Decentralization, local participation and the creation of boroughs in the city of São Paulo *

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Abstract

From 2001 until early 2004, São Paulo, Brazil's largest city and the world's third in size went through a unique experiment in political and social engineering: as a result of a City Hall decision, a deep administrative decentralization took place together with a broad participatory budgeting process. Both were put in place to respond the citizenry's demands for a better provision of public goods, and to promote popular participation in public policy, thus increasing the hopes for a democratization of state-society relations. Critical to the performance of both the decentralization and the participatory budgeting processes were the *subprefeituras*, the City Hall subdivisions – or boroughs – which should facilitate the relationship between the government and the governed. This paper rescues the municipal policy environment from which the *subprefeituras* emerged, and discusses the role they played in the administrative decentralization and in the functioning of the participatory budgeting system in the city of São Paulo.

☐ Translated from Portuguese. Free translation by Ivani Vassoler

Introduction

When implemented, decentralization and participation need not be combined processes in the administration of cities. Both can occur without one supporting the other. While decentralization may be designed as a way to put the provision of public services closer to the citizens, participation is usually conceived as the expansion of spaces in which the society can act and have a role in public policymaking. In Brazil, since the late 1980s, several cities have implemented models of participatory budgeting and other mechanisms to expand social control over the State. Yet the experience of São Paulo between 2001 and 2004 is unique for the combination of decentralization of local government, the creation of municipal subdivisions or boroughs (*subprefeituras*), the installation of participatory budgeting and other forms of participation in the same regional basis. This article will precisely address this uniqueness, that is, the attempts to democratize the local government together with the promotion of society's participation in politics in the city of São Paulo.

The combination of local government with participation found in the thirty-one City Hall subdivisions (boroughs or *subprefeituras*) is the concrete space for the action of political actors.

The regional decentralization of power, based on budgetary autonomy and on the identification of investment priorities through popular participation, has created a unique political and institutional setting within the management of local governments in Brazil. Thus, one can say that the experience of São Paulo sought to expand the forms of co-management (with society) and of regional centers of power (with the municipal subdivisions) to define the planning and execution of public policies. Therefore, this article will examine how decentralization and popular participation impacted the management of the sub-districts, especially after 2002 when the City Hall subdivisions (boroughs) were created.

To address the issue, the text is divided as follows. The first part provides a brief review of the literature on decentralization, emphasizing that the issue has been studied more with a focus on the scope of intergovernmental relations, and less as a political and administrative alternative for management of local governments. The second part discusses the relationship between decentralization and participation. Primarily, I reviewed the main theoretical perspectives on the State and political actors and argued that participation within an institutional setting is not analyzed by any of those theories. That is followed by theoretical elements that seek to put together decentralization and participation as aspects related to both the governmental organization and the democratization of local government. The third section introduces the concept of decentralization in Sao Paulo, with emphasis on the dynamics and functioning of the territorialization of public policies. Then the article discusses the participatory budget and how it was linked, regionally, to the municipal subdivisions (*subprefeituras* or boroughs). This section concludes with a discussion of other participatory experiences with a regional scope and in the context of the sub-districts.

Decentralization and Local Management

The decentralization has been analyzed from two distinct perspectives: on one hand. we have decentralization and democratization as opposed to the association between centralization and authoritarianism, the latter prevalent until mid-1980s in Brazil; on the other hand decentralization is seen as a response to the fiscal crisis that limited the action of the central government and "transferred" tasks to the municipalities, especially in relation to social policies (Farah, 2006; Carneiro & Brasil, 2007).

Even though there has been an emphasis on the erratic character of decentralization (Arretche, 1996; Souza, 1999) there is little doubt that this is an irreversible process in the organization of intergovernmental relations, and in the provision of public policies by subnational levels of government, particularly in the in social services sector (Arretche, 1999). Facing the decentralization of public policies, local governments in Brazil should acquire management skills. Thus, the ability to formulate and implement policies becomes a central aspect to evaluate the effectiveness of local governments (Wilson *et al,* 2008).

However, this literature does not focus on decentralization as a means to modernize the management of local governments in relation to both the efficacy and quality of public services, and the democratization of state-society relations. [1]The decentralization can integrate the State reforms not only from the perspective of intergovernmental relations, but also for allowing new

local political and institutional arrangements. As we shall see in the experience of São Paulo, decentralization can provide better provision of public services and popular participation.

For authors like Abrucio (2005), Souza (2005), Kugelmas and Sola (1999), the decentralization collides with the poor administrative structure of most municipalities, thus undermining the implementation of municipal tasks. However, Farah (2001) argues that in Brazil post-1988, democratization and decentralization of public policies have created a new relationship between State and society, one that requires from local governments a number of efforts to expand their political legitimacy in front of the population. In this sense, participatory and decentralized structures can fulfill an important role and innovate both in politics and in the management of municipal administrations.

It is in this "loophole" that the municipal subdivisions (boroughs or *subprefeituras*) find place as means to modernize the management of the State at the local level, especially in a city like São Paulo whose dimension brings together several areas with sizes that are equal to or larger than many cities. The decentralization was a means to expand the managerial efficiency of and bring democracy to the regions because, as highlighted by Sposati (2001:124), São Paulo until then had not taken the "population size as requirement for both action and quality of the administration." The process of decentralization impacts both the provision of public services to the population and the political and administrative organization of a polity. In a city like Sao Paulo, with approximately 10.5 million inhabitants, in 2003, when the implementation of the boroughs began, there was the need to revise the administrative structure as a way to produce public policy, delivering services to the society in fast and proper manner, in addition to technically provide support to popular participation.

Decentralization, popular participation and political actors

The main theoretical perspectives on the State and political actors do not incorporate the theme of social control and popular participation in any of its parts. For the elite theory (Hunter, 1973; Mills, 1968; Stone, 1980; Davis, 1993), the State reproduces, at political level, the existing hierarchical social structures. Politics is a game of "power elites" who, a *priori,* are defined as those players who focus on government to secure their interests. Thus, those players cannot conceive politics as an attribute belonging to citizens since patterns of wealth, status and social prestige, all concentrated in the upper strata, organize and define the rules of who is entitled to participate and to influence the actions of government. The State is structurally and systemically captured by elites with their economic dominance and social ascendancy. Democracy, according to Mills (1968) is just folklore, and the biased electoral competition only confirms the domination of elites.

To pluralism (Dahl, 1958, 1989; Polsby, 1962), the government takes shape as a fragmented structure of the various interest groups that operate within the political system, and political resources are unequally distributed among the actors. There isn't ruling elites that inhibit political participation, and the government is a fragmented reflection of the heterogeneity of interest groups. It is primarily through the dynamics of electoral competition that society participates and influences the political leaders, even if indirectly. The social control as a result

of a process of democratization of government, particularly local, is not considered by pluralism, despite the openness of the political system to participation. Such an assertion derives from the presumption of human inertia, so that only in the political stratum we find individuals willing to invest time and resources to participate. Or it may happen that the analysis, as in the case of Mollenkopf (1992), highlights that the participation of society is controlled by the "new" governmental patronage. Here, popular participation is secondary, because the dominant political coalition prioritizes contracts with NGOs to provide services and to ensure support in exchange for support at the expense of community organizations.

For Marxism, the subject of the State and the struggle for power, when discussed in terms of antagonistic social classes as shown by Poulantzas (1972) and Marx (1998), focuses on the analysis of participatory processes and social control. The class cleavages, with their effects on economic exploitation and political domination of the bourgeoisie, do not permit the construction of public sphere that overcomes the limitations of representative democracy. [2] An author as Davis (1993), who analyzes the "power lineages" of the upper class in Los Angeles, claims that structurally local politics does not allow the expansion of spaces for social participation. In an ironic way he speaks of "Bolshevism" where the only visible social movements are those aimed at ensuring the maintenance of a segregated city; and the only visible social movements are captained by residents of neighborhoods with high purchasing power. So, as Marques (2003) notes, in the urban studies based on the Marxist tradition, local government is conceived as functional to the reproduction of capital goods and by providing services that reduce the value of the work force and allow to raise the rates of surplus extraction.

If the literature on the State and political actors does not address the issues of participation and social control, much less it deals with the decentralization of local government as a form of political-territorial organization and "urban governability". Decentralization may be a political option (local governance and participation of society) and technical (enhancing service delivery and public policy). This process is consistent with the principles of autonomy, social control and direct democracy. The proximity of the State with citizens demands that society expands and improves its organization to compete for space and resources. One of the pedagogical tasks of democratic decentralization is to bring people into the public arena, thus stimulating channels of participation and social control. Thus, for Santos Junior (2001:44)

> From a critical perspective, a democratic and progressive government cannot be conceived as merely a mediating body for negotiation. The uneven distribution of access to goods and services in the city puts into discussion the nature and quality of social conflict, which is directly related to the ability of social groups to be constituted as social subjects, able therefore to translate their needs into demands, and see, recognized and legitimized their demands by local government, thus creating public policy.

Structures of social participation, such as participatory budgeting as part of the decentralization agenda, contribute greatly to bringing the State close to the citizenry. Thus, democratization of government and political participation of local actors can rely on the territorial decentralization of governments. This process strengthens the shared management of integrated public policies based on the demands of each region. Therefore, according Esperón (2000:5):

> Decentralization is defined… as the institutional form that is given to the State for the production of public policy; decentralization, therefore, is conceived as an institutional transformation within the State reforms (...) Thus we start with the idea that governability only can be achieved if the State is capable to articulate the participation of the socio-political actors in the design and implementation of public policies, and in the institutional design itself. Thus, the decentralization as a State institutional design is also linked to participation.

In the city of São Paulo, with its more than 10 million inhabitants and 1,500 km2 in area, the State, represented by the subdivisions (boroughs or *subprefeituras*) combined territorial decentralization and political participation of citizens to address the "democratic deficit". In this sense, territorial decentralization and participation placed themselves in a process to strengthening localities to produce public policy and extend democracy. Thus, for Carneiro & Brasil (2007:7)

> Under the theme of decentralization and reform of the State, visibility and primacy have been given to local governments within the institutional framework, with emphasis on new roles that local governments must necessarily take. Furthermore, and especially considering the Brazilian process of re-democratization, the local has been pointed out as the potential space for innovation in the field of public policy, for democratization of state-society relations and social projects focusing on inclusion and equity.

In this sense, the São Paulo municipal subdivisions innovated both politically and institutionally by including participation and decentralization in the same agenda to modernize the local administration. The sub-districts were territories of integrated public policy and popular participation. The synthesis of these two processes reshaped the relationship between State and society at the local level as we shall see in the next section.

Decentralization and local power in the municipal subdivisions in the city of Sao Paulo

Decentralization is not synonymous with democracy, because it is necessary to build institutions in that direction. The City Hall subdivisions materialized the State's presence in the territories, and the Participatory Budget included democracy in the agenda of decentralization of local power in Sao Paulo. But in what general context have the city halls subdivisions operated? For Vitale (2004), in São Paulo,

> The rapid population growth was not matched by higher investments in infrastructure on a scale sufficient to cover the occupied area. The result was the emergence of vast spaces of disorganized occupation, lacking infrastructure and basic services that might meet sufficiently the demands. In a few decades, São Paulo became the country's largest city, but without having solved their central problems, particularly in the peripheral areas, among them, housing, sanitation, urban transport, health services and education. The largest and richest city in the country also became highly unequal, both socially and economically.

Decentralization, therefore, was conceived as a way to expand the supply and effectiveness of public services to the population. One of the emphases of the project was to allow citizens a closer relationship with the State and its public policies, especially in the social area. Although the priority of decentralization was to improve the managerial system and

services provision with a focus on citizens, there were repercussions in the political game of all-administrative regions. By the nature of the project, and because of their democratic vocation, through the valorization of popular participation in the sub-districts, the city hall subdivisions (boroughs) were important actors in the local power structures.

The City hall subdivisions (boroughs or *subprefeituras*) sought to match democracy and public policy with the regional realities by stimulating social control mechanisms such as Sectorial Councils (*Conselhos Setoriais*); the involvement of civil society in Regional Development Forums (*Fóruns de Desenvolvimento Reginal*); and the elaboration of Regional Master Plans (*Planos Diretores Regionais*). Therefore, the decentralization implemented in São Paulo was not just a management *reform*: its political component was key in two other aspects. On the one hand, the State sought to extend the boundary of the public sphere by creating thirty-one "territorial arenas of power", thus legitimizing political actors and their resources for action, being through participation, or by simply facing the city bureaucracy and the formal authority. On the other hand, through the Participatory Budget, the State introduced the practice of direct democracy. The City Hall subdivisions, being the "concrete" representation of the State in the municipal regions, were therefore an incentive for society to invest in instruments of participation and social control.

The decentralization was the synthesis of a new legal framework (established by law), encompassing both management (the administrative structure of City Hall changed with the subdivisions) and politics (popular participation and social control in the territories). The emphasis on the regions, rather than sectorial policies, emerged from the citizens and not the administrative divisions. Thus, the integration of public policies in the territories was a central axis and driven by two distinct and complementary vectors:

a) The City Hall subdivisions (boroughs or *subprefeituras*) concentrated on the management of the territory to plan and implement integrated public policies and services. The subdivisions developed horizontal projects through seven coordinators that responded, in each region, to what 21 municipal departments, local authorities and other agencies executed in the central administration. The focus was on territorialization, and horizontal integration of services and public policies; and

b) The secretaries (municipal departments) were guided by the formulation, coordination and implementation of sectorial policies by distributing the resources according to regional peculiarities. The focus was on specific, targeted and vertical policies.

Finally, although the management of the City Hall subdivisions (boroughs) did not deal directly with participatory processes, there is an important link to be highlighted. It would be more difficult for the government to encourage democratic practices among the population if internally its organizational dynamics were not adjusted. We shall see later that each borough, starting in 2003, obtained a Supervisor dedicated to the Participatory Budgeting process in each region. However, integrating public policies in the territory as a product of the action of the boroughs also required to qualify their internal management. To avoid fragmentation – regional and sectorial – new structures of coordination were created, among them the Forum of Deputy Majors and, in all territories, the Management Committees as collective management body

composed by the deputy mayor, the seven thematic coordinators and advisory and oversight bodies [3] .This was a breakthrough because it brought people's participation to the agenda of the boroughs. The following presents the project of decentralization implemented between 2002 and 2004.

The design of decentralization in the government of Mayor Marta Suplicy (2001-2004)

Decentralization of government in the city of São Paulo was structured in four dimensions: autonomy and budget transparency, planning and popular participation, information about the territory and integration of public policies (Garibe, 2004). Considering the territorial features, instances of local power were created to implement public policies. It was clear that the political-administrative decentralization was central to the "urban governability". Such an approach is consistent with the participatory budgeting process, starting from 2003 when the autonomy to invest was combined with regionalization of popular participation.

Thus, the citizenry needed to be mobilized to participate and monitor what was happening in the city; participation would be facilitated if the city government was closer, more accessible and accompanying problems in the regions. Thus, decentralization could stimulate citizen participation; plus, the expansion of democratic processes would contribute to greater responsiveness from the public sector in relation to the provision of services. It is from this perspective that administrative decentralization was already part of the government program (Coaligação Muda São Paulo, 2000), which was arguing that

> The implementation of the boroughs and the Councils of Representatives seeks the democratization of the government of São Paulo (city), and this is contemplated in the Organic Law of the Municipality. In the government of the Coligação Muda São Paulo (Colligation Changes São Paulo) the City Hall will be organized within new ethics, with a political reform in order to reorganize its functions, change its structure, optimize its resources and reorganize the machinery and staffing. We will rethink the ways of exercising political control of the city to strengthen the relationship with society, with organized movements, with the non-organized, with economic groups, and especially with those who are excluded, seeking thus a new relationship between State and society. Decentralization will allow more equitable patterns of ownership of the city with greater efficiency, efficacy and effectiveness. The government will adopt all legal and administrative measures to help enable the implementation of boroughs (*subprefeituras*). The internal organization of the Municipality must be flexible, i.e., beyond the middle-services (administration, legal and financial) and their units may be variable depending on the regional reality. The borough will not only be a decentralized unit for the implementation of municipal services, but it will incorporate a planning core with coordination and integration of social policies and agencies representing the community, provision of services and an ombudsman. The borough shall prepare local development plans and will be an articulator of participatory budgeting process in the region. This will provide new impetus to regional urban planning, thus enabling city operations that are more democratic and just.

Therefore, decentralization and participation at the regional level would be reinforced as long as the boroughs could legitimize themselves as the "concrete" State in the territory. To

obtain this result, the construction of a broad public debate was held to emphasize the features of the project and especially the transfer of services to the regions. Therefore, the public discussion of the boroughs occurred through:

1. Public hearings, discussions with the City Council, debates in the media and meetings with society organizations between 2001 and 2002;

2. Reactivation of "the local governments nuclei" in the 28 Regional Administrations (RAs); this was an idea that originated in the government of Mayor Luiza Erundina (1989-1992), but deactivated by subsequent governments. The nuclei consisted of staff from different municipal departments in order to produce integrated diagnostics of territories. Institutionalized in March 2002, the nuclei were incorporated to the staff of the deputy mayors.

3. Guidance to all government agencies, before the vote on the bill by the City Council, to give a regionalized format to the proposed budget for the financial year of 2003. The goal was to clarify the link between expenditure and territories to strengthen the decentralization;

4. Approval of the law by the City Council of São Paulo in July 2002, creating thirty-one boroughs (*sub-prefeituras*). Law 13.399 was sanctioned by Mayor Marta Suplicy in August of that year. The boroughs were created with decision-making power, planning and investment authority, as they acquired their own budget in 2003, thus enabling them to define where and how to apply resources in the regions.

One of the controversial issues was the number of boroughs, set in thirty-one, based on the following criteria: the area of each borough should not exceed five hundred thousand residents (only two had a little more: Capela do Socorro with 561.071, and Campo Limpo with 508.607 inhabitants), geographical proximity and the existence of physical barriers, existence of commercial and service hubs, recognition of a political and cultural identity; attention to conservation areas and protection of water sources; and the combination of developed areas with precarious ones as way to encourage regional development. Thus 31 boroughs were created in São Paulo: Sé, Lapa, Butantã, Pinheiros, Vila Mariana, Mooca, Ipiranga, Aricanduva, Penha, Ermelino Matarazzo, São Miguel, Itaquera, Itaim Paulista, Guaianazes, Tiradentes, São Mateus, Perus, Pirituba, Freguesia do Ó, Casa Verde, Santana, Tremembé / Jaçanã, Vila Maria / Vila Guilherme, Vila Prudente, Santo Amaro, Jabaquara, Cidade Ademar, Campo Limpo, M'Boi Mirim, Capela do Socorro and Parelheiros (Grin, 2006).

The dimensions of the boroughs allow the comparison of their populations with those of major Brazilian cities in 2003. Perus, the smallest borough with 111.000 inhabitants, would be among the two hundred largest cities in the country. Capela do Socorro, at the time with a population of 561.000 inhabitants, was the 27th largest city in the country. Given these regional differences the boroughs should, as the law 13.399 says in its Article 5, "…induce local development, plan public policies consistent with regional vocations and the interests manifested by the population." The boroughs should address regional inequalities, and to support popular participation to be successful in this matter, as we shall see.

To implement this concept of decentralization was necessary to restructure the organizational design of the boroughs. In 2002, the municipal government of São Paulo was composed of 21 departments. These bodies worked in thematic areas which were subsequently decentralized to the territories with seven coordinators led by the deputy mayor with the *status* of a Secretary reporting directly to the Mayor. It is important to note that that this organizational structure was smaller than many municipalities in Brazil, especially considering that the boroughs encompassed a population more numerous than most cities in the country.

Decentralization aimed to reduce the waiting time for citizens, by avoiding their displacement from and to municipal departments in different parts of the city. This explains the focus on integrated public policies in each territory under the responsibility of the borough. As an example, social assistance, employment, food security, sport, leisure and culture were under the Coordination of Social Services. This unit coordinated those services by integrating policies, without reproducing the existing fragmentation in the central administration. In this sense, the success of this management model depended on the articulation of policies from various departments in the concrete exercise of local government. The boroughs were designed to give proper treatment to different local realities, improving efficiency, streamlining resources and promoting transparency of services to the population (Plano de Ação – Governo Local - 2002/2003: Rumo `as Subprefeituras, 2002). This effort was crowned in the budget of boroughs for the year 2004, which went from R$ 550 million *reais* (the Brazilian currency) to $ 3.1 billion with priority actions in Health, Education, Sports, Culture, in addition to maintenance, repair and cleanliness of municipal public buildings and roads. In 2004, the boroughs accounted for the administration of 19% of the budget of the city of São Paulo, and part of that amount was set by the Participatory Budget as we shall see. The figure below shows the evolution of decentralized budget between 2001 and 2004.
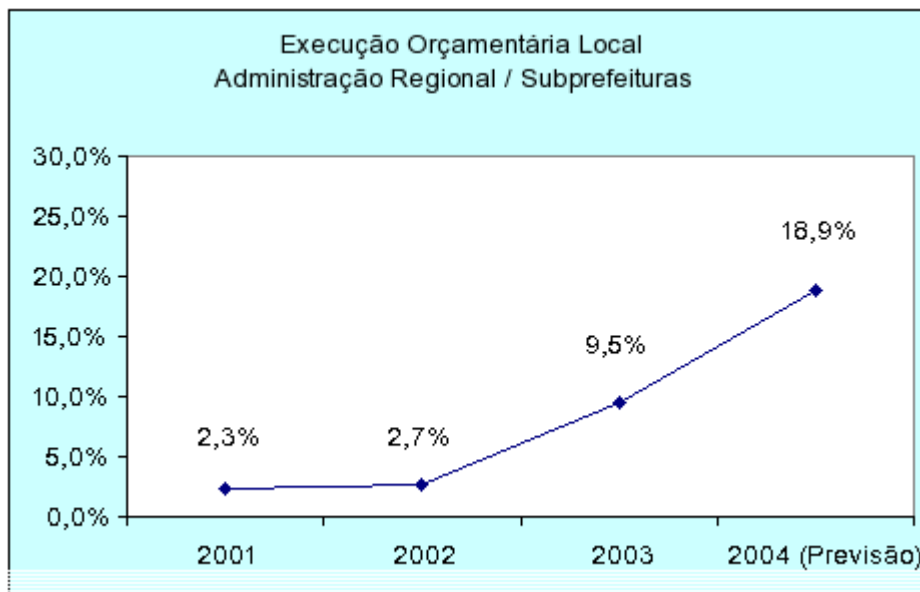
Source: Department of Finance and Economic Development of the Municipality of São Paulo

In the next section, I will discuss the interface between decentralization and popular participation implemented in São Paulo.

Democratic Administration of the territories and the Participatory Budget [4]

The decentralization was regarded, by the municipal government, as the best way to bring the government closer to the citizenry. In addition to improving the delivery of public services, decentralization would stimulate the process of democratization of power and popular participation. This design was incorporated into the mentioned law which, in its Article 9, deals with the duties of the deputy mayor: "participating in the draft of the budget proposal and in the process of Participatory Budgeting" (item VI) and "preparing the budget proposal of the borough, supporting the participatory process in its construction "(XIX).

The Participatory Budget (PB) not only was seeking greater response to the popular needs, which was consistent with the design of the boroughs, but also a reversal of priorities. The focus should be on investments in areas of the city historically least served by the State, and the poorest strata lacking public services. São Paulo is Brazil's largest city, and also a city full of social and economic problems. Within its urban area we observe an increase of inhabitants on the outskirts, thus aggravating the *deficit* of infrastructure and the provision of public services. Therefore, ensuring popular participation in the development of public policies was a challenge for the municipal government. With the implementation of boroughs, along with the PB, foundations were laid for the political and administrative decentralization and democratization of local power. It would therefore be incongruous to implement decentralization in São Paulo without mechanisms for citizen participation to provide public policies in a regionalized form.

Popular participation in deliberations about the municipal budget began in the first year of Marta Suplicy in office, soon after the establishment of a coordinating body to guide this process, called Coordination of Participatory Budgeting (COP), which was instituted by the Law number 13169 [5] .Besides the COP, the theme of participation involved the Office of the Mayor, the Coordinator of Popular Participation who advised the Municipal Councils for public policy, and the Secretary of Finance.

The first year of the PB in 2001 included 34.000 participants in 191 meetings with the election of 1.076 elected delegates. The requests totaled R$ 481 million (*reais*) equivalent to 5% of total revenue of the municipality and 63% of its investment spending [6]**;** only Education and Health were submitted to popular vote. In 2002 there was an increase of over 60% in participation, reaching 55.000 people who decided where and how would be applied, in 2003, the $ 662 million (*reais*) equivalent to 6% of total municipal revenue. In 450 meetings, the population voted on proposals for the two areas already considered in the preceding year and elected in each region, a third priority: housing, neighborhood improvements and social programs were selected. In 2003, the PB was decentralized and the public weighed in on all areas of operation of municipal government in the 31 boroughs. There were over 450 meetings, debates and conferences that materialized the popular choice. The entire process encompassed close to 80.000 participants; 2.131 delegates and 216 advisers were elected (Prefeitura Municipal de São Paulo, 2004).

The functioning of the Participatory Budgeting

From the standpoint of the population, the first level of representation was formed by delegates elected in the deliberative thematic or territorial assemblies at a ratio of one delegate for every 20 residents present in the meetings. The delegates were the link between the community and advisers of the PB, and between the community and government in monitoring and implementing the Plan of Public Works and Services. The delegates were responsible for encouraging popular participation in the region, meetings with the community, discussing problems and solutions, monitoring the execution of works and services, monitoring the municipal administration and bringing information to the population. The delegates from each region formed a Regional Forum of Delegates to make a first analysis of the demands. In addition, the Forum was in position to negotiate with the government and with the population any changes that were necessary, after evaluating the feasibility of their implementation.

The demands were prioritized according to the total population of the region, the most salient needs for each region, and lack of service or infrastructure [7] . Thus, the distribution of resources followed the priorities voted by participants in the public assemblies with varying grades from 1 to 3, the higher priority being the first, and the lower the third. The second level of representation was formed by the councilors, i.e. residents who were elected by the delegates in the Regional Plenary of Delegates, in the Municipal Plenary of Delegates and the Municipal Plenary of Delegates from Segments [8] .The election process could by ballot, and if there were more than one, the number of elected – titular and alternates – was proportional to the received number of votes. The councilors were the link between the delegates and the Executive and, therefore, between the Executive and the population. The councilors played a major role in the second phase of the cycle, after the popular deliberations, when they defined the Plan of Public Works and Services together with representatives from other parts of the city, with thematic advisers and government officials. The Plan of Public Works and Services was the piece that harmonized the popular demands with feasibility of implementation by the government; and it was part of the Annual Budget Bill (LOA).

Considering the territorial dimension of the city, the PB technical complexity, and even other factors such as availability of time, the procedures of direct democracy were only used in the first stage of the process, that is, the regional or thematic meetings. Thus, according to Bello (2006:100)

> …procedures of direct democracy coexist with instances of representation, thus giving rise to the known difficulties for citizens to establish appropriate ways to control the performance of their representatives, not least because there is little time for there to be wide consultation to the bases. Bearing in mind these two kinds of complex questions about the operation of the processes of the PB, we should take the fact that was not previously set the criteria for defining the volume of resources available to the PB, what made it impossible for the people to have a notion reasonably clear about what would be the total amount, and how much could be allocated to each region per year, although the restriction of areas (in 2002 and 2003) limited the range of demands.

Still, after the approval of the LOA, the councilors had to assess any proposals for amendment submitted by the Executive, provided they were in line with the decisions of the PB.

The councilors should monitor the annual budget execution together with delegates and supervise the implementation of approved claims, in addition to defining changes in the Rules of Procedure. In addition to the councilors, the Council of the Participatory Budgeting (CONOP) included fourteen government representatives without voting rights. However, to Vitale (2004:30)

> The significant number of government advisers in the composition of CONOP occurs due to the lack of a general coordination of planning and of government action. In the absence of a body responsible for overall planning, the involvement of several departments within the Council was the way found to promote greater integration between the government sectors themselves, and between them and the PB.

In 2002, the cycle of PB was carried out from a more complex model. The first change in relation to the previous year was the introduction of the thematic modality for the discussion and definition of the priority programs of the various municipal departments. There was an attempt to expand PB beyond works and services, including the decision about mainstream programs based on themes, because many actions amounted to more than one region. The second change was the expansion of regional deliberations including now a third area, besides the areas of education and health prioritized in the first year. But, despite the effort, both in the course of 2002 and 2003, the thematic deliberations did not generate specific investments, and resulted, instead, in simple policy guidelines for further planning at medium and long terms (Vitale, 2004).

Thus, the procedures for establishing priorities did not indicate a preference between the programs and they did not determine parameters of human or financial resources needed. The city could define how to prioritize programs chosen by the population with a considerable degree of autonomy, including the distribution of resources between regions. There were no mechanisms for ensuring the allocation of resources between programs and, in this way, the decisions made by the thematic plenary sessions influenced the government less intensely than those arising in the territorial assemblies which inserted public works in the budget law (Bello, 2006).

The Dynamics of Participatory Budget in the Boroughs

Starting in 2003, the operation of the PB changed with the introduction of the 31 boroughs. Decentralization reshaped the structures of participation, either from the standpoint of the central government, or from the perspective of each borough. But, despite the creation of subdivisions with the potential to develop participatory practices, the institutional conditions for the PB and participatory planning becoming the center of government action, similar to what happened in the city of Porto Alegre, did not occur in São Paulo. Even with decentralization and its promise to strengthen the relationship between government and population in all regions, the PB was not the axis of the government strategic planning.

This political limitation of the PB within the city government took place despite the law that created the boroughs, which were designed to act "as the starting point for local development, implementing public policies derived from regional vocations and from interests manifested by the people"; thus boroughs should "establish mechanisms to democratize the

public administration" and to strengthen existing regional participatory processes. It was under those circumstances that the process of PB started in 2003: it took place regionally in order to make boroughs the *locus* of integration of public policies having the deputy mayor as a central interlocutor (Garibe, 2004).

The 2003 cycle followed, broadly, the process of 2002, by repeating the two modes of discussion, thematic and territorial, yet introducing significant changes. The main change was due to the political and administrative decentralization that transformed the 28 Regional Administrations in 31 boroughs (*subprefeituras*). Although the Coordination of PB controlled the process more generally, it delegated the regional coordination to the boroughs which took responsibility for daily tasks such as location of meetings, their organization, monitoring the Forums of Delegates and the Thematic Working Groups. Therefore, part of resources of the Coordination of PB was transferred to the boroughs, thus seeking to integrate regional decentralization and popular participation. Now, the PB Council was also integrated by representatives of the thirty-one boroughs and from the seven and thematic coordinating bodies.

Each borough had a regional PB supervisor, who together with the deputy mayor coordinated the activities in the regions. However, not all supervisors and deputy mayors showed the same involvement in this process. In some regions, the supervisors took on other tasks, instead of prioritizing those related to PB. Thus, if decentralization sought to expand participation in the territories, it was not uniform the boroughs' support to the process (Vitale, 2004).

In 2003, the regionalized dynamics of PB encompassed the reception and vote of popular demands in all areas where there was a thematic coordination in the borough, without the need of choices being limited to health, education or to a third theme. The process contemplated claims in social action and development, planning and urban development, maintenance of road infrastructure, education, and health; and finally in the sectors of finance and administration which were all the seven areas of coordination in the boroughs. [9] With the debate regionalized and confined to these seven thematic areas, the election of priorities focused on requests of local nature. Structural issues such as policy coordination, traffic control and transportation, drainage, the relationship between the Legislature and international bodies, the coordination of urban operations at metropolitan level, municipal tax collection, the execution of the municipal budget, and the management of public facilities were pertinent to the overall management of the city and, therefore, tasks for the municipal departments. Global issues, or those related to more than one borough were not items of regional deliberation. In sum, the organizational structure for thematic coordination in the boroughs conditioned the operation of the PB in the territories.

In the third year of the PB experience – held in 2003 for the 2004 LOA – the methodology for allocating resources followed the previous year. The dynamics of the territorial cycle helped to arrange the priority programs in each region. In deliberative assemblies, each participating citizen formulated and voted on seven proposals for public works and services according to the seven thematic areas of the borough. The priorities of each district in the seven areas were ranked based on the votes received in the two rounds of territorial public assemblies. The priorities of the region in each of these areas were aggregated by program for the whole region and aligned by the regional plenaries of delegates in the thirty-one boroughs.

Preparation of the Plan of Public Works and Services

After the distribution of resources among regions, the next step was the preparation of the Plan of Public Works and Services which specified the demands selected during participatory process and scheduled to be submitted to the City Council by September 30. The Plan of Public Works and Services was important because it was the result of the agreement between government and population. Based on estimates of investments contained in the Plan, the population could monitor and supervise their implementation, in addition to demanding compliance. Although the demands of the Plan should be considered by CONOP, this not always occurred: priority projects from the municipal departments were included without the approval of this Council (Vitale, 2004). This criticism is also pointed out by Bello (2006) when he emphasizes that the formal democratic procedures in the decision-making process were not sufficient to rule out the possibility that technical and political inequalities (especially the mayor's prerogative to define the levels of funds under discussion) would prevail, thus restricting the deliberative power of the population.

Considerations on Participatory Budgeting Process in São Paulo

A first important issue highlighted by Vitale (2004) is that the PB was adopted in the country's largest city and third largest in the world. The scale of this process makes it unique. Moreover, as mentioned earlier, the PB in Sao Paulo was also unique as it was combined with the administrative decentralization through the creation of the thirty-one boroughs. This new political-administrative design altered the dynamics of PB in the face of regionalization of its organization and the focus on the seven thematic areas which would define the priorities demanded by the population. Another positive aspect, similar to other local experiences in Brazil, as noted by Fischer & Moll (2000) was the development of city pedagogy, one that was seeking to enlarge the knowledge of the territory by its citizens through democratic popular participation. Yet some limits should be considered in relation to the participatory budgeting in São Paulo:

a) If it is true that PB was relatively consensual, there was not, however, a consensus in relation to the PB's role in the structure of the municipal government. When it comes to defining *how* and *to what degree* power should be shared, the issue became more complex and it strained the governmental structures (Vitale, 2004). For Tatagiba & Teixeira (2005:7), the stimulus to the PB was not enough to become an "item in the democratic reforms and in the process of constructing governability";

b) Absence of an administrative reform in the Executive and the lack of a horizontal planning framework that would integrate the various departments to make the PB a central piece to urban planning. As it was emphasized previously, the boroughs with their seven thematic coordinators faced difficulties to deal with the centralized administration and its twenty-one sectorial bodies (municipal departments).

c) The role of regional supervisors in the boroughs was less than it should be regarding the expected support to the democratization of the decision-making process.

d) Regarding the distribution of resources among regions, there was a variety of distortions resulting from the regions' social and economic heterogeneity. The pockets of social exclusion, poverty and slums located within areas considered rich, as is the case of Paraisópolis in the neighborhood of Morumbi, exemplify the importance of considering the share of budgetary resources.

e) Another question refers to the indicators of popular participation which can encourage opportunistic behavior aimed at increasing the share of resources to regions with more popular mobilization; this situation might result in something similar to the "Bolshevism" metaphor described by Davis (1993). If the PB is guided by direct democracy, majorities with more resources to mobilize themselves can be incorporated. Thus, Bello (2006) questions the attitudes that would be taken by citizens of areas whose population had more difficulty to be mobilized to participate in the PB (either because of reduced availability of time and resources or because of less experience with mobilization). Thus, the legitimacy of the choice of priorities may not reflect, à la Rousseau, the "general" or "collective will" in the regions, as "intermediaries" can distort the democratic principle by taking advantage of the very rules of the game;

f) In this way, the research conducted by Tatagiba & Teixeira (2005) argues that in the boroughs, participation and patronage practices coexisted as two parallel policies. Based on interviews with social leaders, the authors identified several collective demands that, in theory, should be objects of deliberation in the instances of the Participatory Budget, but that were brokered directly with deputy mayor. There were also cases of public interest issues that were discussed in private meetings and unrelated to the institutionalized channels of participation; such situation occurred in the borough of São Mateus, one of three where the research was conducted. The valorization of this informal space seems to strengthen the argument by Arretche (1996) that decentralization and democracy are not synonymous by assuming that proximity breeds more participation. In some cases it may stimulate forms of clientelism and patronage with public resources, even though with democratic ideals to conceive the relationship between State and society. Or, put another way, given the historical permeability of the Brazilian public sector to private interests, as highlighted by Marques (2006), and if direct, private channels are more effective to meet demands, the trend is the emptying of the participatory mechanisms. Or it is also possible occur the opportunism to manipulate public arenas of participation with a specific agenda as a way of legitimizing the decisions of the mobilized majorities and, at the same time, maintain an agenda of other topics within the relationship with the government. Apparently, the experience of participatory budgeting in São Paulo, especially after the implementation of the boroughs, was far from resolving this issue which could be solved institutionally if the government could only recognize as legitimate the demands arising out of collective forums of popular participation.

g) The budget discussions constituted a second stage of a dispute related to the decision regarding the amount actually spent. Bello (2006) goes on to say that in the case of São Paulo, there was no institutionalized procedure for defining the amount of resources to be allocated to the PB. This practice was different, for example, in Porto Alegre where, according to Souza (2001:53), "establishing the budget and public investment plan was not a government task." All investments (regional and general) were objects of deliberation by instances of the Participatory Budget. This procedure reduced, in the case of Porto Alegre, the power disputes, encouraged the

legitimacy of popular participation by expanding the "social ownership" of decisions (Gaventa 2004), and facilitated the organization of the demands. In the case of São Paulo, both the budget law and its execution indicate that government spending in its total budget was always greater than the resources distributed through the PB. For Bello (2006:99)

> The small amount of resources for the PB (in terms of participation in the total budget) undermined its potential to promote a significant change in the allocation of public spending in São Paulo, thus making a very distant possibility that the PB could become a forum for discussion of the total budget.

Other local experiences of popular participation in São Paulo

Regional Master Plans

Beginning in 1988, with the new Brazilian Federal Constitution, urban issues have become more relevant as a way to reduce social and regional inequalities and to establish the guidelines for the Urban Development Policy aimed at *"organizing the full development of the social functions of the city and ensure the welfare of its inhabitants."* But the big breakthrough in this field occurred with the approval of the Federal Law 10.257 of July 10, 2001, entitled "City Statute". One of the most relevant aspects of the law is contained in Chapter IV which deals with the "Democratic Management of the City" by requiring municipalities to provide, in its Master Plan, models of community participation. Accordingly, urban policy agencies can be created, as well as debates, public hearings and consultations for projects and urban development programs, including those initiated by the community.

In the preparation of Master Plan, the city of São Paulo also achieved some progress regarding participation. From October 2002 to July 2003 there were more than 360 activities in the 31 boroughs (district meetings and thematic plenaries, workshops and regional meetings involving nearly ten thousand people and 2.175 organizations). The development of regional plans tried to address the peculiarities of each region, emphasized the needs of the population of each of the boroughs, and tried to promote human development with the participation of the population in the establishment of priorities.

Other forms of participation

Other participatory experiences gained momentum with the creation of boroughs. The initiatives ranged from allowing citizens to have access to the deputy mayor agenda to organizing groups to discuss issues related to public policy development in the territories. Even without the implementation of the Councils of Representatives [10] , most boroughs organized ways of relating to society in the regions.

In the borough of Sé, a Council of Organizations was created with members elected in boroughs. His thirty-two representatives met biweekly with both the deputy mayor and coordinators to address specific issues. When necessary, the Council invited one or more coordinators for the debate. In the borough of Capela do Socorro the Council for Sustainable Regional Planning (CRPDS) was created with a balanced composition (50% government and

50% civil society). This was a forum where people and government planned for the region (development projects, suggestions for allocation of public resources, public awareness campaigns on social and environmental problems, and economic development policies aimed at generating jobs). Over three thousand people participated in the voting which elected territorial representatives to the Council of Capela do Socorro. This was an initiative that enhanced the relationship between the government and the population, thus enabling social actors to begin to have the same vision of the regional vocation.

Thematic discussions also took place in the new territorial division. Thousands of people, including providers of health services, users of the federal Unified Health System (SUS) and workers in the area, met to discuss health policy with a territorial focus. The Regional Conference on Health of the Vila Mariana borough discussed the region's problems. The proposed solutions were presented in the Charter of Vila Mariana, and after the event, they were released to the public and forwarded to the Municipal Health Conference

The borough of Cidade Ademar created the Local Development Forum for the Districts of Cidade Ademar and Pedreira. One of the proposals coming from this process was the creation of a Free University of the Environment. In Santo Amaro, the borough held monthly meetings with organizations registered with the government. In 2004, for instance twenty-five organizations participated in the discussion of development projects for the region. During the meetings, the organizations received information about ongoing projects and answers to questions raised at the previous meeting.

Conclusion

As noted, decentralization in São Paulo was a management process based on budget autonomy, planning and popular participation, and integration of public policies in the regions. The emphasis on the territory as a geographic and social space was central to the organization of public policies and the provision of services to the population. On the one hand, this initiative generated political innovation (the *subprefeituras,* i.e. the municipal subdivisions or boroughs) and institutional innovation (here the decentralization of many activities previously administratively centralized). On the other hand, the entire process sought to combine decentralization with a broad process of popular participation, mainly in the form of participatory budgeting. This uniqueness of the experience of São Paulo is a credit to the city for its bold initiative to introduce two movements that embody profound changes in the way that the municipal administrative machinery historically operated. Both in terms of centralized administration and political culture – marked by paternalism and patronage – São Paulo City Hall sought to change the *modus operandi* of local management. Administrative decentralization and political participation did not need to be adopted at the same time as we can see in the experience of PB in various Brazilian cities like Porto Alegre and Recife, for example. But in São Paulo the organizational changes combined themselves with the introduction of direct democracy and popular participation.

The territory is an essential reference for organizing the community around their demands. Although all the processes of PB in Brazilian cities were guided by this criterion to organize the distribution of resources, public works and services, in São Paulo the territory was

not only an organizational reference, but above all a political-administrative unit with managerial capability. This is an important aspect, because as noted before, starting in 2003 the PB was implemented and based on the organizational thematic structure in areas of activity of the boroughs. Thus, the government priority was not the adoption of PB as axis of planning, but rather its priority was the administrative decentralization. The introduction of mechanisms allowing community participation was one of the four axes of the boroughs. The bases of the project of decentralization made clear their links with the democratization of public policies in the territory. However, this connection was emphasized as a support for the installation of the boroughs as nuclei for of local power, and to enhance the planning of public policies with the participation of society in the establishment of priorities.

The emphasis on the territory and the premise of integration of policies guided the design of the boroughs. These were formed by seven coordinators who were concerned with twenty one centralized sectorial bodies (municipal departments). In this aspect some difficulties emerged, the ones that affected both the process of decentralization as the PB. First, as the integration of public policies were guided by different principles both in the regions and in the central administration, relationship problems between these levels of government emerged, especially in relation to the social area that was most required to provide public services to the poor population. Secondly, there was a political difficulty in the face of the existence of more than one central structure to address the issue of society participation with the establishment of the PB and the Coordination of Popular Participation. Although the attributions of the first were the issue of direct participation, while the second had to deal with the Sectorial Councils, several spaces were opened for different views on how to represent the society in planning and public policy control.

If, as Behn states (1998), modernizing public administration requires a new paradigm of democratic *accountability* to strengthen society's trust in government performance, in the city of São Paulo the centrality of this conception was administrative decentralization supported by popular participation, especially after 2002 with the creation of boroughs. From this viewpoint, the decentralized governmental administration and the participatory planning process, despite the priority of the first, integrated a single process of democratization of the local administration.

The experience of São Paulo sustained itself with a basic thesis: decentralization is a process of delegation of power that only occurs with local autonomy to manage financial resources and with a defined set of tasks. Territorial autonomy with the capacity to allocate budgetary resources generates power structures. Thus, for the political project of the boroughs, it is much better if this power is democratized by incorporating the society to set local priorities. In the relationship with citizens, decentralization was done by taking society into the account and with care in relation to territorial demands and needs. It is undeniable that decentralization, for producing a greater local government exposure, also created the expectation of effective responses to the repressed demands of citizenry. This situation, combined with the mechanisms of popular participation and social control, allowed the population to request solutions and answers. Thus, even though the priority was the consolidation of boroughs as political-administrative units, to sideline the PB would be a risk that could affect the legitimacy of these units with the local population. The balance between decentralization, local power and democracy was therefore part of the process involving political actors both in government and society.

The decentralization was a proposal to affirm the centrality of the State as promoter of social development and regional vocations. The movement for the delegation of powers to the regions created the foundation of a new institutional framework with the involvement of the citizenry. In this sense we can say, and according to Jacobi (2000: 36), that "more decentralization and more participation are factors considered essential to improve both the control and efficiency of public spending." Even with the difficulties here presented, the experience of São Paulo sought, with decentralization and democratization of local power, to improve the provision of public services to the population. A challenge of such magnitude in a city like São Paulo could not be free of deadlocks, which only further enhance the merits of the political-institutional innovation created by the boroughs (*subprefeituras*) in combination with people's participation in the planning of public policies in the territories.

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Notes

[1] For Arrretche (1996), reaching democratic ideals depends less on the scale or level of government responsible for managing the policies and more on the nature of government institutions. I think that decentralization can be a democratic option depending on the government's political vocation.

[2] In *The Civil War in France* Marx speaks of the Paris Commune as a form of organization of popular power. But this is far from being a model applied to the management of cities, because in this case is not about to revolutionize the state but to create processes of community participation in local planning. Even the literature on social movements in Brazil *(São Paulo: O Povo em Movimento – Cidade e Poder,* and the article by Ruth Cardoso, *Movimentos Sociais Urbanos: Um Balanço Crítico,* for example) deals with the urban poor as political actors in opposition to "urban spoliation". It seems that the idea is to identify autonomous action, and the articulation capabilities of social movements as collective expressions of popular organization to address social exclusion. But the inclusion of citizens in a public arena in which direct participation is franchised and institutionalized by the state, as we see in the experience of participatory budgeting in São Paulo, is not emphasized. From a theoretical and analytical standpoint the literature on social movements has highlighted issues such as instrumentation and co-optation by the state as important aspects to consider. However, as the participatory budget seeks to build a public arena to discuss public policies, participation in the process can reaffirm the autonomy of movements than their loss of freedom. The Participatory Budget is guided by direct democracy and by the individual vote of citizens who can do this without the mediation of any organized representation. Thus, the political relations between social movements and the intentional processes of democratization by the state, as it is the case of the participatory budget, are important issues to be investigated empirically to discover how autonomy and participation are themselves expressed.

[3] A presentation of the management model in the boroughs (*subprefeituras*) can be read in *Descentralização e Poder Local: a experiência das subprefeituras na cidade de São Paulo*, FINATEC, São Paulo: Hucitec, 2004. See especially chapters 4, 5 and 6; also in the book *As Subpreituras de São Paulo*, São Paulo: Hucitec, 2004, especially Chapter 2 – "São Paulo e descentralização."

[4] The information in this section is based on the study of Denise Vitale: *Orçamento Participativo em São Paulo (2001-2002). Observatório dos Direitos do Cidadão: acompanhamento e análise das políticas públicas da cidade de São Paulo*, São Paulo, Instituto Polis UC São Paulo, 2004.

[5] The text of the law in its article 78 says: "The Special Coordinator of the Participatory Budget submit proposals to the various municipal bodies, especially the Ministry of Finance and Economic Development, Secretariat for the Implementation of the Subprefeituras, Municipal Secretary of Administration, and the Municipal Secreary of Social Communication and Information in coordination with the Special Coordinator for Participation, aiming at: a) propose a procedure for participatory management, which set an annual plan of works and services for the city of São Paulo and b) propose criteria for participation, technical and distributional, to provide the appropriate allocation of budget resources to the City. "

[6] The figures for the years 2001 to 2003 are those contained in the Annual Budget Law and, although not representing the actual expense, they give an idea of the government priorities, besides being a concrete product of the process of participation.

[7] The number of inhabitants of each region is a counterpoint to the universalizing character of distributive criterion (lack of infrastructure and services) and that of popular participation (percentage of population that participates in the meetings).

[8] The round of 2003 opened the possibility that discriminated and socially excluded groups (women, blacks, elderly, children and adolescents and LGBT (lesbian, gay, bisexual and transgendered) could elect five.

[9] In relation to the structure and functions of coordinators the Municipal Law number 13,682 of December 2003 defined in general terms, the following powers:

a. Social Welfare and Development: policies for inclusion and promotion in the areas of welfare, employment, food security, housing assistance, sports, leisure and culture;

b. Planning and Urban Development: implementation and execution of activities of the Land Use Control and Licensing, Audit and Plans for Sustainable Development (Housing, Environment, Transport, Urban and Land Use);

c. Maintenance of Urban Infrastructure: implementation of actions in the fields of public cleaning and maintenance and repair;

d. Projects and Works: buildings, drainage, and urban emergencies;

e. Education: Implementation of Municipal Educational Policy, and training of professionals;

f. Health: implementation of the Municipal Health Policy, Management Plan for Local Health (annual and multi-annual) and the Local Agenda for Health in line with the Municipal Health Agenda, and

g. Administration and Finance: implementation and enforcement of policies in the areas of Administration, Personnel Management, Procurement and Finance.

[10] Council of Representatives

The Organic Law of the City of São Paulo provides for the creation of the Council of Representatives which

I-participates in the municipal planning process and especially the drafting of the proposed budget; budget guidelines and the Municipal Master Plan and its revisions;

II-supervises the of budget implementation, and participates of other acts of the municipal administration;

III-reports to both power Executive (City Hall) and the Legislative (City Council) on matters related to the interest of local people.

The Municipal Law number 13,881 of July 30, 2004 approved the composition, allocation and how to choose the members of the Council of Representatives, but has not been adopted, yet.