impact of the reform itself. The research design adopted in the study directly addresses this concern and in doing so offers succinct analysis of both empowerment and other development outcomes.

Research Framework

An empowered civil society must have an autonomous capacity for self-expression (agency) and an opportunity structure in which it can effectively and meaningfully engage the state.² While participatory budgeting creates a formal opportunity structure for state-society engagement (the first degree of empowerment), the *effectiveness* of collective choice (the third degree of empowerment) is not automatic. It is conditioned on the one hand by the capacity of civil society organizations to make purposive choice (agency) and on the other hand by the nature of both the formal and informal opportunity structure. PB was explicitly conceptualized as a means by which the state could expand the opportunity structure for citizen and local government engagement.

Agency was conceptualized in two dimensions: *self-organization* and *mode of engagement*. Self-organization refers to the level of internally developed and self-sustaining organizational resources and guiding principles. Civil society organizations may be said to be either dependent (those that do not have the capacity for self-organization and self-determination without external support) or *autonomous* (those that have the capacity for self-organization and self-determination). Mode of engagement refers to how civil society organizations engage with the state. Three modes are identified: *associationalism* (rule-bound and transparent procedures of demand making), *clientelism* (discretionary demand making contingent on loyalty to broker or patron), and *exclusion* (no access to make demands).

Opportunity structure was conceptualized as the presence and operation of rules (institutions) that determine the scope and quality of opportunity for civil society to interface with local authorities. The opportunity structure includes both the *institutional surface area* (the extent and degree of inclusiveness of spaces and points of contact between state and public, that is, formal institutions) and *institutional processes* (how social demands are processed, that is, the operation of these formal institutions). *Patronage* (demands processed contingent on loyalty) and *participation* (demands processed contingent on open participation) are identified as two possible institutional processes that reflect informal institutions. Political parties are also considered as part of the insti-

tutional context, and two forms of behavior are used to characterize how informal political rules function. "Oligarchical" parties are considered to be those dominated by powerful individuals, in which the party's identity is largely indistinguishable from that of a specific individual, family, or group of cohorts. More "modern" political parties have an identity that is mainly associated with an organizational program or platform.

The matched-pair analysis was relational and context-sensitive. It asked, first, who are the key players involved in the budgeting process and how does PB transform the playing field? Understanding the way that informal institutions and individual and group assets either block or facilitate participation was of particular interest. The role of civil society organizations, political parties, and the bureaucracy and the relations between these actors was specifically examined. The design of PB is meant to create new links to decision making for civil society organizations and individual citizens. This model of empowerment explicitly recognizes that an increase in the role of civil society requires a change in the balance of power. The very design of PB seeks to break traditional monopolies in decision making of clientelistic parties and insulated and unaccountable bureaucracies. The matched-pair analysis considered the balance of power among actors as PB was introduced and the way that this may have affected agency and opportunity structure. The frame and sequence of analysis is shown in figure 7.1.

Following the empowerment framework, it was hypothesized that empowerment can have direct and tangible developmental benefits, and that an increase in participation should translate into better overall governance.

Empowerment Impact of PB: The Matched-Pair Analysis

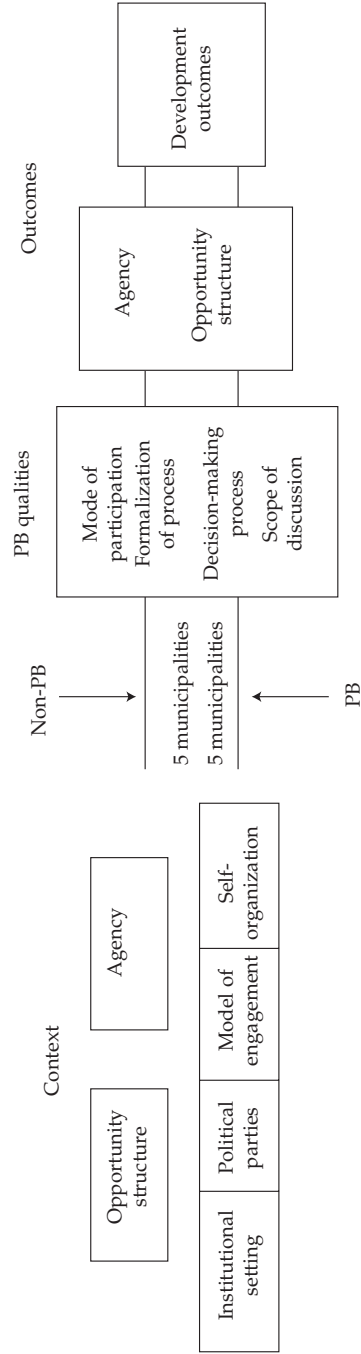
Discussion of the matched-pair analysis has four parts. After discussing the selection and matching of pairs, the chapter looks at changes in the ways citizens have been included in budgeting in each location. The subsequent section looks at changes in agency and opportunity structures.

Selection of Pairs

Local research teams began by working in five matched pairs of *municipios* (municipalities or cities). Each pair shared basic attributes of political party configuration, region, and size, but included one city that had adopted PB and one that had not.

The paired analysis addressed two key methodological concerns that have not been fully dealt with in existing research. The first is the need to appropriately construct the counterfactual in implementing an evaluation so as to address concerns regarding the possible confounding effects of unobserved or hard-to-quantify features of the context (for example, the

Figure 7.1. Brazil Study: Frame and Sequence of Analysis



Source: Baiocchi et al. 2005.

local history of social movements). In the evaluation literature, this is termed selection bias. A second concern is that existing research does not adequately take into account possible heterogeneity in treatment effects. This raises the possibility that the effects of institutional innovations such as PB might vary with the institutional setting and the political, socioeconomic, and historical context.

The researchers set out to match PB municipalities with non-PB municipalities based on their degree of similarity in the vote shares of key political parties in mayoral elections held between 1997 and 2000. To allow for possible heterogeneity in treatment effects, the matching was carried out for different categories of municipalities, defined by size, region, and level of prosperity. Five pairs were selected: one in the south, two in the southeast, one in the northeast, and one in the north. This roughly follows the spatial pattern of adoption of PB in Brazil between 1997 and 2000.

The researchers first identified all municipalities in Brazil where the *Partido dos Trabalhadores* (PT), or Workers' Party, had won or lost by less than 10 percentage points in the 1996 mayoral election.³ The 274 municipalities that met this criterion were then divided by region, again by size, and finally by the electoral strength of other political parties, and lined up into columns of adopters and nonadopters of PB. Clusters were then identified in which the PB adopter was a city where the PT had won election and where one or more matching nonadopters of similar size had a similar difference in vote shares and a similar configuration of other significant political parties. This yielded a list of 23 PB adopters, each possibly matching between one and five nonadopters. Pairs were finally selected keeping the regional distribution in mind, and following the principle of greatest possible similarity between pairs.

The Matched Pairs

The 10 cities selected were grouped into the following five matched pairs.

Mauá and **Diadema** in São Paulo state are midsize industrial towns, each considered a birthplace of the PT. Diadema's civil society is especially active and contentious, so much so that it has been wary of institutionalizing any engagement with government. In Mauá, the victory of the PT in 1996 ushered in PB, but the city's weak civil society quickly became dependent on the ruling party. This pair of cities produces the most unusual and counterintuitive outcome. Diadema emerges as a case of noninstitutionalized empowerment where citizens have significant voice, but largely through contentious politics. In Mauá, the adoption of PB resulted in a form of dependent participation that led to a weakening of the associational autonomy of civil society. This is the only pair in which the PB city fared less well than its counterpart.

Gravataí and **Sapucaia do Sul** in Rio Grande do Sul have similar socioeconomic indicators. Both have a solid industrial base, but confront problems of rapid growth and an impoverished low-income population with little access to urban infrastructure. Until 1996, both cities were microcosms of Brazil's political culture. Political power was vested in fragmented oligarchical parties whose electoral support was built on the strength of clientelist politics. At the same time, civil society actors who had emerged in the 1980s, in particular the public employee unions, actively built a base of support for the PT. Gravataí adopted PB and developed the most institutionalized, robust, and PB processes of all the study cases. In Sapucaia, despite the rise of new organized political actors, little has changed. The budgetary process remains firmly in the hands of the executive, despite the existence of a formal "consultative system."

João Monlevade and **Timóteo** are both, in effect, company towns in the industrial belt of Minas Gerais, an area known for labor union activism and PT sympathies. Both cities are marked by the strong presence of the steel industry, and they have similar histories and social structures. João Monlevade, literally built by the Belgo-Mineira Steel Company, is today described as a "leftist town" because of the strong presence of the PT, which first ran an administration in 1989–92 with backing from unions and community movements. Countering these political forces are organized business interests as well as the influence of the steel factory itself. Timóteo is a city with two centers, one "downtown" and one near ACESITA, a steel factory. Like João Monlevade, the town is politically defined by PT-friendly organized labor and organized commercial interests that orbit around the steel factory. Both towns had social movements that fought for proposals, such as more accessible housing. With the introduction of PB in João Monlevade, however, there was a significant opening of governmental access to citizens in the town. Despite the fact that the budgeting process there did not involve large numbers of people when compared to some of the other cases studied, it altered the form of mediation and engagement with civil society.

Camaragibe, in Pernambuco, and **Quixadá**, in Bahia, are both in the northeast. Northeastern Brazil is infamous for its low levels of development and for the political dominance of traditional oligarchs. Well into the 1990s, political life in both Camaragibe and Quixadá was dominated by traditional families. Though there has been significant growth of civil society, especially in organizations linked to the Catholic Church, social movements have had far less impact than in the south and southeast. In Quixadá, very little has changed. Politics remain personality-based, clientelistic, and very hierarchical. Camaragibe has experienced some reform from above in a pattern that Tandler (1997) has documented for the northeast state of Cereia. A state reformer with links to civil society opened up some participatory

space in the form of health councils in the 1994–7 municipal government. The popularity of these councils helped build support for the PT, which then won the 1997 election. The introduction of PB in Camaragibe created a wide range of new opportunities for state-citizen engagement, but the overall impact was limited by the city's poor resource base and civil society's relative inexperience and lack of organizational clout.

São Miguel do Guaporé and **Mirante da Serra**, in the state of Roraima, are frontier towns, where small-scale agriculture dominates. Both are relatively new, having been incorporated as part of the expansion into the Amazon in the 1980s, and both are largely free of the entrenched political practices that characterize the rest of Brazil. In the absence of a dominant local elite, politics has been a relatively open and egalitarian affair. The 1990s witnessed the increasing organization and assertiveness of civil society organizations, in particular small farmer associations. In São Miguel, this propelled the PT to power in 1997 and saw the implementation of a fairly robust form of PB. In Mirante da Serra, a continued interest in commercial issues dominated voting outcomes. Civil society remained largely excluded from decision making on the local government budget, but in the absence of clientelistic politics, was able to remain assertive.

Citizen Engagement in Budgeting

The regional teams examined participation in the budgeting process in the selected cities between 1997 and 2000. In each municipality key informants included administrators at various levels in the 1997–2000 administration, notably officers in charge of budgeting, planning, and popular participation. The mayor and heads of municipal departments were interviewed, along with legislators from the ruling and opposition parties, leaders of civil society organizations, and heads of local unions, business organizations, and political parties.

For each municipality, respondents were asked a series of questions about how the budget is made and how, if at all, citizens are involved in the process. The questions were designed to tease out all forms of citizen engagement in budgeting, whether through informal mechanisms such as direct lobbying of the mayor or formally through PB, PB-like processes, or other formal structures such as constitutionally mandated health councils. The type of input was then assessed through four qualitative measures (table 7.1):

- *Mode of participation*: none, direct, delegative, or mixed. "Direct" refers to participation by citizens in open decision-making forums, such as neighborhood assemblies. "Delegative" refers to instances in which citizens delegate authority. It is important to underscore that "delegative" refers only to new forms of representation (in most instances delegate councils) and

not to the elected city council structures (formal representative structures). “Mixed” refers to both direct and delegative.

- *Formalization of the process*: none, formal, or informal. This refers to the existence of rules and procedures governing participatory inputs.
- *Decision-making power*: none, consultative, or binding. To what extent are the deliberations of citizens’ forums or delegates binding? Given that participatory processes have no legally binding authority, “binding” in this context is a matter of influence and was evaluated on the basis of the observed degree to which municipal authorities took citizen demands into account.
- *Scope of discussion*: none, demands, budget, policies, or mixed. Over what range of governance functions (or domains) did participatory processes exert influence? “Demands” refers to general expressions of needs, “budget” refers to discussion of specific projects and costs, and “policies” refers to discussion of the modalities of coverage and delivery by government departments. “Mixed” refers to both budget and policy discussions.

For the period studied (1997–2000), eight municipalities experienced an expansion of the opportunity structure for citizen engagement, specifically the introduction of new forms of participation. The outcomes are summarized in table 7.2. As might be expected, all of the PB cities saw the introduction of direct and delegative forms of participation (first degree of empowerment—the opportunity to make choice). Diadema was the only non-PB city in which direct participation took place. In all PB cases except

Table 7.1. Citizen Participation in Budgeting in 10 Brazilian Cities, 1997–2000

<i>Municipality</i>	<i>Mode of participation</i>	<i>Formalization of process</i>	<i>Decision-making power</i>	<i>Scope of discussion</i>
Camargibe	Mixed	Formal	Binding	Mixed
Quixadá	None	None	None	None
São Miguel do Guaporé	Mixed	Informal	Consultative	Demands
Mirante da Serra	None	None	None	None
Gravataí	Mixed	Formal	Binding	Mixed
Sapucaia do Sul	Delegative	Informal	Consultative	Demands
Mauá	Mixed	Formal	Consultative	Demands
Diadema	Mixed	Informal	Consultative	Demands
João Monlevade	Mixed	Formal	Binding	Mixed
Timóteo	Delegative	Formal	Consultative	Demands

Source: Baiocchi et al. 2005.

Note: PB cities are in bold.

São Miguel, PB was formalized to some degree. Because São Miguel is so small, respondents reported that formalization was not seen as necessary.

It is quite clear, however, that the introduction of PB does not always translate into effective choice (the third degree of empowerment). Only in João Monlevade, Camaragibe, and Gravataí did the deliberative process qualify as binding (the upper right quadrant of the table) and cover a wide scope of developmental areas (budgeting and policies). In São Miguel, Mauá, and Diadema, participatory inputs were largely consultative in nature (the upper left quadrant of the table) and were limited in scope to the expression of demands (the second degree of empowerment).

Finally, in the lower left quadrant are two cases where only delegative structures were introduced (first, but indirect, degree of empowerment) and where decision-making power was consultative (second degree of empowerment). These three quadrants can be further categorized respectively as full PB/binding participation, partial PB/consultative participation, and state-controlled participation. A fourth category, contentious participation, may potentially also be found in all three quadrants.

Full PB: Binding Participation

Gravataí, João Monlevade, and Camaragibe are all cases of binding participation. A closer look at the process in Gravataí illustrates characteristics of this cluster and indeed of what could be construed as an “ideal type” of PB. With respect to mode of participation, Gravataí combines direct participation in microregional and regional plenaries (more than 80 for a city of 230,000) with instances of representation (forum of delegates and the PB council). The PB process in Gravataí is extremely formalized, with a detailed set of procedures and rules that define the roles, responsibilities, and criteria for the distribution of resources and the manner in which delegates are chosen.

Table 7.2. Synthesis of Participation in Budgeting, 1997–2000

<i>Mode of participation</i>	<i>Decision-making power</i>	
	<i>Consultative</i>	<i>Binding</i>
Direct and delegative (mixed)	São Miguel (I) Diadema (I) Mauá (F)	Camaragibe (F) Gravataí (F) João Monlevade (F)
Delegative only	Timóteo (F) Sapucaia (I)	

Source: Baiocchi et al. 2005.

Notes: I = Informal. F = Formal. PB cities are shown in bold. Quixadá and Mirante do not appear in the table because no form of participation was introduced in those cities.

During the plenaries, the discussion in Gravataí focuses on infrastructure demands and public services. In the PB council, those demands are translated into financial values, which must be considered in the formatting of the budget proposal. Decision-making power is binding, as the process in Gravataí empowers the PB council to deliberate and decide on the public works and services demanded by the population. In each of the four years of PB, the council's budget was incorporated into the final budget.

There has been a marked expansion of the opportunity structure in Gravataí. Citizens are directly engaged in making choices in 85 microregions of 5,000 to 30,000 inhabitants each. Microregional demands and preference hierarchies are aggregated to the regional level where delegates from the microregions participate, and then once more to the level of the budget council, where councilors from the region participate. Because the plenaries are at the neighborhood level, they make participation fairly easy. Participants in Gravataí's PB generally had very little associative experience.⁴ Because neighborhood associations accustomed to clientelist forms of intermediation opposed PB in the first years, many of the participants chosen as delegates and councilors were first-time participants in associative life. Participation was high in the first year (6,900 participants), dropped in the second year (3,500), and climbed again in the third year to 13,000, reflecting impressive use of choice—the second degree of empowerment. In proportion to population, participation in Gravataí is four times as high as participation in Porto Alegre.

The voicing of demands is also linked to the decision-making process by the election of delegates who participate in the PB council. The council not only actively discusses actual projects and services but also translates these into budgetary allocations. As a result of these changes, expenditures in health and sanitation as well as in social services increased significantly in real terms as well as proportionally over the four years in question. Social service expenditures went up to 10.76 percent of the 2000 budget, from 1.58 percent in 1996, and health expenditures rose to 11.15 percent from 2.15 percent of a budget that also increased in real terms. Despite being a poor municipality with a per capita budget a fraction of neighboring Porto Alegre's, Gravataí registered some improvements in basic access to education, in adult literacy programs, and in the building of new health clinics. Empowerment, moreover, took place across a number of domains, including general governance (specifically in the determination of allocative priorities) and public service delivery. During the period in question, councils in health and in social service delivery became active.

The study found that the opportunity structure also expanded in João Monlevade and Camaragibe. Binding and direct participatory processes for budgeting were established, and the opportunities for citizens to make choices increased.⁵

Partial PB: Consultative Participation, Even When Contentious

In all three cases that fall into the upper left quadrant of table 7.2, namely Diadema, Mauá, and São Miguel do Guaporé, delegative and direct forms of participation have been instituted, but decision-making power remains largely consultative. Here, the impact of engagement is less clear. Measured against the PB ideal, in which citizens are de facto (if not de jure) empowered to shape the budget, this form of participatory governance falls short.

This does not imply that consultative participation is an inappropriate way to empower citizens. The PB ideal of binding participation is quite rare in even the most “developed” democracies. Citizens can choose or not choose to exercise choice directly. Insofar as civil society is judged to have an important role in Western democracies, its impact has more to do with the “politics of influence” than with binding authority (Cohen and Arato 1995). Most discussions of the politics of influence generally focus on fairly diffuse mechanisms such as opinion formation through the media and efforts to sway decision makers through the “strength of the better argument.” Findings on consultative participation suggest that analysis of the second degree of empowerment (use of choice) has to differentiate between direct and indirect use of choice. Consultative participation creates forums in which opinions can be discussed, formed, and publicized; these frequently result in effective choice (the third degree of empowerment). Even if outcomes are not binding (or effective), there are a number of ways in which the open and public expression of demands can increase the leverage of civil society. First, it gives an opportunity for groups traditionally excluded from the decision-making process to form and express choices. Second, it provides new points of accountability for politicians and officials. Third, the public articulation of direct demands can to some extent short-circuit traditional patronage politics.

In Mauá the district-level PB plenary meetings did not seek to identify local demands and priorities. Because of the local administration’s lack of ability to carry out new investments, PB took place mainly through regional meetings that were largely educational about the state of municipal finances. An additional function of these meetings was to elect councilors to a “participatory council,” where councilors did not decide on the budget but rather were mandated to bring the priorities of their regions and neighborhoods to the administration. Councilors described this as an opportunity to exert political pressure on the administration and said it had resulted in some significant investments in areas such as health. They also felt that the creation and discussion of documents that listed regional demands and projects fostered accountability. In addition, they reported that limited PB processes led to creation of other participatory forums, such as in the health sector.

The case of Diadema is something of an anomaly. Diadema falls into the consultative participation category even though it is not a PB city. Here the influence of citizens is found not in a formal structure but rather in the overall strength and contentiousness of civil society. In Diadema a PB exercise was attempted during the first two years of the mayoral administration in response to the demands of social movements. The process, however, was limited to town meetings. The legitimacy of the PB process soon came into question because of a lack of formalized rules, resulting in ultimate decisions being made by the administration, and an apparent failure to attract large numbers of unorganized citizens, resulting in claims that organized groups were able to exert undue pressure. Because the raising of local demands was not linked to empowered citizen decision making (direct or indirect) on the overall budget, or to knowledge of budget constraints, there was a severe mismatch between demands raised and actual projects undertaken. This discredited the project and led to its eventual abandonment.

Social activists were, however, able to pressure the administration into publishing an annual listing of projects for each district and neighborhood, along with information on the municipal budget, and organizing training courses on the budget for citizen activists. Social movements were also active in starting participatory councils on health, social services, and education that allowed citizens to monitor and influence service delivery. The promise of PB mobilized certain organized sectors that, dissatisfied with stillborn participatory attempts, demanded more access and decision making in governmental affairs. Movements were able to gain influence, not through the creation of a regular forum but through sporadic contention. This is very much an instance of the politics of influence, albeit predicated on the strength and militancy of a highly mobilized civil society. This point is further developed in the next section, but it is important to underscore here that citizens can experience an increase in agency even in the absence of institutional change.

State-Controlled Participation

The cases of Timóteo and Sapucaia, where participation was limited to the indirect delegative form and was only consultative in nature, represent something of a paradox. On the one hand, new forms of participation were formally introduced. On the other hand, the outcome was not empowerment. Insofar as participation in both cases was carefully controlled, even orchestrated by the local government, it actually had the effect of weakening civil society (see next section). There were significant continuities between these participatory schemes and earlier clientelistic forms of mobilization. In both municipalities, politicians selected the delegates to the citywide council. In Sapucaia the mayor appointed the president of the Union of Neighborhood

Associations of Sapucaia do Sul as the director of community relations and exerted tight control over neighborhood associations that participated, even to the point of providing financial support for the creation of new associations in areas where existing associations did not support the mayor.

Civil Society Capacity: Agency

The second part of the matched-pair analysis focused on the evolution of civil society, looking specifically at the impact of new governance structures on the vitality of civil society organizations. The importance of a vital and plural civil society for empowerment is widely accepted by development practitioners. In evolving democracies, as a general rule, the greater the density, diversity, and capacity for self-organization of civil society organs, the greater the agency of historically disadvantaged groups in relation to the three key domains of market, state (including political parties), and society. Associational life is in large part an artifact of institutional context (Baiocchi 2005; Abers 2000).

The Brazil study measured change by comparing the state of civil society organizations before and after the 1997–2000 period, asking a set of questions to establish the state of civil society in 1996 and the same set of questions again after 2000. The results can be represented along two axes of intermediation and self-organization.

As table 7.3 shows, four of 10 municipalities experienced no change in the state of civil society. All were non-PB cities. In contrast, all the PB cities experienced changes in civil society. It is also clear from the table that PB mat-

Table 7.3. Civil Society Before and After 1997–2000

Mode of intermediation	Degree of self-organization					
	Dependent			Autonomous		
	Cities before PB adoption possible (pre-1997)	Cities after adopting PB	Cities not adopting PB	Cities before PB adoption possible (pre-1997)	Cities after adopting PB	Cities not adopting PB
Associationalism		Camaragibe Gravataí		Diadema	João Monlevade São Miguel	Diadema
Clientelism	Camaragibe Gravataí	Mauá		Mauá João Monlevade		
Exclusion	Sapucaia Quixadá		Sapucaia Quixadá Timóteo	Timóteo São Miguel Mirante		Mirante

Source: Baiocchi et al. 2005.

tered more for improving links between civil society and governments than for improving autonomy.

In Gravataí and Camaragibe, the mode of intermediation shifted from clientelism to associationalism, and PB has promoted greater inclusion of traditionally marginalized social groups. In both cases PB created the formal institutional context for interaction between citizens' organizations and government, with clearly defined and publicly divulged rules (for the most part) that broke with the practice of discretionary demand making that has fueled clientelism. Also, in both cases participation increased every year, and as projects were completed, an ever-larger number of community organizations were drawn into the process. Nonetheless, while there has been empowerment in the form of greater use of choice, this has not led to a strengthening of civil society's capacity for self-organization (an asset). Civil society was unorganized to begin with, and the new actors that PB invited in were mobilized mainly through circles of primary relations such as relatives, neighbors, and friends.⁶ In the absence of independent civil society organizations, civil society agency remains entirely dependent on the political process and specifically on the support of the PT.

In São Miguel, an autonomous civil society took advantage of new avenues of engagement created by PB; this led to greater associational activity, including the formation of producer groups. Similarly, in João Monlevade, the seesaw of clientelism and contention was displaced by associationalism as the main mode of engagement. Civil society organizations could participate more actively in decision making through PB and through the conference on regional development, and the opening up of the administration's books has led to greater oversight and demands for accountability from civil society.

Two municipalities actually experienced a contraction of civil society organizations. Most intriguing was the case of Mauá, which went from having an autonomous civil society based on links of clientelism to having a less autonomous civil society linked through associationalism, or bonds of citizenship. In Timóteo, an autonomous civil society became much more dependent.

Diadema did not experience a significant increase in formal participation in 1997–2000. Nonetheless, a well-organized civil society exerted significant pressure through more contentious activities such as demanding access to city hall books and demanding improved health delivery. Dissatisfied with the attempt at PB, social movements were able to achieve gains by protesting and mobilizing against a relatively sympathetic and left-leaning administration. Because the contentious mode did secure significant influence, it became self-sustaining.

In Quixadá and Sapucaia, where there have been no institutional changes, civil society organizations continue to engage the state through clientelistic structures.

Mirante continued to be characterized by the exclusion of subordinate groups during this period, in large measure because a well-organized local

business faction was able to maintain control over the municipality. However, in the absence of clientelistic practices, autonomous and active organizations in Mirante responded to exclusion by mobilizing and protesting in the municipality during 1997–2000. These organizations, which had the strong support of progressive Catholic clergy and close ties to the PT, drew together the population of the rural region. The PT won the 2001 election in part as a result of this mobilization.

Agency, Opportunity Structure, and Empowerment

This section summarizes findings by combining the two sections above into an aggregated evaluation of empowerment, presented in figure 7.2. The horizontal axis represents changes in the opportunity structure, specifically the institutional setting and political parties. It ranges from the most restricted opportunity structure, marked by clientelistic politics, no institutional channels of participation, and personalistic parties, to the opportunity structure most conducive to empowerment: associational politics combined with a direct, broad, and binding form of participation in a political context dominated by programmatic parties. The vertical axis represents changes in agency and ranges from the most limited case—a civil society that is not self-organized (dependent) and can access the state only through clientelism—to a civil society that is self-organized (autonomous) and engages the state actively without compromising its autonomy (associationalism).⁷

Each municipality is represented in 1997 and in 2000. PB cities are shaded, while non-PB cities are not. The general flow of the chart indicates just how much substantive change took place in this relatively short time frame. Only Quixadá and Mirante experienced no change. Given the overall impact that decentralization had in the late 1980s, a significant amount of institutional churning would be expected. The presence of the PT is obviously also a driving factor.⁸

As the figure shows, there are dramatic differences between the trajectories of PB and non-PB cities. All five PB cities experienced an expansion of the opportunity structure, and four experienced an increase in agency. Of the non-PB cities, only Diadema and Sapucaia experienced an expansion of the opportunity structure, and only marginally so. No non-PB city saw an increase in the agency of civil society organizations during this period. Overall, there was more movement along the horizontal axis (opportunity structure) than along the vertical axis (agency). Given that PB primarily attempts to directly change the institutional setting, this is not surprising. However, it is clear that an expansion of the opportunity structure does not necessarily translate into increased agency.

The paired analysis was also revealing. All of the case cities were paired by region, size, and PT vote share. In four of the five pairs, the PB city out-

performed its non-PB mate. The exception was Diadema-Mauá. The paired analysis therefore concludes that

- the introduction of PB makes a clear difference for use of choice,
- the introduction of PB has a mixed impact on agency, and specifically the organizational assets of civil society. In the case of Mauá, PB has actually been used as an instrument of political control and has weakened civil society.

These outcomes should be understood in terms of the delicate balance between party agency, institutional reform, and civil society. Thus, three important observations on this point emerged from the data:

- The impact of PB depends in large part on the preexisting nature of civil society. In the cities where civil society was autonomous to begin with, an opening in the opportunity structure was far more likely to produce an increase in agency. The case of Mauá stands as an important cautionary tale. Even a comparatively well-organized civil society can be weakened if it depends too much on access to the state.
- The case of Diadema illustrates that a strong and autonomous civil society can lead to some degree of empowerment even in the absence of institutional reform.
- As the cases of Gravataí and Camaragibe illustrate, even when civil society is weak, concerted reform from above can transform the nature of political intermediation.

Poverty Outcomes: Estimating the Effects of Participatory Budgeting

The second part of the study used quantitative data from all 5,507 municípios in Brazil to examine whether the introduction of PB translated into direct, tangible, developmental benefits. Quantitative evaluation methods were used to estimate the effects of participatory budgeting at the municipality level along a number of dimensions, all related directly or indirectly to the well-being of ordinary citizens and in particular the poor. This section summarizes the findings from this analysis. Variables in each of the four analytic clusters are given in box 7.1.

Methodology and Data Set

In the second part of the study, the matching rule was implemented using regression techniques, as in other empirical studies based on the regression-discontinuity design. This provides an example of how regression techniques can usefully be employed to measure the effect of empowerment.

Box 7.1. Assessing the Development Benefits of Participatory Budgeting: Dimensions and Indicators

Four dimensions of PB were explored. In each, indicators included:

Municipal finances:

- Share of capital expenditures
- Share of expenditures on education and culture
- Share of expenditures on health and sanitation
- Share of expenditures on housing and urban development
- Share of expenditures on social assistance and pensions
- Share of the budget deficit

Public service delivery:

- Percentage of population with access to municipal trash collection services
- Percentage of population with access to municipal sanitation system
- Percentage of population with access to municipal water system
- Percentage of population with an electricity connection

Human development:

- Human Development Index
- Infant mortality rate (per 1,000)
- Under-five mortality rate (per 1,000)
- Percentage of children ages 7–14 who are not in school
- Percentage of children ages 15–17 who are not in school

Growth and inequality:

- Per capita annual income
- Percentage of population poor
- Percentage of population indigent
- Percentage of children ages 14 and below who are poor
- Percentage of children ages 14 and below who are indigent
- Income share (%) of poorest 20 percent of the population
- Income share (%) of richest 10 percent of the population
- Gini coefficient of income inequality

Source: Baiocchi et al. 2005.

To assess the performance of municipalities—both PB and non-PB—in terms of each of the indicators in box 7.1, the study constructed two measures. The first measure, one that has been widely used in other contexts, was simply the percentage point change in the relevant indicator between a year preceding the introduction of PB and the year 2000. This measure was constructed for all the indicators.

Certain indicators had a natural target level, that is, a maximum or minimum attainable level that could not be exceeded. For instance, the poverty rate could never be lower than zero, and the coverage of the municipal water network could never exceed 100 percent. For these indicators the study considered a second measure, an index of progress between two dates, which was defined as the proportionate reduction in distance to the target. For example, a reduction in the headcount index of poverty (for which the natural target level is 0) from 25 percent to 15 percent is a drop of 10 percentage points, or 40 percent of the original 25 percent level. This would translate into an index of progress of 40 percent ($= 100 \times (10/25)$). Similarly, an increase in the school attendance rate from 50 percent to 60 percent would translate into an index of progress of 20 percent.

For aggregate welfare indicators that had a natural upper bound (or lower bound), defining the index of progress in this way avoided some of the conceptual difficulties that arise in simply measuring progress in terms of percentage point changes. For instance, in assessing progress in poverty reduction, if the measure of performance is taken to be simply the percentage point difference in poverty rates between two years, a city where the poverty rate fell from 30 percent to 20 percent (a 10-percentage-point decline) would be seen as having made greater progress than a city where poverty fell from 5 percent to zero (a 5-percentage-point decline) and further reductions were just not possible because the minimum attainable level had been reached.

To construct these measures of performance, data on the indicators for all 5,507 municipalities in Brazil for at least two years were compiled from multiple sources. For each group of indicators, the first set of data came from a "pre-year" preceding the introduction of PB, and the second came from the year 2000. For the municipal finance indicators, which were obtained from the Brazilian Institute for Municipal Government (IBAM), the pre-year was 1996. For the remaining measures the pre-year was 1991. Data in the other three areas were either generated from the national censuses of 1991 and 2000 or obtained from the municipality database compiled by the Brazilian government's Institute of Applied Economic Research (IPEA) and the United Nations Development Programme (UNDP), which in turn draws on the census and on a national health database.

Because the time frame for the PB initiatives whose impact the study examined was the 1997–2000 mayoral administration, the choice of 1991 as the pre-year, which was driven by data availability, was not ideal. However, unless there were significant differences in performance between PB and non-PB municipalities even prior to the introduction of PB, that is, in the period between 1991 and 1996, any impact of PB during the 1997–2000 period would still be discernible by comparing the performance of PB and non-PB municipalities over the entire decade between 1991 and 2000.

Effects on Growth, Poverty, and Inequality

Table 7.4 presents basic descriptive statistics, comparing the municipalities that adopted PB during the 1997–2000 mayoral administration with the 5,403 municipalities that did not. What becomes immediately clear from this table is the fact that the PB municipalities were, to begin with, quite different from the other municipalities, underscoring the importance of controlling for selection bias in evaluating the impact of PB. Municipalities that adopted PB in 1997 were, even in 1991, more prosperous; they had higher levels of access to municipal public services and considerably higher levels of human development and lower levels of poverty than non-PB municipalities.

Table 7.5 displays the core results in summary form. For every indicator that had a natural target level, the estimates indicate the impact of PB on the index of progress. Thus, a positive estimate indicates that the introduction of PB had a positive impact in furthering progress toward the desired target.⁹ The most striking finding was the estimated impact of PB on the percentage of the population that is indigent or extremely poor (second row of the bottom panel). The four columns show the estimated effects of PB obtained under each of four different statistical models.

Column 1 reports the result of a straight (naïve) comparison of PB and non-PB municipalities in terms of the index of progress between 1991 and 2000 in reducing the incidence of indigence. The reported estimate of –16.48 indicates that, on average, the index of progress was *lower* in PB municipalities than in other municipalities by 16.48 percentage points. This should (and does) exactly match the statistics reported in table 7.4, where it is seen that on average the index of progress in reducing extreme poverty was only 3.94 percent in PB municipalities but 20.42 percent in other municipalities, a difference of exactly 16.48 percentage points.

A naïve comparison would therefore suggest that the introduction of PB was an impediment to poverty reduction. There are, however, at least three problems with such a comparison.

First, the naïve comparison does not control for differences in initial conditions—in this particular case, the fact that PB municipalities had a lower rate of extreme poverty to begin with. Once initial conditions are controlled for, the estimated “shortfall” in performance of PB municipalities is reduced to an 8.76 percentage point gap, as indicated in column 2. Thus, this estimate too suggests that the introduction of PB was an impediment to poverty reduction. But this estimate is problematic as well because the adoption of PB was at least in part due to unobserved attributes of the local context and the estimate does not take account of this.

Column 3 therefore provides the mean “treatment” effect obtained by applying a regression discontinuity model that accounts for the unob-

Table 7.4. PB Municipalities Compared with Other Municipalities

Indicator	Means for 103 municipalities with PB in 1997-2000			Means for remaining 5,300 municipalities			
	1991 ^a	2000	Percentage point change	1991 ^a	2000	Percentage point change	Index of progress
<i>Municipal finance indicators</i>							
% municipal expenditures	18.05	14.10	-3.95	n.a.	13.93	-1.89	n.a.
capital	3.84	7.19	3.35	n.a.	6.51	-1.28	n.a.
social assistance and pensions	30.02	27.51	-2.51	n.a.	33.79	8.26	n.a.
education and culture							
housing and urban development	16.49	10.38	-6.10	n.a.	9.09	-1.93	n.a.
health and sanitation	7.49	22.29	14.79	n.a.	17.47	-0.06	n.a.
deficit	8.02	-7.48	-15.49	n.a.	-6.30	-13.27	n.a.
<i>Public service delivery indicators</i>							
% population with trash collection services	70.21	93.12	22.91	77.05	80.42	27.41	65.43
% of population with water from municipal network	70.62	75.72	5.10	31.37	58.69	12.57	30.36
connected to municipal sanitation network	35.32	37.17	1.86	0.09	15.49	0.75	-0.45
with electricity connection	90.45	96.30	5.85	47.10	86.88	17.26	56.91
<i>Human development indicators</i>							
% children ages 7 to 14 not in school	14.74	3.34	-11.40	77.16	6.04	-20.57	77.23
% children ages 15 to 17 not in school	46.07	20.61	-25.46	54.10	27.69	-28.96	50.61
Infant mortality rate (per 1,000)	32.97	22.06	-10.91	32.76	33.97	-15.31	31.03

Under-5 mortality rate (per 1,000)	43.17	26.76	-16.41	38.31	67.12	44.46	-22.66	35.31
Human development index 0.00 lowest to 1.00 highest)	0.71	0.78	0.070	24.14	0.61	0.70	0.090	23.08
<i>Growth and inequality indicators</i>								
Per capita annual income (% change)	215.40	297.60	38.20	n.a.	121.20	170.30	40.50	n.a.
% population indigent	15.48	10.84	-4.64	3.94	32.70	24.67	-8.04	20.42
% population poor	34.87	25.71	-9.16	18.66	58.59	46.38	-12.21	21.94
% children ages 14 and below indigent	20.57	16.12	-4.45	-4.93	41.08	33.25	-7.83	12.09
% children ages 14 and below poor	42.89	35.68	-7.22	-1.45	67.09	57.83	-9.26	14.10
Gini coefficient of income inequality (0.00 lowest to 1.00 highest)	0.54	0.55	0.020	-0.040	0.53	0.56	0.030	-0.070
Income share of richest 10% of households (% point change)	42.94	44.17	1.23	n.a.	42.15	43.92	1.78	n.a.
Income share of poorest 20% of households (% point change)	3.54	2.99	-0.55	n.a.	3.98	2.69	-1.29	n.a.

Source: Baticchi et al. 2005.

a. Pre-year for the municipal finance indicators was 1996. n.a. Not applicable.

Table 7.5. Estimating the Effects of Participatory Budgeting on Multiple Dimensions of Development Performance

Estimate of mean "effect" of participatory budgeting during 1997-2000 on the CHANGE in indicator between 1991 and 2000

Indicator	1 Naïve estimate	2 Controlling for initial conditions	3 Controlling for initial conditions and selection	4 Controlling for initial conditions, selection, and heterogeneity
<i>Municipal finance indicators (percentage point changes)</i>				
% municipal expenditures: capital	-1.65	0.34	-0.27	0.14
social assistance and pensions	4.50	0.46	0.79	0.38
education and culture	-10.56	-5.49	0.29	0.27
housing and urban development	-4.15	0.20	-0.28	-0.40
health and sanitation	14.94	4.15	6.23	6.32
deficit	-3.19	-3.05	0.16	0.46
<i>Public service delivery indicators (index of progress)</i>				
% population with trash collection services	11.63	9.14	-11.07	-5.29
with water from municipal network connected to municipal sanitation network	1.01	0.96	33.12	9.86
with electricity connection	0.55	13.07	18.90	15.29
<i>Human development indicators (index of progress)</i>	-9.81	25.16	17.34	19.35
% children ages 7 to 14 not in school	-0.07	1.27	5.57	1.14

% of children ages 15 to 17 not in school	3.49	5.84	4.09	1.22
Infant mortality rate (per 1,000)	1.72	3.13	-7.89	-6.60
Under-5 mortality rate (per 1,000)	3.00	1.53	2.09	6.43
Human development index (0.00 lowest to 1.00 highest)	1.13	0.31	0.84	3.76
<i>Growth and inequality indicators</i>				
<i>(index of progress except where indicated)</i>				
Per capita annual income (% change)	-0.00	0.03	-0.02	0.02
% population indigent	-16.48	-8.76	40.86	73.83
% population poor	-3.27	-5.60	11.78	14.72
% children ages 14 and below indigent	-17.03	-4.86	40.61	21.31
% children ages 14 and below poor	-5.68	-5.99	10.64	16.99
Gini coefficient of income inequality (0.00 lowest to 1.00 highest)	0.04	0.02	0.07	0.05
Income share of richest 10% of households (% point change)	-0.54	-0.37	-4.65	-5.78
Income share of poorest 20% of households (% point change)	0.74	0.39	0.27	0.21

Source: Baiocchi et al. 2005.

Note: Estimates in bold are significant at the 10% level or lower; estimates shaded and in bold are significant at the 5% level or lower.

servable attributes of locations adopting PB. Controlling for possible selection bias brings about a striking reversal of the results reported in the first two columns. The estimated effect now indicates that, once steps have been taken to control for initial conditions and selection bias, the introduction of PB increased the index of progress in reducing extreme poverty by over 40 percentage points. And the estimate is significant.

Column 4 reports results from a model that also allows for variation in the “treatment” effect resulting from initial conditions. This in essence provides an estimate of the effect of PB for each initial starting point. This column reports the treatment effect estimated at the mean level for the indicator in the non-PB municipalities. The estimate indicates that had PB been introduced in a municipality with a level of extreme poverty in 1991 equal to the mean level of extreme poverty in non-PB municipalities, the index of progress in poverty reduction would have increased by 73 percentage points.

While the impact of PB on the incidence of extreme poverty was the most striking, the impacts on several other dimensions were also noteworthy. Estimates of these appear in the other rows of table 7.5 and could be interpreted just as the estimates of the poverty impacts were. Specifically, the estimates in columns 3 and 4 (the preferred estimates) indicate that the introduction of PB

- increased the percentage of municipal expenditures allocated to health and sanitation by over 6 percentage points;
- raised the index of progress toward universal access to the municipal water network by over 33 percentage points;
- would have raised the indexes of progress in reducing overall poverty and poverty among children by over 14 percentage points and nearly 17 percentage points, respectively, at the mean levels of these indicators among non-PB municipalities;
- would have raised the index of progress in reducing the Gini coefficient of income inequality by 0.05 percentage points and reduced the share of income earned by the richest 10 percent by over 5 percentage points, at the mean levels of these indicators among non-PB municipalities.

Worth noting as well is the fact that while the estimated impacts on access to municipal sanitation networks and electricity were not significant, they were all positive and large in magnitude.

Conclusion

The analysis in this chapter suggests that power relations rooted in political associations can be challenged, and that changes in opportunity structure can both build assets and empower citizens.

Local government is a critical site of empowerment. Traditionally marginalized groups face far lower costs of participation at the local level than at the intermediary or national level, and the possibilities for institutional reform are greater at the local level as well. Yet in countries such as Brazil, local politics has long been dominated by elite interests and local government has more often than not been an instrument of those interests. The transition to formal democracy has opened up new possibilities for institutional reform. PB represents a comprehensive effort at empowerment. It not only targets a critical source of power—the allocation of local public resources—but does so explicitly by offering incentives for agency and linking agency to authoritative decision making.

The mixed methodology used in this research for both data collection and analysis provided reliable results showing quite clearly that the adoption of PB is predicated on certain political and social conditions—as is true of all substantive institutional reforms. First, PB is inseparably linked to the rise of the PT. Second, PB is much more likely to be adopted in municipalities where civil society is comparatively well developed. Because civil society is such a hard concept to measure, the general statistical models did not provide any direct evidence for this association, but the matched-pair narrative analysis did provide more than plausible evidence. PB is more likely to be adopted in larger municipalities where associational life tends to be more developed. Furthermore, the presence of NGOs did have a measurable effect in the northeast, where development of civil society is more uneven. The fact that most of the cities adopting PB in the northeast were much more populated than cities in other regions and were often provincial capitals reinforces this observation. Third, the negative association of PB with social exclusion that was discovered in the general model also points to the importance of civil society.

What does Brazil's experience with PB say about empowerment? To the extent that the adoption of PB represents an open challenge to vested interests and to traditional politics of clientelism, it represents a form of empowerment in its own right. More accurately, the adoption of PB can be taken to mark the presence of political and civil society alignments that favor empowering reforms. But does the adoption of PB itself, independent of its political determinants, have an impact on empowerment? And does empowerment result in tangible developmental benefits? The study sought to answer these questions, the first through a detailed qualitative analysis of 10 selected paired cities and the second through a statistical analysis using data from all Brazilian municipalities.

The paired analysis of PB and non-PB municipalities yielded a range of important findings. By pairing cities by important attributes (size, region, and strength of the PT), the study was able to develop a more rigorous understanding of the actual impact of PB. A careful examination of the

processes through which citizens engaged local government between 1997 and 2000 in these 10 cities revealed that PB cities provided for much more effective forms of engagement than their non-PB counterparts. The degree of effectiveness ranged from *consultative participation*, in which citizens were able to express their demands in an open and organized manner in dedicated forums and did informally influence decision making, to cases of *binding participation*, where citizens were directly involved in shaping the municipal budget. The scope of citizen influence ranged from making general demands to specifically shaping patterns of investment and service delivery. Though there was great variation among PB cities, there is little doubt they were all marked by an expansion of the opportunity structure. Even the most restricted version of PB had the baseline effect of increasing the flow of information about municipal governance, creating spaces for citizens to voice their demands and subjecting what were once highly insulated and discretionary processes of decision making to public scrutiny and even iterated bargaining.

The introduction of PB had a much more mixed impact on agency. In some cases, creating new avenues of participation did have the effect of increasing the self-organization of civil society. In other cases, including one in which PB was fully implemented, civil society organizations were not able to develop independent organizational capacity. This suggests that one should be cautious in assuming that an expansion of opportunity (and even incentives for participation) will necessarily strengthen agency. The study found that agency was very much predicated on the existing self-organization and independence of civil society. Moreover, one of the cases also showed that increased access to the state can in fact result in the weakening of civil society independence.

With respect to material development outcomes, the evidence from the statistical analysis indicated a striking positive association between the introduction of PB and reduction in extreme poverty, especially in contexts where the initial incidence of extreme poverty was high. Significant positive impacts of PB were also estimated in terms of reducing overall poverty, poverty among children, and inequality, and in terms of increased access to municipal water networks. On other measures of access to public services and human development, the estimated effects were also positive and large in magnitude, but were not significant. Worth noting as well is the fact that the statistical analysis clearly demonstrated the importance of controlling for selection bias and heterogeneity in treatment effects in evaluating the impact of PB. Naïve comparisons of PB and non-PB municipalities that do not control for these can obscure the true impact of PB and may possibly even yield misleading estimates.

While questions may still be raised about the limitations of variables available from secondary sources, this study suggests several important

lessons. First, it shows how narrative and statistical analysis can be combined in a complementary manner. Unlike many “mixed-methods” studies, this research creatively used the narrative analysis to do far more than just develop the parameters for a questionnaire-based survey. Second, it shows how careful research design can support robust econometric analysis. And finally, it demonstrates how good sampling can support convincing narrative analysis.

Notes

1. It does this through four mechanisms. First, it gives citizens a direct role in city governance by creating a range of public forums (micro-regional councils, district councils, sectoral committees, plenaries, delegate councils) in which citizens and delegates can publicly articulate and debate their needs. Second, it links participatory inputs to the actual budgeting process through rule-bound procedures. Third, it improves transparency in the budgeting process by increasing the range of actors involved and publicizing the process. Fourth, it stimulates agency by providing tangible returns on grassroots participation.

2. Participation in PB is arguably far more empowering than voting, the traditional form of citizen participation. PB entails direct participation and active intervention by citizens in shaping outcomes, as opposed to the delegation of decision making that is the hallmark of representative democracy. Moreover, participation in PB typically continues over a period of time, while voting represents an intermittent exercise of choice in the political domain (and is only an indirect way of exercising choice in other domains). Such direct participation can build capabilities through problem solving, communication, strategizing, and what is in effect learning by doing. Because it provides direct forums for engaged citizenship, PB is a potential “school of empowerment” in which people develop skills that are readily transferred to other activities. Such multiplier effects are all the more notable because collective action is a potential resource that the disempowered may have in relative abundance.

3. The choice of this matching rule was motivated by the idea that vote shares for political parties are likely to reflect (and hence capture) important aspects of the sociohistorical and political economic context. The assumption is that two municipalities in which a party garnered similar vote shares are unlikely to differ much in terms of, for example, traditions of political activism or the degree to which clientelistic relations are ingrained in local political culture. However, even small differences in vote shares can lead to large (discontinuous) differences in political outcomes—for example, which party ends up controlling the municipal administration—which in turn lead in many cases to large (discontinuous) changes in policy, such as the introduction of PB. A matched comparison of municipalities with similar vote shares but large differences in political outcomes that coincide with large differences in policy therefore provides the opportunity to cleanly identify the impact of the policy difference, which in this case is the introduction of participatory budgeting. Under the maintained assumption that vote shares capture the relevant aspects of the local context, this research design is therefore a variant of the regression-discontinuity design.

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4. The median was someone from a developing or underdeveloped urban area with specific demands and problems, but no experience in civil society.

5. More information on these two municipalities can be found in the full country report.

6. This research, with its focus on civil society organizations, did not seek to assess whether PB resulted in empowerment for individuals.

7. From a methodological point of view, this representation of narrative findings demonstrates the effectiveness of diagrams. Narrative information is often difficult for a reader to synthesize and in an effort to put points across clearly, authors are often forced into a reductionism that undermines their message. This case, though, nicely illustrates how a complex set of nonnumeric information can be presented.

8. As a political party that built its presence by working with social movements and by focusing on democratizing municipal government, the PT is by definition an agent of change. But clearly, the presence of a determined and programmatic political agent is only part of the story. The fact that there is significant variation across the cases, despite the constant of the PT presence (the party's vote share in the 1996 election ranged from 36 percent to 49 percent in the study municipalities), suggests that local configurations and institutional designs do matter.

9. A positive value for the index of progress is always to be desired as it indicates progress toward the desired target level, whether that is a poverty rate of zero or a municipal water network coverage rate of 100 percent.